

# South Africa's emerging black middle class

The emerging black elite has become a major area of fascination, not only for trendy magazines, but also for the labour movement and those interested in how the class dynamics are playing themselves out in the post-1994 period. **Roger Southall** examines the rise of the black middle class.

The development of a black middle class was deliberately stunted under apartheid, as a black middle stratum was seen as economically competitive to white accumulation and politically as articulating demands for racial equality. Hence, although the apartheid regime required black middle class elements to serve as politicians and bureaucrats in the homelands, urban townships and Indian and coloured 'Own Affairs' departments, and although it likewise encouraged small strata of black traders who were tied to apartheid structures, and although it needed blacks to serve as policemen, nurses and teachers, the black middle class as a whole remained small.

Estimates of its size varied considerably, ranging from Sam Nolutshungu's low estimate of 121 950 for 1970 to Harold Wolpe's higher figure of 1 315 800 for 1974. Whatever the

real figure, it would have been increased by the passage of time and notably, an expansion of black white-collar workers in both the private and public sectors, as well as by the emergence of a tiny black managerial stratum encouraged by the larger corporations from the 1970s.

The ANC's assumption of power has fundamentally transformed the prospects for the black middle class. Through control of the state and its attempted transformation of society and the economy through such strategies as 'employment equity' and 'black economic empowerment' (BEE), it has fundamentally changed the landscape. Again, 'guesstimates' of the present size of the black middle class today vary considerably. Rivero, Du Toit and Kotze suggest that it has grown to some 3.6 million. My own lower calculation is that it is more like 2.5 million. It may well be between the two. Yet, whatever the case, we need to recall that:

- even though it is growing, out of a total population of 44 million the black middle class remains very small;
- there has been a substantial growth in the distribution of national income accruing to blacks from 28.9% in 1970 to 48% in 1996; and
- income gaps between rich and poor have been growing (the country's gini coefficient having risen to 0.80 by 1998).

The ANC's theory of the National Democratic Revolution (NDR) recognizes the development of black middle strata as just, desirable and necessary, yet at the same time it recognises that a black middle class could become separated from its background, and develop its own interests in opposition to those of ordinary workers and the broad mass of the poor. The theory of the NDR therefore proposes that the ANC should play a watchdog role to ensure that the new black bourgeoisie should remain 'patriotic' – that is, that it should serve the national interest and deploy its

investments to promote domestic welfare and employment. However, there are many fears, emanating especially from those who regard BEE as having created a massively rich but tiny black elite, that the new black bourgeoisie is parasitic rather than patriotic.

To explore this question, it is necessary to disaggregate the black middle class into overlapping, yet discrete, strata. Following (but updating and adjusting) SA Communist Party secretary general Blade Nzimande's analysis of the black bourgeoisie in the 1980s, we can recognise four such fractions as follows:

First, there is today a small number of *state managers*, composed of senior politicians in both national and provincial governments, senior civil servants and senior executives in the parastatals. As well as composing the key political decision-makers, this is a relatively tightly knit group which is bonded together by an ideology of public service, and for the majority, by loyalty to the ANC.

Second, there is a considerably larger and much more heterogeneous *civil petty bourgeoisie*, composed of those employed in white-collar and service occupations. Its principal elements are in government employment, as civil servants (below the state managers) and within the wider public service (as nurses, teachers, and local government employees) and parastatals. Its size has been massively increased by the restructuring of state institutions which has featured a white exodus and employment equity favouring Africans, coloureds and Indians respectively, (and in that order). Yet there has also been a continuing expansion of black, especially African, white-collar employment by the private sector, assisted by developments within the educational sphere which have principally favoured the children of the black middle class. Critically, too, the black civil petty bourgeoisie is extensively unionised, and UCT academic Jeremy Seekings has recently suggested that its self-interested union campaigns have

widened the gap between itself and the poor.

Third, although black enterprise remains underdeveloped, a black *trading petty bourgeoisie* continues to be fostered by the state. Of course, there is a major discontinuity with the past in that the bantustan/urban divide has collapsed into a more integrated, small and medium business sector that overlaps extensively with the informal economy. However, although small business is encouraged by government as major supplier of future employment, black traders and small businessmen (especially Africans) remain heavily constrained by lack of experience, capital, traditions and skill, and not least, by the limited growth prospects provided by the informal sector. Furthermore, whereas under apartheid, the ties of black traders to homeland and urban politicians were close, the indications are that the political weight of the trading petty bourgeoisie is minimal.

Fourth, a *black corporate bourgeoisie*, composed of both corporate managers and the new breed of empowerment capitalists, is growing slowly yet significantly. It is common knowledge that the expansion of black corporate capitalism has faced many problems since 1994, and today blacks' direct ownership of firms listed on the JSE Securities Exchange amounts to little more than 2%, and indirect ownership (via pension funds etc) to no more than 15%. After all, the principal problem of promoting black capitalism is that blacks, as a whole, simply lack capital, and to become black capitalists they therefore have to be given or loaned capital at favourable rates. In

this difficult circumstance, it is only a relatively tiny handful of emergent black magnates who have emerged as owners of the small number of new black conglomerates or as partners of established white corporations in so-called empowerment deals.

It is because the gains have been so highly concentrated amongst this highly visible elite that government is making efforts to render BEE more 'broadly-based', not least by pressuring corporate capital, which has recently responded with the development of industrial charters which establish target over the next few years for black ownership, employment, skills training and so on. Yet the main worry is that, because black empowerment is politically driven, and because many of its beneficiaries have close connections to the ANC, the present strategy will develop into a 'crony capitalism' that is far more parasitic than it is patriotic.

The growth of the black middle class is a welcome and necessary accompaniment of South African democracy and economic growth. Yet the fact that its expansion is heavily state-driven raises the danger that, as in most other African countries, it will become primarily government dependent, mired in corruption, non-entrepreneurial, overwhelmingly consumerist and oblivious to the needs of workers and the poor. Whether or not South Africa pursues a development trajectory that results in greater or lesser social equity rests in the balance, and depends heavily upon the class character of the emergent black bourgeoisie.

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