**Review**

**Jenny Cargill (2010) *Trick or Treat: rethinking black economic empowerment*. Johannesburg: Jacana Media**

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BEE is trying to be something of a miracle maker. How do you transfer large financial assets to those who have no money? We’ve been trying to build a building from the fifth floor. (Laurie Dippenaar of the FirstRand Group in Cargill 2010:31).

*Trick or Treat: rethinking black economic empowerment* is an important contribution to the scholarly literature and provides a unique approach to the understanding of Black Economic Empowerment (BEE) in South Africa. The book is about BEE policy; however the author focuses solely on ownership and deliberately avoids other aspects of BEE, such as employment equity, transformation, training etc. The author defines BEE as the ANC government’s ‘grand paint-by-numbers scheme dictating clear form and direction for racial transformation in the business environment’ (Cargill 2010: xi). The book is divided into three parts and consists of eleven chapters. It provides a memorable reading experience as the author guides the reader on an experiential journey (enriched by 15 years in the BEE arena) of BEE from its genesis to the current state of the policy. In addition to this historical account, the book gives recommendations for a more productive policy transformation.

Cargill formulates her arguments with brevity, in easy to follow points within short paragraphs and chapters not longer than 8 to 11 pages each. The main arguments are well articulated and the use of accessible language enhances understanding of the BEE corporate ownership. This is achieved by avoiding the use of quantitative terminology or graphs, tables and charts
to illustrate correlations but rather using a qualitative, case study-based approach. Knowing that BEE is usually an economics term, which could be intimidating, Cargill uses humour to make the subject more approachable than it is perceived to be. Examples of this levity include her reference to BEE as the ‘two-ton pointy piece that was dangled before black South Africans like the low-hanging apple before Eve’ (Cargill 2010:10) and her comparison of the BEE scoring system with the apartheid government’s infamous pencil test (Cargill 2010: 32).

Cargill’s involvement in transformational investment and the advocacy of economic equity through her brainchild company ‘BusinessMap’ illustrates her interest in BEE. In the book, she challenges common perceptions of BEE as a treat for the elite and a trick to the rest of South Africans. Her concern is that the BEE policy has failed to achieve the desired outcomes set by the anti-apartheid liberation movement. For instance, she argues that ‘based on [her] experience as an exile working for the ANC in Zimbabwe and many subsequent years of involvement as a researcher and consultant in empowerment, social policy should incorporate flexibility’ (Cargill 2010: xii).

It is particularly clear after reading the first chapter that Cargill’s ambitious project cannot be compared to recent publications by Balshaw and Goldberg (2005) or Mangcu et al (2007). The former provided a detailed analysis and discussion of BEE score-cards which focused on unpacking the scores, and the latter drew on opinions from BEE trailblazers in politics, economy and management to propose social values that should underpin BEE. Instead, Cargill provides a unique departure by attempting to reach a wider audience including workers, communities, NGOs and rural people. Her use of approachable language is a method to include laypersons (uninvolved in BEE) who would like to understand the policy. She uses her experience as founder of BusinessMap – an investment strategy and advisory company which began as a research and publishing house specializing in transformation within South Africa – and her expertise with regards to the nuances of political and economic spectrum and management philosophy transitions in order to explain the philosophy underpinning BEE and debates around ownership. It would be a mistake to argue that she is insensitive to what others have said about BEE. In fact, she uses the political and business knowledge gained from 15 years of intensive work on BEE transactions, from both interaction with relevant policy makers and the experiences of others to formulate her argument and provide a detailed account of the BEE journey over the years with a specific focus on black business shareholding in
established companies.

On the history of BEE, Cargill goes a step further in its demystification by linking its genesis to the political struggle of the ANC. Although politics and economics play an important role, Cargill argues that BEE emerged as a result of two contradictory factors: the hesitation of white capital about the socialist policies of the Left (ANC, COSATU and SACP) evident in the Freedom Charter, and the aspirations of the liberation movement to pursue an inclusive economy after apartheid, thereby creating a non-racial economy for all. Although many have linked the origin of Sanlam’s BEE offer of controlling shares of METLIFE (Metropolitan Life) to NAIL (New Africa Investments Limited) in 1993, and by this linkage reducing Africans to nothing but passive spectators and unproductive recipients of handouts, Cargill acknowledges the role played by COSATU and the ANC. In particular, the issuing of new cellular telephone license holders to black South Africans in the 1990s was spearheaded by COSATU and its trade union affiliates (Cargill 2010:11). She gives further agency to the ANC during their underground struggle and ex-President Thabo Mbeki’s attempt to facilitate the genesis of BEE. In fact, she argues that BEE was the brainchild of the ANC.

Her analysis of BEE is divided into two phases. Firstly, the unregulated phase, when there was no legislation regulating BEE and the ANC’s main focus was overthrowing the apartheid government, so little attention was paid to the transformation of the country’s economy. This lack of norms and regulations created the perception that BEE was about self-enrichment, elitism, and survival of the fittest. The value of the BEE operation in this period was the potential it demonstrated in making an impact on the lowest stratum of society. However, the absence of rules, guidelines and policies to promote economic development made it difficult for the ANC to focus on economic development even though they were ‘well aware of their inheritance of an economy long crumbling under apartheid’ (Cargill 2010: 3).

After excessive political issues, lobbying and factionalism, the Black Management Forum (BMF) – one of the South African business formations – complained about lack of definition and standards for BEE. This led to the second phase, whereby the state intervened to pass legislation introducing broad based criteria for BEE, one of which was to acquire black corporate shareholding in existing businesses; what Cargill terms ‘rent-seeking behaviour’ (2010:16).
Cargill goes further to compare BEE to the Afrikaner nationalist empowerment drive which commenced at the turn of the twentieth century, and the affirmative action programme of the Malaysian National Economic Programme (NEP). In both instances, she emphasizes two important and unique aspects of their empowerment that are totally non-existent in BEE; a culture of saving and education and training. She maintains that education and a culture of saving are two components which would assist BEE in transforming the lives of the poor in this country, enabling them to live productive lives. Additionally, if South Africa were to spend a great deal of resources on improving educational levels of black South Africans, instead of merely providing BEE funds to the illiterate population, more people would benefit in the long term. Cargill acknowledges that the current BEE strategy concerns itself with redistribution rather than transformation. According to her, while redistribution is important to a certain extent, the focus should be on a more transformative, racially inclusive policy which focuses less on the racial and more on dealing with the needs of those most disadvantaged.

In a related chapter, Cargill tries to anticipate what the South African economic policy could be beyond BEE. She considers the ways in which BEE could be improved to foster a more productive Black middle class without the rent-seeking behaviour; which she describes as a ‘redistributive activity that absorbs resources and results in rent-profit exacted and unrelated to any productive activity’ (Cargill 2010:16). For her, this behaviour results in a black elite which is excessively enriched but remains unproductive. She provides examples of the ways in which BEE could be improved to foster equality of participation in the country’s economy, including the reinstatement of values, which she indicates are absent in current BEE practice, and a culture of transformation rather than re-distribution.

Cargill contends that BEE moves beyond the culture of codes and scorecards whereby stakeholders are concerned with meeting requirements at the expense of building a productive economy. She argues for the flexibility of Black shareholding in companies, allowing these companies to choose who they want as their BEE shareholder. Additionally, she asserts that values and principles are important in rethinking BEE as these will help create new spaces for economic transformation. The current values of elitism, individualism and parasitic consumption are detrimental to collectivism, enterprise development and the “ubuntu” character of South Africa. Cargill’s earlier arguments on the acquisition of shares by black South Africans who
attach them to existing businesses and thereby garner wealth leave the reader with the question ‘what kind of black capitalists or entrepreneurs are we creating with BEE?’ (Cargill 2010:44). This is an important question concerning economic empowerment and the development of enterprises, which would stimulate job creation.

Whilst Cargill’s contribution should be welcomed, her argument has its limitations. Amongst them, the economic environment within which BEE is implemented is the one that lends support to this unrestrained capitalism. This is contrary to the economic programme of Malaysia and Afrikaner nationalism, which were both developed and implemented when Keynesian philosophy was still popular. Today, the role of the state has been so restricted by its heavy reliance on private corporations that it cannot interfere with the economy to benefit the poor. Cargill further argues that ‘nuances and complexities in changing South Africa’s racially scarred economy had been reduced to nothing but codes-transformation by numbers’ (2010:31). Given that, she argues for a more transformational policy that empowers people to be productive role players in the development of the economy.

One aspect that is noticeable from the onset is that the book is well researched and written with vast levels of experience. It is a worthwhile volume to have among one’s personal library. The author’s experiential journey of BEE from its genesis to its current status provides a unique reading experience and enhances the understanding of one who is previously unexposed to BEE policy. I did however, find it limiting that the author focuses on black corporate ownership and shareholding in business, and not on employment equity or enterprise development. It is affirmative action in the workplace and enterprise development rather than the acquisition of shares in a company which potentially promise to benefit more people. Still, Cargill’s ability to validate and sustain her arguments was refreshing. The way in which she structures her argument and the recommendations she makes for future policy are good indications that the author understands the dynamics surrounding BEE policy. An example of this understanding is reflected in the way she acknowledges that redistribution is a consequence of the history of the country and this should not be overlooked. The book further contributes to the understanding of the unintended consequences of BEE, which is seen as enriching only a limited group in the private sector to the exclusion of the rest of South Africans. 1
Note
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References