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An enquiry into the ideological coherence of black economic empowerment

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2009-03-31T12:49:16Z

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Masters by Coursework (part-time)

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Research Report

**AN ENQUIRY INTO THE IDEOLOGICAL COHERENCE
OF
BLACK ECONOMIC EMPOWERMENT**

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Introduction

Black Economic Empowerment (BEE) is an ambitious policy of the ANC-led South African (SA) government. The objectives of this far-reaching policy are outlined in the Broad-Based Black Economic Empowerment Act of 2003. This act, together with supporting policy and strategy documents, clearly indicates that BEE aims to achieve many and diverse objectives. These include: “achieving the constitutional right of equality; increasing participation of black people in the economy; promoting a higher growth rate; increased employment and more equitable income distribution”¹.

Analysing the ideological coherence of BEE requires a critical look at the competing ideological influences within the ANC, both contemporary and historical. The ANC’s commitment to an inclusive ideology of non-racialism has been a defining feature of the ANC, distinguishing the party from other factions of the liberation struggle. Although no reference is made to non-racialism in the Broad-Based BEE Act itself, ANC leaders frequently suggest that BEE is part of the ANC’s pursuit of a non-racial future. This report will highlight evidence of such claims and although such pronouncements were more prolific in ANC rhetoric in the 1990s, attention will also be drawn to the many recent references to this ideal in ANC documents and speeches. This contrasts with the enduring influence of African nationalism within the ANC.

In examining the ideological foundations of BEE it is therefore essential that one trace the emergence of non-racial thinking within the ANC. This requires an investigation into the context in which non-racialism emerged, comparing and contrasting this ideology with the other ideological influences within the ANC. Such discussion will primarily focus on the competing influences of non-racialism and African nationalism, multi-racialism, and black consciousness. This examination will ultimately conclude that African nationalism has been the most enduring ideology within the ANC. The degree of inclusiveness in the ANC’s African nationalist thinking has shifted at various times, partly due to the influence of these other ideologies. This paper will argue that the current form approach to BEE reflects a shift towards a more exclusive form of African nationalism.

¹ Broad-Based Black Economic Empowerment Act, 2003, Act No. 53, 2003

The Structure of the Research Report

As the approach to ‘race’ is a defining element of each of the competing ideologies, and as BEE is a racially defined policy, a detailed discussion of race and racism is required when assessing the influences underlying BEE. Chapter 1 of this paper will explore the different interpretations of race and how the concept of race has evolved. A distinction will be drawn between biological and social constructions of race. The concept of racism will also be addressed. Racism will be differentiated from the concepts of prejudice and discrimination.

With non-racialism as a characteristic feature of ANC discourse on BEE, examining the ANC’s relationship with this non-racialism is essential. Chapter 2 will comprehensively define this concept, its varying interpretations, and how this ideology emerged in South Africa. Although the ownership and meaning of the term ‘non-racialism’ remain highly contested, this chapter will also illustrate why non-racialism is understood to imply the complete denial of race.

In assessing the ANC’s continued commitment to non-racialism, it is essential that one critically examine the ANC’s historical embrace of non-racialism, as well as how the term has been used in both the past and the present. The third chapter of this report will provide such an examination. This chapter acknowledges that the definition of non-racialism is contested, and there are contrasting accounts of the ANC history with the ideal of non-racialism. It will also illustrate that despite claims that the ANC has always been committed to non-racialism, critical review suggests that the ANC has had a protracted struggle in reconciling the competing forces of African nationalism and non-racialism. Such review will show that rather than being an inherent principle of ANC policy, the ANC’s position on race can be seen as an evolution, evolving from a struggle between the competing influences of African Nationalism, multi-racialism, Black Consciousness and non-racialism. This chapter will highlight the fact that an inclusive ideology of non-racialism only became dominant in ANC thinking in the 1980s and 1990s.

Examining the ideological influence underlying the BEE policy requires a comprehensive definition of this highly controversial policy. Chapter 4 will define this policy and

critically discuss the divergent aims of BEE. Reference will be drawn to the Broad-Based Black Economic Empowerment (BBBEE) Act of 2003, together with supporting policy and strategy documents and speeches. As the aims of this policy are so numerous and diverse, the BEE objectives will be grouped, distinguishing between the ‘narrow’ aim of BEE and the ‘broader’ aims of the strategy. This assists in assessing the ideological influences at play.

Once a thorough understanding of BEE and its objectives has been outlined, this paper will explore the historical evolution of the concept of BEE. As part of tracing the progression of BEE, Chapter 5 will examine why the early BEE initiatives in the 1990s were largely unsuccessful. This chapter will also highlight how attempts to address economic empowerment have become increasingly more concerted and systematic under Mbeki’s two terms of presidency (1999 - present). It will be shown how this more focused approach has had important implications for ‘narrow’ BEE, through conspicuous efforts to create a black business elite, as well as for ‘broader’ BEE, through the scorecard approach of the Codes of Good Practice.

As the pursuit of greater race equality is a fundamental justification for BEE², Chapter 6 will critically examine the egalitarian aspects of BEE. As the form of equality that BEE hopes to achieve is not clearly stated in the Act, or in supporting policy documents, critical discussion will include: assessing the merits of equality of opportunity versus that of outcome; the relative importance of advancing group rights or protecting individual rights; and how these notions of equality relate to perceptions of social justice. This chapter will suggest that BEE favours the pursuit of greater inter-group equality (macro-justice) over individual equality (micro-justice). This approach to equality can also be seen as a reflection of the African nationalist influences of the ANC.

The last Chapter of this report will offer a thorough review of how the different ideologies have influenced the evolving concept of BEE. As part of this summation, the shift from reconciliation and national unity towards a more divisive African nationalism

² An example of this stated ideal is found in: *The Presidency response of the President of SA, Thabo Mbeki, to the Debate of the State of the Nation Address, National Assembly*, 17 February 2005, Cape Town, www.thepresidency.gov.za/president/son/sp0217-05.htm.

under Mbeki's leadership will be highlighted. The dominant ideology can best be described as a conflation of the seemingly incompatible concepts of African nationalism and non-racialism. It will be concluded that since the more concerted and systematic approach to BEE begun, around 1999, there is an increasingly African nationalist interpretation in the implementation of this policy.

Introduction

In reviewing the ideological influences behind the ANC-led government's racially defined policy of Black Economic Empowerment (BEE), it is essential that one examine the terms 'race' and 'racism'. Such an examination will explore the different interpretations of race and how this concept has evolved. A distinction will be drawn between biological and social constructions of race. The concept of racism will also be addressed. Racism will be differentiated from the concepts of prejudice and discrimination. Furthermore, such discussion will distinguish between narrower and broader definitions of racism.

The History of Racial Identities

The formal classification of races emerged within enlightenment philosophy, with assertions that distinct races exist and could be demonstrated through science. Such thinking ultimately led to the scientific racism of the late nineteenth century, in which the human species was *divided into permanent and discrete biological groups*³. Such racial classification viewed the white European race as superior to the non-white races. One may argue that the act of sub-dividing the human species into different races is a denial of a common humanity. Racially classifying different groups has certainly been used to assert racial supremacy and racism has, intentionally or otherwise, resulted in the continued exclusion of subordinate groups.⁴

There are fundamentally two ways of looking at race as a form of identification. There is the biological meaning of race, which implies that there are significant biological differences between people of different races. Such an understanding of race holds that there exist natural, physical divisions among humans, reflected in their morphology, and dividing humans into different races. These races are frequently grouped under three major groups: Negroid, Caucasoid, and Mongoloid (Black, White and Asian). As

³ Miles, R. Racism, p.40, 2003.

⁴ Kenwothy, R.C. Bikoism or Mbekism – the role of Black Consciousness in Mbeki's South Africa p. 13.

mentioned above, this thinking dominated the discourse on race in the past, and was largely the consensus amongst academics in the late nineteenth century. The nineteenth century was a period of exhaustive search for the criteria to define and describe racial difference. As will be elaborated upon below, it appears that this exhaustive effort has subsequently been proven as largely futile⁵.

The other interpretation of race, is to view race as a socially constructed concept. This view dominates contemporary academic discourse on race. Neville Alexander argues that it is now common cause in the social sciences that social identities are constructed and not *given*. This includes racial identities, as race is not a valid biological entity. Miles supports the view that racial categories are largely social constructions, noting that there is more genetic variation within (racial) groups than between them.⁶ Alexander stresses that although there is not a scientific basis for racial identities, they retain a primordial validity for most individuals, purely because they are unaware of the ways in which these identities have been constructed.⁷ In support of this argument, Alexander draws reference to the following definition and extract from Richmond (1972):

“In sociology a ‘race’ is understood as a category of persons whose social positions are defined in terms of certain physical or other characteristics that are believed to be hereditary... If individuals or groups act on the assumption that genetically determined racial differences exist and govern social behaviour the consequences for society are the same, even if the assumption has no scientific foundation in human biology. Whether or not biologists continue to use the term, the reality of race cannot be denied”.⁸

The argument that race is a social construction is further supported by C. Loring Brace, who asserts that “race” is a social construction, derived primarily from people’s perceptions, which have been conditioned by the events of recorded history. He too states that race has no basic or coherent biological reality. Whilst he recognises that such an

⁵ Haney Lopez, I.F. *The Social Construction of Race: Some Observations on Illusion, Fabrication and Choice*, Harvard Civil Rights – Civil Liberties Law Review, Winter 1994.

⁶ Miles, Racism, p. 45, 89.

⁷ Alexander, N. Racial Identity, Citizenship and Nation Building in Post-Apartheid South Africa, March 2006, p. 2.

⁸ Alexander, N. Sow the Wind, 1985, p. 133.

approach to race may be compatible with contemporary liberal social thought, he maintains that this argument is not rooted in political persuasion, but in a solid grasp of the biological nature of human variation⁹. Whilst Loring Brace acknowledges that biological variation in humans exists, and is both real and significant, reference is again drawn to genetic analysis that indicates that most of the biological variation between racial groups is not consistent and that most physical variation lies *within* racial groups.

Consistent with Neville Alexander's assertions is a statement by the American Anthropological Association (May 1998). An extract of this statement reads:

“With the vast expansion of scientific knowledge this century (20th Century)... it has become clear that human populations are not unambiguous, clearly demarcated, biologically distinct groups. Evidence from the analysis of genetics (e.g. DNA) indicates that most physical variation, about 94%, lies within so called racial groups... This means that there is a greater variation within “racial” groups than between them”.¹⁰

Added to the assertions above, the Association notes that physical variations in any given trait tend to occur gradually, rather than abruptly over geographic areas. It is argued that such facts render any attempt to establish biological lines of division amongst populations both arbitrary and subjective¹¹. This tendency has been noted by many scholars. Haney Lopez concedes that similar gene frequencies are shared by small population groups, but notes that variation occurs in graduations rather than across fractures. He therefore argues that the results of recent genetic studies have only further discredited the notion of biological race¹². W.W. Howells reaffirms this view on biological variation by explaining that races are genetically open systems. He stresses the plasticity of human genotypes¹³. Despite such arguments and evidence, much of the general public, and even some

⁹ Reynolds, L.J. and Lieberman, L. (eds), Race and Other Miscalculations, and Mismeasures: Papers in Honour of Ashley Montagu, A Four Letter Word Called “Race”, p.6

¹⁰ American Anthropological Association Statement on Race, May 1998, <http://aaanet.org/stmts/racepp.htm>

¹¹ Ibid

¹² Haney Lopez, I.F. The Social Construction of Race: Some Observations on Illusion, Fabrication and Choice, Harvard Civil Rights – Civil Liberties Law Review, Winter 1994.

¹³ Pollitzer, William S. *Book Review of the “The Biological and Social Meaning of Race*, in The American Journal of Human Genetics, vol. 24, September 1972, p.610.

scholars, have seemingly been conditioned to continue viewing race as a natural and separate division within the human species, based on visible physical differences¹⁴.

The American Anthropological Association also supports Alexander's belief that, despite being a biological non-entity, race remains a powerful concept in society. As part of its Statement on "Race", the association suggests that historical research indicates that the idea of race has always carried more meaning than mere physical differences, and that physical variations in the human species have no meaning, except the social ones that humans put on them¹⁵. Adding further support to the view that racial identities are powerful, William S. Pollitzer notes that basic biological mechanisms and inherited traits are not nearly as important as society's reaction to physical difference. He emphasises this by stating that "the significance of man's concept of race can hardly be overestimated".¹⁶

Racism

An understanding of racism is necessary in assessing the ideological influences behind ANC policy formulation and implementation. Addressing the concept of racism is necessary in any analysis of South African politics, especially as the racism of the Apartheid regime was so explicit and so formalised¹⁷. One needs to appreciate the pervasiveness and complexity of racism, and the multiple ways in which it influences our relations¹⁸.

Racism can be seen both as an ideology and as "all practices that, intentionally or otherwise, result in the exclusion of a subordinate (racial) group". Advocates of racism draw upon supposed biological differences to separate themselves from other races. Racism is thus inherently exclusive in nature¹⁹. A broad and simplistic definition of

¹⁴ American Anthropological Association Statement on Race, May 1998, <http://aaanet.org/stmts/racepp.htm>.

¹⁵ American Anthropological Association Statement on Race, May 1998, <http://aaanet.org/stmts/racepp.htm>.

¹⁶ Pollitzer, William S. *Book Review of the The Biological and Social Meaning of Race*, in *The American Journal of Human Genetics*, vol. 24, September 1972, p.610.

¹⁷ Kenwothy, R.C. *Bikoism or Mbekism – the role of Black Consciousness in Mbeki's South Africa* p. 6.

¹⁸ Marais, H. *Falling Down*, Work in Progress, November 1993, No. 93, p.12.

¹⁹ Kenwothy, R.C. *Bikoism or Mbekism – the role of Black Consciousness in Mbeki's South Africa* p. 13.

racism would include all “discrimination based on race”. As will be elaborated upon below, a more refined definition distinguishes racism from discrimination.

Due to the complexity of the issue, Robin M. Petersen recognises the difficulty that racism poses at a theoretical level. He believes that Don Foster provides useful theoretical clarification by distinguishing racism from stereotyping, prejudice and discrimination. According to Foster, stereotyping is seen as common to all social formations; prejudice places negative attributes on the other; and discrimination includes the power to act out our prejudices. Racism includes stereotyping, prejudice and discrimination, but adds the crucial element of racial superiority ideology. Petersen summarises that racism then becomes those attitudes, actions and cultural manifestations flowing from the ideology of racial superiority²⁰.

Amy Ansell explains that in mapping contemporary racial ideologies, one must distinguish between the study of racial attitudes and the study of racial ideologies. This distinction relies on what sociologists refer to as a structural theory of racism. The structural approach understands racial ideology as a framework of beliefs or a worldview expressed by racialised social groups in an effort to explain, justify (dominant race) or challenge (subordinate race) relations of racial dominance and inequality.²¹ According to Ansell, structurally defining racism involves a focus on poverty, inequality, political economy and discriminatory practices and/or outcomes. In line with Foster’s definition of racism, Ansell explores the distinction between discrimination and racism. It is argued that racism goes beyond the discrimination of one group of people against another, as it presupposes subjugation. This suggests a focus on power and the political economy.

Although conceding that the “debate over race” continues amongst physical anthropologists, geneticists, and other scientists, Alexander suggests that the debate is no longer over the origin of races, or the equality of races, but whether races exist or not. He insists that challenging the (biological) validity of race is vital in countering racism. He argues that it is important to query and even reject the perception that recognises the

²⁰ Petersen, RM. *Discourses of Difference and Sameness in South Africa: Race, Racism and Non-Racialism in Sameness and Difference: Problems and Potentials in South African Civil Society: South African Philosophical Studies.1*.

²¹ Ansell, AE. *Two Nations of Discourse: mapping racial ideologies in post-apartheid South Africa*, *Politikon: South African Journal of Political Studies*, May 2004, No. 31. p. 6.

existence of races as valid biological entities. This, he believes, can disarm those who underpin their racist practices with the claim that *science* lies behind the concept of race.²² Taylor and Orkin underscore the need to deny the existence of race, noting that “the study of South African society has been framed within the imagery and logic of ‘race’ and ‘ethnicity’; such that, for many years, efforts to engineer social change were predicated on the ‘factual’ existence of these two concepts”.²³

In denying the scientific validity of race, Alexander and like-minded theorists believe that what is *real* is not the phenomenon called *race* but rather the awareness of race or racial prejudice. Thus Alexander frequently states the paradox that “though ‘races’ do not exist, racial prejudice, racialism, and racism are as real as the food you and I eat!” He goes even further by reminding us that once an idea becomes the property of the masses, it becomes a material force.

Approaches to Racial Organisation in South Africa

In contrasting non-racialism with multi-racialism, Robin M. Petersen provides a useful breakdown of the different theoretical and historical approaches to race in South Africa. These include Apartheid ‘herrenvolkism’; liberal multi-racialism; a Stalinist approach; the idea of ‘national groups’; black consciousness and non-racialism²⁴.

Borrowing from Petersen’s categorisation of racial positions provides invaluable insight into the different views on race in South Africa. Apartheid ‘herrenvolkism’ mobilised ethnic and racial discourse, emphasising the divisions among the various races and ethnicities. This approach was aimed at maintaining and supporting white supremacy and white rule, by fragmenting South African society with a ‘divide and rule’ strategy.

It has been argued by some scholars, including Julie Frederikse, that liberal multi-racialism was constructed on the premise that the fundamental problem in South Africa centred around managing race relations. According to the ‘race relations’ concept, South

²² Alexander, N. *Sow the Wind*, pp. 132 - 133.

²³ Taylor, R. and Orkin, M. *The Racialisation of Social Scientific Research on South Africa*, in *The Politics of Social Science Research*.

²⁴ Petersen, RM. *Discourses of Difference and Sameness in South Africa: Race, Racism and Non-Racialism in Sameness and Difference: Problems and Potentials in South African Civil Society: South African Philosophical Studies*.1, http://www.crvp.org.book/Series/02/II-6/chapter_iii.htm, p. 6.

Africa is not a unitary society, but rather one of distinct races with inherently different interests emerging from their diverse cultures. This concept of race emerged within the Institute for Race Relations and was later embraced by the Liberal Party. Some of the liberal leadership of the early ANC also shared this perspective on race in South Africa. This position on race therefore provided some common ground for some of that early ANC leadership with white liberals, with agreement that ‘constructive segregation’ was needed. According to this view, the resolution of conflict in South Africa demanded the reconciliation of immutable elements of this multi-racial society²⁵.

The South African Communist Party (SACP) understood the “National Question” initially through a Stalinist conflation of ethnicity and nation. This drew on Stalin’s interpretation of a nation as being “an aggregate or community of persons having a number of specific characteristics in common: language, territory, economy, traditions and psychology”²⁶. Petersen notes that the SACP therefore saw South Africa not as a single nation but as a multi-national state. This multi-national concept of race sought to open up South Africa economically as a “brotherhood of equal and autonomous nations, united in a single state, in which racial discrimination is a crime”. Aspects of the multi-nationalism concept were ultimately embraced as a cornerstone of later Apartheid policy, culminating in the creation of the various Bantustans (Homelands). In more recent times this notion has been resurrected by Herman Giliomee, who persistently argues that South Africa consists of many nations within one state.

Another approach to race seemingly shares some ground with the multi-national interpretation, that being the concept of “national groups”. Petersen explains that the difference with this national group approach, as embraced by the Congress Alliance, is that it was an acceptance of “national group” identities merely as an organising principle. The Congress Alliance was made up of various “racial organisations” in which people were divided according to the way they had been racially classified under Apartheid policies i.e. they were politically organised as “Africans”, “Coloureds”, “Indians” and “Whites”. Petersen emphasizes that this position was largely tactical, rather than an acceptance of Apartheid racial categories. This approach was heavily criticised, both from within the alliance and from outside of it, being attacked by the more radical

²⁵ Ibid

²⁶ Drew, A. (Ed.) South Africa’s Radical Tradition: A Documentary History, 1997

Africanist elements of the ANC, the Black Consciousness Movement and by supporters of a non-racial approach. This racially defined alliance was seen as a gratuitous concession to Apartheid and was blamed for allowing whites to continue dominating political discourse²⁷.

These approaches to race in South Africa can all be seen as different interpretations of multi-racialism. All these approaches are built upon the assumption of racial difference²⁸. Both Black Consciousness and non-racialism are critical of multi-racial approaches. Black Consciousness sees all four of these multi-racial approaches as an attempt by the privileged white classes to subvert the struggle for black liberation. Political co-operation with whites, even white liberals, was seen as dangerous. It was felt that this allowed for the continuation of white dominance, perhaps merely in a different form, and fuelled the fear that although such an approach may lead to the end of Apartheid, it may not necessarily mean the end of white power. Black Consciousness proposed an exclusive African struggle against Apartheid and white domination, arguing that multi-racial integration or non-racialism is only possible once the risk of group (race) exploitation has been completely removed. Integration before genuine equality had been achieved, was seen as likely to merely perpetuate the status quo²⁹.

The non-racial school of thought contrasts with these other racial-defined approaches to South African politics. Non-racialism is understood to imply the absolute denial of race - its complete negation. It argues that only through an absolute rejection of the concept of race can social change be engineered that will ensure that the framework and logic of race cease to dictate political discourse and thinking. Whereas multi-racialism suggests interaction across racial boundaries, non-racialism strives for the complete removal of these boundaries and the elimination racial identities. Non-racialism is inherently inclusive in nature. In opposition to the Apartheid regime, it was believed that the counter to the ideology of racism was the doctrine of non-racialism. It was argued that the

²⁷ Petersen, RM. *Discourses of Difference and Sameness in South Africa: Race, Racism and Non-Racialism in Sameness and Difference: Problems and Potentials in South African Civil Society*: South African Philosophical Studies.1, http://www.crvp.org.book/Series/02/II-6/chapter_iii.htm, p.p. 8- 10.

²⁸ Petersen, RM. *Discourses of Difference and Sameness in South Africa: Race, Racism and Non-Racialism in Sameness and Difference: Problems and Potentials in South African Civil Society*: South African Philosophical Studies.1, http://www.crvp.org.book/Series/02/II-6/chapter_iii.htm, p. 7.

²⁹ Biko, S. *I Write What I Like*, p. 55.

exclusion and rejection of racism needed to be countered by the practise of inclusion and acceptance³⁰.

As will be discussed in greater detail in subsequent chapters of this research report, the legislation defining the South African government's BEE policy, that is the Broad-Based Black Economic Empowerment Act of 2003, fails to offer a definition of race. The preamble of the Act states that race was used by the Apartheid regime to control access to South Africa's productive resources. Such reference to race does not address whether race is a biological reality or a purely social construction. Furthermore the Act legislates economic interventions based on racial categories, as the Act defines interventions aimed at the economic empowerment of *black people*, with the Act defining *black people* as a generic term that "means Africans, Coloureds and Indians"³¹. As no definition is provided for *African*, *Coloured* and *Indian*, one can only assume that these terms are defined according to Apartheid definitions. This assumption seems problematic, especially when the Apartheid legislation defining each of these racial groups has been revoked.

³⁰ Marais, H. *Falling Down, Work in Progress*, November 1993, No. 93, p. 12.

³¹ Broad-Based Black Economic Empowerment Act, 2003, Act No. 53, 2003.

Introduction

Although the ownership and meaning of the term ‘non-racialism’ remain highly contested, in the context of this paper it is understood to imply the denial of race - its complete negation. Whilst reference has been made to non-racialism in the previous chapter, in examining the ANC’s relationship with this ideology, it is important to comprehensively define this concept, its varying interpretations, and how this ideology emerged in South Africa.

Vital to an understanding of non-racialism in the South African context, is an appreciation that this ideology is largely defined through contrast with other schools of thought. Although there are contradictory accounts of the birth of non-racialism in South Africa, common to many accounts is the assertion that non-racialism originally emerged as a progression from multi-racialism. At the same time, it is also argued that non-racialism emerged in opposition to multi-racialism.

As noted in the chapter entitled ‘Race and Racism’, although there are numerous interpretations of multi-racialism, the assumption or acceptance of racial difference is the common ground underlying all the multi-racial approaches. Non-racialism initially emerged as a rejection of this fundamental belief. For this reason, non-racialism is best defined through comparisons with multi-racialism, particularly liberal multi-racialism. As Black Consciousness also emerged due to the perceived shortcomings of multi-racialism, a comparison between non-racialism and Black Consciousness also assists in acquiring a meaningful understanding of both ideologies.

Non-Racialism and Multi-Racialism

The term ‘non-racialism’ was originally coined in opposition to, or in contrast to liberal multi-racialism. The liberal multi-racial outlook was embraced by white liberals, as well as by some of the early ANC leadership. Petersen argues that the term non-racialism was first used by the radical Non-European Unity Movement (NEUM) in the 1950s. It emerged in contrast to the ANC’s multi-racial position of the time. This account conflicts

with Neville Alexander's assertion that the term initially arose within the Communist Party of SA (CPSA). One may argue however that the term was used interchangeably with multi-racialism within the CPSA, and therefore did not have the same meaning as that ascribed by NEUM. The term was used by NEUM to distinguish the ideal of non-racialism from that of multi-racialism. NEUM's efforts to draw this distinction are clear in their slogan of the 1950s and 1960s – "Non-Racialism, not Multi-Racialism". The ideal of a non-racial approach to the liberation struggle was in contrast to the moderate wing of the ANC, who, together with the CPSA, were pursuing a multi-racial or multi-national paradigm. It also contrasted with the African nationalist approach, which saw the building of an African (black) nation as a prerequisite for liberation from white domination. Non-racialism was an alternative to these racially defined approaches to the liberation struggle, based on the belief that any concession to racial organising, racial categorising, or even any acknowledgement of racial difference would play into the hands of the Apartheid regime³².

Liberal multi-racialism was built on the belief that South Africa was not a unitary society, but rather made of different and distinct races. These races were seen as all having different interests, based on their different cultures. Thus liberal multi-racialism sought to manage the relations among the different race groups in South Africa through 'constructive segregation'³³. Non-racialism countered this racially defined approach, as non-racialism implied the absolute denial of race, and therefore a complete rejection of the existence of racial difference. Proponents of non-racialism believed that only through the denial of race could South African politics cease to be framed in racial terms, thus allowing for meaningful social change and greater equality. Whilst liberals strove for constructive interaction across racial boundaries, supporters of the non-racial approach sought to completely dissolve any racial boundaries. Non-racialism embraced the belief that racism and racial politics could only be countered through the denial of racial difference.³⁴

³² Petersen, RM. *Discourses of Difference and Sameness in South Africa: Race, Racism and Non-Racialism in Sameness and Difference: Problems and Potentials in South African Civil Society: South African Philosophical Studies*.1, p.p. 5-8.

³³ Petersen, RM. *Discourses of Difference and Sameness in South Africa: Race, Racism and Non-Racialism in Sameness and Difference: Problems and Potentials in South African Civil Society: South African Philosophical Studies*.1, http://www.crvp.org.book/Series/02/II-6/chapter_iii.htm, p. 6.

³⁴ Marais, H. *Falling Down, Work in Progress*, November 1993, No. 93, p. 12.

Non-racialism and Black Consciousness

The emergence of the Black Consciousness Movement (BCM) in South Africa in the early 1970s was indicative of a change of political thinking amongst the black youth. Like non-racialism, it emerged in defiance of the liberal multi-racial approach to liberation. White liberals and much of the ANC leadership shared a multi-racial perspective on the future of South Africa and the struggle against the Apartheid regime. Led by Steve Biko, the BCM increasingly felt that the political alliance with white liberals was more detrimental to the liberation struggle than it was useful³⁵. It was believed that such alliance, far from encouraging the necessary political revolution, was in fact perpetuating the status quo. Whilst acknowledging that the basis for an alliance with white liberals was the obvious common goal of fighting the system of Apartheid, it saw this approach to the struggle as ineffective.

It was fundamentally because of the white world of privilege that the BCM believed that blacks should disassociate themselves from whites, including liberals, in the realisation of their political aspirations. To the proponents of Black Consciousness it was impossible to ignore that the background to the struggle was a situation of haves against have-nots, in which whites were deliberately made the 'haves' and blacks the 'have-nots'³⁶. Whilst such revelations were traumatic to white liberals, who were sincere in their fight against racial injustice, such lines of argument pointed to the possibility that a multi-racial approach to the struggle could reinforce racial exploitation, even unintentionally.

Proponents of Black Consciousness similarly rejected the non-racial approach to the struggle against the Apartheid regime. The BCM rejected the idea that a non-racial 'colour blind' approach would necessarily result in the liberation of black South Africans. It was believed that equality was not possible with such an approach, when power and privilege were so disproportionately in white hands.

The need for the nurturing of a positive black self-image was stressed by Black Consciousness leaders, based on the belief that oppression was fundamentally a psychological problem. BCM leaders believed that the greatest obstacle to self-assertion

³⁵ Mandela, N. *Whither the Black Consciousness Movement?* in *Reflections in Prison*, Mac Maharaj (ed.)

³⁶ Biko, S. *I Write What I Like*, p. 54.

was the black inferiority complex, instilled through centuries of cultural, political and economic imperialism. In order for this obstacle to be removed it was necessary that black South Africans create a new sense of pride to remove the shackles of subservient thinking³⁷. This meant that black South Africans needed to achieve their own liberation, independent of white South Africans. This exclusive approach was seen as necessary to break away from the constraints of white dependence.

The non-racial approach was seen as perpetuating white privilege, rather than making strides towards greater equality. Whilst the ideal of colour-blindness and common humanity was naturally appealing, the BCM leaders, such as Biko, showed how non-racial cooperation often resulted in whites continuing to enjoy security and benefit, due to their elevated position at the initiation of such non-racial interaction. Such interaction was therefore seen as yet another way in which black minds are able to be exploited³⁸. Integration initiated under such conditions of inequality was believed to result in a situation in which the white comrades did all the talking and the black comrades all the listening³⁹.

The BCM believed that ultimate integration was only possible in a just and free society of equals. The situation of inequality, suspicion and mistrust that existed at the time that Black Consciousness emerged was not conducive to mutually beneficial non-racial integration. This required that the struggle strive vigorously for self-reliance, breaking all ties to subservience and paternalism⁴⁰. Such thinking suggested that if one is genuinely devoted to the ideal of multi-racialism or non-racialism in South Africa, then it is essential that the black population first assert itself and liberate itself through a non-inclusive form of Black Consciousness. It is believed that integration is only possible once there is no longer any fear of group exploitation. This requires first a strong counter to white dominance in society, so that there can ultimately be a viable and equitable merging of ideas⁴¹.

³⁷ Gerhart, G. *op cit.* p. 271.

³⁸ Biko, S. *Op cit.* p. 55.

³⁹ Gerhart, G. *op cit.* p. 263.

⁴⁰ Mandela, N. *op cit.* p. 26.

⁴¹ Biko, S. *op cit.* p. 55

There is however much evidence to support the argument that Black Consciousness does not necessarily contradict the ideal of non-racialism. Although this racially exclusive approach to the liberation struggle called for a withdrawal from multi-racial cooperation and the colour-blindness of non-racialism, one could argue that this was a necessary but temporary progression towards an eventual and more meaningful form of non-racialism in future. Black Consciousness may be interpreted as a pragmatic realisation that non-racialism was simply not possible, in an equitable fashion at least, at that time in South Africa's history. Therefore it was believed that it was better to withdraw from all forms of racial integration, until a point when it was possible to match the realities on the ground with the ideal of non-racialism⁴². As will be shown in subsequent chapters, many ANC leaders claim this complementary relationship between Black Consciousness and non-racialism.

Defining Non-Racialism

As illustrated through comparisons and contrast with other ideological approaches to the organisation of South African society, non-racialism seeks the absolute rejection of race. This includes the denial of racial difference. This approach seeks to completely remove all racial boundaries and implies a colour-blind approach to society, based upon the common humanity of all people. Not only does non-racialism view such principles as important in themselves, but it also sees this approach as the only effective counter to the ideology and practice of racism.

The ANC and non-Racialism

As will be examined in great detail in subsequent chapters, the ANC has repeatedly stated that it embraces the principle of non-racialism. Such claims were particularly conspicuous in the 1990s, and references to this goal are still frequently found in party documents and speeches. Both the party and the ANC-led government have often declared commitment to the establishment of a non-racial South African state. As Government policies such as BEE clearly reflect a continued reference to racial differences, if only a recognition of the social and economic differences that may exist among different South African groups, this paper's examination of the ANC's

⁴² Woods, D. op.cit. p. 36.

commitment to non-racialism may require that one distinguish between non-racialism as a means and non-racialism as an end. The early proponents of non-racialism clearly argued for non-racialism as the means for achieving a more equitable South African society. The current ANC approach suggests that the achievement of greater equality, through racially defined redress, is necessary as a prerequisite before the ultimate goal of a non-racial South Africa can be achieved.

Introduction

The ANC's relationship with non-racialism has a long history. This stated ideal has continued to be a defining feature of party ideology and rhetoric, and has been repeatedly re-affirmed since the party came to power in 1994. Non-racial discourse was particularly characteristic of the Mandela presidency (1994-1999). Although less prolific, the Mbeki presidency (1999 – present) has also seen many references to the pursuit of non-racialism. Such affirmations have come both from the government and the ruling party. Evidence of such discourse is widely available in both government and ANC documents and speeches.

In assessing the ANC's continued commitment to non-racialism, it is essential that one critically examine the ANC's historical embrace of non-racialism, as well as how the term has been used in both the past and the present. In such an examination, one must recognise that the definition of non-racialism is contested, and there are contrasting accounts of the ANC history with the ideal of non-racialism.

To adequately understand the ANC's relationship with the notion of non-racialism, it is necessary to trace its origins, and then assess its continued relevance in contemporary South Africa. According to Petersen, the adoption of non-racialism by the ANC was simultaneously an adaptation of the term itself and an adaptation of the policy direction of the ANC⁴³.

“The Unbreakable Thread”

Julie Frederikse claims that non-racialism has been the most pervasive and enduring ideological tendency within the ANC. She asserts that non-racialism runs like an ‘unbreakable thread’ through the history of the ANC and the popular democratic mass movement in South Africa.⁴⁴

⁴³ Petersen, RM. *Discourses of Difference and Sameness in South Africa: Race, Racism and Non-Racialism in Sameness and Difference: Problems and Potentials in South African Civil Society: South African Philosophical Studies*.1, p.4.

⁴⁴ Bernstein, H. 1991, *The Breakable Thread*, Southern African Review of Books, Vol. 4, No. 2. p. 1

This view is shared by many contemporary ANC leaders, who trace the ANC's commitment to non-racialism back to the Freedom Charter. As one example, Pallo Jordan makes numerous references to the ANC's history of non-racial ideals in a 1997 discussion paper prepared for the 50th National ANC Conference, entitled 'The National Question in Post-1994 South Africa'. His statements go as far as to declare that "the ANC has always held that democracy, national liberation and non-racialism are inseparable". The paper reminds the party that the ANC's strategic goal is to create a "democratic, non-racial, non-sexist society". Pallo Jordan asserts in this paper that the ANC's non-racial and non-ethnic ethos has sustained many challenges, both from within and outside the party. It is argued that the ANC has continued to discourage ethnicity and has favoured an inclusive nationalism⁴⁵. In an Umrabulo article published in November 2006, Jerry Vilakazi traces the non-racial ideals of BEE to the Freedom Charter of 1955. He suggests that the Freedom Charter envisioned a democratic, non-racial, non-sexist and prosperous South Africa⁴⁶.

Although these accounts suggest a consistent ANC embrace of non-racialism, a thorough review of the various accounts of the ANC's history, including those of Frederikse, tends to rather suggest that the notion of non-racialism within the ANC was one which evolved over time, and which was a progression from its earlier multi-racial position. The shift towards a non-racial paradigm took place over many decades, with significant influences from other elements of the liberation movement. Pallo Jordan concedes that "the movement itself has consequently been the site of intense politico-ideological struggles around the issues of ethnicity, race, class and gender".⁴⁷

The Challenge to ANC Multi-Racialism

The liberal multi-racialism of the early ANC was ultimately seen as an attempt to manage 'race relations' and accepted the racially separate political organs of the Congress Alliance. This approach was increasingly challenged from within the ANC, most notably from the ANC Youth League (ANCYL), where a more radical African nationalist

⁴⁵ Pallo Jordan, Z. *The National Question in Post 1994 South Africa*, discussion paper in preparation for the ANC 50th National Conference, 1997, pp. 18 – 22.

⁴⁶ Vilakazi, J. *Black Economic Empowerment and the Vision of the Freedom Charter*, *Umrabulo*, No. 27, November 2006, www.anc.org.za/anc/docs/pubs/umrabulo/umrabulo27/art3.html

⁴⁷ Pallo Jordan, Z. *The National Question in Post 1994 South Africa*, discussion paper in preparation for the ANC 50th National Conference, 1997, p. 21

position had begun to emerge from the 1940s. By the 1950s the multi-racial position of the ANC was the cause of major internal tensions, and ultimately led to a break away of the Africanists, who formed the Pan African Congress (PAC) under the leadership of Robert Sobukwe. At the time the PAC was founded, Sobukwe levelled the following criticism against the multi-racialism of the ANC:

“Against multi-racialism we have this objection, that the history of South Africa has fostered group prejudices and antagonisms, and if we have to maintain the same group exclusiveness, parading under the term multi-racialism, we shall be transporting to the new Africa these very antagonisms and conflicts...It is a method of safeguarding white interests irrespective of population figures. In that sense it is a complete negation of democracy. [It] implies that there are such basic insuperable differences between the various national groups here that the best course is to keep them permanently distinctive in a kind of democratic apartheid. That to us is a racialism multiplied, what is probably what the term truly connotes”.⁴⁸

Sobukwe’s challenge to multi-racialism seems threefold. Firstly it opposes the assumption of racial difference. Secondly, it suggests the multi-racial approach is likely to lead to continued white domination in a new form. Thirdly, it is critical of the continued organisation of the Congress Alliance along racial lines.⁴⁹ The debate about the dangers of the liberal approach of multi-racialism, that it may be an attempt by the privileged whites to subvert the liberation struggle, would re-surface in a new form with the rise of Black Consciousness in the early 1970s, and would continue to influence the ANC’s tactics and strategy through the 1980s and early 1990s⁵⁰.

⁴⁸ Petersen, RM. *Discourses of Difference and Sameness in South Africa: Race, Racism and Non-Racialism in Sameness and Difference: Problems and Potentials in South African Civil Society: South African Philosophical Studies.1*, p.7.

⁴⁹ Petersen, RM. *Discourses of Difference and Sameness in South Africa: Race, Racism and Non-Racialism in Sameness and Difference: Problems and Potentials in South African Civil Society: South African Philosophical Studies.1*, p.7.

⁵⁰ Petersen, RM. *Discourses of Difference and Sameness in South Africa: Race, Racism and Non-Racialism in Sameness and Difference: Problems and Potentials in South African Civil Society: South African Philosophical Studies.1*, p.7.

The Influence of Black Consciousness

Emerging from a period of political lull for black African activism in the 1960s, the emergence of the Black Consciousness Movement (BCM) played an important role in mobilising black South Africans, and Black Consciousness thinking had an enduring influence in liberation activism from then onwards. Numerous ANC leaders embraced aspects of the BCM and would later acknowledge the remarkable contribution that this philosophy played in mobilising the masses to become more sensitive to their oppression, and to overcome the handicaps of this oppression. Many contemporary ANC leaders openly acknowledge that the BCM was their initial political inspiration and that their political views have been moderated towards non-racialism with experience and time.

The BCM initially emerged within student organisations. Within liberal student organisations, the common goal of fighting Apartheid was responsible for multi-racial membership. The BCM increasingly viewed this student integration as ‘artificial’. This integration was built upon the foundation that Apartheid was the enemy and that non-racialism (a colour-blind approach) was the necessary antidote.

Steve Biko was the charismatic leader of the BCM. Biko and his followers saw this liberal approach as uninspiring and ineffective⁵¹, for a multi-racial organisation operating in a society based on racism has very limited scope for real integration. These different groups from various segregated societies had inherent complexes of inferiority and superiority respectively. Integration initiated under such conditions of inequality was believed to result in a situation in which the white paternalism and black dependence would be perpetuated. The BCM therefore propagated a liberation struggle that would be exclusively black, cutting all political alliance and ties with white South Africans. It was believed that black liberation could only truly be achieved by black South Africans. Integration initiated under circumstances of great inequality among the racial groups, would only perpetuate paternalism and inequality. It was therefore believed that it was better to withdraw from all forms of racial integration, until a point when it was possible to match the realities on the ground with the ideals of racial integration⁵².

⁵¹ Gerhart, G. op cit, p. 262.

⁵² Woods, D. op cit, p. 36.

Like the contradictory, but progressive, relationship between multi-racialism and non-racialism, one may see a similar progression from Black Consciousness to non-racialism. Many of the leaders of the liberation struggle recognise Black Consciousness as a fundamental ingredient in the successful overthrow of oppression. Many attribute the current political situation to the complementary and progressive relationship between Black Consciousness forms of nationalism and non-racial thinking.

The ANC Progression towards Non-Racialism

Despite claims by some ANC officials, and by scholars such as Frederikse, that the ANC has always been committed to non-racialism, critical review suggests that the ANC had a protracted struggle in reconciling the competing forces of African nationalism and non-racialism (itself a progression from multi-racialism). The changing international context, the influence of the South African Communist Party (SACP), the politics of the South African exile community, and progressive domestic political developments in the 1980s all advanced the ideology of non-racialism within the ANC. Far from being a natural or inherent principle of ANC policy, the ANC's position on race can be seen as an evolution, emerging from a struggle between the competing influences of African Nationalism, multi-racialism, Black Consciousness and non-racialism⁵³.

From African Nationalism to Multi-Racialism

In the period from the ANC's establishment in 1912 through to the 1950s, the ANC ideology was dominated by African nationalism. The ANC sought to further black interests, and white participation in the black African struggle was limited. ANC membership was exclusively black throughout this period. The formation of the Congress Alliance in the 1950s, which facilitated political co-operation amongst black, coloured and Indian activists saw a more integrated approach to the ANC's liberation efforts.

⁵³ Ndebele, N. *The ANC's Commitment to Non-Racialism: The question of open membership, 1960 – 1990*, Masters Thesis, University of the Witwatersrand, 2001 Johannesburg, p. iii.

The adoption of the Freedom Charter in 1955 was particularly important in highlighting cross-racial political co-operation⁵⁴. During this time the more liberal members of the ANC leadership subscribed to a liberal notion of multi-racialism, finding much common ground with liberal white South Africans. Both proposed managing South Africa's future race relations through *constructive segregation*⁵⁵. While some ANC activists saw this as an important progression in the liberation struggle, others felt that it was a betrayal of the nationalist struggle. The tension resulting from these convergent views culminated in the breakaway by the more African nationalist ANC leaders, who formed the Pan African Congress (PAC).

The banning of the ANC in the 1960s had an important impact on ANC thinking. It is noteworthy that the banning took place during a wave of African independence in many other African countries. The ANC's existence in exile was influential in two contrasting ways. Firstly, many of the newly independent African countries that were hosting ANC exiles had embraced a narrow and exclusive form of African nationalism. This together with the PAC's criticism of the ANC, made for an awkward embrace of inclusive multi-racial or non-racial positions. Conversely the formation of the ANC and SACP's armed wing, Umkhonto we Sizwe (MK) in 1961, with its inclusive multi-racial membership, was instrumental in pushing towards a more inclusive approach. Added to this, the inter-racial relationships that were forged during exile were also important in progressing a more inclusive approach to the liberation struggle. It can be concluded that these competing influences were responsible for delaying the ANC's move towards a non-racial paradigm. At the same time, the ANC was encouraged to partially open its membership to whites, coloureds and Indians in 1969.⁵⁶

The Struggle between Black Consciousness and Non-Racialism

In the 1970s, especially in the aftermath of the 1976 Soweto uprising, many black South Africans were attracted to the liberation struggle by the ideas of Black Consciousness.

⁵⁴ Ndebele, N. *The ANC's Commitment to Non-Racialism: The question of open membership, 1960 – 1990*, Masters Thesis, University of the Witwatersrand, 2001 Johannesburg, p. 6.

⁵⁵ Petersen, RM. *Discourses of Difference and Sameness in South Africa: Race, Racism and Non-Racialism in Sameness and Difference: Problems and Potentials in South African Civil Society: South African Philosophical Studies.1*, http://www.crvp.org.book/Series/02/II-6/chapter_iii.htm, p. 6.

⁵⁶ Ndebele, N. *The ANC's Commitment to Non-Racialism: The question of open membership, 1960 – 1990*, Masters Thesis, University of the Witwatersrand, 2001 Johannesburg, p.p 6-7.

Whilst their initial political inspiration had been through the ideology of Black Consciousness, many came to adopt more inclusive and non-racial outlooks over time. This progression has sometimes been attributed to the day-to-day practice of the ANC in exile, particularly within MK. Many of the veteran activists interviewed in Frederikse's 'The Unbreakable Thread' make explicit reference to this progression from the narrow nationalism of Black Consciousness to a more inclusive non-racial ideology⁵⁷.

The Full Embrace of Non-Racialism

By the 1980s the international dimension became increasingly important in ANC thinking. By this period, the ANC had grown considerably in stature in the international anti-Apartheid movement. Added to this, a significant number of white, coloured and Indian South Africans had left South Africa and joined the liberation struggle. A number of these 'non-Africans' held influential positions in structures such as MK. By this stage a more inclusive approach to ANC policy and membership had some real advantages. In 1985 the ANC took a significant further step towards non-racialism by formally opening up membership of its National Executive Committee (NEC) to all races.⁵⁸ An inclusive ideology was also welcomed by the international solidarity movement, and the full embrace of non-racialism certainly had some significant strategic advantage in terms of maintaining international support for the ANC.

As well as changing international dynamics, domestic political changes in South Africa also encouraged the ANC's embrace of inclusive non-racialism. There was increasing white opposition to the Apartheid regime and to Apartheid policies. There had also been the establishment of several non-racial and progressive political organisations in South Africa. Of particular significance was the formation of the United Democratic Front (UDF) in 1983. This non-racial alliance adopted the Freedom Charter in 1987. Some of the influential leaders of the UDF were non-African⁵⁹. A non-racial approach was instrumental in allaying white fears about post-Apartheid South Africa, and therefore

⁵⁷ Bernstein, H. 1991, *The Breakable Thread*, *Southern African Review of Books*, Vol. 4, No. 2

⁵⁸ Ndebele, N. *The ANC's Commitment to Non-Racialism: The question of open membership, 1960 – 1990*, Masters Thesis, University of the Witwatersrand, 2001 Johannesburg, p. 8.

⁵⁹ Ndebele, N. *The ANC's Commitment to Non-Racialism: The question of open membership, 1960 – 1990*, Masters Thesis, University of the Witwatersrand, 2001 Johannesburg, p. 8.

helped lay the foundations for the negotiated settlement. These developments were all vital in the ANC's shift to a non-racial paradigm.

The ANC and Non-Racialism since 1994

The ANC emerged in the 1990s as the leading representative of the liberation movement. By the time the ANC banning was revoked in 1990 it had become a very broad movement, with mass support, as was evident in its huge electoral victory in the first democratic election in 1994. The ANC secured just less than two-thirds of the vote in this historic election. Through the influences and events outlined above, the ANC had evolved into an inclusive movement with very broad political support. Its inclusive non-racial ideology had also been instrumental in attracting and maintaining political support from the international community. Non-racialism was the cornerstone of policies aimed at reconciliation and nation-building.

The Resilience of African Nationalism

Contrary to the claims made by some ANC leaders, suggesting that the ANC has always been committed to non-racialism, the above analysis indicates that this ideal was not a consistent feature of ANC thinking. The ways in which the ideology of non-racialism evolved within the ANC have been clearly shown. Although Frederikse is a scholar subscribing to the view that non-racialism has been a consistent and defining feature of the ANC, her book 'The Unbreakable Thread' provides numerous references to this evolution by veteran ANC activists.

In reviewing Frederikse's book, Hilda Bernstein extracts the following from an interview with Frances Meli:

“If you look at the leaders of the ANC, they all started with African nationalism. The first consciousness is anti-white, then they develop through practical involvement with the struggle, to the broad, non-racial outlook of the ANC”⁶⁰.

Similarly, the following statement by M.B. Yengwe, is also highlighted:

⁶⁰ Bernstein, H. 1991, *The Breakable Thread*, Southern African Review of Books, Vol. 4, No. 2. p. 1.

“African nationalism was, as we saw it, a uniting force, a driving force towards overthrowing white oppression. As we developed towards our own philosophy of African Nationalism, we discovered that we had common goals – it didn’t matter if you are black or white. In other words we evolved towards non-racialism”.⁶¹

By drawing on such examples, Hilda Bernstein argues that Frederikse’s interviews actually suggest that non-racialism was not an ever-present and consistent feature of ANC ideology. To Bernstein, such extracts clearly indicate that non-racialism evolved within the ANC over time. She also argues that this evolution was a slow and sometimes a difficult one for the ANC. Bernstein therefore concludes that nationalism was the persistent and enduring philosophy in the ANC’s history. Conversely, non-racialism had to be learnt and explained through experience.⁶² She traces this progression as an initial rejection of white supremacy, to the establishment of a black national identity, to the realisation that exclusive nationalism was not sufficient⁶³.

Such critical assessment of the ANC relationship with non-racialism suggests that although non-racialism has been an influence within ANC ideology for a number of decades, it only emerged as a dominant philosophy in the late 1980s and the 1990s. The dominance of nationalism, as illustrated by Bernstein, has been far more enduring and has a much longer history. One could argue that the ANC’s ultimate embrace of non-racialism was a progression in its nationalist thinking, progressing from an exclusive African nationalism to a broader and more inclusive nationalism. In assessing the ANC-led government’s BEE policies later in this research report, and in examining the consistency of these policies with the non-racial ideal, the longevity of this shift away from African nationalism will come into question.

⁶¹ Bernstein, H. 1991, *The Breakable Thread*, Southern African Review of Books, Vol. 4, No. 2. p. 1.

⁶² Bernstein, H. 1991, *The Breakable Thread*, Southern African Review of Books, Vol. 4, No. 2. p. 1.

⁶³ Bernstein, H. 1991, *The Breakable Thread*, Southern African Review of Books, Vol. 4, No. 2. p.2.

Introduction

Black Economic Empowerment (BEE) can be described as a South African government intervention to address the systematic exclusion of black South Africans from full participation in the economy. This highly controversial strategy seeks to redress the legacy of economic disempowerment that resulted from the race-based economy of the Apartheid regime. South Africa's negotiated settlement ensured the transfer of political power from the white minority to the black majority. However economic power largely remained in white hands.

A defining feature of Apartheid was the use of race to restrict and control access to the economy. The legislatively race-based economy restricted wealth creation opportunities for black South Africans and thus imposed underdevelopment on black communities. This effectively ensured that the black majority remained suppliers of cheap labour. Government policies deliberately denied these communities access to skills and certain categories of jobs, as well as undermining the prospects for self-employment and entrepreneurship⁶⁴.

The systematic exclusion of black South Africans was already evident in the late 1800s with dispossessions of land, and continued throughout the 20th century through the Mine and Works Act of 1911, the Land Act of 1913, and the battery of Apartheid laws enacted after 1948. The impact of this structured economic exclusion of black people not only resulted in a landless black majority with restricted access to skills development, but also denied self-employment prospects and entrepreneurial opportunities.

Black South Africans were systematically deprived of business opportunities in a multitude of ways. The Homeland policies of the Apartheid government restricted many black people to the poorest areas of the country, not only with the poorest living conditions but also with the least developed business infrastructure. The Group Areas Act, which racially segregated residential areas, resulted in the forced removal of many

⁶⁴ Department of Trade and Industry, South Africa's Economic Transformation: A Strategy for Broad-Based Black Economic Empowerment, p. 6.

black people from white designated areas. This led to huge capital losses for these black communities and virtually destroyed the limited network of small black business enterprises. The severe curtailment of property ownership rights for black South Africans restricted their accumulation of assets and meant that assets could not in turn be used as collateral to secure loans. This effectively excluded black people from long-term capital accrual and growth⁶⁵. Such systematic disempowerment not only resulted in drastic economic inequality among racial groups, but also resulted in a structurally distorted economy.

Defining Black Economic Empowerment

Roger Southall believes that BEE is the most highly controversial terms in South Africa today. Although Southall discusses the many divergent aims that BEE is accredited with, the ANC-led government insists that BEE is aimed at overcoming the legacy of racial oppression of the black majority, and the forging of a unified nation. This is to take place through a fundamental transformation of power relations, as a basis for social equity⁶⁶.

Before addressing the contrasting views of BEE policy, its intentions and its outcomes, it makes sense to examine the definition of BEE as presented in The Broad-Based Black Economic Empowerment Act of 2003. The Act defines BEE as:

“The economic empowerment of all black people including women, workers, youth, people with disabilities and people living in rural areas through diverse but integrated socio-economic strategies that include, but are not limited to-

- (a) increasing the number of black people that manage, own and control enterprises and productive assets;
- (b) facilitating ownership and management of enterprises and productive assets by communities, workers, cooperatives, and other collective enterprises;
- (c) human resource and skills development;

⁶⁵ Department of Trade and Industry, South Africa's Economic Transformation: A Strategy for Broad-Based Black Economic Empowerment, p. 6.

⁶⁶ Southall, Roger. *The ANC and Black Capitalism in South Africa*, Review of African Political Economy, No. 100, pp. 312 – 313.

- (d) achieving equitable representation in all occupational categories and levels in the workforce;
- (e) preferential procurement; and
- (f) investment in enterprises that are owned or managed by black people”

It is also important to note that the Act defines the term ‘black people’ as “a generic term which means Africans, Coloureds and Indians”.⁶⁷

The Objectives of Black Economic Empowerment

The objectives of this far-reaching strategy are outlined in the Broad-Based Black Economic Empowerment (BBBEE) Act of 2003. This act, together with supporting policy and strategy documents, clearly indicates that BEE aims to achieve many and diverse objectives. Government and ANC policy documents clearly suggest that the pursuit of greater equality is the fundamental motivation or justification behind BEE. Specifically, it aims to counter inequalities inherited from the racially defined policies of the former regime – specifically economic inequality.

The BBBEE Act of 2003 should naturally be the initial reference when examining the objectives of the Government’s BEE strategy. The Act defines its objectives as:

- (a) promoting economic transformation in order to enable meaningful participation of black people in the economy;
- (b) achieving a substantial change in the racial composition of ownership and management structures and in the skilled occupations of existing and new enterprises;
- (c) increasing the extent to which communities, workers and cooperatives and other collective enterprises own and manage existing and new enterprises;
- (d) increasing the extent to which black women own and manage existing and new enterprises, and increasing their access to economic activities, infrastructure and skills training;

⁶⁷ Broad-Based Black Economic Empowerment Act, 2003, Act No. 53, 2003.

- (e) promoting investment programmes that lead to broad-based and meaningful participation in the economy by black people in order to achieve sustainable development and general prosperity;
- (f) empowering rural and local communities by enabling access to economic activities, land, infrastructure, ownership and skills; and
- (g) promoting access to finance for black economic empowerment.⁶⁸

In addition to this long list of rather diverse objectives, the preamble of this Act also stresses the goals of achieving “the constitutional right of equality, and the need to promote a higher growth rate, increased employment and more equitable income distribution”.

With such a wide-ranging list of objectives, critical examination of BEE can prove troublesome, especially when evaluating BEE against the ANC’s ideological influences. As Neville Alexander notes, an overall assessment of what has been achieved is extremely difficult due to the number of variables involved⁶⁹. Grouping these BEE objectives makes such analysis considerably neater and more practical. Daryl Glaser assists in this regard by distinguishing between the ‘narrow’ aim of BEE and the ‘broader’ aims of the strategy.

Narrowly Defined Black Economic Empowerment

In defining the narrow aim of BEE, Glaser sees a principle aim of BEE as the expansion of black ownership and control of business in South Africa. This can be termed ‘narrow’ empowerment and is aimed at creating a black capitalist class or business elite⁷⁰. Roger Southall similarly groups these elements of BEE under the term ‘minimalist’ BEE. He assigns this term to the promotion of black businesses and black businesspeople⁷¹.

⁶⁸ Broad-Based Black Economic Empowerment Act, 2003, Act No. 53, 2003.

⁶⁹ Alexander, N. *Racial Identity, Citizenship and Nation Building in Post-Apartheid South Africa*, p. 8.

⁷⁰ Glaser, D. *Should an egalitarian support Black Economic Empowerment?* 2007, p. 2.

⁷¹ Southall, Roger. *Black Empowerment and Corporate Capital*, in John Daniel, Roger Southall and Jessica Lutchman (eds), 2005, State of the Nation: South Africa 2004-2005.

Southall notes that this focal area of BEE is the most controversial and consequently receives the most media attention. When this element of BEE is assessed by the media and other critics, BEE is frequently cited as a failure, with reference to the slow advance of black business and black businesspeople (in terms of the numbers that have been empowered). It is also seen as being responsible for the enrichment of a relatively small number of wealthy black businesspeople, who have achieved tremendous wealth and economic power in a short space of time⁷². This elite is often labelled ‘The Usual Suspects’ as the same names are frequently associated with large BEE transactions. The fact that most of these individuals are former ANC and/or government officials, or are at least intimately connected to the ruling party, has raised accusations of ‘crony capitalism’. This narrowly defined approach to BEE was certainly the focus of early BEE efforts, especially in the late 1990s.

Broadly Defined Black Economic Empowerment

The other aims of BEE stretch beyond the advance of black business and black businesspeople and can be termed ‘broad-based empowerment’. The broader objectives of BEE include the securing of skills, employment and popular share ownership for black people, and can be grouped together as part of the wider government policy of affirmative action for historically disadvantaged groups⁷³.

Southall describes the broader empowerment objectives as ‘maximalist’ BEE. This interpretation of BEE emphasizes the comprehensive restructuring of institutions and society, aiming to empower black people as a collective. This broader approach to BEE has become increasingly popular in recent years. This is partly to address the failings of the first wave of narrow BEE in the late 1990s, but also seems to be an attempt to appease those critical of BEE, especially in the wake of criticism about BEE only benefiting the small black elite. It is noted by Southall that this more inclusive approach to BEE does risk being a very loose concept, with sweeping objectives, and could be misinterpreted to include almost any black economic activity⁷⁴.

⁷² Southall, Roger. *Black Empowerment and Corporate Capital*, in John Daniel, Roger Southall and Jessica Lutchman (eds), 2005, *State of the Nation: South Africa 2004-2005*.

⁷³ Glaser, D. *Should an egalitarian support Black Economic Empowerment?* 2007, p. 2.

⁷⁴ Southall, Roger. *Black Empowerment and Corporate Capital*, in John Daniel, Roger Southall and Jessica Lutchman (eds), 2005, *State of the Nation: South Africa 2004-2005*.

The Scorecard Approach to BEE

In efforts to reconcile the narrow and broader elements of BEE, whilst at the same time providing guidelines for implementation, the government published the Broad-Based Black Economic Empowerment Codes of Good Practice in 2007. These Codes are accompanied by a generic BEE scorecard. This scorecard scores companies on their level of BEE, according to the following weighted categories: Ownership (20 points); Management Control (10 points); Employment Equity (Affirmative Action in hiring of staff) (15 points); Skills Development (15 points); Preferential Procurement (20 points); Enterprise Development (15 points); and Socio-Economic Development (Corporate Social Investment) (5 points)⁷⁵.

The scorecard represents a ‘carrot approach’ to BEE. This is because a company’s BEE score increasingly relates to the company’s competitiveness. BEE compliance is not enforced through legal sanction (a ‘stick approach’), but is driven through the procurement aspect of BEE. The government uses BEE scoring in the awarding of government tenders, contracts and licenses. But this practice does not restrict the issue of BEE compliance to those companies directly dealing with the state. This is because the scorecard allocates a considerable weighting to Preferential Procurement (20%) in scoring any company, including those competing for government deals. This ensures that the pressure to improve one’s BEE score ripples through the entire value chain, as each company is scored on the BEE credentials of its suppliers, who are in turn scored on that of their own suppliers.

This ripple effect through the value chain is perhaps best illustrated through an example: When the country’s major financial services providers, such as the banks, compete for government tenders, they are scored on their BEE status, with a significant score weighting for procurement. Therefore, in order to remain competitive, each bank needs to ensure they have a favourable procurement score. The financial services sector is the number one consumer of IT services, immediately implying that IT companies, hoping to secure contracts with the banks, also need to ensure that they have a favourable

⁷⁵ Codes of Good Practice on Black Economic Empowerment, Government Gazette, 9 February 2007.

BEE score. This in turn requires that their own procurement is considerably empowered, thus cascading the need for BEE onto their own suppliers. This effect is ultimately felt in varying degrees throughout the entire value chain.

The scorecard is vital in ensuring that BEE efforts are not only focused on the narrow elements of Ownership and Management Control. The following categories of the scorecard can be seen as encouraging broader BEE: Employment Equity; Skills Development; Preferential Procurement; Enterprise Development; and Socio-Economic Development. As companies' scores are based on all seven core elements of BEE, the narrow focus on ownership and management should be considerably diluted. It is interesting to note that a wholly black-owned company, that does not address these broader categories, could actually achieve a rather low score, and therefore become less competitive than a white-owned company that has addressed these elements.

Introduction

Although achieving much success with the economic empowerment of black South Africans in the public sector, the ANC-led government has had much greater difficulty encouraging (racial) transformation of the private sector. As a consequence, the concept of BEE in the private sector has evolved from a poorly defined and corporate-led process to a systematic government-induced phenomenon. In understanding the relationship between ideology and BEE, it is necessary to track the evolution of BEE policy.

The “First Wave” of BEE

Due to the emphasis placed on reconciliation and non-racialism in the negotiated settlement, together with the need to reassure domestic (white) capital and attract foreign investment, the initial approach to BEE in the 1990s was rather imprecise and non-threatening to white economic interests⁷⁶. Initially the BEE strategy was situated within the context of the broader national strategy to empower historically disadvantaged groups, particularly black people, women and the disabled.

Significant gains were made in uplifting black people in the public sector in the late 1990s, both within the civil service and within the large parastatals. Just as the previous National Party regime had utilised the country’s parastatals to promote the advance of Afrikaner economic interests, particularly during the 1950s and 1960s, the ANC’s affirmative action strategies were used very effectively in the parastatals from 1994.

The approach to black empowerment in the private sector lacked focus and an overarching strategic framework. Despite lacking coherent ANC guidance, the private sector embarked on several BEE initiatives in the 1990s. Such initiatives were focused on the narrower BEE objective of increasing black ownership and management. Primarily BEE initiatives were concerned with the of equity shares to black business consortia. Some of these black equity transactions were significant, including Sanlam selling its 10% share

⁷⁶ Southhall, Roger. *The ANC and Black Capitalism in South Africa*, Review of African Political Economy, No. 100, pp. 312 – 313.

of Metropolitan Life to a black-owned consortium in 1993. Similar equity stake transactions followed in a number of large South African enterprises, many of them listed on the Johannesburg Securities Exchange (JSE). These early BEE transactions were not exclusively initiated by the ANC, some were at the initiative of established corporate business. These initial BEE equity transactions were, however, hampered by the low levels of capital available within the black business community. Despite such initiatives the percentage of black-owned shares on the JSE remained small, especially after the mini-crash of 1998-1999. This approach to black empowerment was also understandably criticised for being elitist.

The early forms of black corporate empowerment were seen as unsuccessful. Not only were equity deals largely a failure, for a multitude of reasons, but other government efforts to encourage the growth of black business produced inconsistent results, which also proved difficult to quantify. As a key example, the government's massive tendering budget was seen as an important tool in the black empowerment process. Already by the late 1990s, supposedly black companies were receiving the majority of national and provincial government tender awards. Whilst this may seem a success, there was great difficulty in assessing the *blackness* of the companies being awarded tenders⁷⁷. Black 'fronting' by white companies was rife. Such fronting took many forms, but included token high-profile positions to black individuals, without the associated responsibilities and decision-making powers. It also involved the creation of black-owned companies, frequently master-minded by white-owned companies, which were purely vehicles for winning tender contracts, with the actual work being subcontracted to established white companies.

A Shift in Macro-Economic Policy

The ANC leadership considers that it has created a national economic system that is very friendly to business. When the ANC came to power in 1994 it had very little direct business representation. The ANC was allied with the South African Communist Party (SACP) and SACP members were prominent new Cabinet members and in other high-

⁷⁷ Freud, B. State, Capital, and the Emergence of a New Power Elite in South Africa: 'Black Economic Empowerment' at National and Local Levels, XIV International Economic History Conference, Helsinki 2006, p. 10.

profile government positions. The Reconstruction and Development Programme (RDP) was an economic strategy for redistribution and social upliftment for the historically disadvantaged South Africans i.e. black, coloured and Indian South Africans. The RDP had little to offer big business and prioritised redistribution and poverty alleviation over economic growth. The RDP could be described as an election manifesto for the 1994 elections⁷⁸.

Economic policy changed significantly in 1996, when ANC and government policy shifted dramatically from the leftist economics towards neo-liberal philosophy. The RDP was replaced with the Growth, Employment and Redistribution (GEAR) programme. The ANC took a number of measures to ensure business stability and profitability. Such measures included regulation of the labour regime, adherence to WTO stipulations and through acceptance of the advice given by the Washington Consensus. Recommendations by the Washington Consensus included greater privatisation and the lowering of trade tariff barriers⁷⁹. These interventions contrasted with traditional ANC policy, which had been based on Keynesian economics, which prioritised overcoming inequality over the pursuit of economic growth. GEAR focused on economic growth, on the premise that strong economic growth would ultimately lead to redistribution. Nationalisation of large sectors of the economy, including the banking and mining sectors, was once central to ANC policy. Such strategies were still being mooted just a few years prior to 1994, including at the time of Nelson Mandela's release from imprisonment in 1990⁸⁰.

Creating a Black Business Elite

Attempts to address economic inequality under Mbeki's two terms of presidency (1999 - present) have seen an increasingly concerted and systematic approach to BEE. The lack of focus, the early setbacks experienced in the "first wave" of empowerment, and the

⁷⁸ Freud, B. State, Capital, and the Emergence of a New Power Elite in South Africa: 'Black Economic Empowerment' at National and Local Levels, XIV International Economic History Conference, Helsinki 2006, p. 5.

⁷⁹ Freud, B. State, Capital, and the Emergence of a New Power Elite in South Africa: 'Black Economic Empowerment' at National and Local Levels, XIV International Economic History Conference, Helsinki 2006, p. 5.

⁸⁰ Rossouw, J. *South African Rainbow Fades*, <http://www.pej.org/html/modules.php?op=modload&name=News&file=article&sid=5637&mode=thread&order=0&thold=0>

difficulty in gauging the success of BEE, led the Government to push for a more focused and assertive black empowerment strategy.

As part of this drive, President Mbeki moved to strengthen the empowerment leverage of the state tendering process through The Preferential Procurement Policy Framework Act in 2000⁸¹. The government began attempting a more active role in generating of economic growth. Much of this effort was through greater investment in fixed capital projects and the awarding of state contracts and tenders to black-owned (or partially owned) companies.

A body known as the Black Economic Empowerment Commission (BEEC) was established under the Black Business Council in 1998 to formulate the basis for BEE legislation. The State then instituted a Black Business Council to steer the implementation of these policies. This commission reported in 2001, and in 2003 comprehensive BEE legislation emerged in the form of the Broad-Based Black Economic Empowerment (BBBEE) Act.

Bill Freund argues that such shifts in ANC economic strategy increasingly led to a focus on the creation of a new national business elite. This was partly as a result of the discomfort or sense of instability at the “strange marriage between white business and black politics”. In order to make this ‘elite’ pact sustainable, a vital additional component was needed – capitalists from the ranks of the black majority. It was believed that if such a black business class could be created, and firmly entrenched within the existing South African business ranks, then this elite could act as an anchor for stabilisation and the ultimate pursuit of the ‘development state’. Much of the inspiration behind the development state concept, and the role of a capitalist elite, was based on the Asian model of economic growth and development. The Black Economic Empowerment strategy seems to have borrowed heavily from Malaysia’s New Economic Policy⁸².

⁸¹ Glaser, D. *Should an egalitarian support Black Economic Empowerment?* 2007, p 2.

⁸² Freud, B. State, Capital, and the Emergence of a New Power Elite in South Africa: ‘Black Economic Empowerment’ at National and Local Levels, XIV International Economic History Conference, Helsinki 2006, p.p. 6-9.

Not long after his election in 1999, President Mbeki announced a desire to create and strengthen a black capitalist class⁸³. Roger Southall argues that the principle aim of the more concerted approach to BEE was to create a prosperous and prosperity-making black capitalist class. He suggests that it was envisaged by the ANC-led government that this black elite would work in close harmony with the ‘developmental state’⁸⁴. The more comprehensive and targeted approach to BEE presented many opportunities for powerful individuals within the black political elite. Southall notes that it has been a marked feature of recent years that powerful individuals have moved from politics and government into the private sector. The increased pressure on companies to improve their BEE credentials has provided many lucrative business opportunities for these individuals. Former ANC activists who have gained valuable experience and networks through public service, the civil service or through management at the parastatals are increasingly exiting the state apparatus to take advantage of these opportunities. This has led to a high degree of fluidity and intimacy amongst the black elite. This has seen an increased blurring of boundaries among party, state and business⁸⁵.

The Broad-Based Black Economic Empowerment Act

As reference has already been drawn, the Broad-Based Black Economic Empowerment Act of 2003 resulted from the recommendations of the Black Economic Empowerment Commission (BEEC). This Act sought to provide an unambiguous definition of BEE and to provide standard indicators so that BEE performance could be measured in the private sector. The Act mandated the formulation of Codes of Good Practice for BEE⁸⁶. These Codes were eventually published in February 2007.

The objectives and content of this Act have been discussed in detail in previous chapters of this report. It is worth noting, however, that this piece of legislation is a significant milestone in the evolution of BEE. Firstly, it is the most concerted and comprehensive

⁸³ Glaser, D. *Should an egalitarian support Black Economic Empowerment?* 2007, p. 3.

⁸⁴ Southall, Roger. *The ANC and Black Capitalism in South Africa*, *Review of African Political Economy*, No. 100, pp. 312 – 313.

⁸⁵ Southall, Roger. *Black Empowerment and Corporate Capital*, in John Daniel, Roger Southall and Jessica Lutchman (eds), 2005, *State of the Nation: South Africa 2004-2005*.

⁸⁶ Southall, Roger. *The ANC and Black Capitalism in South Africa*, *Review of African Political Economy*, No. 100.

approach to BEE, consolidating aspects of other black empowerment legislation such as the Employment Equity Act and the Preferential Procurement Act.

Secondly, it broadens the focus of BEE considerably. The Codes of Good Practice contain a generic BEE scorecard. As detailed in the previous chapter, this scorecard assesses companies on their level of BEE, according to the following weighted categories: Ownership (20 points); Management Control (10 points); Employment Equity (Affirmative Action in hiring of staff) (15 points); Skills Development (15 points); Preferential Procurement (20 points); Enterprise Development; and Socio-Economic Development (Corporate Social Investment)⁸⁷. Through this approach, the emphasis on ownership and management has been tempered by emphasising the other aspects of BEE. This scorecard approach encourages BEE by relating black empowerment to a company's competitiveness. This deflects some of the criticism that BEE is purely an enrichment project for a small black elite.

Thirdly, this systematic and legislated approach officially confirms that BEE has become a top government priority - one that is likely to be pursued for many years to come.

BEE Sector Charters

Industry BEE charters set targets for black empowerment in each sector of the economy. The initial charter was for the mining industry. This was a government initiative, being initially proposed in 2002, which the sector ultimately negotiated with the government. Although the Mining Charter has many unique characteristics, primarily due to the overlapping issue of mineral rights, this government-led charter inspired other sectors to proactively initiate their own charter formulation process, in the hope that a pre-emptive approach may strengthen their hand in negotiations with the Department of Trade and Industry (DTI). These charters have been negotiated according to sector scorecards, with weightings for the different elements of BEE. These scorecards are based on the generic scorecard of the Codes of Good Practice, but with adjustments to the weightings of the different categories, in order to align these to specific industry considerations and constraints. For example, the Financial Services Charter was able to negotiate

⁸⁷ Codes of Good Practice on Black Economic Empowerment, Government Gazette, 9 February 2007.

concessions on the Ownership category, in exchange for greater commitments to the other areas of empowerment, notably Enterprise Development (through preferential financing to emerging black enterprises). The Broad-Based Black Economic Empowerment Act of 2003 provided great stimulus to the charter process and unleashed a fresh wave of BEE deals.

Chapter 6 BEE and the Pursuit of Equality

Introduction

The pursuit of greater equality is the fundamental justification for BEE. This is evident in the preamble of the Broad-Based BEE Act, which refers to “the constitutional right to equality, a more equitable income distribution, and equal opportunity”⁸⁸. As Daryl Glaser aptly highlights, whilst the BEE project is clearly an egalitarian one, the type of equality it hopes to achieve is not at all clear⁸⁹. In questioning the egalitarian justifications for BEE, critical discussion is prompted on the merits of equality of opportunity versus that of outcome; the relative importance of advancing group rights or protecting individual rights; and how these notions of equality relate to perceptions of social justice.

Social Justice

Social justice is a concept of a society in which justice extends beyond the mere administration of the law and ensures fair treatment in every aspect of society. Although the term can be amorphous and sometimes self-contradictory, it generally refers to the fair treatment of individuals and groups within a society, including the allocation of the benefits within a society. It is important to note, however, that different proponents of social justice, and different political ideologies, have different interpretations of ‘fair treatment’ and what constitutes a just society. The term social justice is usually used by the political left to refer to a greater degree of economic equalitarianism, and may be associated with income redistribution or property redistribution. One may therefore conclude that the leftist interpretation suggests a greater *equality of outcome*. The term is often used by the political right to suggest that a just society is based on the free market, as this is seen to provide *equality of opportunity*.

⁸⁸ Department of Trade and Industry, South Africa’s Economic Transformation: A Strategy for Broad-Based Black Economic Empowerment, p. 2.

⁸⁹ Glaser, D. Should an egalitarian support Black Economic Empowerment? 2007, p. 4.

Equality of Opportunity

The current BEE strategy of the ANC-led South African government clearly seems to incorporate elements of both of these interpretations. The primary focus of broader BEE is on levelling the playing field in terms of opportunity, through preferential treatment of historically disadvantaged racial groups. Such preference is given in many areas of the current scorecard system, including: Skills Development; Preferential Procurement; Enterprise Development; and Socio-Economic Development. These areas of empowerment all aim to improve one's opportunity to enter the formal economy and benefit from it. Whilst favouring a broader approach to BEE than one concentrated on the black elite, this opportunity based approach to social justice is often criticised by the ANC's left-leaning alliance partners as being too market friendly, and for not delivering more significant and rapid redistribution to the black masses.

Equality of Outcome

Other elements of the BEE policy are conspicuously more focused on achieving greater levels of equality of outcome. The Ownership and Management Control categories of the scorecard can be seen as effectively redistributing economic power and economic wealth. Thus these elements of BEE could be described as ensuring greater equality of outcome. Employment Equity could possibly fall into either camp, as it is largely aimed at promoting better employment opportunities for black individuals, but depending on the level of the job, this may also translate into well-paid positions for black employees, who may not possess all the necessary skills and experience, and are perceived in practice to be entrenched and difficult to dismiss once in place. Thus there are elements of opportunity and outcome contained in the Employment Equity drive.

Macro-Justice and Micro-Justice

That BEE is aimed at achieving greater equality is well documented, as is the goal of addressing the legacy of Apartheid. With pervasive poverty and the ever-increasing gap between wealthy and poor South Africans, how has the ANC-led government maintained such high levels of political support, and how has the government been able to maintain support for the policy of BEE? These questions may be answered by distinguishing

between micro-justice (the fairness of rewards to individual recipients) and macro-justice (the aggregate fairness of reward to a group).

Stanley Feldman notes that the principles of micro-justice and macro-justice focus on different aspects of societal relations. Micro-justice is concerned with the ways in which individuals are rewarded. Principles of micro-justice determine how the individual is to be rewarded, and the rewards are based on the characteristics of that individual. Feldman cites 'merit' and 'need' as two examples of micro-justice principles. Macro-justice is concerned with the characteristics of a social unit. The focus is on the aggregate, not the individual, with assessment based on the standards of the collective well-being⁹⁰.

The BEE prescription obviously favours the pursuit of greater inter-group equality (macro-justice) over individual equality (micro-justice). In addition to the evidence of widening income gaps among black South Africans, studies by the Human Sciences Research Council (HSRC) from the period 1994 to 2000, also support this assertion. These studies probed how respondents perceive their individual position, and that of their 'group' relative to other people or groups. Interestingly, most white respondents viewed their current personal position as "good", but the position of their (racial) group as "bad". Conversely, the majority of black respondents viewed their individual position as "bad" and their group's position as "OK"⁹¹.

The evidence from these studies supports the argument by Stanley Feldman and Philip Brickman that "people use different criteria to assess micro-justice and macro-justice". Scholars such as Feldman therefore conclude that it is possible for individuals to view wealth inequality as unfair whilst supporting policies that may encourage wealth inequality, because such policies promote the collective good of their social group⁹². Jeremy Seekings uses similar reasoning to explain the apparent contradictions in South Africa. Seekings suggests that people compare themselves on the basis of class when assessing their individual situation, or with people in their neighbourhood or friends, not

⁹⁰ Feldman, Stanley. *A Conflicted Public? Equality, Fairness and Redistribution*, Paper presented at the Conference on Inequality and American Democracy, Princeton University, November 2003, p. 5.

⁹¹ Seekings, J. *The Colour of Desert: Race, class and distributive justice in post-Apartheid South Africa*, CSSR Working Paper No. 126, p. 7.

⁹² Feldman, Stanley. *A Conflicted Public? Equality, Fairness and Redistribution*, Paper presented at the Conference on Inequality and American Democracy, Princeton University, November 2003, p. 4.

on the basis of race. But when assessing their group situation, people tend to compare themselves racially in South Africa⁹³.

Support for Racially-Defined Redistribution

Despite the importance of race and inequality in South Africa, minimal research has been done on how attitudes to inequality are racialised. This is because there has been very little research in South Africa on attitudes to inequality in general. It is noted however, that in the 2003 South African Attitudes Survey, also conducted by HSRC, almost all the South Africans surveyed, regardless of race, agreed that incomes in South Africa are too unequal and that the government should take more responsibility to reduce inequality⁹⁴.

In assessing different race's opinions on policies of redistribution, the same HSRC survey found the majority of black people surveyed were in favour of (racially-based) redistribution policies such as Land Reform and Affirmative Action (an important aspect of broader BEE). Conversely white South Africans surveyed were opposed to these policies⁹⁵.

Although white South Africans appear opposed to policies of redistribution when asked in a confidential survey, very few question the need for addressing economic inequality in public discourse. There is considerable criticism of the specific workings and outcomes of BEE, but not much is heard in protest of economic redress in principle. Seekings argues that white South Africans may be willing to support redistribution precisely because they are aware of their vulnerability as racially identifiable members of the privileged class. Thus, white support for BEE, at least in public, maybe motivated by self-interest and self-defence⁹⁶.

⁹³ Seekings, J. *The Colour of Desert: Race, class and distributive justice in post-Apartheid South Africa*, CSSR Working Paper No. 126, p. 7.

⁹⁴ Seekings, J. *The Colour of Desert: Race, class and distributive justice in post-Apartheid South Africa*, CSSR Working Paper No. 126, p. 6.

⁹⁵ Seekings, J. *The Colour of Desert: Race, class and distributive justice in post-Apartheid South Africa*, CSSR Working Paper No. 126, p. 6.

⁹⁶ Seekings, J. *The Colour of Desert: Race, class and distributive justice in post-Apartheid South Africa*, CSSR Working Paper No. 126, p. 6.

The Focus on Macro-Justice

Many critics of the government argue that the BEE has concentrated on the narrower aspects of empowerment, meaning that the vast majority of poor black South Africans have gained very little from BEE and Affirmative Action. One of the unintended consequences of BEE is an ever-widening gap between wealthy blacks and poor blacks. This runs counter to the achievement of greater individual equality and promotes greater levels of intra-group inequality. One could therefore conclude that BEE has not achieved micro-justice, and has in fact encouraged greater inequality amongst individuals.

BEE does, however, contribute to the accumulation of black capital, albeit in relatively few hands. It has also encouraged the rapid growth of the black middle class, which now outnumbers the white middle class. Although responsible for widening economic inequality within the historically disadvantaged racial groups, one could argue that it does promote greater inter-group equality and contribute to macro-justice. One could further argue that greater levels of inter-group equality are needed before a non-racial South Africa can be meaningfully pursued.

A more sceptical view of BEE's focus on macro-justice is put forward by Michael MacDonald. He argues that the ANC's political support is based on racial identities and that ANC policies are racially defined to maintain this political base. This is because black (African) South Africans only constitute the electoral majority as long as they conceive themselves racially. Thus MacDonald argues that BEE is a form of black nationalism, appealing to its electorate's desire for macro-justice. This allows the ANC to legitimise its embrace of capitalism, and its abandonment of its more redistributive stance of old. He therefore sees BEE as contradicting the principles of non-racialism.

Chapter 7 The Ideology Underlying BEE

Introduction

Through the course of this research paper, the different ideological influences on the ANC have been outlined. This has included discussion on the competing influences of African nationalism, multi-racialism, black consciousness, and non-racialism. As well as tracking the ways in which these approaches have historically impacted on the ANC, the role of the ANC's alliance with the SACP has also been touched upon, as has the manner in which the compromises of the 'negotiated settlement' have moderated aspects of ANC ideology in the post-1994 era. This critical examination suggests these influences have all served to shape contemporary ANC policies, including Black Economic Empowerment.

Non-Racialism and BEE

Although no reference is made to non-racialism in the Broad-Based BEE Act itself, ANC leaders frequently suggest that BEE is part of the ANC's pursuit of a non-racial future. Evidence abounds of such claims and although such pronouncements were more prolific in ANC rhetoric in the 1990s, there are also many recent references to this ideal in ANC documents and speeches.

Such references to non-racialism have been made in general, but many also refer directly to the policy of BEE. The ANC has defended BEE on many occasions by claiming that this policy is necessary to achieve a non-racial South Africa.. In an *Umrabulo* article published in November 2006, Jerry Vilakazi traces the non-racial ideals of BEE to the Freedom Charter of 1955. He suggests that the Freedom Charter envisioned a democratic, non-racial, non-sexist and prosperous SA. Whilst he acknowledges that BEE cannot realistically be tasked with achieving all the goals of the Charter, he states that BEE "primarily seeks to promote non-racial and non-sexist economic prosperity"⁹⁷.

⁹⁷ Vilakazi, J. *Black Economic Empowerment and the Vision of the Freedom Charter*, *Umrabulo*, No. 27, November 2006, www.anc.org.za/anc/docs/pubs/umrabulo/umrabulo27/art3.html

President Thabo Mbeki strongly re-iterated this ANC ideal in a lengthy response to the Debate on the State of the Nation Address, in the National Assembly, in February 2005. In this debate, the Democratic Alliance accused government policies of ‘re-racialising’ South Africa, through the racial profiling of people, property and land. In response President Mbeki stated the following:

“There are certain outcomes in the development of our country that are fundamental to the very being of the ANC and therefore our government... One of these is the building of a non-racial society, consistent with the goal stated in the both the Freedom Charter and the Constitution”.⁹⁸

Non-Racialism and the ANC: An Evolving Concept

These two examples, of many, are indicative of ANC claims that it remains committed to achieving a non-racial South African society. In previous chapters of this report the relationship between the ANC and non-racialism has been traced, with the clear conclusion that non-racialism has not always been a dominant feature of the party’s ideology. Rather this relationship has evolved over many decades, only really emerging as a cornerstone of ANC policy from the late 1980s onwards. It has also been noted that the term “non-racialism” has itself been interpreted differently at different times in South African history.

Just as the term non-racialism has evolved, and its influence on the ANC has varied, the concept of BEE is not static either. BEE has also evolved as a concept over many years, with shifting focus and objectives during its evolution since 1994. This evolution has also been well documented earlier in this research report.

With these dynamics in mind, it is only logical to propose that the relationship between non-racialism and BEE is an ever-mutating one. The complementary or contradictory role of BEE in achieving the non-racial ideal is difficult to define, due to the dynamic nature of both policies. In questioning the ANC’s commitment to non-racialism, and the ideological coherence of its BEE policy, it is also vital that one distinguish between non-racialism as a means and non-racialism as an end.

⁹⁸ Mbeki, Thabo. The Presidency response of the President, Thabo Mbeki, to the Debate of the State of the Nation Address, National Assembly, 17 February 2005.

Non-Racialism as a Means

As noted in previous chapters, non-racialism initially emerged in South Africa in the context of the liberation struggle. It emerged in opposition to the acceptance of racial difference in defying Apartheid. It should be noted therefore, that non-racialism was initially defined as an ideological alternative in the liberation struggle against white minority rule. Reference has been made to the belief that any concession to racial organising, racial categorising, or even the acknowledgement of racial difference would play into the hands of the Apartheid regime⁹⁹. It was also acknowledged that the proponents of non-racialism believed that only through the denial of race, would meaningful social change be possible.

The importance of this context, and these defining elements of early non-racialism, is that they clearly suggest that non-racialism was a means to counter racism and a racist regime. Non-racialism was essentially proposed as a political weapon to bring about the fall of the oppressive regime, to usher in social change, and to ensure greater equality. With this in mind, the colour-blind non-racialism espoused at the time could be seen as merely a means towards that end.

Non-Racialism as an End

An apparent contradiction exists in contemporary South African politics, insofar as the ANC-led government pronounces a commitment to a non-racial future, whilst simultaneously pursuing policies of transformation that are racially defined and encourage racial profiling. These policies of transformation, particularly BEE, are criticised for perpetuating racial identities, for favouring a black elite and are often seen as a form of reverse racism. With such criticism in mind, these policies clearly seem to contradict the non-racial ideal that the ANC claims to embrace.

⁹⁹ Petersen, RM. *Discourses of Difference and Sameness in South Africa: Race, Racism and Non-Racialism in Sameness and Difference: Problems and Potentials in South African Civil Society: South African Philosophical Studies.1*, p.p. 5-8.

This contradiction may perhaps be explained by distinguishing between non-racialism as a means and non-racialism as an end. Whilst non-racialism was previously defined as a means to topple the racial oppression of the former regime, the current ANC discourse seems to suggest that non-racialism is no longer needed as a means to political liberation. Instead the non-racial concept is an ideal to work towards, now seen as an end rather than a means. In stark contrast to the previous role of non-racial ideology, current ANC policies, when taken together with non-racial pronouncements, indicate a belief that the ultimate achievement of a non-racial South Africa, will only be possible through racially defined redress and the pursuit of greater economic equality among the racial groups.

The Pervasiveness of African Nationalism

In previous chapters the ANC's historical relationship with the ideology of African nationalism was outlined. This relationship has been traced back to the very inception of the ANC in 1912. From the 1950s onwards, the ANC was also influenced by competing ideologies such as multi-racialism, black consciousness and non-racialism. It is due to these competing forces that the character of black nationalism has evolved within the ANC over time. With reference to Julie Frederikse's work, many veteran ANC activists reveal that their thinking evolved during the struggle from an exclusive form of nationalism to a more inclusive form.

This research report has identified black nationalism as the most enduring ideological influence within the ANC. Hilda Bernstein has articulated this view well, noting that nationalism has been the persistent philosophy in the ANC's history. Although non-racialism emerged as a dominant approach in the late 1980s and 1990s, this was a progression that had stemmed from the experience of exile, shifting international dynamics and a changing South African political environment. The embrace of this approach was also instrumental in maintaining international support and in allaying white fears, and was thus key to the negotiated settlement.

Post -1994 Ideology

The first term of ANC government (1994 – 1999) under President Mandela saw an emphasis placed on reconciliation and non-racialism. This was to cement the principles

of the negotiated settlement. Efforts at reconciliation were further fuelled by the need to reassure domestic (white) capital and attract foreign investment. Thus this period was one characterised by reconciliatory discourse and the pursuit of economic stability. This period saw many ANC references to the non-racial ideal.

During this term the macro-economic policy changed significantly in 1996, when ANC and government policy shifted dramatically from leftist economics towards neo-liberal philosophy. The RDP was replaced with the Growth, Employment and Redistribution (GEAR) programme. The ANC took a number of measures to ensure business stability and profitability. Such measures included regulation of the labour regime, adherence to WTO stipulations and acceptance of the advice given by the Washington Consensus. Recommendations by the Washington Consensus included greater privatisation and the lowering of trade tariff barriers¹⁰⁰. These interventions contrasted with traditional ANC policy, which had been based on Keynesian economics, which prioritised overcoming inequality over the pursuit of economic growth. GEAR focused on economic growth, on the premise that strong economic growth would ultimately lead to redistribution.

The Mbeki Era

Once political and economic stability had been secured, the ANC-led government could address the frustration that although political power had been transferred to black South Africans, economic power still rested with white South Africans. Private sector initiatives aimed at black economic empowerment, and government efforts at the consolidation of democracy had not produced a significant transfer of economic power.

The transition from Mandela to Mbeki coincided with a shift in emphasis from national unity and reconciliation to a more race-conscious drive to address the economic inequalities among South Africa's racial groups. Much of the subsequent discourse from Mbeki and other ANC leaders has suggested an implicit appeal to a more divisive African nationalism¹⁰¹. Many pinpoint the initiation of this shift to Mbeki's 'Two Nations'

¹⁰⁰ Freud, B. State, Capital, and the Emergence of a New Power Elite in South Africa: 'Black Economic Empowerment' at National and Local Levels, XIV International Economic History Conference, Helsinki 2006, p. 5.

¹⁰¹ Ansell, AE. *Two Nations of Discourse: mapping racial ideologies in post-apartheid South Africa*, Politikon, May 2004, No. 31. p.p. 4-5

speech, delivered to Parliament in 1998, whilst still Deputy President. In this speech Mbeki suggested that South Africa comprises two distinct nations - one rich and white, the other poor and black.

A More Exclusive African Nationalism

The shift in the ANC approach to race has not only seen a more divisive approach to interaction with white South Africans there are also indications of a return to a more narrowly defined form of African nationalism. Although transformation policies, including BEE, define black people as including all African, Coloured and Indian South Africans, the term black is increasingly being used inconsistently - on some occasions in an inclusive manner, to include these other previously disadvantaged groups, and on other occasions to distinguish African 'blacks' from other black South Africans. Although a handful of some high-profile examples exist of Indian and Coloured business successes resulting from the ANC's BEE drive, there have been accusations that the implementation of BEE has strongly favoured African blacks over these other two groups, who claim they are frequently perceived as not being *black enough*¹⁰².

Despite the frequent use of inclusive rhetoric, much of Mbeki's actions have suggested a shift towards a more exclusive brand of African nationalism. For those sincere to the non-racial ideal it is concerning to note the increased use of race to dispel political criticism and to aggressively pursue ANC policies. There are numerous examples in which Mbeki has seemingly used the 'race card' to deflect criticism, sometimes in rather illogical ways. One example involved Mbeki accusing the president of the Medical Research Council of "betraying his race" by questioning Mbeki's policy on HIV/AIDS¹⁰³. There are numerous other examples of occasions when the government has used accusations of racism to silence dissent and independent thought, including in countering complaints about the country's high level of crime.

¹⁰² Sichone, O. Book Review of *Not white enough, not black enough: Racial identity in the South African coloured community*, by Mohamed Adhikari, in OSSREA Bulletin, <http://www.ossrea.net/publications/newsletter/jun07/farticle11.htm>.

¹⁰³ Kenworthy, PC. *Bikoism or Mbekism*, June 2007, Roskilde University, p. 87

The Ideological Coherence of BEE

This paper has clearly illustrated the competing schools of thought that have influenced ANC thinking and policy over the years. As a consequence of these influences, various different ideologies have impacted upon the government's BEE policy. Elements of African nationalism and black consciousness have clearly influenced the policy formulation, seemingly in ultimate pursuit of an eventual non-racial dispensation. The dominant ideology can best be described as a conflation of the seemingly incompatible concepts of African nationalism and non-racialism. Since the more concerted and systematic approach to BEE begun, around 1999, it seems that there is an increasingly African nationalist interpretation in the implementation of this policy.

Whether this is incompatible with the long-term ideal of a non-racial South Africa remains to be seen. One could certainly argue that there is a need for African blacks, as the most historically disadvantaged, to assert themselves economically. One may contend that this is necessary to achieve greater economic equality among racial groups, and is in the interests of macro justice. As an interim or temporary measure, this racially defined form of redress may still be compatible with ultimate racial integration and a non-racial future.

If the current assertive, and more exclusive African nationalism is not limited to a finite period in the interests of macro-justice and greater equality, there is the real threat that its divisive nature and racial exclusiveness will endure. As mentioned in a previous chapter, sceptics such as Michael MacDonald have suggested that it is in the ANC's political interests to perpetuate racial identity in order to maintain its mass African political support. Should the temptation to maintain racially defined political support override the principle of working towards non-racialism, the ideological coherence of BEE will have been lost. The coherence to date has been in the delicate mixture of African nationalism and non-racialism. An abandonment of the non-racial element of BEE thinking would considerably alter the ideological underpinnings of BEE policy.

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