

**MEETING SOUTH AFRICA'S ECONOMIC CHALLENGES
WITH BLACK PARTICIPATION IN THE MAINSTREAM
AN ADDRESS TO THE CHIEF EXECUTIVES ORGANIZATION
25 FEBRUARY 1995**

Apartheid was at base a twin evil in South Africa's political economy: politics of oppression cum discrimination and economics of exclusion-cum-exploitation.

Now that the politics of oppression and discrimination is largely history, the challenge of replacing the economics of exclusion and exploitation with an inclusive and equitable economic dispensation has become imperative and urgent. In response to this challenge a number of joint ventures, black initiated investment groups and so forth have emerged. These enterprising groups will be sailing in turbulence. These latter-day pioneering black entrepreneurs will certainly need a compass in order to make sure they stay focused on this all-important vision of genuinely empowering blacks economically.

I would like to confine my address to what I consider to be the crucial role of Black Investor Groups in meeting the challenge of Black Economic Empowerment.

This multi-faceted role encompasses the following:

Spearheading the involvement of black business ventures at the highest levels of the economy. This presupposes ability to identify effective economic leverage points in selecting which business opportunities to take. It is imperative that superior opportunities be identified and developed, where black business can best unlock value, create value and enhance value.

Black investor groups should provide role models and take the lead in exploding the self-doubt amongst blacks regarding their own business acumen. It behoves these groups to deal effectively with the disdain by whites in general and business in particular about the efficacy of blacks in ownership and management roles.

These investor groups have a crucial role to advance the cause of black business development, NOT the agendas of cynical, manipulative corporations wishing to unload dogs; or those seeking to extend their corporate lives through slight of hand deals, and patronising corporations that are accommodating to blacks as a political gesture. To be wary of and to guard against self-serving advisors and financiers who are more concerned about the fee potential rather than the soundness of the deals. To shun carpetbaggers, "business people" who employ political demagoguery to advance personal power interests.

Black entrepreneurs have historically run small to medium scale businesses at best. Big business opportunities are therefore as tantalizing as they will be confounding. Black investor groups have a duty to bring clarity to red herrings, non-sequiturs and other ill-informed and demeaning points of view or practices foisted on black business which serve to confuse or detract from black business initiatives. The following instances come to mind:

The normal distribution of entrepreneurs in any society is more or less the same, i.e, somewhat limited. In South Africa in particular it is absurd to complain that a few black people are hogging all the substantial business opportunities.

To the entrepreneur who spots the opportunity and has the wherewithal to take advantage goes the spoils, as in any society. It is therefore outrageous to talk about enriching a few blacks, when entrepreneurs begin to reap their just rewards.

Not anywhere and certainly not in the history of South Africa have businesspeople been obliged to bring "constituencies" in tow when negotiating deals, ie. members of civil society with little if any intrinsic business interest nor acumen (for example, church groupings, public interest groups, associations of assorted descriptions, etc.) as necessary partners.

There can be no real justification for enforced coalitions of black business groupings which have little in common, by patronising corporations.

As black investment groups we have a duty to strengthen the black component of the emerging tripartite partnership formed by government, labour and (big) business. The other two already have effective cross-racial representation. This way we could play a significant role in practically restructuring South Africa's political economy and providing efficient conduits of redistribution for business opportunities from white to black South Africans.

Black investor groups have an obligation to study and learn from the entrepreneurial dynasties and the foremost entrepreneurs of our times - the Oppenheimers, Gordons, Menells, Hersovs, Ruperts, etc. - as well as from our own failures and shortcomings.

We have a cardinal task to create an inspiring business mythology for young South Africans that encourages the development of the economic equivalents of our political heroes, i.e, the corporate Mandelas, Sobukwes, Bikos, Luthulis etc.

May I say in concluding that it behoves us, me, to change the profile of this august gathering and to pay for the dinner in a time not too distant.