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Continuity and Change in the South African Class Structure Since the End of Apartheid

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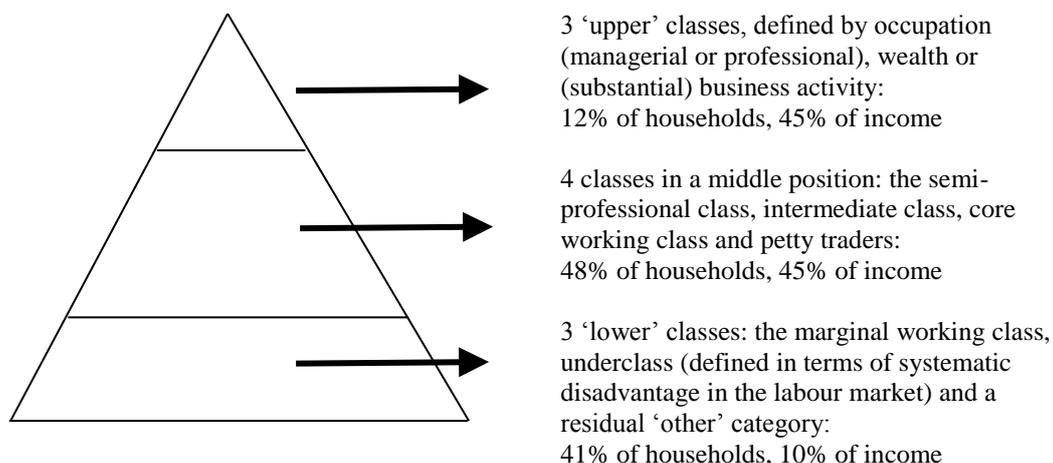
Abstract

The overall shape of the class structure in South Africa changed little after 1994. The upper and middle classes have grown and prospered, and poverty has probably declined somewhat among the lower classes, but the basic shape remained unchanged. Evidence from survey data is consistent with data from other sources. The racial composition of some classes has changed, however, with steady upward mobility by black people into the upper classes. The class structure continues to entail three broad strata: affluent and increasingly deracialised upper classes, the lower middle and working classes which have enjoyed some improvements in their living conditions, and the lower classes of working poor and the underclass, for whom political change has brought fewest economic benefits. In contrast to Marxist analyses that see lower middle, working and lower classes as parts of the same class, this paper argues that these classes are best understood as two strata.

1. Introduction

Between 1994 and 2014 the overall shape of the South African class structure changed modestly, ensuring the persistence of both poverty and inequality. A variety of commentators have pointed to the growth of the ‘middle class(es)’ – and especially the ‘black middle class(es)’ – but typically use the term ‘middle class’ to refer to higher-income groups, not to anything that class theorists would recognise as ‘classes’. In this paper I update the analysis of the South African class structure published in *Class, Race and Inequality in South Africa* (Seekings and Nattrass, 2005), using survey data from 2008 and drawing on qualitative research into class since 1994 in various parts of South Africa. There have been some minor changes, including the growing affluence of the ‘upper’, ‘upper middle’ and even ‘lower middle’ classes, and a small drop in poverty among the lower classes. Overall, however, the basic shape of the class structure has not changed.

In *Class, Race and Inequality in South Africa* we argued for the importance of class in explaining the persistence of economic inequality in South Africa despite the formal deracialisation of public policy. We drew on Marxian and Weberian theory, and combined original analysis of quantitative data (from household surveys) with critical use of a wide range of secondary historical, anthropological and sociological studies. In contrast to the Marxian political economy that dominated academic debate in South Africa, we paid explicit theoretical and empirical attention to gradations of advantage and disadvantage within the non-capitalist population. We analysed the South African class structure at the end of apartheid, using 1993 data, in terms of ten classes that could be combined into three broad strata (see Figure 1 below).¹ Our empirical analysis identified a common class location to each household, depending on a mix of the characteristics of individual household members (in relation to production) and the characteristics of the household as a whole (in relation to income from wealth or businesses). We showed that households in these classes and three composite strata enjoyed, in 1993, very different life-chances in a number of respects. Our class schema exhibited both ‘internal’ and ‘external validity’, i.e. it had theoretical foundations and demonstrated consequences.



Source: Seekings and Natrass, 2005.

Figure 1: The Class Structure of South Africa at the end of apartheid

The ‘top’ stratum comprised what we called the ‘upper classes’: Households with substantial income from wealth or business together with households in which the breadwinners were in executive or professional employment (i.e. households that would be thought of as part of the ‘upper middle class’ in most advanced capitalist societies). The middle stratum comprised what are often considered to be the ‘lower middle’ and ‘working’ classes in most advanced

¹ Our overall schema was not dualist, as suggested by Callebert (2014). See Seekings (2014).

capitalist societies: people in blue- or white-collar occupations, mostly skilled but with some semi-skilled, or even unskilled, industrial or public sector workers and their immediate dependents, together with ‘petty traders’, i.e. households with a modest income from business (or wealth). The lower stratum comprised most of the working poor – employees in waged agricultural or domestic work – and their dependents, together with households where no one was working, and which had only a minimal income from ‘survivalist’ self-employment or from pensions and grants.

Alexander, Ceruti and their colleagues at the University of Johannesburg later completed a somewhat different analysis of class in one urban area in Gauteng, Soweto (Alexander *et al.*, 2013).² Using a combination of survey and interview data, mostly collected during 2005-06, Alexander *et al.* argued that (in Soweto) the unemployed, semi-employed, self-employed and the employed were thrown together in a shared ‘proletarian community of fate’. Whilst people occupied varied positions in relation to both individual employment and household membership, the differences between these positions were modest (according to Alexander *et al.*) in crucial (but not all) respects. Barchiesi (2011), drawing on his research on the East Rand (also in Gauteng), and Callebert (2014), conceptually rather than empirically, criticised the distinction we drew between the middle and lower strata, emphasising the ‘precariousness’ experienced by working people in the face of ‘neoliberal globalisation’ (Barchiesi, 2011; also Pons-Vignon and Anseeuw, 2009) and the reliance on mixed livelihood strategies by non-rich households (Callebert, 2014).

At the same time, Alexander *et al.* (2013) recognised that there was some differentiation, even within the specific social and economic confines of Soweto. Alexander acknowledged that ‘there is a gap between “workers” and “the poor”’, and people have ‘different daily experiences of work, survival and interpersonal relationships’ and ‘different capacities to mobilise to change those experiences’ (Alexander, 2013a: 29-30). Soweto was, nonetheless, a ‘differentiated proletarian township’ and these differences did not amount to class differences (2013a: 25). Alexander *et al.* also recognised that many better-off Sowetans had moved out of the township.

Other scholars also pointed to important gradations within the non-elite population. Barchiesi described the labour market as ‘highly stratified’ between workers in formal, ‘proper’ jobs (usually permanent and with benefits), the working poor in casual, intermittent, or informal employment, and the long-term unemployed, located mostly in rural areas (Barchiesi, 2010). Murray contrasted

² The chapters in *Class in Soweto* are attributed to specific individuals, and are referenced as such below.

‘the urban poor and marginalized underclasses’ in Johannesburg with better-off, formally-employed working classes (Murray, 2011: 108): ‘The variegated multitudes of impoverished urban residents have crystalised into a permanent underclass, constantly moving back and forth between casual and informal work, self-employment, and unemployment, largely dependent on the outside assistance of others for their survival’ (Murray, 2008: 18). For Murray, the ‘urban poor’ and ‘underclass’ were defined by their lack of ‘access to decent housing, stable jobs, and social services’ (Murray, 2011: 203). Bank draws on Wacquant’s work on ‘urban outcasts’ in the USA to understand the social landscape of East London’s Duncan Village (in the Eastern Cape). In East London, as in the USA, ‘*de-proletarianization*’, social exclusion, and policing had produced a ‘*precariat*’ – comprising (in Wacquant’s description) ‘temporary workers, the casually employed, the unemployed, welfare dependents and urban informal workers, both legal and illegal’ (quoted in Bank, 2011: 214) – that was separate from the working as well as middle classes. In Duncan Village, ‘fewer and fewer people have stable formal sector jobs’, those that do wish to move out, and the streets have become dangerous and lawless ... [D]e-industrialisation has destroyed the old township working class’ (2011: 233, 241). Mosoetsa (2011) similarly describes townships in KwaZulu-Natal where most households are, and feel, excluded from the benefits of formal employment and working-class life. Studies of young people point to wide variation in advantage and disadvantage (Bray *et al.*, 2010; Newman and De Lannoy, 2014).

In short, there has been a widespread recognition of differentiation within the non-elite population, but scholars have been divided (and even inconsistent) as to whether this warranted distinguishing discrete classes, as we did in *Class, Race and Inequality*. How should these differences be conceptualised? According to what criteria are differences of this kind significant enough to warrant these social categories being labelled as distinct strata or classes? Put another way, what does it mean to distinguish *intra*-class differentiation (as illustrated in Figure 2a, using dashed lines) rather than class differentiation or stratification (as illustrated in Figure 2b, using solid lines to indicate *inter*-class cleavages)?³

³ The composition or labels of the different strata shown in Figures 2a and 2b and the precise location of the ‘class’ division drawn in the middle of Figure 2b are purely illustrative and should not be understood as precise representations. Their purpose of these illustrations is simply to represent the basic distinction being drawn.

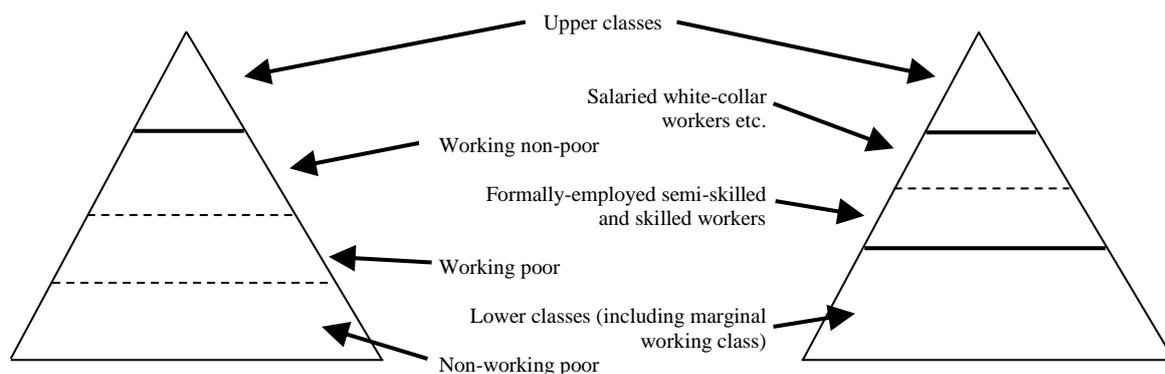


Figure 2a: Intra-class differentiation

Figure 2b: Inter-class differentiation

Whether differentiation is considered intra-class or inter-class is determined in considerable part by scholars' preferred theoretical starting-points. Alexander *et al.* approached the analysis of difference from a Marxian direction, with little consideration of differential access to any scarce resources other than economic property or capital, and not considering the consequences of differentiation (i.e. life-chances) in their analysis of differentiation itself. Ceruti argued that, 'using the classic Marxist phrase, what the long-term unemployed share with workers is not *whether* they have sold their labour power or *on what terms*, but that *they have nothing else to sell*, regardless of their distance from labour markets and of how appropriately embellished their labour power may be' (2013b: 103, emphasis in the original). When she described Soweto as 'proletarian', she did not mean that most of the population was in waged employment, but rather that it comprised people whose only resource was their labour and whose 'opportunities' were 'circumscribed by the availability of employment' (2013b: 97). For Alexander, 'the long-term interests of workers and the poor are similar, unlike those of workers and capitalists' (2013a: 30). In this view, teachers and the unemployed are members of the same class not because they are similarly exploited, but because, lacking 'property', they share the *possibility* of exploitation, and therefore are considered to have a common interest in eliminating exploitation (and achieving emancipation) through the socialisation of property under socialism (Alexander, 2013b: 241-2). For Alexander *et al.*, 'property' comprises only economic or financial capital. This view is based on a particular reading of Marxist theory. It contrasts with the more Weberian approach that we incorporated into our 2005 analysis in two important respects, First, we viewed skills and educational credentials ('human capital') and connections ('social capital') as additional, important and scarce resources (or property) – and we would now add 'cultural capital' to this list of scarce resources that people try to monopolise and use to improve their life-chances. Secondly, we argued that differentiation should be considered as class stratification (rather than intra-class differentiation) if it has clear consequences.

For Alexander *et al.*, even demonstrably large differences in the life-chances of (for example) teachers and the rural unemployed would not undermine the assumption that they share membership of a differentiated yet single, composite class.

It might not matter that different scholars prefer different labels on the basis of different theoretical starting-points, as long as we recognise that these labels are just labels and are derived from theoretical choices. The point is to make sense of the empirical data on differentiation so as to understand whether, how and why people have divergent life-chances or lived experiences, interests and identities. Alexander *et al.* criticised some aspects of the empirical strategy we employed in *Class, Race and Inequality*. In almost every case, they echoed concerns that we ourselves had raised: we lacked good evidence on mobility rates between classes over time (Ceruti, 2013b: 114-115; see Seekings and Natrass, 2005: 232-4, 277-280, 322-326); our measures of social capital were far from ideal (Alexander, 2013a: 22, fn 37; see Seekings and Natrass, 2005: 287); and the relationships between individual and household class position remained unclear (Ceruti, 2013b: 101; see Seekings, 2003a: 14-15; also Seekings, 2007b; Mosoetsa, 2011).

A more fundamental criticism of the class analysis presented in *Class, Race and Inequality* is its neglect of cultural dimensions of class. Whether there was (and is) a distinct status order in South Africa, separate from the class structure, as Weber might have argued, or if class only has real meaning through its cultural forms, as Bourdieu might have argued, it is clearly important to examine the ways in which identities, classificatory labels, taste, lifestyles and respect were (and are) integral to differentiation and stratification (Seekings, 2008b; Selzer and Heller, 2010; Chipkin, 2012; Phadi and Manda, 2013; Phadi and Ceruti, 2013).

2. Continuity and change in the class structure, 1993 to 2008

Over the fifteen years from 1993 to 2008 the class structure of South Africa changed marginally whilst remaining fundamentally the same. The lack of major structural change is unsurprising: The economy remained capitalist with enduringly high unemployment, negligible land reform and only modest expansions of both self-employment (whether formal or informal) and the small business sector. The structural changes, whilst small, are nonetheless revealing: The ‘upper classes’ grew and accounted for a larger share of total income, whilst the lower middle and working classes seem to have shrunk marginally (due

primarily to the shrinking core working class) and the ‘lower’ classes shrank marginally but maintained their income share (primarily due to redistribution and decommodification through government grants and pensions). This is not a simple story to interpret: The rich prospered, as they did in the ‘gilded age’ that characterised most capitalist societies in the early 2000s, and some of their gross gains were redistributed to the poor. The class that shrank most was the ‘core working class’, comprising less skilled workers in industrial employment. The dramatic shrinkage of this class reflected the decline of less skilled industrial employment, which was not so much due to deindustrialisation *per se* as to the changing skill composition of the industrial workforce.

Table 1: Sources of income of households according to expenditure, 2006

		Household expenditure, Rand per month (%)				
		<400 (very poor) %	400-799 (poor) %	800-2499 %	2500+ (rich) %	Total %
Number of people n the household who were working	0	56	46	27	8	34
	1	39	45	51	38	45
	2 or more	6	9	22	53	35
	Total	100	100	100	100	100

Note: working people includes people who in the last seven days did any work for a wage, salary, commission or payment in kind, ran any kind of business (big or small), did any work as a domestic worker, or was temporarily absent from any such work.
Source: GHS 2006.

Table 2 shows the distribution of households between classes, their respective incomes and income shares in 1993 and 2008, using the 1993 data previously analysed in *Class, Race and Inequality* and 2008 data from NIDS. Differences between the surveys make it impossible to replicate exactly the methodology, so the comparison should be regarded as approximate rather than precise. Furthermore, there are strong grounds for believing that household incomes were underestimated in 2008, probably because of under-reporting of working people with above-median earnings. Insofar as this is the case, then the income shares in 2008 of the ‘upper classes’ and, to a lesser extent, the ‘lower middle and working classes’ are underestimated in Table 2. Figure 3 represents the summary results in the same way as Figure 1.⁴

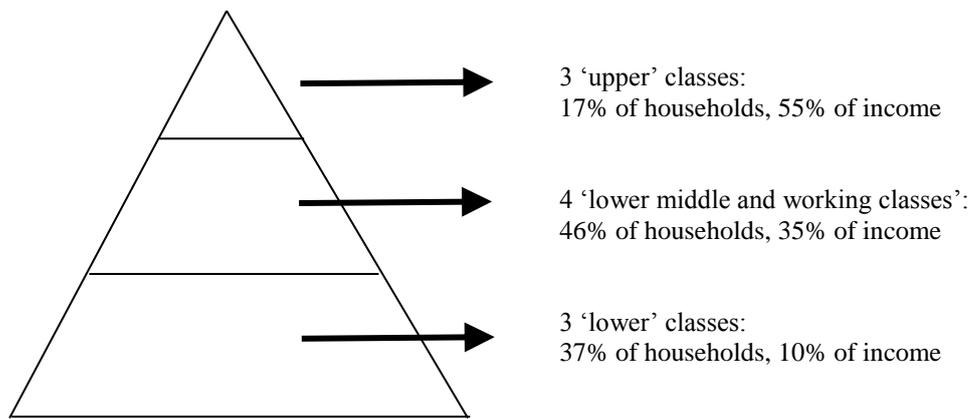
⁴ To avoid confusion, I have relabelled some of the class categories. The ‘professional and managerial’ class was formerly labelled the UC or Upper Class (causing confusion between this and the composite ‘Upper Classes’ stratum). The ‘business’ and ‘self-employed’

Table 2: Class in South Africa, 1993 and 2008

Class		1993			2008		
		Share of total households (%)	Mean house-hold income (relative to overall mean)	Share of total income (%)	Share of total house-holds (%)	Mean house-hold income (relative to overall mean)	Share of total income (%)
Upper classes (including upper middle classes)	Business	1	8.0	11	4	5.1	19
	Professional & management	9	3.4	30	11	2.7	29
	Self-employed	2	2.4	4	3	2.4	7
	<i>Sub-total</i>	<i>12</i>	<i>3.6</i>	<i>45</i>	<i>17</i>	<i>3.2</i>	<i>55</i>
Lower middle and working classes	Semi-professional	5	1.7	8	3	1.6	4
	Intermediate	19	1.2	22	23	0.8	18
	Petty traders	5	0.6	4	11	0.6	7
	Core working	19	0.6	11	10	0.6	6
	<i>Sub-total</i>	<i>48</i>	<i>0.9</i>	<i>45</i>	<i>46</i>	<i>0.8</i>	<i>35</i>
Working poor, underclass and others	Marginal working	12	0.3	4	8	0.3	3
	Underclass	29	0.2	6	12	0.2	2
	Other				16	0.3	5
	<i>Sub-total</i>	<i>41</i>	<i>0.2</i>	<i>10</i>	<i>36</i>	<i>0.3</i>	<i>10</i>
Total		100	1.0	100	100	1.0	100

Source: Seekings and Natrass, 2005: 253, 290; own calculations using NIDS wave 1 data.

categories were formerly labelled WE1 and WE2 (where WE stood for wealth and entrepreneurship). The ‘petty traders’ category is the former WE3 category. These data differ from those reported in a previous publication (Seekings, 2011b). The earlier data were erroneous for two reasons. First, the NIDS household income data included imputed income for households with missing income data. My preliminary calculations firstly mis-allocated households with large imputed incomes to the residual ‘other’ category. Secondly, I failed to categorise petty traders correctly. Both of these errors inflated greatly the income share of the ‘lower’ classes.



Source: calculated from NIDS data.

Figure 3: The Class Structure of South Africa, 2008

Whilst the broad continuities and changes between 1993 and 2008 are probably robust to the details of the methodology employed, more detailed shifts may be the product of methodological rather than real changes. For example, it is unclear how much of the growth and prosperity of the 'business' class, i.e. the class defined by their considerable income from wealth or business, is the result of better data-collection (including the imputation of missing data) in NIDS compared to the 1993 PSLSD.

The data are consistent with other evidence on the changing social character of class in post-apartheid South Africa. In 1993, more than half of the households in the upper classes comprised white people. By 2008, there were fewer 'white' than 'African' households in the upper classes (one-third compared with almost one-half). The distribution of white household between strata had not changed, but 'white' households comprised a shrinking proportion of the total. The proportion of African households that were in the upper classes grew dramatically. The data on class thus reflected the continuing deracialisation of the upper classes. By 2008, the upper, lower middle and working classes remained disproportionately concentrated, in terms of geography, in the six major metropolitan areas (Johannesburg, Cape Town, Port Elizabeth, Durban, the East Rand and Pretoria), but only one in four households in the lower classes were in the metropolitan areas. The upper classes and lower middle and working classes were overwhelmingly urban, whereas more than half of the lower classes were rural. In formal tribal authority areas, i.e. the former bantustans, 63 percent of households were in the lower classes, with only 7 percent in the upper classes and 31 percent in the lower middle and working classes.

Both during and after apartheid, public policies (and the power of big business and organised labour) helped to push the economy further down a capital- and

skill-intensive growth path, with employment opportunities for the unskilled increasingly restricted to informal and/or non-tradable sectors. In terms of employment (although less so output), the economy underwent some deindustrialisation, with a shift from mining (with the decline of employment in gold partly offset by the growth of platinum) and manufacturing to services. In many other countries, deindustrialisation was associated with a more polarised ‘post-Fordist’ class structure, with growth in both high-income and low-wage jobs but shrinking middle-income employment, primarily because employment in services was more differentiated than industrial employment. In other cases, however, deindustrialisation was associated with the decline of low-wage as well as medium-wage jobs. This process of ‘professionalisation’ characterised London, for example. A series of studies of Cape Town suggested that it experienced post-Fordist polarisation, as jobs shifted from manufacturing to sectors such as tourism (Turok, 2001; Lemanski, 2007; McDonald, 2008). Some of the data used in these studies were flawed however (Crankshaw, 2012). A thorough analysis by Borel-Saladin and Crankshaw (2008) found that middle-income manufacturing jobs had been replaced by middle-income white-collar service sector jobs (see also Crankshaw, 2012) – a shift identified in Johannesburg (Selzer and Heller, 2010; Crankshaw and Borel-Saladin, 2014). In short, the occupational data on employed individuals points to much the same trend as the household class data: In post-apartheid South Africa, there was no net process of polarisation, but rather a picture of unevenly distributed gains.

The causes of changes in the occupational structure are rather less clear, however, than implied in most of the literature on ‘post-Fordist class restructuring’. Occupational change – or ‘class restructuring’ – was not entirely the result of exogenous changes in the economy, but resulted at least in part from wage settlements and related public policies (including industrial as well as labour market policies) that helped to push the economy down a more capital- and skill-intensive growth path. The high-wage, high-productivity strategy followed by trade unions and the state (with the support or at least acquiescence of big business) contributed to declining industrial employment (the ‘deindustrialisation’ of the occupational structure) and the expansion of employment in sectors that were either unregulated (including most of the services), semi-autonomous from the market (public sector employment), or non-tradable. Post-Fordist shifts in the occupational structure were thus in part the *consequence* not the cause of a restructuring of class power.

Some of the correlates of class in 2008 are evident in Table 3. Households in the upper classes are much more likely to own cars (with implications for many aspects of social and economic life) and computers. Adults are much more likely to have completed matric, and adolescents are much more likely to have progressed appropriately in school. Women are much less likely to have

experienced the death of a child. Employment rates are much higher, as is satisfaction with life. By most (but not all) of these measures, the lower classes were more disadvantaged than the lower middle and working classes. NIDS focused on economics aspects of welfare, and included few questions about cultural, social and political issues. Other research as well as recent fiction have, however, addressed many of these concerns, and it is possible to use these to provide a fuller picture of the class structure in South Africa.

Table 3: Selected characteristics of composite strata, 2008

	Upper classes	Lower middle and working classes	Lower classes	Total
Proportion of households owning a private car in working condition	64%	19%	3%	21%
Proportion of households with a computer at home	47%	10%	1%	13%
Proportion of adults aged 20-59 with matric	74%	35%	17%	36%
Proportion of women aged 25-40 who had given birth to a child who had later died	4%	12%	13%	11%
Proportion of 17 year-olds who had completed grade 10	84%	57%	42%	53%
Employment rate, adults aged 25-59	82%	71%	21%	58%
Satisfaction with life, adults aged 20-59, mean using 10-point scale	6.6	5.6	4.7	5.5

3. The upper classes

Affluence was always conspicuous in South Africa. Rich, white South Africans drove smart cars, lived in palatial suburban homes with swimming pools, and enjoyed expensive holidays (at the same time as they paid their domestic employees low wages and housed them in austere accommodation, often separated from their own families). The end of apartheid brought the repeal of restrictions on upward occupational, income and residential mobility on the basis of racial classification, accelerated the expansion of secondary and tertiary education, and coincided with the changing (post-Fordist) structure of the economy. Together, these changes resulted in the expansion of affluence. As we saw above (Table 2), the composite upper classes grew between 1993 and 2008. Post-apartheid affluence was generally evident in South African cities in booming malls, high-end restaurants and the buoyant prices of houses and land. Affluence became even more visible as some of the new black elite indulged in

highly conspicuous consumption, especially of expensive cars and clothes. Behaviour such as businessman Kenny Kunene's parties where sushi was served on the bodies of naked or near-naked women, Julius Malema (ANC Youth League President until his expulsion, and then leader of the opposition Economic Freedom Fighters) flaunting his Gucci suits and his Breitling watch (supposedly costing R250,000 or US\$25,000), rap musician 'Jub Jub' Maarohanye taking cocaine before drag-racing his Mini Cooper (killing four teenagers and injuring two others), and government ministers routinely demanding top-end cars were widely considered to be the tips of the consumerist iceberg. Shopping malls were the new temples of mass affluence. New patterns of residential segregation in gated estates, some with private golf courses, ironically served to emphasise the distinctive affluence of the new elite and upper middle classes.

The extraordinary growth of top incomes can certainly be attributed to neoliberalism. Top incomes in South Africa over the course of the twentieth century have been analysed by Alvaredo and Atkinson (2010), as part of their cross-national study using mostly tax data. The top 1 percent (with incomes above 400,000 Rand in 2005) accounted for almost 20 percent of total gross income in 2004. The top 0.1 percent (with incomes above 1 million Rand) accounted for about 5 percent (2010: 12, 15). Top incomes rose dramatically in the early 2000s. High commodity prices and buoyant stock markets also meant that the wealthy became wealthier. By the end of 2013, South Africa boasted six dollar billionaires and almost 50,000 dollar millionaires, whose combined wealth accounted for as much as one-third of the country's total wealth.⁵ South Africa's rich elite benefited from both high returns on their wealth and much higher executive earnings than prior to 2000, and from a social and political environment in which very high incomes were legitimate but high tax rates were not.

Curiously, the income share of the elite in South Africa was lower at the end of the twentieth century than it had been at its beginning. Around 1920, the top 1 percent in South Africa accounted for a massive 20 percent of total income, a share that was 'higher than, or close to, the shares in the UK and North America' and 'well above the top shares in Australia and New Zealand'. The income share of the super-rich in South Africa fell over the course of the twentieth century, as it did in most other countries (Alvaredo and Atkinson, 2010: 20). There does not appear to be any evidence on whether the income share of the super-rich rose after 1994, as it seems to have done under 'neoliberalism' in some other countries. The *super*-rich are unlikely to be

⁵ 'Aspen CEO Saad joins the list of SA billionaires', *Business Day*, 21st January 2014, citing estimates by New World Wealth.

included in survey samples: South Africa's 50,000 dollar millionaires account for less than 0.5 percent of South African households (assuming one dollar millionaire per household), and fieldworkers are very unlikely to access their properties to interview them. That said, the 2008 household survey data used above (including in Figure 3) suggested that the income share of the merely rich 'upper classes' rose, but not as fast as the number of people in these classes. The data suggest that the ratio of upper class household incomes to the mean actually declined relative to 1993 (although the 2008 data probably understated the growth of earnings at the top end).

Whilst most of the super-rich were white, black South Africans made up about one half of the 'upper classes' by 2008. The extreme case was Patrice Motsepe: born in 1962, without inherited wealth, but with net worth of almost \$3 billion in the 2000s. He briefly challenged for the position of richest South African, but by 2013 Nicholas Oppenheimer had again pulled ahead, with estimated wealth of US\$6.5 billion. Motsepe was the only dollar billionaire, but a growing minority – about 8,000 – of South Africa's dollar millionaires were black. The expansion of the black elite and middle classes was made possible by the combination of neoliberal capitalism and the removal of apartheid-era racial restrictions followed by affirmative action (in employment, especially in the public sector) and Black Economic Empowerment (which entailed a substantial transfer of wealth to the black elite).

Affluence among both white and black South Africans in the 1990s and 2000s was reflected in changing residential patterns. Residential racial desegregation was accompanied by 'middle-class enclavization'. The Midrand area north of Johannesburg, for example, was developed into 'seemingly endless low-lying compounds that enclose shopping areas, residential estates, and business clusters', with 'middle-class privilege' being 'preserved and even fortified, both literally and figuratively' (Selzer and Heller, 2010: 149). In Johannesburg, and probably elsewhere also, the middle classes became *more* segregated, residentially, after the end of apartheid, with the shift from race to class as the basis of segregation. Selzer and Heller discuss how middle class privilege was reproduced spatially: Where you lived mattered, especially for the middle classes, because it facilitated access to schools and provided a crucial marker of middle-classness, defining people as middle class, with all of the benefits attached to this classification.

Gated, private estates expressed neoliberal influences in obvious respects. Infrastructure – including roads, drains and electricity – were generally provided by private developers, motivated by profit. But viewing the proliferation of such estates simply in terms of neoliberalism risks missing other aspects – and causes – of the process. Chipkin investigates the 'middle-classing' associated with

gated complexes of ‘townhouses’ (i.e. what are called ‘condominiums’ in the USA) on the West Rand, west of Johannesburg. Most of the residents of these particular complexes were ‘lower middle class’, in terms of our class analysis, rather than ‘upper class’ (inclusive of the ‘upper middle class’), but Chipkin’s point applies across these classes. Chipkin acknowledges that these estates were certainly associated with individualist consumption. But they were also a means to locating oneself in the status hierarchy and responding to disorder. ‘In South Africa, the uncertainty of the political environment and the unpredictability of the regulatory scene are seeing millions of people pursue communal living’, Chipkin argued; ‘the move into cluster developments is evidence of a broader pursuit of order and community in a world that is increasingly uncertain, unpredictable and insecure’ (Chipkin, 2012: 74). For home-buyers, enclavisation was not so much an enthusiastic embrace of the market as a regrettable response to the perceived collapse of the state’s ability to ensure order and protect community. Chipkin also discusses how moving into townhouse complexes entails a process of social distancing from the poor (including poorer kin), which we shall discuss below.

Ironically, residential estates often failed to generate much community. Residents of residential estates prized privacy. In her novel *Coconut*, Kopano Matlwa describes the fictitious Ofilwe (or ‘Fifi’, as she prefers to be called) who lives with her father, mother and brother in the ‘Little Valley Country Estate’. Despite being protected by 24-hour security guards, there is no community in this estate, in contrast to the township where her relatives still live:

‘No toddlers with snotty noses and grubby hands play in the streets in Little Valley Country Estate. Groups of teenage girls in bright T-shirts, old torn jeans and peak caps do not sit on the front lawn pointing and gossiping about the guys that walk past the gates of their homes. Older sisters do not play the *waillese* loud, so that so that those who know the tune can sing along as each mops, dusts and sweeps their homes clean. In Little Valley Country Estate the neighbours are the cars you see parked in their driveways and the children are the tennis balls that fly over the wall and into your pool. Here at home, Tshepo was my only company and I his’ (Matlwa, 2007: 89-90).

Coconut is a novel about (upper) middle-classing, about the cultural classification that denote, and the identity-formation that accompanies, being upper middle class. Ofilwe’s father proudly drives a silver-grey Mercedes, and plays golf. Ofilwe and her brother are ‘Model C children’, referring to their attending formerly white schools that opted for ‘Model C’ semi-private, semi-public status during the period of transition to democracy. Ofilwe herself speaks English at home – the ‘TV language’, ‘the one that spoke of sweet success’

(2007: 54; as social scientists confirm: see Deumert and Mabandla, 2009; Posel and Casale, 2011), the language of high status. Ofilwe's life would be very different if she had stayed in the township:

'Instead of waking up to my cubed fruit, muesli and mixed nuts on a bed of low-fat granadilla yoghurt, would I begin my day by polishing the red stoep that juts out at the front of Koko's two-roomed house? When bored, would I pass the time by naming stones and creating homes for them in the wet dirt that surrounds Koko's self-made outside toilet instead of playing Solitaire on Mama's laptop, as I do now? Would I steal handfuls of sugar from the former mielie-meal bucket under the sink and run to lie on the grass to let the sweet crystals melt on my tongue instead of forgetting to give Daddy back his change, forget it was not mine for the keeping and forget I was not supposed to use it to buy honey and almond nougat bars from the health shop outside the estate gates? Instead of a decaf Café Latte at Bedazzle on Thursday nights would I freeze my Cool-Ad and save it for a really hot day? Would it matter who my clothes were named after? Would I get into respiratory distress at the thought of wearing garments with no names at all?' (Matlwa, 2007: 13-14).

Ofilwe is immersed in her suburban, upper-middle-class life. She – and her parents – seem to embrace westernisation and distance themselves from African 'tradition'. They attend an Anglican church, prefer westernized names over African ones, and every Sunday go to the 'Silver Spoon Coffee Shop' (in the 'Little Square Shopping Centre') to eat 'Traditional English Breakfasts'. As a recent recruit to the upper middle classes, Matlwa's Ofilwe does not have the cultural capital of young men and women – mostly white – born into privilege. She is also very aware of this, and of the racialised character of the asymmetry. Newman and De Lannoy (2014) profile Anna, a young (white) architect in Cape Town who grew up in the thoroughly upper class suburb of Newlands, a neighbourhood populated by doctors, lawyers and other professionals. Anna is disappointed not to be offered a place in the medical school at the University of Cape Town, and turns to architecture as her second choice. The (real) Anna is far more securely rooted in her class than the (fictitious) Ofilwe, but they both enjoy massive privileges relative to the vast majority of the population and both employ markers of taste as ways of demarcating – and policing – the boundaries of their class privileges.

4. The lower middle and working classes

Enclavisation involves classes beyond the bounds of the ‘upper classes’. Many of the home-buyers in new privately-developed estates on the West Rand, for example, did not consider themselves rich. Stacey – a white resident profiled by Chipkin – was the daughter of a fitter, had what she called an ‘average upbringing’, had started working after completing high school, and by 2009 had become a bookkeeper. She described herself to Chipkin as ‘middle class or a little bit lower ... because I’ve got a medical aid and I’ve got my own car and I’ve got my own place to stay in’ (2012: 44). Residents – black and white – in West Rand neighbourhoods such as Stacey’s included salespersons, supervisors and junior managers, technical designers and draughtsmen, and people working in the entertainment and sports industries (including disc jockeys and soccer players). ‘If what singles out “middle class” roles and functions is their exercise of varying degrees of control over how labour is employed and how capital is disposed, then residents of Roodepoort are “middle class”’ (2012: 42). Among her neighbours were African people escaping the crime, poverty and obligations to kin that pervaded much of Soweto and other townships, but who were comfortable rather than rich.

In *Class, Race and Inequality* we used the term ‘middle class’ sparingly, and usually within inverted commas, for the simple reason that it is far from clear who is ‘middle class’ in the South African context. The occupations and lifestyles associated with the ‘middle class’ in the advanced capitalist societies of the global North are, in South Africa, far from the middle of the class structure. Describing them as ‘middle class’ in South Africa therefore made little sense (Seekings and Nattrass, 2005: 309). Other studies also pointed to the inconsistencies between an occupational understanding of ‘middle class’ and a definition based on position in the income distribution (Schlemmer, 2005; Muller, 2006a; 2006b; Visagie and Posel, 2013; Burger *et al.*, 2014). There is little reason to use the term ‘middle class’ to refer to the middle of the *income* distribution; it is more appropriate to refer to ‘middle income’. The concept of ‘class’ should be applied to people or households with specified socio-economic characteristics (occupations, credentials and skills) or socio-cultural ones (cultural capital, identity or status).⁶

South Africans themselves seem to understand ‘middle class’ in a primarily relative sense, although precisely what ‘middle class’ means varies between

⁶ The ‘Living Standard Measures’ (LSMs) used by the South African Audience (formerly Advertising) Research Foundation (SAARF) represent an attempt to understand consumers as cultural as well as economic agents. The LSMs use asset ownership and financial services as a proxy for consumer preferences as well as for the opportunities afforded by incomes.

people and places (see also Khunou, 2012). In Soweto, a majority of the population self-identified as being ‘in the middle’.⁷ Phadi and Ceruti interpret this as being a reflection less of occupation or education as of consumption, i.e. being able to afford basic necessities but not luxuries. People who struggled to pay for necessities tended to identify themselves as ‘poor’ or ‘lower class’. Few people in Soweto self-identified as upper class. Many of the self-identified ‘middle class’ Sowetans also identified themselves as ‘working class’ in terms of having steady employment and income (Phadi and Ceruti, 2013; Wale, 2013). Survey research in Cape Town in 2005 showed that most working people there typically chose the label ‘working class’, but distinguished clearly between themselves and a ‘lower’ or ‘poor class’. In Cape Town, the ‘middle class’ comprised people who thought of themselves as having better lifestyles and higher status than the working-class, but were not part of the elite. Controlling for occupation, African people in Cape Town were significantly less likely to self-identify as ‘middle class’ than coloured or (especially) white people (Seekings, 2007a).

In their work on Soweto, Alexander *et al.* (2013) emphasise the centrality of consumption and a discourse of ‘affordability’ to people’s self-identity. In South Africa, as elsewhere, taste – in clothes, cars, satellite television at home, and even church – is an important marker of social position. But, in Cape Town at least, being ‘in the middle’ typically involves also a hierarchical distinction between them and people who cannot support themselves and are ‘dependent’ (on government grants, subsidised government housing, or kin). Middle-class industriousness is often contrasted with the ‘laziness’ of the poor.⁸ Chipkin (2012) describes how, in Roodepoort in Gauteng, moving out of a township and into a townhouse complex entails a process of remaking oneself as middle class in part through renegotiating one’s relationship with poorer kin. Their townhouses are havens ‘from the world of family and kin’, where one is insulated ‘from the financial and other claims of extended family, neighbours and community’, making possible the savings that allow for new forms of consumption (2012: 61). Living in a townhouse also confers respectability in part because it allows people to carve out ‘privacy’ away from the interdependencies in the public space of the township street.

Given the occupational and cultural heterogeneity of the South African ‘middle class’, most studies have disaggregated it. Schlemmer distinguished between a ‘middle class’ that comprised primarily professionals and managers and a ‘lower middle class’ that comprised small business owners, clerical and sales workers,

⁷ In Europe, the concept of the middle class originated in the Seventeenth Century when social and economic change was recognised as having resulted in the emergence of a ‘middling’ kind of person.

⁸ This is the subject of continuing research in Khayelitsha, Cape Town.

school teachers and nurses, technicians, and skilled white-collar service personnel. In South Africa, he suggested, this lower middle class had lower status, was unionized, had constrained budgets and had incurred ‘considerable debt in order to acquire the accoutrements of a middle-class lifestyle’ (2005: 118). They therefore behaved more like the unionized working class than the (upper) middle class, and Schlemmer concluded that they were not really ‘middle class’.⁹ Using data on education, occupation, income and standard of living, he calculated that the remaining (upper) ‘middle class’ included, in 2003, only about 6 percent of all working people. Muller (2006a, 2006b) distinguished between a ‘upper middle class’ comprising teachers and nurses (i.e. the semi-professional class in our own analysis) and an ‘lower middle class’ comprising clerks and similar white-collar workers, in our ‘intermediate’ class). This resulted in a much larger ‘middle class’ than Schlemmer’s, with a much higher proportion of African members. Selzer and Heller (2010) distinguished between an ‘upper middle’ class (including most of our upper classes), a ‘middle middle’ class (broadly corresponding to our semi-professional class) and a ‘lower middle’ class (our intermediate class).

In the South African context, there are clear and important differences between the ‘upper middle’ class(es) – comprising salaried professionals and managers, especially – and the ‘lower middle’ classes. The former are, in most respects, an integral part of the ‘upper classes’. The latter, as Schlemmer noted, have more in common with the respectable, financially stable working classes. Teachers and nurses (in the semi-professional class), skilled office workers, artisans and supervisors (in the intermediate class) constitute a lower middle-class, although in many respects there is only a modest gap between them and semi-skilled, formally-employed industrial workers. We therefore retain in our class schema a middle cluster of classes, which we now label the ‘lower middle and working classes’, distinguishing them from both the upper and lower clusters of classes (see Figure 3). In our analysis, the ‘middle classes’ are too disparate to be usefully combined into a single cluster.

The middle strata of South African society thus comprise people who consider themselves neither poor nor rich, who can afford a wide range of ‘necessities’ – which might include a car and a wide range of household appliances – but few of the luxuries to which they aspire. They generally see themselves as ‘respectable’, and contrast themselves with the supposedly indolent, dependent poor. In many but not all parts of the country they probably consider themselves, at least in relation to their residential neighbourhoods, as ‘middle class’, although at work some – including many teachers and nurses – might see

⁹ Schlemmer copied his class scheme from a study of the USA, which categorised skilled blue-collar workers as ‘working class’ not ‘lower middle class’.

themselves as ‘workers’ and be members of trade unions. Most breadwinners are in skilled or white-collar occupations. In the early 2000s, many had moved into the non-elite townhouse complexes or housing estates, bought cars, used private doctors, and sent their children to multi-racial, semi-public/semi-private schools. Many remained in ‘townships’, however, especially in new, privately-built neighbourhoods (such as iLitha Park, Ikwezi Park and Graceland in Khayelitsha on Cape Town’s eastern periphery).

Growing up in the lower middle or working classes, and entering adulthood after 1994, entailed real possibilities of upward as well as risks of downward mobility. Newman and De Lannoy (2014) provide some examples of children growing up in these lower middle class and working class settings. Amanda and Thandiswa were both born into respectable working-class families, Amanda in Port Elizabeth and Thandiswa in Cape Town. Appreciating the value of education, Amanda’s mother got her into a newly multi-racial, formerly white high school, where she acquired the cultural capital that eases upward mobility. Thandiswa attended township schools, completed high school and can read, write, and speak English, but did not have sufficient cultural and social capital to secure good employment. When she was interviewed, Amanda was living in central Cape Town and working for an NGO, whilst Thandiswa was unemployed, living with her parents in Khayelitsha. Both Amanda and Thandiswa were African. Amanda’s upward mobility reflected the opportunities that opened up with the end of apartheid and a post-Fordist economy. Thandiswa’s downward trajectory reflected the risks in a society with massive unemployment.

5. The lower classes: The working poor and the underclass

‘Respectable’ working class households, whose breadwinners were in formal employment in industry or services, were in the middle of the South African social structure because there were so many others ‘below’ them, in the ranks of the ‘poor’ or ‘lower class’. In terms of employment, lifestyles and popular perceptions, a large minority of South African households fell into the ‘poor’ or ‘lower classes’ in the two decades after 1994. Households in these classes often could not afford even necessities. They typically lacked the educational credentials and skills required to secure well-paid, regular employment in an increasingly skill-intensive economy. Additionally, they often lacked the social and cultural capital required to access even the occasional opportunities open to people with their skills and credentials.

This lower cluster of classes included the working poor, especially working people in the most marginal sectors of the economy such as agriculture and domestic work. The cluster also included hawkers and others in ‘survivalist’ self-employment with meagre earnings. A better measure of the ‘marginal working class’ would include also many working people in casual and other informal employment, in a variety of other sectors, although this is difficult to operationalise using household survey data. As many as half of the new ‘jobs’ created in the late 1990s and early 2000s entailed survivalist (i.e. very low-income) informal work (Casale *et al.*, 2004). Given increased regulation in the formal labour market, especially with respect to lower-skilled employment, labour-intensive work shifted increasingly to the informal sector. The lower classes thus encompassed the ‘precariat’ (see Bank, 2011; Murray 2008; 2011).

The cluster also includes many unemployed people. Unemployment was the primary driver of poverty in post-apartheid South Africa, notwithstanding the fact that some working people were also poor. The expanded or broad rate of unemployment rose from 30 percent in 1993 to over 40 percent in 2002 and 2003. The unemployment rate then declined somewhat, until 2008, before rising again amidst a global economic downturn (see Figure 4). The expanded definition of unemployment includes people who are not working but want and are available for employment, even if they are not actively looking for employment. The reason for including ‘discouraged’ job-seekers is because, in South Africa, the reality is that often there is little or no point in ‘actively’ looking for work because, firstly, there is no work to be found and, secondly, the ‘active’ ways of looking for work (such as looking in newspapers) are not the ways through which less skilled people ever find work. Even using the narrow or strict definition of unemployment, which includes only ‘active’ job-seekers, the unemployment rate passed 30 percent in the early 2000s, and was still above 25 percent at the time of the 2014 election. These unemployment rates remain much higher than they were in 1994 and are higher than almost everywhere else in the world outside of Southern Africa. The number of unemployed (again using the expanded definition) doubled from less than 4 million in 1994 to almost 7.6 million in the second quarter of 2014.¹⁰

¹⁰ Using the narrow definition, the number rose from approximately 2 million to about 5.15 million. There is some uncertainty about the precise numbers in 1994 because surveys conducted between 1993 and 1995 generated rather different findings (see Bhorat and Leibbrandt, 2001: 78-79), probably because of sampling differences (Wittenberg, 2014).

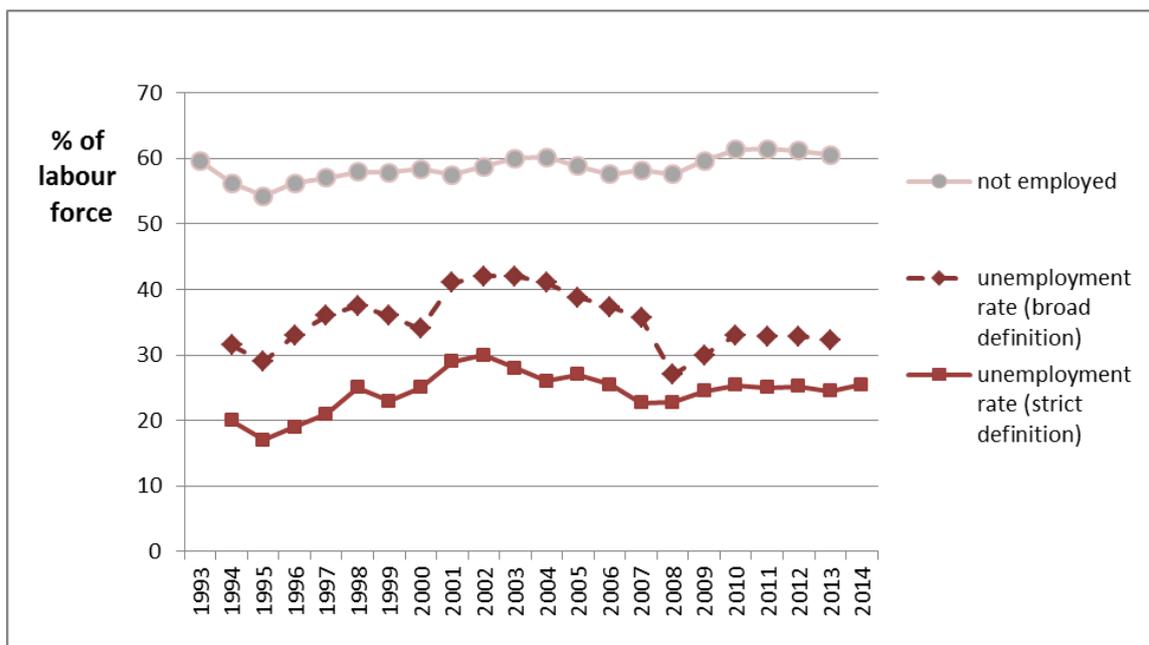


Figure 4: Unemployment and joblessness, 1993-2014

For the government, unemployment was an embarrassment. Unsurprisingly, it seized on studies suggesting that economic growth was not jobless (and then ignored Casale *et al.*'s findings that much of the supposed growth was the result of changed methodology and most of the new jobs were informal). The government also routinely reported the growth of employment in terms of numbers ('one million new jobs') whilst reporting unemployment as a rate, thereby avoiding the fact that the absolute number of unemployed rose steadily (see, for example, South Africa, 2014). The government also lapsed into denialism, especially in the early 2000s. President Mbeki opined that 'the informal sector of our economy is out of sight of many statisticians and public commentators'.¹¹ His loyal Minister of Finance, Trevor Manuel, similarly suggested that the 'surge in expenditure [on] consumer durables or the white goods sector' and 'the profitability of the retail apparel sector' showed 'that this is not a country with unemployment at 32% or 40%. ... People who are really unemployed and completely down and out are not going to have the resources to purchase the kind of non-essentials – clothing, appliances, furniture, that whole range of goods – at quite the rate we're seeing.' The official data, he suggested, underestimated employment because so many independent workers – such as carpenters, bricklayers and welders – lied to survey fieldworkers and were therefore 'off the radar screen'.¹² Subsequent research confirmed that some of

¹¹ <http://www.anc.org.za/ancdocs/anctoday/2002/at42.htm>.

¹² *Sunday Times*, 'Business Times' section, 12th December, 2004. See also comments by Manuel in *Business Report*, 28th February 2005, and by President Mbeki in *Sunday Times*, 22nd May 2005, both cited by Hemson and O'Donovan (2006: 18).

the first post-apartheid surveys (especially the 1995 OHS) had suffered from sampling and other flaws (Wittenberg, 2014). By the early 2000s, however, the quality of employment data was greatly improved, especially with respect to whether the apparently unemployed really were jobless. Surveys typically asked a series of questions, including (in the case of the LFS from 2000) business activities ('big or small', providing as examples 'selling things, making things for sale, repairing things, guarding cars, brewing beer, hairdressing'), working on a plot or farm, fishing or hunting, and even begging 'for money or food in public'. The LFS also enquired how every unemployed household member supported him- or herself, asking specifically whether he or she 'did odd jobs during the past seven days'; if the person had done so, he or she was routed back into the sequence of questions about work. Despite these probes, very many people answered consistently that they were not doing any work, but wanted work. Careful studies of informal businesses did not suggest that they were much more extensive than the labour market surveys suggested (see Seekings and Natrass, 2005: 320-22; Devey *et al.*, 2006) and other data confirmed that very many young people were not working (Wittenberg, 2009); No research supported the government's scepticism about official unemployment statistics produced in the 2000s.

Unemployment was not only exceptionally high, but was also often long-term. The September 2005 LFS showed that two out of every three unemployed people (using the strict definition) had never had a job. One-third of these – or about 1 million people – had been unemployed for three years or more. Unemployment rates were consistently highest among school-leavers, declined among men and women in their late 20s and 30s, then rose again among people in their 50s. Unemployment rates were much higher among less educated and rural youth (see Seekings, 2012).

The unemployed were not homogeneous, however. The methodology used to derive the classes represented in Figures 1 and 3 allocated many unemployed people to classes in the middle cluster, including especially the 'intermediate' and 'petty traders' classes, because they lived with people whose occupations or work put them into these classes. But just over one half of all unemployed people in 2008 were in the lower classes, and 43 percent were in the 'underclass'. In *Class, Race and Inequality*, we defined the 'underclass' as people who suffered systematic disadvantage in the labour market, with the result that they faced no real possibility of escaping from poverty (Seekings and Natrass, 2005: chapter 8). Some unemployed people lacked the skills (including language skills), credentials, the connections (i.e. social capital) and perhaps also understanding of the labour market (an aspect of cultural capital) which were crucial in terms of finding sustained employment. Probably the most important form of social capital was having family or friends who had jobs and

were able to connect you to employment opportunities (and help you understand the labour market). It was therefore especially worrying that the number and proportion of the unemployed living in ‘workerless’ households, i.e. where no one was in wage employment, rose after 1994 (Pirouz, 2005; Oosthuizen, 2006).

The final ‘class’ in this lower class bundle was a residual, ‘other’ category, comprising households where no one was employed and no one was unemployed (even using a broad definition of unemployment). These households typically comprised pensioners and children, in part because of AIDS mortality. Some comprised adults engaged in survivalist self-employment, but most were detached from the labour market.

6: Class differences between the lower middle, working and lower classes

Our identification (in *Class, Race and Inequality*) of an ‘underclass’ in South Africa provoked a range of criticism (including Alexander *et al.*, 2012; Callebert, 2014). Some of this criticism was due to a misunderstanding or misrepresentation of our argument (see Seekings, 2014). Some of the criticism was rooted in unease with the concept of the ‘underclass’ – unease which we shared (see Seekings and Natrass, 2005: 273-77, 298) despite our definition of the underclass (and the lower classes generally) in terms of systematic disadvantage *not* of supposed delinquency or criminality. Some criticism was rooted in underlying theoretical differences, with Marxian critics objecting to any disaggregation of the non-capitalist population into separate classes.

Critics also raised some substantive empirical questions about the relationships, similarities and differences between our different ‘classes’. Most importantly, Alexander *et al.* (2013) argued that, in Soweto, the unemployed, semi-employed, self-employed and the employed were thrown together in a shared ‘proletarian community of fate’. Whilst people occupied varied positions in relation to both individual employment and household membership, the differences between these positions were modest (according to Alexander *et al.*) in crucial (although not all) respects. ‘If the worlds of work are an onion’, wrote Ceruti, referring to von Holdt and Webster’s (2005) suggestion that a core of regular, formal employment was surrounded by layers of casual or informal work, with an outer layer comprising the unemployed, then ‘at the township and household level the onion is chopped and diced’ (2013b: 115). The formally employed, casual employed, self-employed and unemployed were all linked within and between households, Alexander *et al.* argued, questioning the

distinction we drew between the lower middle and working classes, on the one hand, and the lower classes, on the other.

Alexander *et al.*'s research raised five important empirical questions. Do individuals and households straddle different labour market positions and livelihood strategies? Is there flux in people's labour market or class positions over time? Are the unemployed especially disadvantaged? Is Soweto typical of South Africa? And how do the connections between households mitigate the significance of their differences?

Whilst some people and households combined livelihood strategies (for example, part-time wage employment with survivalist self-employment), the scope for lucrative, multiple livelihood strategies declined in the late twentieth centuries. There really are many individuals who are (as Ceruti puts it) 'outright unemployed'. In Soweto, as across South Africa, there were alarming numbers of people, especially younger people, who, when asked 'do you work?', replied 'no', and when asked 'what do you do?', replied 'nothing', 'sit at home' or 'looking for a job' (Ceruti, 2013b: 109; see also Wittenberg, 2009). Many unemployed young adults were *not* helping grow vegetables, or looking after livestock, or working in a family-run spaza shop, nor were they working part-time or hawking goods in the street; they really were unemployed. The multiple livelihoods argument is easily overstated. In any case, our class schema did allow for some combinations of livelihoods.

Secondly, there clearly is some flux in individuals' employment status. Such flux as well as changing household composition can cause whole households to move from one class to another. Ceruti suggests that we underestimated 'how perilously close "core" working-class households may be to their "underclass" in the current labour market' (2013b: 114). Our own and other work suggest that, over time, relatively advantaged people tend to remain advantaged whilst relatively disadvantaged people tend to remain disadvantaged. It is the relatively advantaged who benefit from opportunities for further upward mobility, so that inequalities and stratification tend to reproduce themselves (Seekings and Natrass, 2005: 232-4, 277-80, 322-6; Agüero *et al.*, 2007; Woolard and Klasen, 2007; Girdwood and Leibbrandt, 2009; Ziervogel and Crankshaw, 2009; Finn *et al.*, 2012). Our underclass thesis would be seriously undermined if it was shown that unemployed people in 'underclass' households were as likely to secure employment as unemployed people in more advantaged classes, i.e. that social and cultural capital count for little. On the contrary, however, the evidence confirms that social capital is crucial to securing employment, especially for people without educational credentials, such that households with little social capital are systematically disadvantaged – especially in rural areas (Seekings

and Natrass, 2005: 280-6; Schöer *et al.*, 2014; see also Schöer and Leibbrandt, 2006).

In Soweto, ‘people living in households where all the adults were unemployed’ – i.e. the underclass – ‘were the poorest’ (Ceruti, 2013b: 118), but they were not the only impoverished households. Indeed, the fact that some unemployed people were supported by household members with work meant that they were less poor than some under- or partly-employed individuals who were too poor to turn down such opportunities for meagre earnings (Alexander and Wale, 2013: 135-140).

Finally, because Soweto is not representative of South Africa, even if the line between the working and lower classes was blurred there does not mean that there is no clear line across the country as a whole. Alexander *et al.* show that, by various measures, the population of Soweto was disadvantaged relative to rich (especially white) people. At the same time, however, few households in Soweto were in the poorest third of the population of South Africa as a whole. Few households in Soweto experienced the deep poverty that was commonplace in the former banstutans. In 1993, we calculated, only one in six households in metropolitan areas fell into the most disadvantaged of our three strata (shown in Figure 1). In contrast, as many as 60 percent of households in ‘rural’ areas fell into this disadvantaged cluster. The real test of the underclass thesis lies not in Soweto, but in places like Dimbaza (in the Eastern Cape) and Phutaditjaba (in the southern Free State), where South Africa’s poorest and most disadvantaged households are to be found: households comprising people who typically have few skills and no credentials (Van der Berg *et al.*, 2003), no usable work experience, no financial or economic capital, limited access to land, little cultural capital, and little or no social capital.

Mosoetsa’s research in KwaZulu-Natal illustrates some of the realities of life for the underclass in non-metropolitan areas. Poverty and a strong sense of responsibility to younger kin mean that many adults as well as children live with their elderly parents or grandparents. Unemployment hangs over everyone. Most households survive through a mix of government grants and growing their own vegetables. Some earn a very modest income through making clothes or hawking food. If someone has any cash or food to spare, he or she often helps out neighbours or kin. Grants are indispensable, but also feed into social tensions. Older men, especially, are humiliated by unemployment, often turn to drink, lose respect, and respond violently, especially against women. ‘Unemployment is destroying many families’, one woman told Mosoetsa (2011: 73).

Metropolitan, urban and rural areas were historically connected via labour migration and remittance flows. From the 1980s, however, these links were eroded, with inter-household remittances accounting for a shrinking proportion of the income of the underclass. By 2009, the poor relied overwhelmingly on public transfers (Leibbrandt *et al.*, 2012: 23-24). The direct economic ties between workers in urban formal employment and rural underclass households had collapsed (see also Mosoetsa, 2011).

Just as most people in Soweto had a clear sense that they were ‘in the middle’ (Alexander *et al.*, 2013), poor people in remote townships in KwaZulu-Natal perceived themselves as being disadvantaged relative to formally-employed, unionised workers in metropolitan areas (Mosoetsa, 2011). In Cape Town, poor people in neighbourhoods with high unemployment are also very aware of their poverty (see, for example, Muyeba and Seekings, 2011). Barchiesi (2011) similarly seems to suggest that his working-class informants on the East Rand make a clear distinction between the respectability of a proper job, with security and benefits, and the indignity of precariousness. Together, studies such as these present a fragmentary but suggestive picture of a society in which fairly clear lines are drawn between the often conspicuous consumerism associated with the upper classes, the respectable sufficiency or affordability associated with a modest but steady wage in the lower middle and working classes, and the insufficiency, indignity and ‘dependency’ often associated with unemployment and poverty in the lower classes. Precisely where these lines are drawn is unclear, and probably varies.

7. Conclusion

The class structure of societies such as South Africa pose challenges to any political project concerning inclusive economic growth, particularly through redistribution to the poor. South Africa is not an agrarian society where the poor would benefit from policies that strengthen the peasantry. Nor is it like the European (and Australasian) societies where social democratic movements achieved pro-poor labour market and social policies. The class(es) that provided the historic bedrock of social democracy do not, in South Africa, include the poor. In South Africa, these classes – i.e. the working and later lower middle classes – are in the middle, or even above the middle, of the income distribution. This is because poverty is the result not so much of low wages for the formally-employed as of the scarcity of formal employment (or any employment at all). In South Africa, the poor comprise the working poor, mostly in informal employment, and the underclass.

Globally and historically, social democracy has been premised on full employment. In the absence of full employment, the tradeoff between higher wages and job creation is inevitable and challenging. There are many poor people living in households that would benefit from *both* higher wages *and* job creation. But there are also many poor households that require job creation if poverty is to be reduced substantially and sustainably. In *Class, Race and Inequality* we argued that social justice demanded either that the poor are supported through more encompassing and redistributive social programmes or that jobs are created so that they can support themselves. The latter would require an expansion of mostly unskilled work, for men and women without strong skills. This new work would necessarily be low-paid, because neither the private sector nor the state will create high-wage unskilled jobs, especially in tradable sectors. Unsurprisingly, there is abundant evidence that job creation is an overwhelming popular priority, especially in the poorest areas. ‘All we want are jobs for our children’, one older woman told Mosoetsa. Another reiterated that ‘we want jobs for our children’. ‘Things were much better during apartheid’ because ‘there were jobs’ (quoted in Mosoetsa, 2011: 31).

For the lower middle and working classes, however, the priority is higher wages, which would allow them to afford luxuries as well as necessities, and to respond more generously to the claims made on them by poorer kin. Unfortunately, however, higher wages paid to many employed workers have *not* trickled down to the poor. Indeed, as wages have risen, remittances have declined. A high-wage strategy has not reduced inequalities, poverty or social exclusion. Insofar as the high-wage strategy has fuelled a more skill- and capital-intensive growth path, it worsened inequalities, poverty and social exclusion. The existence of an ‘underclass’ serves to expose the fundamental flaw in the argument that higher wages would suffice to solve the problems of poverty and inequality in South Africa.

In the South African context, recognising the lower classes, and the underclass in particular, has the great strength of helping to focus attention on who is truly disadvantaged, and to remind us that job creation should not simply be forgotten in a clamour for higher wages (and subsidised services). Social citizenship *for all* cannot be achieved through higher wages (and subsidised services).

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