

## **INAUGURAL DON MKHWANAZI MEMORIAL LECTURE 2016**

### **Contextualising Dr Don Bongani Mkhwanazi 's crusade and frustrations on BEE and the transformation of the economy**

**Delivered by Dr Thami Mazwai**

Early this month we were gathered in the adjoining ICC to bid farewell to Dr Don Bongani Mkhwanazi, a doyen of black business and one of the foremost champions of the economic transformation of post-apartheid South Africa. Ndonga, as many of us called him, ebengumntu ebantwini. I am thus deeply honoured to be asked to give the first Don Mkhwanazi Memorial Lecture as, in many respects Ndonga was the personification of BEE. He was supposed to have given this lecture which was part of a provincial series to commemorate the 40<sup>th</sup> anniversary on the founding of the Black Management Forum (BMF). In its wisdom the current leadership asked former presidents to give these lectures at the planned provincial gatherings to link the past with the future, and ensure consistency of purpose and vision. As I am not a former president of the BMF, the axe fell on me to give this lecture because Ndonga and I held hands as we walked this path. Still, this is a daunting challenge for humble me to pay tribute to a stalwart of such magnitude. To get to the point, BEE has consistently been contested by many in the private sector, international community and its multinationals who persistently maintain that it constrains FDI and our participation in the global market. We respond by reminding these of the numerous countries in which they comply with demands in terms of local participation, to no avail. In a speech in 2010 Ndonga vent his anger at people who keep on saying: "When will BEE end"; or "BEE is reverse racism". He lamented the fact that some black professionals even go to the extent of saying "I would have succeeded without BEE". This specific sentence also reflects the extent to which BEE has been deliberately derided and hammered so that blacks are ashamed of it. On the other statements, I totally agree with Ndonga and I find strange that some people are talking of sunset clauses on BEE when the sunrise is still being resisted, meaning that noon is not about to happen tomorrow. Hence today's lecture once more reinforces the principle, that is the necessity of BEE and why. After all, some form of BEE has been implemented in many countries, particularly those recovering from colonialism and thus, primarily, the economic subjugation of local communities.

According to the archives of the Mandela Centre of Memory, the idea of a Black Economic Empowerment Commission (BEECom) arose out of a resolution taken at the BMF National Conference in Stellenbosch from 14 to 15 November 1997. The prevailing view at the conference was that black people should direct and take charge of a new vision for Black Economic Empowerment (BEE) a process that, until then, had been conceptualised, controlled and driven by the private sector; the usual black determination under white supervision. The commission was formally established in May 1998 under the auspices of the Black Business Council (BBC), an umbrella body representing 11 black business organisations. The Commission conducted extensive research and embarked on wide ranging consultations. A consultative conference was held on 30 September 2000. The views of these and subsequent discussions with stakeholders were incorporated into the report, which was then handed over to then Deputy President Thabo Mbeki in 2001. It defined BEE as:

*“... an integrated and coherent socio-economic process. It is located within the context of the country’s national transformation programme, namely the RDP. It is aimed at redressing the imbalances of the past by seeking to substantially and equitably transfer and confer the ownership, management and control of South Africa’s financial and economic resources to the majority of its citizens. It seeks to ensure broader and meaningful participation in the economy by black people to achieve sustainable development and prosperity”. (BEE com: 1998)*

The key phrase is: *“It seeks to ensure broader and meaningful participation in the economy by black people to achieve sustainable development and prosperity.* BEE is thus fundamental to the eradication of poverty, unemployment and inequality which, as our Government proclaims, are the key challenge facing us. As Ndonga usually proclaimed, the participation of blacks in the economy will be the real making of a new South Africa. It can also be its breaking as there is no way that Black South Africa is going to be content with the continuation of their economic marginalisation when they gave their lives for a new order. Hence the recurring protests which, on day on day basis, move from area to areas. While they are dubbed “protests on non-delivery of local services”, the underlying dynamics have more to do with the

unfulfilled promises of economic equality which the liberation movement preached, and the people responded to with life and limb. For instance, residents of Alexandra township simply look out of their shacks and across the road to see the luxuriant homes in Sandton, what they saw in the eighties and nineties. So where is the change, they ask? They then take to the streets at the behest of their leaders who, in any case, were also in the forefront of the struggle. They naturally confront, the organisation that led them in the struggle for a new socio-economic order. Hence, and regarding these protests, let us realise the underlying dynamics. To do justice, this lecture will thus follow the following format:

- We will firstly look at the current and depressing picture in terms of the poverty, inequality and unemployment in our communities;
- Secondly, we will then contextualise BEE within the transformation of economies as many nations, more so formerly oppressed or colonised ones, have initiated special interventions for their recovery;
- Thirdly, we look at how former colonies inherited the colonial architecture in terms of economic development and which, naturally, is benefitting their colonisers rather than their economies and how they have tried to overcome these;
- Fourthly and fifthly, we look at how we are missing the boat and identify continuing areas of concern; and, lastly;
- We look what is being done and how it can be enhanced.

Please forgive me for what may be a regurgitation of previous dogma as we still need to remind ourselves of what we are about which will reinforce the struggle for the empowerment of our people. In addition, the many young blacks graduating from tertiary institutions into the corporate world need to be educated and initiated into the real struggle, that of a better life for all South Africans. The current socialisations stress non-racialism “*uber alles*” to the extent of describing any specific focus on blacks as racist, is simply perpetuating the past. The media is hardly handy on this aspect as it daily glorifies so-called celebrities, suggesting that social fame is an ideal. It was rather amusing, in last week’s Aids conference, see the media report that Deputy President Ramaphosa had met Bill Gates”. This shows the extent even our own media is trapped in the past as it would never say Obama met Gates; it would be Gates met Obama.

## 1. The current situation on blacks and the economy

According to the 2015 Employment Equity report (DoL), white males continue to dominate in top management in every sector, with the lowest presence being 35.8% in the “*Community, Social, Personal, Services sector*” and 72% in agriculture being the highest. Regardless, this is an improvement over the years. The highest presence in top management for black Africans is in “*water, electricity and gas*” at 22% and the lowest is in “*manufacture*” and the “*retail sector*” at 4.8% and 4.1% respectively. The 4.1% in the retail sector is not surprising as this sector blatantly cocked a snoot at BEE and boasted it does not depend on government procurement and it will comply at its pleasure. Worse still, it is today aggressively getting into the townships and is tying dubious deals local authorities. The inquiry by the Competition Commission needs to look into these. To continue with the poor advancement of blacks in the economy, a report in a daily newspaper last week revealed that black professionals in the ICT sector earn significantly less than their white counterparts. This is according to Analytico, a company that analyses earnings data in the private sector. It looked at a sample of 65 628 individuals who work as professionals to provide a broad picture of earnings differences. Across both genders, the earnings for black computer programmers are significantly less than for whites. The median earnings for white computer programmers (male and female) are R26 549, whereas black computer programmers have median earnings of R8 014. White males in the computer programming industry earn a median salary of R29 927 per month, compared to R8 308 for black males working in the same industry. Differently put, the report says, the median salary for black male computer programmers is 27.7% that of their white counterparts. White female computer programmers earn a median salary of R18 494, while black females earn R7 431. Black female programmers therefore earn 40% that of their white equivalents. This is transformation ala South Africa. It is a perpetuation of the past but in subtler terms, depending on the industry. Some sectors are even prepared to go to court to protect the murder they got away with in the lack of compliance or fronting of the past. The Stats SA figures that follow complete the story:

- Since 1994 there has been a small shift in the black African workforce towards more skilled and semi-skilled employment while there has been a

significant shift in the white workforce towards more skilled employment.

(there is hardly any mention of semi-skilled);

- Adult unemployment in the white community in 2014 was 8% and in the Black African community it was 40%;
- In 2014 the unemployment rate for white youths was 9% while that for black youths was 39%.

In looking at small business, a 2015 report by the Department of Trade and Industry (dti) estimates that there are about 2.4 million small businesses and close to 512000 are formal. It is now generally known that about 85% of formal businesses are white owned and 95% of the informal businesses are black owned. According to the same dti study, a whopping 83% of these entities have turnovers below R1 million.

Obviously, this below R1 million needs breaking up to get the true picture. A 2006 study in Gauteng by Finscope showed that 70% of informal businesses have turnovers of less than R70000 per annum, which is a paltry R6000 per month.

According to the same study, 13% have annual turnovers of less than R10000, which is R1000 per month; 35% have turnovers of less than R17500 annum which is About R1200 per month; 10% less than R30000 per year which is roughly R2500 per month. Although this is a 2006 study, there is nothing to indicate that things have drastically improved. Regarding poverty, Stats SA (2013) further points out that poverty levels in the country have dropped since 2006, reaching a low of 45,5% in 2011, which translates into roughly 23 million people living below the R621 per month poverty line. However, regarding extreme poverty, the number people who live below R321 per month was 10,2 million people in 2011, down from 12,6 in previous years. The improvements were driven by a combination of factors ranging from a growing social safety net, income growth, above inflation wage increases, decelerating inflationary pressure and an expansion of credit. Now the rub. By September 2015 the number of people depending on social grants was 16.9-million and in the same period, year ended February 2015, R120 billion was paid out in grants of one form or the other. At this stage, and looking at the numbers above, it is government grants that plucked people out of poverty. It must also be put on record that in addition to the grants, the African National Congress government has been responsible for impressive and dramatic achievements in many aspects of the new South Africa, for instance housing millions of people. Electricity and water and now

available to most households. Townships have been improved. Some of the protests referred to above could be a result of impatience and, of course, corruption cannot be discounted. Still, the country is far better off than it was before 1994.

Nonetheless, which is the downside, economic change has been adhoc and inconsistent with pockets or instances of success here and there, but we cannot talk of a critical mass or groundswell. The huge chasms referred to above hold sway between white and black in terms of the economic clout and activity. We also need to warn that while grants have lifted people out of poverty, expanding the economic base is urgent and ultra-important as the above is not sustainable. We need to accelerate BEE as I will argue later. The next section argues that South Africa is not unique in specific interventions for economic transformation.

## **2. The reasons for restructuring of African economies, thus BEE**

Africa and other Asian and South America countries are recovering from colonialism which, as we all know, resulted in the control of their economic, political and military systems by the imperial power. Harrison, (2000: xxi) explains that colonialism left a profound impact on nations and explains their underdevelopment and the exclusion of the native people in economic activities. Settles (1996) hits the nail on the head as he argues that the African economy was significantly changed by the economic policies that accompanied colonization. According to him colonialism arrested the natural development of the African economic system. Hence, renowned Jamaican scholar and development activist, Walter Rodney, points out that development in the colonial era was epitomised by roads and relevant infrastructure from areas of economic activity running straight to ports or border for the movement of goods to the Mother country. The rest of the country did not benefit and this is the reason for the underdevelopment of Africa and former colonised regions. Acemoglu, Johnson & Robinson (2001) also point out that as in some colonies the conditions were unsuitable for long-term settlement, the main interest of the colonizer was to extract and leave. Coming to South Africa, after centuries of colonial rule the indigenous people were betrayed in the subsequent Treaty of Vereeniging in the aftermath of the 1899–1902 Anglo-Boer war. The treaty founded the new Union of South Africa in 1910 and it was an exclusive all-white democracy or 'ethnocracy'. Hence in the legislation that followed Blacks were economically discriminated against through the Mines and Works Act of 1911, the Apprenticeship Act of 1922 and the Native Land

Act of 1913, the Industrial Conciliation Act of 1956, the Bantu Land and Trust Act the Native Urban Areas Consolidation Act. These pieces of legislation entrenched vertical and horizontal discrimination. Curtis (1972: 287) states that since 1948 the Nationalist Party promoted the economic interests of the Afrikaners over every other group. This was Afrikaner empowerment at its height and in his book, *“The Afrikaners, Capitalism and Max Weber’s Ghost”*, Rashid Begg writes:

*“Considering the ubiquity of poverty among the Afrikaans speaking whites at the beginning of the 1900s, their most telling success was undoubtedly the elimination of the phenomenon of poor whites as a national issue. This success had much to do with the investment of the Calvinist Reform Churches in the urban and rural areas among this indigent group”.*

These churches were working in tandem with the Afrikaner Broederbond which, with other strategies, spearhead Afrikaner Empowerment as another writer, Dan O’Meara, chronicles in his book, *“Volkskapitalisme”*. Of note is that Afrikaner Empowerment eradicated the poor white problem while BEE has not dealt with poverty and unemployment, and has worsened inequality. Getting back to the main argument, the creation of the Union of South Africa and other events illustrate the deliberate disempowerment of blacks which led to the situation described above and which is the unbridled and continuing discrimination of blacks in the economy. This is what Ndonga fought against and it is our duty to ensure that what he lived for is accomplished, whatever the cost. As a result, and as this affected most colonised communities, these have had to put in place initiatives that reverse the past in the interest of the local people taking their place in the sun. These interventions took different forms. However, we must first look at how the marginalisation of indigenous people perpetuates despite their countries being granted “freedom” by their former colonial masters.

### **3. Formerly colonised nations reconstruct, the basis of BEE**

Director of ceremonies, when the colonised nations achieved independence, it goes without saying that the former colonial overlords, would fear for the loss of the wealth they had grown accustomed to, and would ensure they retain this control. To add to this, in the aftermath of the World War 2 Globalisation had taken root and

neoclassicism and neoliberalism were the mantra driving economies, with Europe and the USA in the driving seat. To explain a little, neoclassicism restricts the involvement of government in the market while neoliberalism advocates extensive economic liberalization policies such as privatization, fiscal austerity, deregulation, free trade, and reductions in government spending in order to enhance the role of the private sector in the economy. This gives the former colonisers unrivalled dominance in the economies of the developing world, as we have by now found. The South African Community Party and Congress of South African Unions (Cosatu) have been correct in opposing these over the years as these do not differentiate between a developing and developed economy. The former colonisers have been able to dominate economic activity to their benefit, and thus protect and extend their markets through the links they retained and the development aid they provided. Furthermore, Globalisation referred to has its own terms of engagement which are defined in numerous multilaterals, one of these being the World Trade Organisation and its terms of trade. However, the overarching and rather insidious framework to assist developing nations or implementing development was the Washington Consensus, and now lately the rating agencies. According to Easterly (2005:2) the Washington Consensus was ostensibly to help stabilise and grow the economies of these countries. Gore (2000: 789) asserts the approach recommended that governments of developing nations should reform their policies and, in particular:

- Control inflation and reduce fiscal deficits;
- Open their economies to the rest of the world through trade and capital account liberalisation;
- Liberalise domestic and factor markets through privatisation and deregulation.

The above are the core elements of neoliberal and neoclassicism and it was evident that the developing countries would forever be in the grip of the developed world. However, the more alarming form of this continuation of marginalisation was what Karl Marx called the superstructure. In terms of Marxist philosophy, the “superstructure and the base”, is the economic architecture in which is embedded the processes and practices that ensure that the reigning capitalist structure reproduces itself. To quote an example, in the internationalization of capital



Sakellaropoulos (2009) identifies quantitative and qualitative prerequisites that are substructures upon which the superstructure of imperialism stands. These are: a) the centralization of infrastructure and capital to such a degree as to engender monopolies; b) fusion of industrial and bank capital and formation of financial capital; c) increase in export capitals; d) creation of multinationals; and e) completion of the division of the world among the most powerful capitalist states. Ndonga indirectly referred to the superstructure when he said our first democratic government perpetuated the cabinet portfolios of the previous apartheid government and only eliminated the “Bantu” duplications which, in any case, was a no-brainer. He said even if the positions were occupied by blacks, but as the basis of their establishment was the protection of the white minority, there would be very little amelioration of the past. Hence it was only in 2009 that the cabinet in terms of portfolios became more relevant with the creation of a department of rural development and the splitting of education into basic and tertiary. The important point for our lecture is that formerly colonised nations resisted the Washington Consensus inspired developmentalism with various approaches. Some of these are the dependency and structuralist theories of the seventies and thereabouts. Whether these were successful or not is not the point, the point is that they were interventions to enable indigenous communities to take charge of their economies after decades of colonialism which was now neo-colonialism. In any case, to come to my point, East Asian economies were more successful because of government interventionism than as a result of the neoliberal and neoclassical approaches. The Asians did not completely abandon the two, but ensured that careful selectivity of the elements of neoclassicism and neoliberalism were based on “the realities on the ground”. China did not rise to be the second biggest economy in the world by dogmatically playing by the rules, a disease South Africa suffers from even when it hurts. In Latin America, and according to Cypher (2014:19), a school of intellectuals advocated structuralism; which meant a restructuring of their economies premised on local truths such as the agrarian structure, technological backwardness, underemployment, the composition of the labour and the control of firms. These, undoubtedly were Latin America’s serious problems which, they rightly believed, were not the focus of the implementation strategies of the developed nations as they tried to assist Latin America. We also had similar arguments for the creation of the New Partnership for Africa Development (NEPAD) and its predecessors. While Nepad will focus on

Africa, BEE is more about South Africa's economic recovery. If South Africa is doing what the rest of the formerly colonised world is doing, why is it making much progress. This is debated in the next section.

#### **4. How and why do we get it wrong**

Harris and Lauderdale (2002) observe that the current phase of global economic expansion has imposed upon the peripheral societies (such as South Africa) the privatization, deregulation, and denationalization of their economies. This is to more effectively "integrate" these economies into the global economic system, for instance, to facilitate the more effective accumulation of capital and the transfer of wealth from these societies to the centres of the global economic system. They point out that neoliberal terms such as "free market" and "free trade" attempt to provide an ideological camouflage or facade for this new form of economic imperialism. They say the evidence indicates that the neoliberal restructuring and integration or "globalization" of the peripheral economies involves the transfer of much of the income created and earned by the popular classes in these societies to the transnational corporations and financial institutions of the major centres of the global economy. Hence Desai (2003) throws in an interesting caveat as he comments that the transition to democracy was trumped by a transition to neoliberalism. According to him "the new ruling elite and the beneficiaries of the old Apartheid regime made common cause after the ANC came to power in 1994". This view is reinforced by renowned academic Professor Sampie Terreblanche in this book, "Lost in Transformation", in which he talks of the takeover of the economic agenda by the Mineral Energy Complex (MEC). Some of Terreblanche's criticism, which could be on the agenda of the summit I propose, are:

- *We did not succeed in properly addressing the apartheid legacy of abject poverty, high unemployment and growing inequality;*
- *One of the most perturbing aspects of the post-apartheid period is the adoption among a large part of the new black elite of an extravagant get-rich-quick mentality and their consequent preparedness to use immoral and devious methods;*
- *While all Africans should have benefited black economic empowerment, only a tiny minority have been economically empowered. An alarming gap at has*

*opened up between the small African elite and the almost 24 million Africans who are among the 25 million poorest in South Africa, and are receiving less than 8 percent of total income;*

- *South Africa's poorest 50% experienced 40 lean years during 1933 until 1973 when the Afrikaners experienced their rise to the bourgeoisie, they also experienced 20 lean years between until 2012. Thus in 40 years from 1974 to 2012 the Poverty, Unemployment and Inequality problem has become much more severe;*
- *Most of the many things that went wrong during the transformation process seem to be related to the elite compromise/conspiracy*

While some of the assertions by Terreblanche have been challenged, a number are very painful to admit as they are true. *Side sikhuzwa nangabelungu!* Our country did not capture the economy in 1994 as, perhaps reasonably so at the time, it did not want to disrupt the economy as it feared massive job losses. With hindsight it played into the hands of global capital or the MEC which did not want a disruption in the biggest economy in Africa. This economy, because of its modernity, was its gateway into the continent. Thus, and to our dismay, the first Ministers of Finance in the democratic South Africa were white and from the old order, Derek Keys and Chris Liebenberg. Even the 1994 director general, Estian Calitz, was also a white person from the previous Apartheid regime. These three, as Ndonga indirectly insinuates, perpetuated the past in structuring the economy via the budget process. To reinforce this argument Calitz (1995) himself stated that the post 1994 elections budget was based on planning and policy choices of the previous political dispensation. Unfortunately and arguably, succeeding budgets tinkered at the periphery and there were no substantive changes that would lead to a dramatic restructuring of the economy. Even the newer initiatives like Growth, Employment, Redistribution and Growth (GEAR), followed the neoliberal route, much to the chagrin of Cosatu and the SACP. Small wonder they were ineffectual. To set the record straight, the fact that the first and second Ministers of Finance and director general did not come with revolutionary changes was not deliberate or an act of sabotage. They made decision based on their reality and socialisation. As they were never blacks or freedom fighters they could not project our visions. Thus, instead of the economy being premised on the new order, it was made to fit into the past. Arguably the three laid

the ground for what is today a Treasury that is not totally friendly with BEE, as it does not correlate with the prescriptions of neoliberalism and neoclassicism. These two theories instead militate against BEE. This could explain why in 2016 we are still arguing about the regulations of the PPPFA, an acrimonious exchange that started in 2011. Specific schools of thought in Treasury claimed that set asides and higher levels of BEE are unconstitutional. They quote the PPPFA itself and the PFMA which stress that public sector organisations must acquire goods, services, development and construction projects from suppliers in the local and international market subject to the general principles of fairness, equitability, transparency, competitiveness and cost-effectiveness. The two are not mutually exclusive and, regrettably, it also appears Treasury is ignoring Section 217 of the Constitution. This Section specifically refers to and justifies processes for the empowerment of the previously disadvantaged. Getting back to arguments on procurement, while one does not oppose the principle of cost effectiveness, it is disingenuous not to take into account that white business is going to be more cost effective than black newcomers. This is another story for another day but it is thanks to persistent advocacy by the BBC and other government departments that we now have proposed amendments to the existing PPPFA regulation. Although these have been challenged by some in black business, they are a step in the right direction.

## **5. The continuing challenges**

From the above and in general a number of critical concerns emerge, and they are not exhaustive:

- Neoliberalism and neoclassicism continue to be a cornerstone of our economic thinking and very little has been done to reverse the concept of trickle-down economics; which Professor Ben Turok has rightly condemned;
- While our political agenda had clear milestones and institutions that make us the envy of the world, the economic agenda was hazy and ad hoc. It was not founded on transformational and developmental principles;
- Globalisation has trapped South Africa into a situation in which complying with Global best practice is more important than local realities. South Africa even consults overseas institutions such as Harvard University and ignores South African ones with a much better understanding of the local environment;

- South Africa has not done much to oppose the world rating agencies such as Standard and Poor, Fitch and Moody's. These, as Ndonga pointed out in a BMF breakfast in March this year do not have our interests at heart. While it would be suicide to ignore these agencies as we would pay the price, the matter cannot be left like that. Like the issue of the International Criminal Court, it must be placed on the agenda of the African Union. These rating agencies are simply not interested in African development and it is a situation in which economies of the developing world are being held hostage to those of the developed world.

## **6. What must be integrated to what is being done**

In conclusion, there has to be an acceptance that South Africa is inextricably intertwined with the rest of the world and it cannot delink. Ndonga made this clear when he addressed a conference of the BMF in 2010. However, as he said, the world and its policies must not solely determine our economic agenda. After all, we have had these economic best practices but the poverty, inequality and unemployment continue to run rampant. Are we not having another situation like Ghana which went through numerous Structural Adjustment Programmes but to no avail? This speaks to a disjuncture between these globalisation policies and the reality on the ground? We seem to forget that these global processes were based on specific developed economy environments and we are not in that mode. Thus, are they the correct medicine for our economy? I would like to suggest the following:

- Africa must have its own major economic summit, regardless of the lack of success of past endeavours. This will reinforce Nepad and other initiatives. Its decision can then be fed into the World Economic Forum, which is committed to the interests of the developed world. This would reverse the situation in which our Presidents and business people make an annual pilgrimage to Davos, as if to get instructions on what they must do. Africa now has its own major business players and organisation to run a summit that sets the scene for Africa for the rest of the year, and takes into account African challenges. As suggested, the rating agencies must be an agenda item at the next AU meeting;
- It is time that organised labour and black business have their own summit on the developmental state. Government must not be part of it as it will be forced

to continually remind us of its global obligations. But, Ministers key to the transformation of the economy must come in their individual capacities. It is about time the right people determined the economic agenda. Government the private sector must fit into the dictates of the summit.

- South Africa's intelligentsia must emerge from the shadows. Our intelligentsia seems trapped in the politics of the day and fears commenting on issues for fear of annoying a specific clique in the political landscape. Yet, this intelligentsia is the custodians of our future. Its silence has resulted in other voices, and those of the rating agencies and multilateral organisations in particular, determine our economic agenda;
- Greater attention must be focused on BEE and could even be located in the office of the President or Deputy President to provide that overriding pressure on all organs of government. The newly revised codes must be rigidly enforced. While the Presidents Black Economic Empowerment Advisory Council is functional, its clout is limited and the BEE Commission has just been established. BEE is the one vehicle that can unleash the entrepreneurial, business and managerial potential in our communities And thus grow the economy;
- The budget to the Department of Small Business Development must be drastically reviewed so that this new department is able to undertake its responsibilities with vigour. This department must stimulate entrepreneurship in the country and the current budget allocations suggest that the country is still not sure if it needs small businesses or not, yet unemployment is at 27%; and, lastly,
- All effort must be done to release our rural and township economies from economic bondage by initiating campaigns that will trap spend and social grants in the townships and rural areas as the flight of money from these areas leads to their further underdevelopment. For instance, the shopping malls simply siphon money out of these communities and they need to be made to do more productive activity with local manufacturers. In other words, there have to be special conditions and regulations that force shopping malls to procure in the communities they are in so that local producers can flourish. The superstructure is also alive and kicking in these areas but our provincial

and municipal leaders seem unaware of oblivious of it, as even some seem happy to subsidize big corporation in the name of supporting small business. I do not understand how Government can subsidize a major retailer to operate in the townships when scores of black small businesses will be smothered to death.

In conclusion, let me once more expressed my gratitude and it has indeed been an honour to spend these few minutes with you. May I once more thank you and pray that we us continue the good work of Ndonga. This would be a lasting tribute to this great son of the soil.

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