Private sector development and peace building
Berlin, Germany
14 September 2006
Key note comments

Challenge and response
I want to extract three lessons from the South African experience as this conference thinks about the private sector, development and peace building. These are concerned with the significance of leadership and the coalitions they build; the importance of the context in determining the responses available and the role played by interlocutors.

The response by a relatively substantial business community in changing social, political and economic circumstances shows how these three factors interact.

The 1976 riots and the business response through the Urban Foundation
After years of oppression large scale urban riots broke out in Soweto outside Johannesburg in June 1976. They shattered communities and shook the nation.

I had a better view of this than many South Africans because I wasn’t there. I watched events unfold on the BBC from London where I was at the time.

But in SA the business community was shocked by the violence and the consequences of the desperate lives most South Africans lived. By November a conference was called at the Carlton Hotel in Johannesburg. The hosts were a dozen of South Africa’s most powerful business leaders. In spite of disapproval from then Prime Minister 180 people attended.

By the end of the deliberations a decision had been taken to establish an organisation “to promote and coordinate involvement by the private sector in the improvement of quality of life of urban communities on a non political, common racial basis”. It provided an avenue for a direct business contribution outside the control of the state. It eventually employed over 600 people and was among other things South Africa’s largest housing provider.

The 1986 state of emergency and the business response through the CBM
But in the face of deteriorating social, economic and political conditions the attack on apartheid intensified. By 1986 a state of emergency had been imposed in South Africa.

Discussions started among business leaders about the need for an initiative to reach out across political and economic boundaries The Consultative Business Movement (CBM) was eventually formed in August 1988 to build relationships with emerging political leaders and contribute to peace and democracy.

The CBM was able to get together church, business, and trade union leaders in what eventually became the national peace committee which led to the national peace convention at which the National Peace Accord was signed.
Subsequently the CBM was asked to act as administrators of the Multi Party negotiating process that resulted in the negotiation of a new constitution for South Africa.

**The 1990 release of Nelson Mandela and the response to transition through the Joint Education Trust**

In February 1990 South Africa was startled by the decision of the national government of FW de Klerk to release Nelson Mandela. Political pressure had become irresistible. It was clear that the country was headed for rapid change.

Business leaders realised the importance of doing something to contribute to the process of transition. It was decided to try to draw, business, community and political leaders (outside the ruling party) into a programme that would focus on education. Over a year of negotiation resulted in an agreement to establish a Joint education Trust.

The Joint Education Trust deed, which was signed prior to the new South African constitution, had a wider range of political acceptance than had ever been seen before. Business was in that sense a catalyst for bringing the diverse range of interests together.

**1994 the 1st democratic election and the NBI**

The constitutional negotiations led to the first democratic elections in April 1994. The new democratic government started a reconstruction and development programme.

Again business responded. Business leaders had a strong sense of a need for a new initiative to face the challenge of helping to build a new society. The Urban Foundation and the Consultative Business Movement were brought together to form the National Business Initiative.

The organisation was positioned outside of the representative mandating structures of the business community. It does not represent business in negotiations with labour or government or community. Rather, it mobilises the resources and logic of business in pursuit of the national interest.

**The 1999 second democratic elections and the Business Trust partnership between business and government**

During 1998, as the Mandela years drew to a close South Africa prepared for its second democratic elections. The early years of democracy had produced opportunities unimagined five years before and unmasked challenges that had been building for decades. It was clear that an extraordinary effort would be needed and that trust would have to be built between business and government leaders kept apart by apartheid.

A group of business leaders initiated discussions with the government about the possibility of a new initiative that would respond to the challenges. They were mindful of the pain of South Africa’s past and of questions about the role and commitment of the business community. They were conscious of the need for concerted action. They designed the Business Trust as the first formal partnership with any government. It was carefully balanced to attract business support, create a partnership with government and
contribute to some of South Africa’s major challenges. It now has 14 cabinet ministers appointed by the President working with business leaders to create jobs, build capacity and enhance trust.

**Lessons**

These responses were not easy to produce nor were they universally admired. While their promoters aimed to maintain hope and build relationships without which they would argue a negotiated settlement would not have been possible others would see much of the early role of business as counter revolutionary.

The message in this for me and perhaps a key note for this conference is that we don't choose the crises we have to face but we do choose a response -even when that choice is to do nothing. That is as true for individuals as it is for interest groups and societies as a whole.

As we think about the challenge of the private sector, development and peace building there are three lessons I would take form the SA experience.

(i) The choices business made in response to the South African challenge took the leadership of a few people who had to build coalitions of support. They could not act alone.

(ii) The choices that were made were governed by the context. The Urban foundation was started in an illegitimate state with a closed economy as part of a divided society under authoritarian rule. By the time the CBM was launched and JET was initiated the authority of the state had started to crumble and the first attempts were being made to bridge the social divide. The Business Trust was created in a new context with a legitimate state under democratic control, a more open society and an economy open to global competition. Partnership was possible.

(iii) To be effective in the process of conflict resolution, development and change business needed interlocutors. One of its most important contributions was to create the interlocutors that were needed.

As so many countries grapple with the challenge of securing peace and development it is perhaps worth reflecting on the fact that there are times in the history of nations when the choices they make shape them for generations to come.

For so many countries that are the subject of these deliberations that time is now. I hope these deliberations will spur those involved to thoughtful choices.

Brian Whittaker
Chief executive
Business Trust
South Africa
brian@btrust.org.za.