

IS MBEKI'S FURY BORN OUT OF FRUSTRATION?

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The furiousness of President Mbeki's attack in his ANC Today letter (10-16 September) against Mr Tony Trahar, CEO of Anglo American (AAC) took everybody by surprise. Mbeki asks why Trahar has not raised his concern about the South African political-risk issue in "the institutionalised system of regular interaction that exists between government and business". We can ask the counter question: Why has Mbeki not raised his displeasure with Trahar's remarks through that institutional system?

The probably answer to this question is that Trahar's unfriendly remark about the political situation in South Africa, may only be the tip of the iceberg of growing frustration on Mbeki's side about the dismal way the corporate sector has lived up to its promises over the past years in spite of all the privileges granted to it by the ANC government.

It is well known that Mbeki played a leading role in the informal (and mostly secret) negotiations on economic matters that took place in the early 1990s between a leader core of the ANC and the corporate sector. In these negotiations the corporate sector made hyperbolic promises about high levels of investment, of economic growth, of employment creation and about trickle-down effects that will accrue if the ANC should accept the rules of the capitalist game as proposed by the corporate sector. After agreement was reached about the necessity of black economic empowerment (BBE) and affirmative action (AA), the ANC accepted and implemented the economic ideology of neo-liberalism, the idea of market fundamentalism and the policy of globalisation.

The fact that at least 40% of the population was living in abject poverty and was already marginalized from the mainstream of the economy in 1994, did apparently not concern the ANC when it accepted the neo-liberal approach that was proposed by the corporate sectors. The assurance was given to the ANC by the corporate sector that the "invisible hand" of the market would be instrumental in solving the problems of poverty and unemployment.

(1070 words)

After 10 years of market fundamentalism and globalisation, more people are living in poverty while unemployment has increased from 30% to 42% of the potential labour force. If we compare the hard reality of 2004 with what was promised by the corporate sector in the early 1990s, then President Mbeki has every reason to be disappointed with the performance of the corporate sector.

To appreciate the true nature of the squabble between Mbeki and Trahar, the permission that was granted to AAC (and other corporations) to shift their main listings to the London and New York Stock Exchanges, must be taken into account. Economists of the World Bank alleged in 1999 that Africa's wealthy have chose to locate 39% of their wealth outside the continent, in comparison with 10% in Latin America, 6% in East Asia and 3% in South Asia.

Did the AAC inform Mbeki about the inclination of the wealthy in Africa to shift part of their business interests out of Africa when it asked permission to shift its main listings to London? In his letter Mbeki states that the AAC talked only about the small size of the Johannesburg capital market and not about political risks. If we take account of the huge amounts that were shifted – legally and illegally – out of the country over the past 10 years, the President Mbeki has indeed reasons to be frustrated by the behaviour of a large part of the corporate sector.

Perhaps the most important “concession” that was granted to business, was the decision of the ANC that the Truth and Reconciliation Commission (TRC) would not be mandated to investigate the corporate sector's involvement in gross human rights violations of a *systemic* nature. Pressure groups that requested such an investigation put forward the argument that a close symbiotic relationship existed between those whites that control South African politically and those that control it economically during the 20th century. The exploitative labour laws were indeed enacted by the white parliament on request of the white entrepreneurial class.

The mandate of the TRC was moulded in such a way to delegitimize the political regime of apartheid, but not to do something that may embarrass or harm the corporate sector in spite of the fact that it was the main beneficiary of apartheid. To investigate the misdeeds of the white political sector and not the misdeeds of the white economic sector was unfair and unjustifiable – especially from the perspective of the impoverished victims of systemic exploitation.

In his letter Mbeki states categorically that AAC, "like all other companies ... benefited from the criminally oppressive and exploitative labour, economic and political system instituted and maintained by the colonial and apartheid system in our country".

From the content of Mbeki's letter on the political risk issue, it is clear that the corporate sector should count its blessings that the TRC was not mandated to conduct an in depth investigation into the phenomenon of systemic exploitation.

Those groups that have brought a restitution claim against AAC and other corporations before the courts in New York, based their case on the undeserved enrichment of corporations like AAC and on the undeserved impoverishment of the poor. President Mbeki stated in Parliament in April 2003 that the government is not in favour of the court cases in New York. Perhaps the time is now opportune for the government to revisit that decision.

The fact that not much has materialised from the Business Trust to which the corporate sector has committed itself voluntarily, is an additional reason why the government ought to rethink its economic approach of neo-liberalism and market fundamentalism. It is rather shocking that the corporate sector has not lived up to its social responsibilities towards the poor in a country in which it profited enormously from systemic exploitation and from the new governments economic approach.

In accordance with the economic policy measures in place at present – including BEE and AA – the corporate sector have legal obligations towards, say, the top 10 million blacks, but no direct legal obligation towards the 22 million blacks living in unemployment and under the poverty line. It is, therefore, not surprising that much more resources and opportunities were transferred from whites to blacks over the past decade to the top 10 million of the blacks than to the 22 million that are living under the poverty line. This skewed situation ought to be rectified.