



WHAT LIES BENEATH:
**BLACK INDUSTRIALISTS
AND THE QUEST FOR
A MEANINGFUL ROLE IN THE ECONOMY**

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The Black Industrialists programme is differentiated by two key features, majority ownership and management control/ operational involvement. These differentiators are not only programme features but are in fact a comment on the corrective inclination of the programme. In other words, they reveal a problem in the current economic structure that requires change. That problem being thus: when Black people are deemed owners of large/ industrial companies, they typically hold minority stakes and furthermore, do not play an active role in operating those entities. It is thus a particular type of ownership, arguably a product of Black Economic Empowerment, that the Black Industrialists programme problematises and seeks to reform. Understood correctly then, the notion of Black people as Industrialists is not simply about a specific programme. It is about radically re-imagining the role that Black people ought to play as owners in the economy.

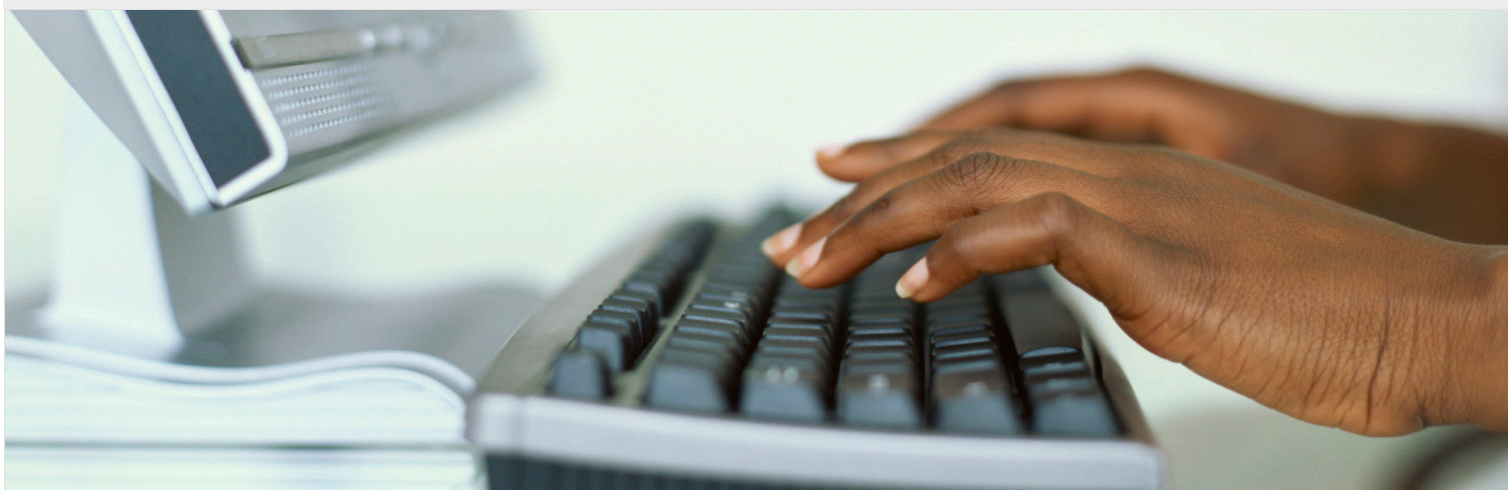
It is my contention that by ring-fencing the terminology to a programme, we have denied ourselves the opportunity to have a rich conversation about the true and full nature of the problem it has unearthed. This article will therefore delve into some of the fundamental dimensions of the problem, by discussing:

- What genuine economic ownership means;
- The perverted role that Black owners currently play in the economy;
- The requirement for re-educating Black people about their role in society and;
- The need for State-funded venture capital for Black people.

In all, the orientation of this article is to argue that the evolution of Black people into owner-operators is not just a conversation about business or the economy. In totality, it is a conversation about the historical journey of Black people back to their full humanity. For it is human to understand time and to thus change that which we perceive as wrong or inadequate through the creation of new systems, organisations, ideas, products and services, with a view to make the future, better. To perform this basic human function, one needs to have a sense of themselves as a custodian of humanity and its future. This notion of custodianship is what we understand in the capitalist economy as ownership, but in truth, it speaks to a much broader relationship between the individual and society. It is because the core mission of colonialism and apartheid was about displacing certain groups from their sense of custodianship that this matter remains topical today. And thus even though we may speak narrowly of economic ownership, what we are in fact addressing is the persisting lack of custodianship that Black people experience in relation to society and the unfolding of its history.

Therefore, at the heart of Black Industrialism is a call for Black people to return to their station as full humans, capable of creating new, economic value for the advancement of society. New economic value is the meaning of genuine ownership. And thus we are compelled to ask- whether it is true that Black people do not create new economic value (i.e. whether the case for Black Industrialists is valid) and if so, why we should view this as a problem and what ought to be done to address it?

Firstly then, that Black people do not create new economic value is not true. The legacy of apartheid compounded with the ruthlessness of capitalism have merely distorted a large portion of the economic contributions of Black people and indeed, all other ordinary workers. This was done and continues to occur when companies fail to allocate equity to people who take risks, sometimes with their own lives, to bring about new industries and businesses. In other words, our history and economic system are designed to minimise the role of many-a-owner.



However, in our attempts to fast-track the process of reclaiming our rightful economic role, we introduced a fundamental distortion to the notion of ownership through the policy of Black Economic Empowerment (BEE). BEE understands ownership as separate from management control and operational involvement. And thus it was in separating these aspects of economic participation, that it created the Black owner as a hollow shadow of genuine owners. Because it is in fact the case that genuine owners, creators of new economic value, typically embody all three functions. Think of any iconic entrepreneur and you will immediately recognise them as the owner, manager and operator of the entity they have created, certainly in the nascent phases of that venture.

Without discounting the necessity of BEE at a point in time, we are now compelled to grapple with its negative by-products. This sub-optimal role that Black owners therefore play in the economy, where they are required to helicopter straight into a company's ownership structure has not done well for the self-esteem of Black people and our perception in society in general. Now indeed, investment holding is a legitimate form of business. However this conversation is about how underlying asset value is created. With respect to the standing of Black people in society, BEE has helped to support racist attitudes that view Black people as undeserving of material comfort, let alone wealth; views that seek to minimise Black excellence as an outcome of a parasitic reliance on White ingenuity and views that read all forms of Black passivity as laziness as opposed to a strategic and rational response to situations that are in the first place, unwelcoming. However the biggest impact has been on the self-esteem of Black people themselves. The reduction of BEE to a game of political networks has made Black people doubtful of the sincerity and integrity of the policy. And perhaps most harmfully, because the biggest deals come from getting a piece of the White pie, BEE has reduced Black entrepreneurialism to the mastery of sycophancy. It therefore goes without saying that something has to change and Black Industrialism is a solid step in the right direction.

Underpinning Black Industrialism is a requirement to educate Black people differently about their role in the economy and by extension, society. It is important that we are taught that the world is ours. That every aspect of society is ours to critically observe and change in ways that we see fit. To do this, we must be appropriately educated about the world as it is today and empowered with the necessary tools to engage with it. This ranges from cognitive and technical tools to more nuanced skills that relate to an understanding of history and the way in which the present has been produced.

But on the other end of this free-thinking Black Industrialist will exist a single constraint that binds all possibilities for action: capital. In order for Black people to eschew the coattails of White people, they require a funding system that is willing to back their biggest and boldest ventures. As it stands, the South African funding system is designed to do exactly the opposite. This is because embedded in it is the logic of privilege. Privilege, in business, is the ability to use the money, networks and material resources of friends and family to test out a new concept. Thus when a privileged entrepreneur arrives to a bank, they arrive having effectively de-risked their own enterprise, themselves. And it is because there is a large enough number of these types of entrepreneurs in our society that our funding system is almost completely averse to risk. This applies to both commercial banks and development finance institutions.

What we need therefore, to create Black Industrialists across the economy, is genuine, large-scale, State-owned venture capital. Venture capital is high-risk capital that backs bold ideas with the courage to accept binary outcomes- big wins and big losses. We're not talking about SMME finance. We're not talking about funding contingent on offtake agreements. We're not talking about acquisition finance nor are we talking about project finance. We're talking about a cheque made out to a Black individual to take a bold business idea from plan to reality. The purpose of this funding should be to support the Black people who seek to create new banks, large retail chains, mines, IT companies, global fashion brands, spaceships, you name it. This should be done with the understanding that funding a nascent venture is not an act of privilege but rather an imperative if we seek to create a sustainable, large and diverse economy that depends on all its talent for the creation of value. The commercial and social case should also be that the State will stand to own significant stakes of the Industrial giants that will emerge from such an initiative. And thus if there is a doubt, perhaps mine is to allay it: the Black people whom we need to fulfil this role are already here and waiting in the wings. They have benefited from access to good education and professional jobs and now await the backing of the State to bring forth new value. Venture capital is required to sound the clarion call to which they will most surely respond: send me.

Send me to create new value. Send me to create new jobs. Send me to grow the economy. Send me to use my ingenuity to make the world a better place. Send me to be a custodian of a piece of our history. Send me to me to remind us all that we were always fully human.



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