

13 September 2025

The Honourable Paul Mashatile  
Deputy President of the Republic of South Africa  
Union Buildings  
Pretoria

Deputy President Mashatile,

### **Request for Evidence of BEE's "Great Success" in Light of National Outcomes**

You recently told the National Council of Provinces (NCOP) that Broad-Based Black Economic Empowerment (BEE) has been a "great success," that it must be implemented more rigorously, and that to abandon it would be akin to "going back to apartheid." With respect, the Institute of Race Relations (IRR) submits that such a claim is indefensible. All available evidence demonstrates failure - failure that has entrenched unemployment, widened inequality, deterred investment, and left the vast majority of South Africans poorer.

The IRR has measured socio-economic outcomes since 1929. We condemned apartheid in its own time, using data to expose how government policy harmed South Africans. We have applied the same rigour to policies adopted in our post-1994 democracy.

The facts are plain and eloquent in the socio-economic crisis they communicate to those willing to heed them.

Unemployment is worse today than before BEE became law. The strict unemployment rate now stands at 33.2%, compared with 22.6% in 2003, prior to the coming into force of the Broad-Based Black Economic Empowerment Act. Black unemployment, which BEE was explicitly meant to reduce, is higher now than before the policy was introduced. If this is "success," then it is a success the majority of South Africans beyond the reach of elite empowerment deals have been evidently and viciously excluded from.

The utter failure of BEE is further exposed by the fact that inequality among black South Africans has grown worse over the last two decades. A small, politically connected group has amassed extraordinary wealth from ownership deals and procurement contracts, while the poor majority remain locked out - made poor by apartheid and kept poor since by fake transformation policies that have exploited their suffering for the benefit of a politically connected and wealthy elite. The gap between the richest and poorest black South Africans is wider today than even in the 1990s - clear proof that BEE has enriched elites rather than empowered the disadvantaged.

Fatally undermining any potential claim of economic empowerment is the indisputable fact that over the course of BEE's implementation and expansion, the South African economy has stagnated. GDP per capita has been flat or falling since 2008, leaving South Africans on average poorer than they were fifteen years ago. Mining investment has been strangled by ownership requirements and shifting charters: South Africa ranks 68th of 82 jurisdictions in the Fraser Institute's mining index, far behind peers such as Botswana and Zambia.

Mister Deputy President, the South African people have not missed these socio-economic failures - they have lived them. The brazen pretense of BEE success is an insult to the South Africans who suffer daily with the realities of its many failures.

IRR polling in a nationally representative opinion survey in 2025 found that most South Africans reject not only the claim of BEE success, but the underpinning principles of the policy as well. 84% of South Africans favour merit-based hiring over the race-based practices demanded by BEE, 82% demand value-for-money procurement over the inflated and wasteful cost of BEE-based procurement, and 76% prefer voucher-based empowerment over affirmative action and BEE. These views are even shared by a majority of ANC voters: 73% prefer merit over quotas, 65% favour value

over race in procurement, and 77% say vouchers would do more to help them advance than BEE. In other words, the very people in whose name BEE is defended do not regard it as empowerment. This dissatisfaction with policies that have failed presents the most credible explanation for the catastrophic reduction of the ANC's popular support from 2004, when it won close to 70% of the vote, to 40% and the loss of its majority in 2024.

Furthermore, against this evidence, your assertion that to abandon BEE is to "go back to apartheid" is not only wrong, but insulting to the people of South Africa and the sadly diminishing legacy of the ANC. Apartheid was a legalised system of racial dehumanisation, oppression, and violence. It was furthermore marked by an obsession with racial classification, division, and vile favouritism. To equate it with the scrapping of a failed, race-based economic policy is to trivialise the horrors of apartheid while denying South Africans the debate they deserve about credible alternatives. Ending a policy with a record of immense failure, like BEE, is not regression; it is progress toward policies that actually empower.

The IRR has advanced such an alternative: Economic Empowerment for the Disadvantaged (EED). EED is non-racial, pro-growth, and outcome-based. It rewards firms for doing what BEE has failed to achieve: creating jobs, building skills, investing in communities, and driving innovation. Unlike BEE, it targets disadvantage directly, rather than race, and would deliver empowerment that is broad-based and real. And unlike BEE, it rejects in totality the lingering justification of the racial categories created by the repealed Population Registration Act of 1950.

The IRR therefore calls on you to urgently provide verifiable, data-backed evidence of the "great success" you attribute to BEE. Where is this success visible in economic growth and opportunities, unemployment rates, GDP per capita, inequality measures, or investment confidence? Without such evidence, your claim collapses as a clear untruth, risking an accusation that you have deceived Parliament.

South Africa urgently requires real empowerment: policies that deliver work, opportunity, and growth. The IRR stands ready to present its internationally recognised *Blueprint for Growth* proposals to your office in pursuit of this goal.

Yours sincerely,

Hermann Pretorius  
*Head of Strategic Communications*  
*The South African Institute of Race Relations*