

## **The expectations of the black working class from black executives**

### **Address to BMF National Conference – 13 October 2005, Johannesburg Blade Nzimande, General Secretary, SACP**

Madam President Nolitha Fakude, BMF executive committee members, delegates, ladies and gentlemen and comrades, let me start by congratulating the BMF for convening its 2005 Annual Conference around this theme. In fact this opens a very important debate that has not fully broached during the first decade of our democracy. It is a subject that has always been close to my heart; the role of the black middle class in South African society in general, and especially in relation to the developmental challenges facing our country.

To contextualize what I want to address today, let me start by referring to an interview I had with your former President, Cde Don Mkhwanazi in the late 1980s as part of my PhD research. During the 1980s, as many of you would know, there were big debates as to which side will the black middle class take in the struggle against apartheid and during the post apartheid period. Some of the questions included whether the black middle class was interested in a thoroughgoing revolutionary transformation, whether it will side with or against the working class in the post-apartheid period? There were also suspicions within the ranks of the working class about the role of the middle class, as black managers staying in the black townships but working for white corporations in pursuance of the interests of the white capitalist class. In some circles they were seen as sell-outs.

When I posed the question to Cde Don about this contradictory location of black managers in white corporations, he answered back, in his usual big voice, and dismissed the idea that black corporate managers were sell-outs by pointing that they were no different from MK guerillas in the bush, as they were fighting for the same struggle but within the corporations, saying they were 'corporate guerillas'. This ended up being the final title of my PhD thesis: 'The corporate guerillas'. It was a study on the emergence, evolution, and contradictory class location of black human resources practitioners in South African corporations. Perhaps this question still remains as relevant today: Are you corporate guerillas? If so, on whose side are you fighting? I suppose that is the question that this Conference partly seeks to address.

#### **What is the 'black middle class'?**

Before addressing the specific topic of my address, we need to locate it within the broader context of the black middle class in South Africa today. Though other speakers will specifically address this question, it is important that I also share a communist perspective on it.

In Marxism the middle classes are defined as a class that is neither producers of surplus labour nor owners of the means of production. In capitalist society they are an intermediate class located and often always caught up in the struggles between the working class and the capitalist class. It is a class that normally behaves in particular ways and takes class sides depending on the balance of forces between the working class and the capitalist class. That is why sometimes it is described as a volatile and usually vascillating class.

The black middle class in particular – “The corporate guerillas” - was caught, and partly still is, not just in a ‘pure’ class struggle between the working class and the capitalist class, but in our context between an overwhelmingly black working class and an overwhelmingly white capitalist class. This introduces other kinds of challenges, because they are located within a class struggle as well as a national struggle – the struggle for eradication of racism and liberate our people from the shackles and legacy of national oppression.

It is partly for the above reasons that some even argue that the middle class cannot be said to have class interests of its own, but its class interest derives from the balance of class forces in particular societies. This does not mean that there are no general features by which to describe this class. From this observation a question that may be posed that you need to grapple with and answer is what is it that brings together the black middle class in South Africa beyond being black? What is its social and political identity? Does it have clearly defined common goals?

The above questions partly arise from the fact that the black middle class in our country is not monolithic. It is made of various strata, including the obvious gender differentiation within this class. In addition the middle class straddles both the public and private sectors, and within each sector it is located and performs very varied functions. I do not have time to get into this analysis, but it is important to understand this reality as part of answering the question of what is it that constitutes the common class interest of the black middle class in South Africa today? Does the black middle class have a common vision on the kind of South Africa it would like to see, and therefore a common programme to achieve that vision? I have my doubts, but these are some of the most important questions that your conference is perhaps partly trying to answer.

Another important contextual factor about the behaviour of black middle classes particularly in post colonial states, relates to the nature of alliances and the type of states that normally emerge after independence. A general trend on our continent seems to be the fragmentation of the alliances that constituted the national liberation movement after independence. In many cases the unity before liberation gets fractured and the middle classes, which were part of this alliance begin to develop interests above and separate from those of the working class. A

question that needs to be posed but which I do not have the time to answer, is what is the situation in South Africa today with regards to these matters?

However, having said all the above, there is no question that since the 1994 democratic breakthrough there has been a significant growth of the black middle class, particularly within the state sector, coupled with the new opportunities brought about by our democracy.

### **Two economies or a single, but dualistic economy?**

Just a brief comment about this issue of two economies before outlining what I believe are expectations of the working class from black executives. This is important so that you will understand better why I pose the challenges in the manner that I will below. The SACP does not believe that South Africa has two economies, but a single economy, which like all capitalist economies has dualistic poles, the rich and the poor. There is a big difference to us in talking about a single, but dualistic economy as distinct from two economies. It is that what we refer to as the second economy is a direct product of, and is continuously being reproduced by what happens in the 'first' economy. This therefore means that you cannot address the challenge of the poor pole of this economy without transforming the rich pole.

In addition the division between the 'first' and 'second' economies might as well be a false one. For example the kombi taxi industry is taken to be part of the 'second' economy, yet it carries more than 60% of all commuters in our country to the 'first' economy. In fact without this taxi industry our economy would grind to a halt. So where does it belong, the 'first' or 'second' economy? Another example is that of burial societies and stokvels which are a multi-billion rand industry per annum. These are monies that ordinarily belong to the 'second' economy, but are held by the 'first' economy banks and companies. In fact the recent and current rulings by the pension funds adjudicator, Mr Ngalwana, points to the fact that the insurance industry ('first' economy) has been fleecing and living like parasites on resources coming from the 'second' economy? The same can be said of workers' retirement funds which daily oils South Africa's capitalist economy. So the question might as well be asked which is the 'first' or 'second' economy in this respect.

It is therefore within this context that the question of the role of black executives should be located.

### **Role of black executives in creating a new growth path**

Instead of outlining in a rather dry and abstract way some of the role of black executives today, I would do this around particular issues which we regard as a priority in our country today

## 1. ***An alternative growth path***

The key challenge in South Africa today is that of a new growth path to drive economic development that would create sustainable jobs and sustainable livelihoods for the overwhelming majority of our people. This means transforming the current accumulation regime, from a job shedding one, to a job-creating one.

These are the challenges posed by both the Growth and Development Summit of 2003 as well as by government's own Ten-Year Review. The latter specifically points out that if the current economic indicators were to continue along the same lines as during the first ten years of our democracy, the negatives will begin to overwhelm the positives.

It is also our considered view as the SACP that growth alone (even if it reaches 6%) will not necessarily translate into jobs and development. This is simply because given a society like South Africa, where there is such a huge wealth gap and the paucity of skills within the majority of our population, a higher growth on its own can in fact only lead to more accumulation by a few, with very little impact on the majority of our people. This therefore means that for growth to benefit the majority of our people can only be attained if it specifically addresses the developmental needs of this majority (investment in infrastructure for development, especially in poor areas, building an efficient public transport system, skills development, etc).

For this to happen we need the transformation of our economy as a whole, not just focus on parts of it. If then that is the case we expect black executives to understand their role and contribution not just in respect to the 'second' economy, but to our economy as a whole and to overcome its duality. Otherwise we run the danger of creating a trickle down model, a path that we have essentially traveled during the first decade of our freedom. You therefore cannot just understand your role in a 'welfarist' manner but in a thoroughly 'transformational' manner.

## 2. ***Broad Based Black Economic Empowerment***

A second and priority area for our country is that of bringing about truly broad based black economic empowerment. As the SACP we have consistently pointed out that the current model and trajectory of BEE is not broad based, but very narrow, with very few beneficiaries. Ironically it has very strong continuities with the black advancement trajectory of the 1970s and 1980s, inspired by the then Sullivan Code, which only targeted a few as a means to show that capitalism does work for black people as well.

The big BEE deals that we see these days also have a counter-productive effect in terms of growing and developing our economy, because it transforms equity into debt, instead of investing this into the productive sectors of our economy. The challenge for black executives is to conceptualise a BEE model that invests

and grows our economy rather than locking some of its resources into long-term debt.

Directly flowing from above we need together to come out with a very clear model of broad based BEE. I am not sure if the practice of 51% shareholding to a few black individuals and 49% to undefined mass shareholders meets the requirements of broad based BEE.

What is also of concern to us is that the current trajectory of BEE does not actually transform the colonial economic relations that we have inherited, and in many ways it reinforces these apartheid colonial patterns. The emerging black sections of the black capitalist class is a highly dependent stratum, financed at the behest of white financial capital, not a transformative manner but rather in a parasitic manner. The difference today might as well be that the internal colonizer is no longer PW Botha, but the white controlled bank!

Our current model of BEE also reinforces narrow individual ownership as the overriding consideration and criterion. This is underlined by the BEE Codes of Good Practice which do not incorporate criteria for broad based BEE. For us broad-based BEE should include development of communities, empowering their own institutions (stokvels, burial societies, etc), as well as job creation through higher levels of investment in infrastructure. It is within this context that ownership should be taking place, rather than subjecting all else to narrow practices of ownership.

A challenge that I would also like to pose to you is that the voice of black executives and the black middle class in general tends to be heard more around a push for deals and shareownership and less on issues of addressing poverty and creating sustainable livelihoods for our people. To say corporate social responsibility addresses these matters is frankly an insulting the overwhelming majority of the workers and the poor in our country. We need to hear your voice and see your actions increasingly also on matters facing the overwhelming majority of our people, including concrete ideas on the transformation of our economy as a whole to address these.

For example, workers' retirement funds runs into over one trillion rands. But how much of this money is going into developmental investment, practically very little. What are you doing as black executives to push for more investments into the poor pole of our dualistic economy, and transform the dominant practices of investments of these resources. There is already agreement in this regard as per the Growth and Development Summit, but very little movement. Yet many of you are strategically located in the total management and investment of these resources. Instead they are still being used to fund narrow BEE as outlined above.

A related challenge that is of serious concern to us as the SACP is the current model of financing low-cost housing by the banks. We are strongly of the view that the 20-year mortgage model is entirely inappropriate and unsustainable for low-cost housing, even worse in a country still characterized by high levels of retrenchment and increasing casualisation of the working class. We call upon yourselves to work together with us to develop an alternative model of financing low-cost housing, with an affordable shorter paying period. We do not hear your voices enough in this regard.

### 3. ***Developing an ethic around service and development***

One of the consequences of the current trajectory of BEE is that of fostering greed and crass materialism and rush to get rich as quickly as possible. This undermines the values of solidarity and service to the majority of the people of our country.

The one thing that constitutes a threat to our democracy are the persisting high levels of poverty and unemployment. We therefore need to fostering different kinds of values; service to the overwhelming majority of our people.

Therefore to go back to where I started, one can end up with these questions:

- Does the black middle class have a common vision, and does it include some of these challenges
- Is the black middle class capable of developing such a vision? If not, what needs to be done? If yes what should be the programme?

I hope some of the issues I have raised here will make some contribution towards addressing some of the issues raised in your theme.