

# SAIRR calls for BEE to be scrapped

 By [Paddy Hartdegen](#)

21 Jan 2013

I may have been saying this for years but now another much more august body agrees that black economic empowerment initiatives should be scrapped and South Africa should entrust its development, growth and social change to the people who are best trained to implement them - whether they are black, Indian, coloured or white.

In a rather surprising announcement last week the South African Institute of Race Relations has, in a submission made to the Department of Trade and Industry (DTI), called on the Minister, Rob Davies to scrap black economic empowerment completely because it cannot be made to work.

It was commenting on the proposed BEE codes of good practice that the DTI had set out for South Africa and its business community. The Institute's Dr Anthea Jeffery says that all the scarce capital skill, entrepreneurial effort and bureaucratic involvement invested over the past 18 years has actually led to nought.

She goes on to say that any efforts to improve or reform existing BEE practices by tightening the BEE codes of practice will do little or nothing to resolve the deeply-rooted problems of poverty, inequality and unemployment and she adds that there is "no quick-fix which is feasible."

## Preferential ownership does not build entrepreneurship

In its submission to the DTI, the Institute says that preferential ownership does not build entrepreneurship while appointing people to board and management positions without the necessary experience and skill simply undermines efficiency.

Jeffrey contends that preferential procurement inflates cost and erodes performance while enterprise development cannot succeed without the skills, infrastructure and markets to accompany it.

In line with many of my views, Jeffrey says that skills development, so crucial to South Africa's success will "best be achieved through tax incentives for on-the-job-training".

To put some figures behind the cost of BEE incentives throughout the country, the SAIRR quotes "public domain figures" that put the value of BEE deals over the past ten years at between R550-billion and R600-billion. The Institute then points out that these investments have primarily been non-productive and its benefits have gone largely to a limited elite within the South African population.

The Institute has called on the government (and the ruling African National Congress) to forget about BEE completely and

concentrate, instead on:

- Fixing education;
- Freeing the labour market from excessive and unnecessary regulation;
- Building international competitiveness;
- Making South Africa more attractive to investors, both foreign and local

Using figures from the Governor of the Reserve Bank, Gill Marcus, the Institute points out that with economic growth of 7% income for the country doubles every ten years whereas with economic growth of just 3% it takes 24 years for income to achieve.

## Emphasis on redistribution

The institute says that for the past 18 years the ANC has put its emphasis on redistribution rather than on rapid economic growth but goes on to say that just by dividing up the economic pie in a different way doesn't resolve the difficulties that underpin the economy and the society.

Rather, the economy needs to expand and grow to meet the needs of an ever-increasing population and provide jobs and a future for the people of this country.

I don't think it takes a rocket scientist to see the validity of these arguments (if it did, I wouldn't be able to see them). I really believe that it's high time that the ANC started to heed the many calls being made from different quarters to abandon black economic empowerment and get back to employing the best skills, the most experienced brains and the best leaders for South Africa.

We cannot afford to continue vacillating when there is so much infrastructural work that is needed; we can't afford to have tenders snarled up inside some government department or another because a shortage of skills prevents the tender documents from being finalised; we can't keep failing to give our children a proper education and, most of all, we cannot keep impoverishing people in the pursuit of some lofty ideal (such as BEE) that simply impoverishes them even more.

Now we need some creative, courageous and genuine leadership to take South Africa forward and the first step in this process is to dump the BEE legislation, dismantle the empowerment principles, take away affirmative action and settle down to employing the best people for the job regardless of the sex, creed or race.

## "We need skills"

Whether these people be teachers, electricians, labourers or retail chain store executives. We need skills; we don't have them and the limited ones we did have, have been lost to society.

In fact some of our skilled and experienced executives are running franchised restaurants (with some modest success) because they took a package from government (when affirmative action reared its head) and got out at a time when their skills were most needed. Today we are paying the price. And the price is steep because our skills vacuum is greater now than ever before.

I totally endorse the SAIRR's views and sincerely wish that somebody, somewhere in government would listen to them too - because that's what this country needs right now.

## ABOUT PADDY HARTDEGEN

Paddy Hartdegen has been working as a journalist and writer for the past 40 years since his first article was published in the *Sunday Tribune* when he was just 16-years-old. He has written 13 books, edited a plethora of business-to-business publications and written for most of the major newspapers in South Africa.  
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