



# SOUTH AFRICA'S emerging black middle class

By Roger Southall

In the ten years since the African National Congress's (ANC's) assumption of power, the black middle class, deliberately stunted during the apartheid era, should have grown dramatically.

But the change is far from dramatic. Out of a total population of 44 million, the black middle class remains very small. This is despite substantial growth, from 29% in 1970 to 48% in 1996, in the distribution of national income accruing to blacks.

Although the apartheid regime needed black middle class elements to serve as politicians and bureaucrats in the homelands, urban townships and the Indian and coloured "Own Affairs" departments, and encouraged a small strata of black traders who were tied to apartheid structures, 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.

Even now, "guesstimates" of the present size of the black middle class vary considerably. Others have suggested that it has grown to some 3.6 million. My own lower calculation places it in the region of 2.5 million.

This low figure is in spite of the ANC's attempts to fundamentally transform societal institutions and the economy through strategies such as "equity employment" and "Black Economic Empowerment" (BEE). The ANC's theory of the National Democratic Revolution (NDR) recognises the development of black middle strata as just, desirable and necessary.

Perhaps the answer lies in a recognition by

the ANC 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 NDR proposes that the ANC should play a watchdog role to ensure that the new black bourgeoisie should remain "patriotic", that is, it should serve the national interest and deploy its investments to promote domestic welfare and employment. Fears emanate, 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) Blade Nzimande,

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Secretary-General of the South African Communist Party's analysis of the black bourgeoisie in the 1980s, we can recognise four such fractions:

- ▶ 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 exist. This relatively tightly-knit group makes up the key political decision-makers, and is bonded together by an ideology of public service, and for the majority, by loyalty to the ANC.
- ▶ 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 (including the HSRC!). Its size has been massively increased by the restructuring of state institutions which has featured a white exodus and equity employment favouring Africans, coloureds and Indians respectively. 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. Political scientist Jeremy Seekings, of the University of Cape Town, has recently suggested that its self-interested union campaigns have widened the gap between itself and the poor.

- ▶ 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, which overlaps extensively with the informal economy. Although small business is encouraged by Government as a major supplier of future employment, black traders and small businessmen (especially Africans) remain heavily constrained by lack of experience and skill, capital, traditions, 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.
- ▶ 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. Today direct ownership of firms listed on the Johannesburg Securities Exchange by blacks 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. 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 among this highly visible elite that Government is making efforts to render BEE more "broadly-based" – not least by pressuring corporate capital. The latter has recently responded with the development of industrial charters, which establish targets for black ownership, employment, skills training, etc., over the next few years. 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" which is far more parasitic than it is patriotic.

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The growth of the black middle class is a welcome and necessary accompaniment of South African democracy and economic growth. 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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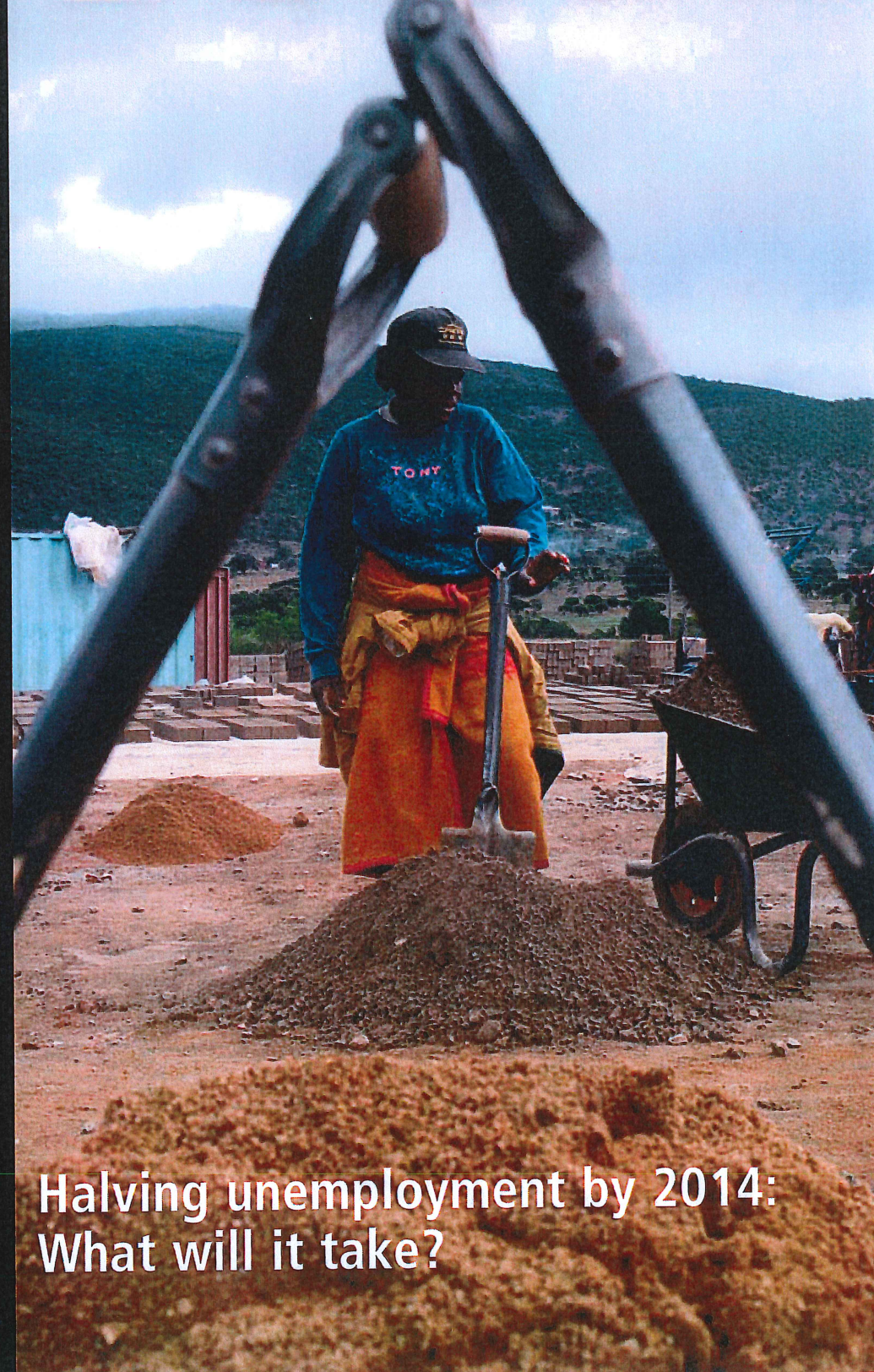


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# review



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