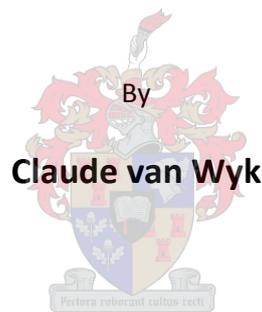# The Establishment of an Ethnically based Middle Class in South Africa and Malaysia: Context, Policy and Outcome.

By

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Thesis presented in partial fulfilment of the requirements for the degree of Master of Arts (International Studies) in the Faculty of Arts and Social Sciences at Stellenbosch University

Promotor: Prof J van der Westhuizen

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DECLARATION

By submitting this thesis electronically, I declare that the entirety of the work contained therein is my own, original work, that I am the sole author thereof (save to the extent explicitly otherwise stated), that reproduction and publication thereof by Stellenbosch University will not infringe any third party rights and that I have not previously in its entirety or in part submitted it for obtaining any qualification.

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Abstract

The core question this study aims to address is whether a state-sponsored ethnic middle class in a dominant party political system premised on ethnic politics, will punish the ruling party by not according them their electoral vote. The latter core question stems from the conventional notion of a large middle class producing stronger democratic tendencies within a society. However, South Africa and Malaysia are dominant political party systems where politics is aligned along ethnic lines fundamentally because of the colonial and apartheid histories. Furthermore, the ethnic middle classes' (Malays and Blacks) grew as a result of affirmative action policies implemented by the same political parties that dominated the political scene in the respective countries.

An analytical framework of one-party dominance, ethnic politics and the composition of the state bureaucracy, is applied to analysing the Black and Malay middle classes' behaviour in South Africa and Malaysia. This study looks at how the Black and Malay middle classes' grew via state affirmative action policies implemented in public service employment, business and education; which are fundamental spheres for social upward mobility. This was done by looking at the implementation of the NEP in Malaysia between 1971 to 1990, and the implementation of BEE and employment equity in South Africa post-1994.

South Africa and Malaysia's colonial and apartheid histories created economic imbalances amongst majority and minority ethnicities primarily. Therefore, after independence and the inauguration of democracy the assumption of political power of ethnic majorities resulted in a need for the past's economic imbalances to be addressed. Hence, affirmative action policies were

implemented that would benefit the ethnic majority groupings (Malays and Blacks) where the electorate is highly polarised. Therefore, the outcome of this study suggests that because politics are aligned along ethnic lines under a climate where the ANC and the UMNO have political hegemony, the Malay and Black middle classes' are unlikely to bite the hand that feeds it.

OPSOMMING

Die kernvraag in hierdie studie wentel om die moontlikheid al dan nié dat 'n staat-ondersteunde etniese middelklas in 'n dominante-party politieke opset wat op etniese grondslag gebaseer is, die regerende party sal straf deur hul verkiesingstem te weerhou. Dit spreek die konvensionele siening aan dat 'n groot middelklas demokratiese tendense in 'n gemeenskap sal versterk. Nietemin, bestaan dominante-party stelsels in Suid-Afrika en Maleisië ooreenkomstig basies etniese riglyne as gevolg van hul onderskeie apartheid en koloniale geskiedenisse. Meer nog: die etniese middelklasse het hul bestaan te danke aan die regstellende aksie beleide wat ingestel is deur dieselfde politieke partye wat die politiek in die onderskeie lande domineer.

Swart en Maleier middelklas-gedrag in Suid-Afrika en Maleisië is ge-analiseer volgens 'n raamwerk van een-party oorheersing en die samestelling van die staatburokrasie. Hierdie studie fokus op die wyse waarop die Swart en Maleisiese middelklas deur middel van regstellende aksie in openbare dienste, besigheid en opvoeding – die fundamentele sektore vir die ontwikkeling van opwaartse mobiliteit in die samelewing – bevoordeel is. Dit is gedoen deur te kyk na die beleidstoepassing van die NEP in Maleisië tussen 1971 en 1990 en die toepassing van Swart Ekonomiese Bemagtiging (BEE) en gelyke werkgeleenthede in Suid-Afrika sedert 1994.

Die grootste ekonomiese wanbalans tussen meerderheid- en minderheidsgroepe is hoofsaaklik die gevolg van Maleisië en Suid-Afrika se onderskeidelike geskiedenisse van koloniale en apartheidsregering. Onafhanklikheid en die instelling van 'n demokratiese stelsel het dus aandag aan die ekonomiese

wanbalans genoodsaak. Vanselfsprekend sou die regstellende aksie ter voordeel van die meerderheids- en etniese groepe (Maleiers en Swart mense), waar die elektoraat uiters gepolariseer is, werk. Die uitkoms van hierdie studie dui daarop dat weens die klimaat geskep deur die politieke hegemonie van die ANC en die UMNO, waar die politiek volgens etniese riglyne bedryf word, dit onwaarskylik is dat die Maleisiese en Swart middelklasse bevoordeling van die hand sal wys.

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Dedication

To my family, who have always supported, motivated and kept me grounded throughout all challenges I have faced.

Dedication

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List of Tables & Figures

List of Abbreviations

ANC- African National Congress

ARMSCOR- Armaments Corporation of South Africa

AZAPO- Azanian People's Organization

BBC- Black Business Council

BEE- Black Economic Empowerment

BEECom- Black Economic Empowerment Commission

BBBEE- Broad-Based Black Economic Empowerment

BN- Barisan National

COSATU- Congress of South African Trade Unions

DA- Democratic Alliance

DAP- Democratic Action Party

DTI- Department of Trade and Industry

EISA- Electoral Institute of Southern Africa

ESCOM- Electricity Supply Commission

FDI- Foreign Direct Investment

GEAR- Growth Employment and Redistribution Strategy

GDP- Gross Domestic Product

GNU- Government of National Unity

HIV/AIDS- Human Immunodeficiency Virus infection / Acquired
Immunodeficiency Syndrome

ICA- Industrial Co-ordination Act

IDC- Industrial Development Corporation

IFP- Inkatha Freedom Party

ISCOR- Iron and Steel Corporation

JSE- Johannesburg Stock Exchange

MAS- Malay Administrative Service

MCA- Malaysian Chinese Association

MCS- Malayan Civil Service

MIC- Malaysian Indian Congress

NAIL- New Africa Investments Limited

NDR- National Democratic Revolution

NEP- New Economic Policy

NEDLAC- The National Economic Development and Labour Advisory Council

NP- National Party

NSFAS- National Student Financial Aid Scheme

NUFCOR- Nuclear Fuels Corporation of South Africa

PAS- Partai Islam SeMalaysia

RDP- Reconstruction and Development Programme

RM- Ringgit Malaysia

SABC- South African Broadcasting Corporation

SACP- South African Communist Party

SASOL- South African Coal, Oil and Gas Corporation

SET- Science, Engineering and Technology

SOEs- State Owned Enterprises

SMME- Small Medium Micro Enterprises

SPVs- Special Purpose Vehicles

UMNO- United Malays National Organisation

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Chapter 1: Introduction

1.1 Background

Ever since the time of Aristotle and Seymour Martin Lipset, conventional wisdom within the discipline of politics has been that a large and robust middle class is an essential element in ensuring stable democracy. Modernisation theory posits the idea of economic modernity or prosperity begetting democracy, which then translates in simple terms to: No middle class, no democracy (The Economist, 2013:56). However, modernisation and democratisation theorists are faced with a plethora of cases where the middle class in different contexts and settings yields different outcomes. Much of this range in the democratic impact of the middle class within different settings can be attributed to the fact that the middle class itself is an ambiguous concept. The middle class is both an empirical reality as well as an ideological construct in how it is measured, as well as how it is viewed by society.

However, as the middle class in respective settings grows through economic modernisation, conventional wisdom assumes that expectations of government performance increase, as well as expected connected issues of good governance, free speech, ending corruption and fair/free elections. Furthermore, members of the middle class also have better resources, better skills and the time to protest against unjust practices, compared to the working and lower classes.

Nevertheless, it was the middle class that rallied behind and supported Pinochet's coup in Chile in 1973. In China, too, despite the overwhelming size and strength of its middle class, there has been no call for democratic reform of China's autocratic regime. High growth in Russia, which chiefly benefits the middle class,

could be an indication that this leads to increased support for its autocratic government. Russia is not only more affluent, but also more autocratic. The aforementioned cases are but a few examples of the middle class not conforming to its democratic role as suggested by the modernisation theory. These different cases illustrate that protesting against autocracy and advocating for better democratic governance, is not monopolised by the middle class (The Economist, 2013:56).

Therefore, due to the ambiguous role the middle class plays, it is necessary to understand the context in which it operates. When the middle classes' democratic role is analysed keeping in mind the context and the factors that led to middle class growth, the unpredictable nature of how it plays out, can be better understood in terms of inferences and small generalisations. This thesis analyses the extent to which middle classes in dominant political party systems that are driven by ethnic politics, are more likely to entrench the ruling party which sponsored the emerging 'new' middle class.

1.2 Rationale of the study

The middle class in developing countries is widely accepted as being the most pro-democratic stratum in society. However, the conventional assumption of a large middle class producing stronger democratic tendencies has come under some contestation. This is due to the fact that different democratic settings or contexts produce middle classes that behave differently. Modernisation theory posits a unilinear causal relationship between economic modernisation and the democratisation process. For example, socioeconomic modernisation leads to the growth and rise of the middle class, which in turn becomes the driving force of

democratisation in non-democratic settings, or strengthens democratic institutions in democratic regimes (Chen & Lu, 2011:706). This phenomenon in some cases is true like Brazil, India and Turkey where protests in the streets rallied majority middle class crowds protesting against corruption and better public service delivery (The Economist, 2013:56). However, the causal relationship between economic modernisation and democratisation cannot be ratified under dominant party political regimes driven by ethnic politics, like in Malaysia and South Africa. Modernisation theory has many shortcomings when applied to contexts like these, because factors like a country's colonial history and factors pertaining to the manner in which the middle class grew, are not taken into consideration. Therefore, in order to highlight the unpredictable impact of the middle class on democracy, this study will use two cases where the middle class has grown substantially but the quality of democracy has not matched that growth.

Malaysia and South Africa share many similarities: both countries were colonised by the British, both countries have vastly heterogeneous populations in terms of ethnicity, and both Malaysia and South Africa have been ruled by dominant parties since they became democracies. Furthermore, both ethnic middle classes in the respective countries were state-sponsored via the implementation of affirmative action state policies. The use of these two cases is useful because given the vast similarities and differences between the societies; one could uncover and draw parallels on the pattern of behaviour of the two middle classes to surmise certain generalizations.

1.3 Problem statement

The rationale for this thesis centres on a derived research problem which encapsulates a niche in the study of the middle class. This study argues that the Black middle class in South Africa is less prone to rejecting the ruling African National Congress (ANC) by voting because of its dominant political party system, ethnic politics, and the loyalty of the bureaucracy to the ruling party. Furthermore, in order to demonstrate this, the South African Black middle class case will be compared to the manner in which the state-sponsored Malay middle class has ensured the dominance of the United Malays National Organisation (UMNO) since independence. The UMNO is the dominant party in the ruling coalition, and its dominance has much to do with politics being aligned along ethnic lines in Malaysia. Furthermore, this study will examine Malaysia's affirmative action policy known as the National Economic Plan (NEP), which was implemented in education, business and public sector employment (bureaucracy) in order to analyse similarities and differences between the two cases. The same will be done in South Africa's case where the ANC implemented affirmative action policies (under the ideology of the National Democratic Revolution [NDR]) in business, public sector employment and education.

Accordingly the research question guiding this study is: Do ethnically driven one-party dominant systems prompt a state-sponsored middle class to support the ruling party?

1.4 Conceptualisation

This study focuses on the role the middle class is supposed to play within a democratic system; however, as mentioned earlier, scholars have contested the meaning of being middle class. Therefore, this section of the thesis will illustrate the different approaches researchers have implemented in the study of the middle class. After these various approaches have been fleshed out, the conceptualisation of the middle class used in this study will be put forth because this concept is fundamental to understanding the argument of this thesis.

1.4.1 Middle Class

There are many approaches to studying and defining the middle class within the discipline of international economics literature; for instance a relative definition of the middle class as a class belonging to the middle income distribution throughout the population (middle-income strata), or on the other hand an absolute definition of the middle class premised on the level of affluence or lifestyle of these members. This absolute definition refers to the purchasing power of the middle class, or viewing the middle class with reference to their consumer behaviour (Kharas, 2010:11). These two definitions are derived from developed countries where those who occupy the middle strata of the income distribution, are more likely to be affluent in absolute terms. However, these separate definitions have revealed two very different 'middle classes' in terms of the classes' composition as well as economic profile, especially when applied in South Africa. This is a fundamental flaw within the literature, because given South Africa's extensive poverty and massive income inequality throughout the country; it has ramifications for policies which seek to promote the growth and status of the middle class.

Rubinson and Quilan (1977:622) stipulate that there is a relationship between socio-economic inequality and class analysis, because the middle class is generally regarded as the strongest pro-democratic social stratum in society. (Rivero et al, 2003:6). Therefore, one can infer that the size of the middle class in a given country is indicative of the existing level of inequality in society. However, the context within which this middle class must grow is embedded in a   globalised capitalist system which imposes certain constraints. For instance, Muller (1995) found that economic development did not produce democracy in the sixties and seventies, because of income inequality (Rivero et al, 2003:9). The process of capitalist economic development is expected to confer a positive effect on democratisation, but this process heightens income inequality initially. This then is expected to have a negative effect on democratisation due to the fact that a high level of income inequality radicalises the proletariat, fuels class polarisation and reduces the tolerance of the middle class for political participation of the lower classes (Rivero et al, 2003:9). The point that Muller makes is that income inequality amongst the populace is incompatible with a stable democracy. This latter point is fundamental to this study of the middle class, because the process whereby the state will reduce those inequalities within the polity (via ethnic affirmative action policies) will indicate whether the middle class will support the ruling party. Hence, given the accepted global notion that the growth of the middle class will affect democracy positively, this study will seek to investigate how the respective ethnic middle classes in Malaysia and South Africa have impacted on democracy, and whether this class will strengthen the hegemony of the dominant party.

Rivero et al (2003) employ a different approach in their analysis of social structure in South Africa. The two approaches the scholars refer to are the Marxist

and Weberian methods of class analysis. The Marxist method is premised on class conflict and class consciousness among the bourgeoisie and the proletariat, or in other words, the conflict between those who own and/or control the means of production versus those who do not (Rivero et al, 2003:10). Weber's approach can be termed structural-functionalist where class is regarded "as an individually decomposable group of people with the similar characteristics of income, occupation, education and so forth" (Rivero et al, 2003:10). Both Marx and Weber analysed the middle class by distinguishing between the old middle class and the new middle classes. The old middle class are the propertied middle class who own and work the means of production, compared to the new middle class who are non-propertied white-collar employees. Furthermore, the latter are typically employed in government or in the corporate world, and share classic characteristics with the proletariat in terms of being in a subordinate relationship to capital-owning employers (Rivero et al, 2003:10). However, these salaried employees could generally earn a higher income than members of the old middle class, who are typically the owners of middle to small-scale capitalist enterprises.

On the other hand, scholars like Carlsson (1958), Wright (1979) and Goldthorpe (1987) who undertook previous research on social structure, warn about decisions that a researcher must make when analysing social structure. The first is the degree of coverage based on the difference between an entire population and those who are economically active. The second concern regards the unit of analysis referring to the individual person or institution (individual or family) (Rivero et al, 2003:11).

For the purposes of this study, the middle class will be conceptualised as a social class that draws its primary income from non-manual employment (white-

collar employees) as managers, self-employed business entrepreneurs, civil servants (bureaucrats) and professionals like teachers, doctors, lawyers and nurses. Hence, the unit of analysis is the individual based on their occupation. In studies of middle class, the choice of which approach to implement is dependent on the purpose at hand. This conceptualisation of the middle class as 'white-collar employees' employed by the state or in the private sector, is fundamental to understanding how this middle class will behave. The latter point takes into account the fact that both Malaysia and South Africa have an ethnically state-sponsored middle class developed via preferential state policies implemented in business, education and in public sector employment. Furthermore, the conceptualisation of the middle class in this study will refer to the new middle class as suggested by Marx and Weber, where the fundamental focus will be on the new Malay middle class and the new Black middle class respectively. The reason for this conceptualisation is that these new ethnic middle classes are the ones impacted on by state-sanctioned affirmative action policies. The conceptualisation of the middle class and its role in modernisation theory forms the basis of the analytical framework of this thesis, which is discussed in more detail in chapter two.

The following section of this chapter will move on to conceptualising 'support for democracy', as this is the suspected impact of the middle class, according to conventional wisdom.

1.4.2 Support for Democracy

Support for democracy is a multidimensional phenomenon that needs to be understood in terms of the intrinsic and instrumental support components. David Easton, who is one of the leading scholars in the field of democratic support,

distinguished between three different levels of systems support (Easton, 1965:201). These respective categorisations coined by Easton were distinguished from one another in terms of support for the community, support for the regime, and lastly the support for the authorities or people in power in the democratic system[1]. According to Easton, the support for the community referred to the feelings represented amongst the populace in terms of their identity as a nation-state, whereas the support for the regime included the evaluation of many of the fundamental political institutions within a democratic system like the legislature/parliament, executive and the respective courts that upheld the rule of law and guaranteed human rights and civil liberties (Easton, 1965:201). Lastly, support for the authorities required evaluating the political leaders in power and their political parties. These distinctions determined by Easton provide an essential aid in terms of understanding the various dimensions of democratic support, as well as indicating how 'output failure' can bring the legitimacy of a regime into disrepute (Easton, 1965:201)

Pippa Norris has furthered the work of David Easton by developing a conceptual framework that builds on Easton's initial framework (Norris, 2006:3). Norris adopts a five-fold framework which expands the Eastonian concept by distinguishing between support for the political community, government performance, principles and institutions, and the respective political actors operating within the regime (Norris, 2006:4). In terms of briefly outlining the different categories, the distinctions that Norris articulates can be seen to range on a continuum from   the most diffuse support for the political community as a nation-state, to more specific

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[1] Similar trends are of course also detectable in relation to White Afrikaners support for the NP. However, South Africa was not in that case a full democracy and the apartheid state is beyond the limited scope of this study.

support as to how the government or politicians perform in delivering tasks like basic services to the populace.

This study is interested in whether the new ethnic middle classes in Malaysia and South Africa will 'punish' (by voting them out) the dominant political parties in power in their democracies, middle class support for democracy is conceptualised using Norris' formulation to support of government institutions, as outlined in her framework. Support for regime institutions refers to the public's trust and confidence in "[governments, parliaments, the executive, the legal system, political parties, and state bureaucracy]" for example. In addition, Norris' support for regime institutions also includes the trust and confidence in trade unions, the media and business as private institutions (Norris, 2006:7). Therefore, this study is only interested in the respective middle classes' support for political parties because both cases (Malaysia and South Africa) present dominant party systems premised on ethnic politics. Furthermore, it makes more sense to evaluate the middle classes' support for dominant political parties, because these political parties control state machinery and have implemented ethnic affirmative action policies that impact on or benefit the middle class the most. These state-implemented affirmative action policies (discussed in-depth in Chapter 3 and 4) are the fundamental reason for the growth of ethnic middle classes in Malaysia and South Africa, since these ethnicities were historically marginalised under colonialism and apartheid. The following section will conceptualise dominant political party systems and ethnic politics for the purposes of this thesis.

1.4.3 Dominant Political Party Systems and Ethnic Politics

According to De Jager (2009), *dominant party systems* refer to systems where "procedurally democratic regimes are dominated by one specific political party for prolonged periods." Therefore, these democratic regimes satisfy procedural preconditions for a democratic system, in that opposition parties are allowed to participate freely and fairly in regular elections (De Jager & Du Toit, 2013:3). A dominant party system is very different to a one-party system, because in a one-party system there is only one political party that has the legal right or grounds to participate in politics, as well as acting undemocratically (De Jager & Du toit, 2013: 7). Along the same lines, Matlosa and Karume (2004) state that "despite [a] multi-party situation, only one party is so dominant that it directs the political system and is firmly in control of state power over a fairly long duration of time, that even opposition parties make little if any dent on the political hegemony of a dominant ruling party" (Brooks, 2004:2).

Therefore, according to the literature and research on dominant party political systems, the two cases used in this thesis (Malaysia and South Africa) are examples of one-party dominant systems under the UMNO and the ANC respectively.

On the other hand, *ethnic politics* refers to the behavioural and attitudinal manifestations of role players within the polity, with reference to how political parties canvass and mobilise support, how the electorate votes and how the respective elites align. Political scientists have for long invested interest in explaining why mobilisation on ethnic grounds tends to spill over into violent conflict between respective ethnic agents and suggest that institutions within plural societies should be structured in a manner that will mitigate perverse effects of ethnic mobilisation

(Horowitz, 1998:28). In the cases used in this study, the colonial and apartheid history of the respective states have reinforced inter-ethnic divisions and economic imbalance hence impeding solidarity between major ethnic groups. In sum, because the socio-economic structure of South Africa and Malaysia before and after apartheid/independence was divided along ethnic lines, this has had a profound influence on the politics of both countries. One could argue that the abovementioned factors/themes, namely ethnic politics and dominant party systems, are mutually reinforcing, given the fact that both are deeply rooted in the history of the state in question.

1.5 Methodology and Research Design

This study employs an empirical qualitative research approach to analysing the impact of the middle class in a democracy. In addition, this thesis offers a comparative study of the ethnic middle classes in South Africa and in Malaysia, premised on analysing the similarities and differences between the two cases. By employing this comparative approach, various existing literature pertaining to the middle classes in each case were consulted, including journal articles, books, and electronic sources. The decision to employ a comparative research approach to this study is grounded in the fact that the different findings for the two countries in this study, could offer alternative explanations for causal relationships put forth by modernisation theory. However, it is fundamental to note that this thesis does not test modernisation theory in its entirety by using a case-study comparative research approach, but rather that interpretations of modernisation theory are applied to the two cases in order to reveal the relative shortcomings of the approach towards the role of the middle classes in ethnically divided societies. For example, Malaysia and

South Africa have various similarities like pluralistic populations, colonial histories, and dominant party political systems underwritten by ethnic politics. These constants in the two cases have brought about state-sponsored ethnic middle classes, but this thesis is interested in the role of the aforementioned middle classes in their respective democracies.

Furthermore, the comparative case study approach is employed in this study because the research design is derived from the research question under review. There are specific features of the core subject of this study (the middle class), which have directed the inclusion of Malaysia and South Africa as cases, namely dominant party systems premised on ethnic politics. Therefore, employing the comparative case study approach in this study, allows for the control of contextual factors in both countries, in order to validate the role of the middle class in these cases empirically. The qualitative comparative approach is also useful in this study since employing statistical techniques was not possible because data sets and surveys for the two cases were out of date, or lacked compatibility. Additionally, a key benefit of the comparative case study approach is the fact that one can draw generalizations with regard to the findings in either case, but this is also a disadvantage because findings used in this approach cannot be applied to a wider range of cases.

Hence, applying the tenets of modernisation theory to these two cases where various contextual factors are taken into account, will provide reliable research on the response of middle class in the context of dominant party systems where politics are aligned with ethnicity; so that, although theory suggests the democratic role the middle class should play in a state of modernity, it is also important to understand the influence of a racial history, a centralised dominant political party, and the manner in which affirmative action policies were implemented in order to boost the

middle class–thereby attaining a better and more refined understanding of middle class behaviour within these settings.

1.6 Chapters Outline

The following chapter of this thesis (Chapter 2) provides the reader with an extensive literature review on democracy and the middle class. This chapter fleshes out the link between democracy and the middle class, in order for the reader to have solid background knowledge before the two respective middle class cases are discussed in Chapter 3 and 4.

Once the reader has been provided with the necessary theoretical background pertaining to how middle classes role is traditionally regarded, Chapter 3 focuses on a study of Malaysia. In this chapter, a historical overview of Malaysia is given, but more importantly, Malaysia's context of one-party dominance premised on ethnic politics is given. The first half of this chapter deals with the Malaysian political economy from 1957-1969 (from independence to the demise of democracy), and the second half of the chapter deals with the New Economic Policy (1970-1990) which was fundamental to the growth of the Malay middle class. The latter part of Chapter 3 analyses how the NEP was implemented in business, public sector employment and in education.

The thesis then moves on to discussing and analysing the second case used in this study. The South African case study outlined in Chapter 4 follows a similar structure to the Malaysian chapter, where a brief historical overview is given relating to apartheid. Chapter 4 also clearly illustrates the situation engendered by a dominant party system coupled to ethnic politics. The chapter further analyses the

ANC's ideology (1994-present) of the National Democratic Revolution (NDR), which is a driving force behind the affirmative action policies of BEE and employment equity in the fields of business, public sector employment (bureaucracy) and in education. As in the Malaysian case, these affirmative action policies implemented in various spheres of society are one of the reasons for the growth of the black middle class in South Africa.

In conclusion, Chapter 5 of this study points out the differences or similarities of the two cases, and concludes by reiterating the finding that state-sponsored ethnic middle classes in dominant party political systems are unlikely to metaphorically bite the hand that feeds them; or rather to vote out the dominant party.

Chapter 2

2.1 Introduction

The middle class is widely regarded as the most pro-democratic social stratum in a society, as mentioned earlier in this thesis. The purpose of this chapter is to give the reader a holistic understanding of not only the democratisation process, but also of the fundamental link between the middle class and democracy that has long been voiced. The chapter is structured in a manner which leads the reader into the debate on democratisation and economic development, with the link between democracy and the middle class highlighted later on. The purpose of this chapter is also to highlight to the reader that the literature on middle class and democracy, fails to account for the attitudes of the middle classes in different contexts presented by this thesis.

2.2 Literature Review

2.2.1 Democracy and the Middle Class

2.2.1.2 Democracy

For the past 60 years, democratic theory has held a fundamental and central position at the core of political theory. For instance, during the last quarter of the twentieth century, the global order has witnessed a vast number of regime transitions or changes in what Samuel Huntington termed the "third wave" of democratisation. This wave of democratisation began with regime changes in Portugal and Greece in 1974, which had a knock-on or domino effect on the Iberian neighbor Spain, further into Latin America, including the former Communist states of the Soviet Union, as well as

East and South-east Asia (Gill, 2000:1). According to Huntington (1991:15), a wave of democratisation is principally characterised by a group of regime transitions from non-democratic to democratic regimes, occurring over a specific period of time which then reverses the transitions of regimes over the same period of time. Hence, the third wave fundamentally changed the geopolitical map of the globe because many dictatorships fell, which were then replaced by governments that professed democratic principles and were successful at translating those principles into practice. In addition, as suggested by the coined term "third wave", it is implied that there were initial transitions to democratic regimes that had come prior to this one. These two prior waves of democratisation started around 1828 to 1926 (where 33 countries established minimal national democratic institutions as in the American and French revolutions, in Britain, and in some British colonies and independent states of South America), and the second wave lasted from 1943 to 1964 (characterised by the liberation of many countries after World war 2: Eastern Europe, European colonies and once again countries in South America) (Diamond, 1996:1). With this being said, Huntington also stipulated that every wave of democratisation was followed or ended by a reverse wave of democratic breakdowns. These so-called 'reverse waves' are characterised by a number of the newly established democracies failing. Those newly established democracies that fail or regress thus reduce the total number of democracies globally significantly; however, more democracies remain throughout the international arena than had existed prior to the beginning of a democratisation wave (Diamond, 1996:2, Huntington, 1991:17 & Gill, 2000:2).

2.2.1.3 Conditions of democracy

Therefore, when one takes into consideration the waves and reverse waves of democratisation (the aforementioned) as a political phenomenon, social scientists have long grappled with the question to determine which situations are conducive to the establishment of a democracy, and what makes democracy as a regime type in a political system endure? Scholars posited answers to this phenomenon through the analysis of the initial waves of democratisation (first and second), which brought about many different approaches aimed at answering this question. For instance, an argument that originated from an analysis of failed democratic projects in Africa and Asia, was premised on the fact that a stable democratic regime is inextricably linked to the type of culture that is inherently present in a country (Gill, 2000:2). To elaborate on this thesis: scholars found a closer link between the civic culture and democratic forms, the presence of Protestantism, as well as a belief in the legitimacy of Dahl's *Polyarchy* or pluralism (Gill, 2000:2). However, although this literature brought about a new approach and outlook as to how democracy emerges within states, this thesis could not account for how culture could lead to democratic political outcomes.

On the other hand, the phenomenon of democratisation waves produced another stronger and more influential approach to understanding the production and endurance of democracy; relating democratisation to economic development. According to Lipset (1959:75), the most common and widespread generalisation which seeks to link political systems to various other aspects of society, is that democracy is related to the state of economic development or modernisation in that country. Lipset states in his seminal article that "Concretely, this means that the

more well-to-do a nation, the greater the chances that it will sustain democracy" (Lipset, 1959:75). In the same vein, since Aristotle, scholars have maintained that democracy becomes far more favourable when income inequalities amongst the populace are reduced (Rivero, 2000:71).

Other theorists and scholars reiterated the same point; Diamond (1992) illustrated that there is a very strong causal relationship between economic development and democracy, and further posited that economic development is a key indicator as to whether democracy will manifest itself as a regime type (Diamond, 1992:126). According to Lipset, the logic behind the link between democracy and economic development or modernisation, is that within a wealthy society where only a small minority of the populace live in real poverty, a situation could come to the fore where the vast majority of the population intelligently participate in politics and have the knowledge and capacity to refrain from succumbing to extremist ideologies and practices (Lipset, 1959:75). This latter point is premised on Lipset's understanding of the link between economic development and the class struggle shown in his book *Political Man*: "Economic development, producing increased income, greater economic security, and widespread higher education, largely determines the form of the 'class struggle', by permitting those in the lower strata to develop longer time perspectives and more complex and gradualist views of politics" (Lipset, 1963:45). Furthermore, Lipset (1959) argues that a society that has vast income inequalities (large impoverished mass and privileged elite) can only result in either oligarchy or in tyranny (dictatorship). This latter point is further cemented by Lipset when he states, "the relation between low per capita wealth and the precipitation of sufficient discontent to provide the social basis for political extremism

is supported by a recent comparative polling survey of the attitudes of citizens of nine countries" (Lipset, 1963:47).

Lipset, although criticised for his methodology, also found that his research showed that democracies had a tendency of producing higher levels of economic development than non-democracies. Others scholars refined Lipset's findings by emphasizing the importance of middle income range countries (neither poor nor rich), and stated that in these countries the probability of democratic regimes replacing authoritarian ones was highest (Gill, 2000:3). It boils down to the fact that the causality direction does not run from democracy to a more affluent society, but rather that affluence leads to democracy—which is consistent with Huntington's analysis (Gill, 2000:4). However, although the latter is generally accepted for most case studies like Western Europe for instance, there are exceptions in the direction of causality with reference to the collapse of the communist economic system (East and Central Europe), or cases like South Africa where democracy was 'forced' upon (internal and external pressures) the country (Rivero, 2000:75). Hence, according to Lipset, the reason democracies are more durable in more-developed countries, is that the intensity of distributional conflicts is far lower when there are higher income levels amongst the populace (Przeworkski *et al*, 1996:3). Once this has been established, the question arises why increased affluence leads to the inauguration of democratic regimes, as has happened throughout history.

Literature and research spanning the past 150 years, have revealed that in the analysis of democracy, social and economic equality will naturally lead to political equality, since a more egalitarian society is ideal for the production of political democracy. This notion is further galvanised by the processes of development that took place at the end of the 20th century; described as 'modernisation', which has

been a force that pushed for greater equality within the spheres of politics, economics and socially (Rivero, 2000:72). This then leads one to analyse and observe certain characteristics of civil society, which could serve as preconditions for the emergence of democracy, and indicate the correct context for democracy to deepen within a given state (Rivero, 2000:72).

Key (1949) put great emphasis on the importance of democratic institutions which serve to reinforce political equality amongst the populace, as fundamental to the organization of political competition within the state. Key's findings were premised on the one-party politics prevalent in Latin South America, where single-party politics boiled down to politics of personality at the expense of organised debates of pressing issues. Hence, single-party politics skewed the playing field in favour of those who have at the expense of those who do not have (Key, 1949:307). This is because within a single-party state, there is a lack of sustained political competition between two opposing political groups, which then leaves government far more vulnerable to the pressures of favouritism. Therefore, it can be noted that political competition on its own will not guarantee that the 'have-nots' within society will become a strong political force. Other scholars like Lenski (1966) argue that those who are in control of government, can determine the 'rules' as to how rewards will be distributed within society, and therefore they can govern the outcome of the competition for rewards (Rivero, 2000:73). However, political democracy in essence has given the poorer people in society greater political power in terms of those in control of the state being held accountable, hence impacting on how rewards should be distributed within society. Therefore, the notion behind the democratic ideology is that the disadvantaged majority wield greater political power, which then translates into greater social equality since the majority would want the elite to distribute

rewards more equally (Rivero, 2000:73). Although many different scholars have put forward different approaches regarding the conditions and prerequisites for democracy to emerge and be sustained, this thesis will make use of Lipset's concept regarding 'social conditions of democracy', in order to indicate to the reader the fundamental link that lies between democracy and middle class.

Most of the literature on the middle classes and democracy has emphasised and stressed that a "wide and well-developed middle class, has a positive role in the democratization process" (Rivero, Du Toit & Kotze, 2003:7). Furthermore, the overall size of the middle class indicates the current level of inequality in a society; where the wider and larger the middle class, the lower the level of inequality, and the smaller or narrower the middle class, the higher the level of inequality within a society. Therefore, given the aforementioned, many researchers and scholars have put a lot of emphasis on the relation between socio-economic inequality in society and democracy. For instance, Lipset states that [since] "the position in a stratification system is always relative and gratification or deprivation is experienced in terms of being better or worse off than other people, it is not surprising that the lower classes in all countries, regardless of the wealth of the country, show various signs of resentment against the existing distribution of rewards by supporting political parties and other organizations which advocate some form of distribution" (Lipset, 1963:48). Consequently, this leads one to focus on how the society is stratified according to social structure, and how this relates to democratisation (Rivero, Du Toit & Kotze, 2003:7).

With reference to Huntington's analysis (mentioned earlier), and specifically to the direction of causality running from affluence to the development of democracy, there are a number of aspects of the process of development that seek to explain the

emergence of democracies. For instance, according to Cutright (1963), the more a country becomes economically advanced, the more that country will tend to become politically advanced (Cutright, 1963). This is due to the fact that the distribution of consumption of goods within a country tends to become more equitable as the size of the national income increases as well (Lipset, 1963:50). For example, if the country in question becomes wealthier, there will consequently be a larger proportion of its population which will be able to afford to buy goods like vehicles, cellular phones, decent housing and be able to send their children to universities.

Furthermore, the richer or wealthier a country, the less of a difference there will be in the standards of living of social classes that are adjacent to one another. According to Lipset, "people with more income, in complex and widely interdependent work situations, with more education…are more likely to ask for increased political freedom" (Lipset, Seon & Torres 1993:166). This is due to the fact that increased wealth and education can only serve the notion of democracy by elevating the lower classes in society to a level where they are exposed to cross-pressures, which then reduce their commitment to populist ideologies and shield them against extremist ideologies (Lipset, 1963:50). In addition, higher levels of education, access to health and services as well as higher levels of income are characteristics of the middle class. Therefore, as Lipset posits, when there is an increase in wealth and status it affects the political role of the middle class. This role is affected because the stratification structure of a given society changes from an elongated pyramid shape, to a shape that reveals more of a diamond shape[2] (Lipset, 1963:51). Hence, Lipset (based on the work of Schumpeter [1947]) states that the "middle classes temper conflicts by rewarding moderate and democratic parties and

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[2] The elongated pyramid shape illustrates that the given society has a large lower-class base, whereas the diamond shaped stratification structure, reveals that there is a growing middle class.

penalising extremist groups" (Lipset, 1963:51). Because these citizens have been elevated in status due to the processes of development and modernisation, they can then make their demands heard by fostering a type of politics that accommodates their needs and concerns.

The abovementioned processes of development, which involved significant industrialisation, naturally lead to a diverse, complex and an interrelated economy. In essence, economic development (affluence) generated new sources of wealth and power situated outside of the state, as well as a functional need to decentralise decision-making within the state (Huntington, 1991:65). In line with Lipset, Huntington states that economic development promoted certain changes within the social structure as well as the values that were held in support of democratisation. According to Huntington, economic affluence shapes the values and attitudes held by citizens in order to foster feelings of trust, competence and satisfaction which correlate strongly with the existence of democratic institutions (Huntington, 1991:65). Secondly, economic affluence also increases the level of education in society dramatically[3]. Therefore, the more educated a population, the more those citizens can relate to the values of satisfaction and competence that accompany democracy.

Additionally, economic development allows for more resources to be available for the distribution to various social groups in society (Huntington, 1991:66). Lastly according to Huntington (and most importantly for this thesis), economic development within a country "promotes the expansion of the middle class: a larger and larger proportion of society consists of businesspeople, professionals, shopkeepers, teachers, civil servants, managers, technicians, clerical and sales

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[3] Between the year 1960 and 1981, Huntington states that the proportion of the relevant age group attending secondary school in the developing world increased twofold.

workers" (Huntington, 1991:66). Huntington then further elaborates on his statement by linking it to democracy; hence democracy is more or less premised on majority rule and thus becomes difficult to implement when there are vast inequalities resulting in confrontation of a small wealthy oligarchy by the impoverished majority. Therefore during the third wave movements for democratisation, the substantial middle class which is a product of economic development and industrialization, were the most active supporters of the democratisation process (Huntington, 1991:67). Examples of Huntington's findings are from Brazil in the 1960s[4].

On the other hand, Muller (1995) pointed out that economic development also increased the size of the working class, as well as increasing the organisational power of the subordinate classes. Therefore, although Muller agrees with Lipset and others with reference to socioeconomic growth expanding the middle class, he also states that the "roles of the middle classes–urban professionals, state and private sector employees, merchants, craftsmen, and farmers–in the balance of class power is pivotal but ambiguous" (Muller, 1995:968). This is due to the fact that the middle class inhabits an intermediate position in the class structure, therefore making the middle class susceptible or prone to anti-democratic alliances with dominant classes (landed aristocracy and bourgeoisie). [5] Muller states that income inequality (which is an effect of capitalist economic development on democracy) has a negative effect on democratization; because class polarization is heightened and the working classes are radicalised despite increasing the organisational power of lower classes (Muller, 1995:968). Therefore, the timing of the inauguration of political democracy within a given state or country is pivotal. For instance, if inclusive democracy (universal adult

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[4] The Brazilian middle class overwhelmingly supported the 1964 coup. However, by the mid-to-late 1970s, it was the middle class which had benefitted the most from the years of on-going economic growth, and hence became the primary voice in demanding that Brazil return to a democratic regime.

[5] The landed aristocracy and the bourgeoisie would be those who own and manage capital and land.

suffrage) manifests at a time of industrialization when income inequality in a country is high or on the rise, the subordinate classes will be prone to the appeals of revolutionary socialism under an anti-democratic coalition of the upper classes (bourgeoisie and landed aristocracy). But, if inclusive democracy is introduced at a late stage of industrialisation where income inequalities are generally low or are declining, then the subordinate classes' (working and middle classes) support for democracy should be fairly high (Muller, 1995:968). The upper classes are more likely to tolerate inclusive democracy as long as their economic interests and status are not threatened. Therefore in sum Muller posits that economic development also heightens income inequality in a country, and this is seen as having a negative effect on democracy because class polarisation will be enhanced, the subordinate classes could be radicalised, and the bourgeoisie will be less inclined to tolerate the political participation of the lower classes.

At this point, one can assume that a large or broad middle class together with a stable democratic government makes a good match. In addition, a large middle class is indicative of the level of inequality within a society[6], as well as being a characteristic of a stable democratic regime (Rivero, 2000:75). Furthermore, scholars like Rubinson and Quilan (1977) also stipulated in their work that if a country reflects a relatively egalitarian income distribution amongst various sectors of the populace, this is an indicator that a strong and independent bourgeoisie was on the rise. This aforementioned bourgeoisie would then be the tool or force that would push for parliamentary democracy which would see their economic power converted into its correspondent political power (Rivero, 2000:75). With this being said, one can then assume that those countries that have low income inequalities are more likely to

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[6] A large and widespread middle class in a society indicates or implies that there is low income-inequality.

inaugurate democracy, compared to the countries that have higher income inequalities and where the middle class is then weak. This latter point is reiterated by Muller, that "income inequality has a negative impact on the level of democracy because it reduces the likelihood of inauguration of democracy" (Muller, 1988:61).

Therefore, when one talks of the most influential political phenomenon in the social sciences, namely inclusive democracy, it is of fundamental importance to link this concept to economic development as illustrated in this chapter. This chapter has already indicated the causal direction for arriving at a democratic regime[7]. In sum, economic development is a key factor to democracy because economic development is accompanied by higher levels of education, income and economic security for the majority of the population. Hence, this translates into a change in values embedded amongst the populace (democratic political culture), as well as lowering the intensity and stakes of the 'class struggle' (Gill, 2000:4). In addition, economic development produces an increase in urbanisation and education, which directly implies a change in occupational structure (Rivero, 2000:75). Economic development also produces increased wealth, which in turn reduces the objective levels of income inequality within the society, and allows for the growth in size of the middle class. The middle class is then in a more privileged position in terms of being able to organise itself with reference to political parties and trade unions[8], causing the subordinate classes to demand a pattern of politics that is more sympathetic to them (Rivero, 2000:75). The middle class is the group that moderates conflict, through the exercise of rewarding the democratic political parties and punishing the extreme/radical parties (Gill, 2000:4). Therefore, due to economic development, the

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[7] Huntington (1997:5) states that: "…if you want to get democracy promote economic development".
[8] This organisation is further bolstered by the decrease in the peasantry and increase in the working class (also exposed to higher levels of education), which then allows for the lower classes to participate more directly in politics of the state.

emergence of various social groups and organisations eventually become a mechanism to provide a check and balance on government, but at the same time also to foster an increase in political participation which bodes well for the development of a strong civil society (Gill, 2000:5 & Rivero, 2000:76). Since economic development and income inequality are linked to democracy, these concepts give rise to the manner in which democratic regimes are supported and sustained. This section has highlighted the link between democracy and the middle class, and the following section will look into how the middle class has been studied.

2.2.1.4 Middle class & Analytical Framework

The previous chapter has already highlighted the different approaches used to study the middle class; for instance the relative definition used where the middle class are categorised as the most middle income distribution throughout a population, or the use of an absolute definition where the middle class is referred to in terms of affluence, lifestyle and their purchasing power. The conceptualization[9] section of this thesis has already put forth the work done on middle class studies; therefore this section aims to highlight how the conceptualization of the middle class used in this study links to the analytical framework used. The literature on democracy and the middle class does not account for the role of the middle class in dominant party political systems driven by ethnic politics. Thus, the purpose of this section is to highlight how the analytical framework used in this study links to the middle class and how it is conceptualized for this study.

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[9] See section 1.4 of this thesis.

This thesis is concerned with the new middle class; the social class that draws income primarily from non-manual labour in private business and more importantly as state civil servants in the bureaucracy. But, a dominant party system and ethnic politics within a given state tend to have an impact on the make-up of the bureaucracy as well as the relationship between the state and capital. These two factors or themes form part of this study's analytical framework for analysis of the middle class, due to these factors collectively having a fundamental impact on the quality of democracy in the state in question. The reason for including the make-up of the bureaucracy and the link between the state and capital as part of the analytical framework is due to the fact that these factors are borne out of the former more fundamental factors used in this study's framework. For instance, a dominant party in a given state will seek to exercise their dominance through their power and influence over the political polity and policy-making. This objective is then achieved through strategically appointing party members in the institutional framework of the state (public domain) like the bureaucracy, as well as in the private domain like the private sector in business. This then has a fundamental implication on the nature of dominance of that political party, because the support base of that party and its legitimacy will not lessen since members of the bureaucracy and business cronies are closely linked to the party in power. These findings will be elaborated on in-depth in chapter three and four of this thesis.

De Jager and Du Toit (2013:10) state the criteria for one to identify a dominant party system in that dominant party systems occur in liberal and illiberal democracies, that the threshold for dominance by a party is sufficient enough for it to dominate the polity and public policy, that the nature of the dominance is founded on the party's heroic history, that the dominant party is considered dominant after

securing four or more consecutive national elections, and lastly that the opposition competes in elections but is improbable of achieving success. Therefore, the frames of analysis used in this study to critique 'modernisation theory' and analyse the two case studies, is fitting in the sense that both Malaysia and South Africa are examples of dominant party systems which highlight the shortcomings and constraints on the middle class in their respective contexts. Furthermore, politics is aligned along ethnic lines in both South Africa and Malaysia. Both South Africa and Malaysia are dominant party systems operating with the context of a liberal democratic political system (De Jager & Du Toit, 2013:11). Therefore, this thesis analyses the role of the middle class in dominant political party systems premised on ethnic politics.

2.3 Conclusion

The literature review has shed light on the conventional wisdom of modernisation theory, and the link that exists between the middle class and democracy. The vast work already undertaken by various scholars has fleshed out what the supposed role of the middle class is in a democracy, although many scholars have differed in their approaches to studying the middle class. However, because democracy is based on majority rule, when an ethnic majority that has long been marginalised captures political power, the state-sponsorship of a specific ethnic middle class alters the manner in which that middle class behaves. The literature put forth in this chapter does not really deal with cases where dominant political parties in ethnically divided societies have grown ethnic middle classes via state policies of affirmative action. Therefore, because these middle classes in Malaysia and South Africa are state-grown, this thesis is interested in the role the middle class plays in reinforcing

political dominance of their ethnic parties. The following chapter will deal with the Malaysian case used in this thesis.

Chapter 3: UMNO Malaysia's Political Powerhouse: Not likely to lose

3.1 Introduction

Scholars and political analysts are increasingly agreeing on the normative and procedural worth of a democratic regime as a way of organising politics within a state. It has been stipulated in the previous chapter that when democracy becomes 'the only game in town' with reference to a regime type, democracy will tend to flourish depending on the respective facilitative conditions, social structures, development levels and transitional processes present within a state. The latter point is evident when one looks at the various waves of democratisation formulated by Samuel Huntington, where history has produced the transformation of many authoritarian or totalitarian regimes, to either 'semi' or fully-fledged democracies (see Huntington:1991). Some examples of these regime changes can be seen throughout Eastern Europe and the former Soviet Union.

The purpose of this chapter is to dissect the Malaysian democracy with reference to the manner in which democracy came about in Malaysia. The reason for doing this will be to gain a deeper understanding of how UMNO came to the fore on a political front, how the UMNO has maintained its political dominance within the Malaysian polity, and whether or not the Malay middle class underwrites UMNO political dominance. In addition, by undertaking a historic approach to uncovering the story of Malaysia's democracy, it will help the reader gain further insight into the role played by ethnic politics, which is a fundamental factor underwriting the UMNO's dominance. The analysis of the Malaysian democracy will be done using the frames

of analysis outlined in Chapter 1 of this thesis, namely: a) one-party dominance, b) ethnic politics, and c) the composition of the state bureaucracy. Furthermore, while juxtaposing the Malaysian case and the South African case (next chapter), this chapter will argue that the UMNO-led government nurtured a state-sponsored Malay middle class via state policies which strengthened the party's political dominance – and how UMNO's dominance is galvanised by continued support from the Malay middle class.

This chapter will deal with the Malaysian democracy from before independence (as a former British colony), up until the 1990s when the New Economic Policy (NEP) was supposed to have reached its stated targets and objectives. The reason for dealing with this period is that this was the time when the UMNO government promoted a Malay middle class. When analysing the Malaysian state in terms of how it operates, the basic procedural terms of democracy will be used. The reason for limiting the analysis of the Malaysian state to the basic terms of procedural democracy is to understand how the ruling coalition has managed to retain power within an ethnically diverse society since independence[10] up until the present. For instance, although there are regularly-held elections at state and at federal levels of government and the procedures of balloting and counting being 'somewhat' fair, it is contended that various strategies and tactics are used to court or co-op influential segments of civil society and the middle class by the UMNO-led government in order to solidify support and remain in power in Malaysia. Hence, the implementation of special Malay rights before and after independence, as well as a focus on the New Economic Plan becomes fundamental.

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[10] After independence in 1957, The Alliance (later Barisan Nasional) governed up until the riots in 1969-1971 when democracy was suspended, and thereafter an UMNO led coalition government known as the Barisan National has remained in power until present.

3.2 Background

Malaysia, situated in Southeast Asia, has attracted vast attention from scholars around the world in terms of the country's strategic importance within the global order, despite its small size. Fundamentally, what makes Malaysia so interesting is the country's diverse demographic composition; comprising indigenous Malays, Chinese and Indians. Malaysia has enjoyed a profound and enviable record of political stability and social peace which has been tainted only by the episode of May 13th 1969, which saw the abandonment of democracy and the implementation of emergency powers up until 1971 (Ahmad, 1989:347). British immigration policies had cemented an ethnic division of labour and benefits within the polity (Case, 1993:184). At independence from Britain, Malaysia was governed by a multiracial alliance put in place by "The Bargain" or "constitutional contract". [The Alliance] comprises Malaysia's three most dominant political parties, namely the United Malays National Organization (UMNO), the Malaysian Chinese Association (MCA) and the Malaysian Indian Congress (MIC). In simpler terms, the former British coloniser implemented policies that saw the recruitment of Malay aristocrats into the institutional structures of the state like the bureaucracy, but also restricted masses of Malays to peasant agricultural employment and at the same time allowed for 'foreign' Chinese entrepreneurs to take control and dominate domestic capital. For instance, the Prime Minister would always come from UMNO, and the Finance Minister would always come from the pro-business and pro-growth MCA. The deal that was struck was that the political primacy of Malays was guaranteed, as was the economic primacy of the Chinese. However, in the period that led up to the 1969 riots, the

Malays realised that one cannot feed, clothe and protect people on a vote for only a five-year term (Mauzy & Barter, 2008).

Years before the British relinquished power to The Alliance government, there were a number of factors that contributed to the reason that the British opted for a broad ethnic coalition to govern the newly independent Malaysia. Britain had administratively controlled colonial Malaysia from 1874 up until World War Two, with a strategy that saw the Malay sultans retain their nominal authority within the respective states by means of the establishment of a residential system. This indirect rule essentially gave the impression that the Sultans at the time controlled the affairs of the state while the Malays retained political supremacy over the non-Malays (Verma, 2002:27).

However, as the years went on, from the 1930s the British colonial administration gradually tightened their control over the Malay state, so that the colonial administration became more centralised and British Malaya became a formal political entity. However, in 1941 Japan invaded The Union of Malaya (which later became Malaysia) which led to disagreement amongst the ethnic communities in Malaysia at the time, as well as highlighting the weakness of the British in terms of power and prestige (Verma, 2002:29). For instance, the Japanese occupation of Malaysia fostered anti-Chinese rhetoric amongst Malays[11], which resulted in a patriotic stance (nationalist and anti-colonial sentiments) amongst the Malays against the Chinese. This was the turning point at which the Malays increased their political power (during Japanese occupation), leaving the Chinese to resist the invasion. Importantly, upon returning post-war, the British sympathised with the Chinese and

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[11] Many anti-Chinese military units (staffed by Malays) were deployed to fight Chinese resistance groups, and these feelings stirred up by the Japanese would later be used against the British.

after the Japanese had been defeated, the communist-led Malayan People's Anti-Japanese Army held power before the British took over (Verma, 2002:28). This latter point is fundamental, because at the time of the Japanese occupation of Malaysia, the Chinese underground laid the foundation for possible communist insurgency in the years coming. Furthermore, the Malays also realised in the post-war period that the British began sympathising with other ethnic groups which could then put their political supremacy in jeopardy; hence the terms stipulated in "The Bargain" years down the line, when independence was achieved.

This strategy of leaving post-independence Malaysia to be governed by a multi-ethnic coalition government was deemed viable by the colonists because it would restrict the emergence of class-based politics which could impede or threaten British economic interests within the country. These interests can be highlighted by the fact that Malaysia (after independence) would remain in the sterling area, with the Malaysian economy making considerable contributions "to the common pool of monetary reserves", because Malaysian industry was earning dollars through its rubber and tin mining exports (Van der Westhuizen, 2002:22). In return for the contributions made, Britain would provide military protection and aid to Malaysia in the 1960s. In addition, the colonial regime also channelled Chinese workers into the urban artisanry and tin-mining industry (Case, 1993:184). The importance of these developments for analytical purposes was that politics was increasingly being mobilised on communal lines, under the auspices of a multi-ethnic alliance–which was believed to be a winning formula in meeting and mediating the demands of a diverse citizenry (Ahmad, 1989:354). This latter point is very similar to political implementation in South Africa, where the nature of the polity is premised on ethnic

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lines as a result of the Apartheid regime where segregation was institutionalised for more than four decades.

However, although the Alliance Party framework proved its worth in terms of mediating the communal demands articulated by the respective parties throughout the polity, also meeting the criterion of a cohesive political front to win independence from the British, the very demands submerged in winning the struggle for independence would later return to hamper the legitimacy of the partners in the Alliance (Ahmad, 1989:355). For instance, the indigenous Malays' primacy within the political arena became paramount in that Malays enjoyed special citizen rights reinforced in the Malayan and Malaysian constitutions[12]. The following section of this chapter will discuss the role of ethnic politics in Malaysia, which is a key concept in understanding how the Malay middle class grew through state intervention and how this Malay middle class behaves within a democratic regime.

3.3 Ethnic Politics

It is fundamental to understand that ethnic composition underwrites all issues pertaining to Malaysian politics, economics and societal interactions. Ethnicity in Malaysia influences societal arrangements, politics, and the shape of the constitution, which in turn influences the democratic process, the party system and governance in the polity (Jamil, 2010:1). According to Milne (1967), all aspects of Malaysian politics, society and economics are premised on considerations of an "ethnic arithmetic". The premise of ethnicity was aggravated under British colonial

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[12] Although this contract or 'bargain' was agreed upon by ruling elites within the inter-communal government at the time and seen as a necessity, many issues voiced by the minorities then came to the fore when the implications of these special rights were considered or materialised in the 1960s.

rule in the years 1874 to 1957, where the British had encouraged emigration of Chinese and Indians, which consequently transformed Malaysia into the ethnically heterogeneous society it is today. According to the Malaysian 2000 Census, 66.1% of the population are Malays, 25.3% Chinese and 7.4% are Indian (Malaysia, 2002a). In addition, with reference to religion, 60.4% of the population are Muslim, 19.2% Buddhist, 9.1% Christian, 6.3% Hindu, and the remaining accounting for other minority religions (Haque, 2003:243). These racial and religious differences are further intensified by language, since Malays speak Malay and follow Islam, Indians speak Tamil and practice Hinduism, and the Chinese speak different variants of Chinese and generally practise Buddhism. Another term given to indigenous Malays used throughout literature and policy with regard to Malaysia is "Bumiputera" which translates to 'son of the soil' (Embong, 2002).

These aforementioned ethnic distinctions have influenced the formation of the state and the government's policy agenda extensively since independence, but more importantly they have put the state in the centre of ethnic contestation over economic resources, political power, and religious and cultural existence within society (Haque, 2003:244). As mentioned earlier, the colonial legacy left by the British had organised Malaysian society primarily on the basis of occupational segregation based on ethnic lines, where the Malays occupied the lowest societal strata as rural agricultural peasants. The Chinese were grounded in commerce and the Indians in plantation work, which reinforced interethnic division and tension, leaving no room for solidarity amongst these groups (Jamil, 2010:3). In sum, Malaysia's ethnic social structure and racial mind-set or way of thinking, cannot be separated from the legacy of British colonial rule.

Although in the years following on independence, consociationalism was practised in terms of The Alliance framework, Malaysia is an ethnically divided society. Some scholars have gone as far as characterising the Malaysian political system as an "ethnic democracy" (Haque, 2003:242). Furthermore, besides ethnic conflict being brought about by colonialism in Malaysia, there were key domestic forces prior to independence in 1957 which influenced the formation of the state and constitution along ethnic lines. For instance, the UMNO (formed in 1946) was a formidable political force that advocated special Malay privileges, which resulted in the establishment of the Federation of the Malaya (Gomez & K.S., 1997). The previous Malayan Union model rejected by UMNO did not guarantee special privileges to Malays and gave extensive recognition to non-Malays. However, the ethnic model of nationhood favoured by the UMNO limited citizenship status to non-Malays and influenced the 1957 Constitution vastly; hence the impact of ethnic politics shaping state policies like the NEP and the party system later (Haque, 2003:244).

As stipulated under Article 153 of the Malaysian Constitution, Malays are to be afforded "special rights" throughout all spheres of government, business and civil society, which are then protected by the monarchy. Therefore, in an ethnically divided society, these constitutionally protected rights became a major source of tension or cleavage between bumipetera[13] and non-bumipetera (Jamil, 2010:4). The fact that politics is aligned along ethnic lines is deeply entrenched among the respective ethnic groupings within Malaysian society. Ethnic politics is so deeply entrenched in the Malaysian polity that Malay kings were integrated into the nature of the state, Islam holds a hegemonic position with reference to state religion, and Malay is the national language (Kassner, 2006:75). In addition, the citizenry of

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[13] The term Bumipetera or bumiputra refers to the indigenous people of Malaysia, and includes the Malays and the native groups in Sabah and Sarawak.

Malaysia are cognisant of their ethnic background, and are constantly reminded of this cleavage since special Malay rights are constitutionally protected. As mentioned earlier, this would then have a knock-on effect on the party system that would arise with reference to the Barisan National (BN), and more importantly, have a massive impact on state policies. These affirmative action state policies are fundamental in understanding how the UMNO managed to grow a Malay middle class, because the policies affected business, education and employment in the public service. The following section of this chapter will discuss one-party dominance in Malaysia, which not only allowed the UMNO to pass extensive ethnically-based state policies, but was underwritten by vast ethnic polarity within the polity.

3.4 One-Party Dominance

Like the ANC has dominated the South African political scene since the first democratic elections in 1994, the UMNO (with its alliance partners) won the first nationwide Malaysian election in 1955 and became the dominant party in the Malaysian political system. In addition, the UMNO has not lost an election since independence. At the time that the UMNO had won the 1955 elections, Malaysia was branded by severe cleavages of ethnic fragmentation and economic stratification due to the country's colonial history (Kassner, 2006:63). From the outset, the politically dominant Malay administration (who had then taken up positions within the institutions of the state as politicians) that governed after the British left in 1957 was economically weak and fragile. For instance, the ruling elite were in power in terms of controlling the state machinery, but they had very limited access to wealth, which was in the hands of either foreign capitalists like British corporations, or the Chinese (Embong, 2002:47). This consequently led to the consociational arrangements

drawn up between the Malay 'administocrats' (UMNO), the various leaders of the Malaysian Indian Congress (MIC), and the Malaysian Chinese Association (MCA) which formed the aforementioned Alliance later known as the Barisan National (BN). The formation of the BN was a fundamental political move by the elite, because it not only reinforced race cleavages where each political party represented the class patrons of each ethnicity, but galvanised the nature of ethnic/racial politics in Malaysia (Haskell, 2005). This can be seen by looking at the two biggest parties in the BN namely the UMNO and the MCA. For instance, although the BN includes a variety of multi-ethnic political parties under its umbrella, the UMNO still remains purely Malay and the MCA purely Chinese. This then is clearly indicative of the citizenry believing that only racially based political organisations can successfully represent their interests within the polity.

As mentioned earlier, the BN formulated public policies and implemented strategies that were geared at strengthening their economic base or foundation, while at the same time ensuring that their support base, especially amongst the Malay community, was strengthened. This phenomenon was very similar to South Africa's case, where South Africa's Government of National Unity (GNU); including the African National Congress (ANC), National Party (NP) and the Inkatha Freedom Party (IFP), formed a coalition after apartheid was dismantled in order to preserve their various ethnic identities while achieving elite multi-ethnic cooperation at government level (Van der Westhuizen, 2002:21). This arrangement had been cemented since the Federation of Malaya agreement was accepted in 1948 during colonial times, where the status of Malay royal houses, the position of Malays and the Malay language were entrenched (Ahmad, 1989:355). Furthermore, citizenship rights were granted to non-Malays like the Indian and Chinese populace, as a

compromise measure to these groups for accepting the 'new nation-state' where Malays had special rights. These basic preconditions or rules were then used as a blueprint by the leaders of the new inter-communal government that ruled after independence.

However, although the Malay 'administocrats' were economically weak, UMNO was politically strong and enjoyed political legitimacy, partly due to the party's role it played in gaining independence from the British. Like the ANC in South Africa, the UMNO viewed itself as the protector of the Malays and their rights. Since the party's formation in 1946, it forced the British to rescind or do away with the Malayan Union model which would end the Malays' special rights within the polity, thereby paving the way for the UMNO to dominate politics thereafter (Mauzy & Barter, 2008:3). According to literature on dominant political party systems, dominant political parties draw much of their support due to their liberation credentials. In Malaysia's case, The Alliance [later became the Barisan] (featuring the UMNO, MCA and the MIC) was seen as the party that brought Malaysian independence from the British (De Jager & Du Toit, 2013). Furthermore, due to Britain's colonial policy of indirect rule, Malaysia inherited a very centralised yet strong state (although it is a federal system) that was independent from different interest groups within the polity (Verma, 2002:28). Therefore, the UMNO-led Alliance government was relatively autonomous despite various interest groups like the economically dominant international and Chinese groups (Embong, 2002:47). Due to various factors like ethnic demographics and a colonial history, a dominant party system arose in Malaysia. Voting along ethnic lines underwrites Malaysian politics, because although there are other political parties that exist and compete against the ruling coalition, they have very little chance of capturing power through the political process. If one

looks at the two largest opposition parties, namely the Democratic Action Party (DAP) and the Partai Islam SeMalaysia (PAS), one sees that both are ethnic communally based political parties (Haskell, 2005). And, even though they do try and appeal to multi-ethnic constituencies, they remain rather unsuccessful because the DAP clings to its Chinese roots, and the PAS (Islamic party) reacts to a Muslim Malay population (Haskell, 2005). In addition, the UMNO/BN also employ tactics of intimidation and sometimes repression: they have extensive control over the media, and also make use of restrictions governing the rules of electoral conduct to disadvantage the opposition (Mauzy & Barter, 2008:7). Similar to the ANC[14] in South Africa, the UMNO-led coalition represents a large constituency of the voting citizenry who are mobilised along ethnic lines, and have the power to reflect the voting profile and influence public policy in Malaysia. Therefore this does not bode well for opposition to the BN coalition.

On the other hand, inter-race and intra-class competition and the vying political support bases in the 1960s, forced the state to take on a more interventionist and developmentalist role with reference to correcting or addressing the "Malay dilemma"' (Embong, 2002:47). The "Malay Dilemma"' according to former Prime Minister Mahatir Mohamed, was premised on the idea that Malays could not compete economically with the Chinese. This idea was influenced by social Darwinism and implemented in a Southeast Asian context. In his book published in 1970, Mahatir Mohamed stated that the Chinese were hardened over the centuries by competition and harsh climate, whereas Malays were lazy and fattened by good food under the tropical sun (Buruma, 2009:34). Therefore, if the Malays were to compete rigorously with the Chinese, the former would be subjected to the primitive

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[14] The ANC seeks to be a catch-all party that transcends race, ethnicity, gender and socio-economic status in South Africa.

laws where the strongest survive. This thus meant that the Malays would have to be systematically protected through affirmative action in business, the public service and throughout civil society. Hence, the strategy implemented in order to address this issue was to create a Malay capitalist class as well as a new Malay middle class that would counter the already prevalent non-Malay (mostly Chinese) bourgeoisie and middle class. The Malaysian state's role with reference to Malaysia's socio-economic transformation can be split into four distinct phases, namely the free enterprise period from 1957-1969, the interventionist period from 1970-1985, the privatisation and liberalisation period of 1986-1997, and lastly the 'bail out' period which followed the 1997-1998 financial crisis (Embong, 2002:48).

However, this chapter will only cover the first two periods stretching from independence (1957) up until 1990, which are the most important periods with reference to comparing to the South African case used in this study. These periods were when the UMNO-led government grew the Malay middle class through empowerment policies. Using these two periods for analytical purposes in comparison with the South African case, will prove pivotal in understanding why the respective middle classes in each country behave in the manner they do presently.

One of the key obstacles faced by the new Alliance government which would prove fundamental to its success was that there was a need to address the Malay position in society, since the colonial government had restricted their access to capital, restricted access to land ownership and kept them tied to agricultural activities like fishing and rice cultivation. In the same breath, Blacks in post-apartheid South Africa had suffered the same injustices as the Malays in terms of being restricted to work as labourers and forced to live in ethnically designated parts of South Africa known as the former "homelands" (Van der Westhuizen, 2002:22).

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Therefore, from the outset the odds were stacked against the respective Malay and Black populace in Malaysia and South Africa in terms of fostering the growth of their own capitalist and middle classes. However, by using the Malaysian case study as a mirror, this chapter will seek to prove how the Malaysian state (dominated by UMNO) deliberately intervened via state policies that were entrenched before independence, with reference to growing the Malay middle class in comparison to the South African case as mentioned earlier in this chapter. This state control is a phenomenon that was also evident during the rule of the National Party during apartheid, which used similar tactics and dominated through clientelist politics. For instance, the state policies that protected Malays' special rights or privileges can be viewed as a fundamental tool in fostering the support of the same Malay middle class for a Malay political party like UMNO (Van der Westhuizen, 2002:26).

The rest of this chapter is structured in terms of the nature of the pivotal factors that led to democracy being suspended after the 1969 riots, as briefly indicated earlier in the chapter, and the chapter will then go on to analysing the New Economic Policy (NEP) which became the fundamental engine in the growth of the Malay middle class. In conclusion, the chapter will highlight to the reader how certain key aspects of Malaysian politics– a dominant party system, ethnic politics, and the composition of the bureaucracy–restrict the positive democratic impact the middle class can have within a polity.

3.4.1 En route to the death of democracy

The post-colonial period of 1957-1969 has been termed by scholars as the laissez-faire period where the state embraced the open market principle but also provided utilities and promoted import substitution industrialisation (Embong, 2002:48).

Therefore, development and economic growth largely remained under the auspices of the private enterprise sector (local and international), although the state did intervene in terms of taking on the responsibility of rural development and providing economic infrastructure. The UMNO-led coalition knew they had to focus on rural development, because rural Malays formed the core contingent of UMNO's support base; also, this approach was addressing the very core issue of Malays 'catching up' through reducing extreme poverty (Van Der Westhuizen, 2002:25). This approach worked well in terms of spurring on economic growth for Malaysia; however, it undermined the issue of addressing the Malay dilemma. Hence, the Alliance formula proved successful in terms of to some extent 'quelling' the demands of ethnic politics within the polity, as well as being compatible with a framework or parliamentary democracy ; nevertheless, the state's playing a rather restrained role heightened the sense of insecurity experienced by Malays who were economically weak (Ahmad, 1989:357). For instance, in 1957 the Chinese Malay capitalist and middle class were sizeable, including a Chinese proletariat, despite the fact that the Malays were the majority of the population as shown in Table 1 and 2 below.

Break-down of Occupation by Ethnicity in Malayasia in 1957.[15]

Table 1: Professional and Technical Jobs

Chinese	Malay	Indian & Other
57%	34%	9%

Table 2: Administrative and Managerial Jobs

Chinese	Malay	Indian & Other
62.4%	17.6%	12%

(Embong, 2002:36).

These statistics were evident with reference to the employment category, as well as the percentage of corporate ownership owned by race or ethnicity. An example of the vast difference in economic power between the respective ethnic factions in the Malaysian polity, was that in 1970 the Malay total share of capital was RM5329.2 million in peninsular Malaysia, the total share owned by Malay corporates was a

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[15] These occupations include the professional, technical, administrative and managerial jobs that employees could hold. One should keep in mind that in Chapter 2 of this thesis, the middle class refers to 'white-collar employees' in the professional, administrative and managerial jobs.

mere 2.4 percent, and only 1.6 percent owned by Bumiputera[16] (Malay) individuals[17] (Embong, 2002:49). These numbers are completely dwarfed by the Chinese corporate contingent who owned 22 percent, 63.3 percent being owned by international capital and 10 percent of ownership being unknown.

The same statistics were reflected amongst middle class occupations in Malaysia in 1957 as in 1970, where according to Embong of the "31 353 employees in the administrative and managerial category in 1970, only 24.1 percent were Malays compared to the 63 percent that were Chinese" (Embong, 2002:49). This did not bode well for the Malay populace because middle class occupations like managerial and professional posts were key in terms of upward mobility and socio-economic status. At best, the trend which was prevalent at the time in Malaysia was that many Malays who held professional positions were restricted to professional and technical jobs like teaching and nursing. In addition to being underrepresented compared to the other ethnicities (Chinese and Indians) with reference to the class struggle and higher earning occupations, the state's policy of leaving growth and development to the forces of the market, produced a growth rate of 2.5 percent annually but also produced a vast gap in inequality at the time (Embong, 2002:51). In the light of this, the literature on democracy put forth in the previous chapter, stipulates that if a big gap exists in terms of inequality amongst the population, this is a clear indication that there is likely to be a small middle class present within the polity. Given this climate at the time, the class struggle and ethnic tensions that were

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[16] Bumipetera or Bumiputra is a Malay term used in the country to embrace the native or indigenous people of the Malay islands. The term was coined by the activist Tunku Abdul Rahman and loosely translates to "son of land or "son of the soil".
[17] The numbers for Blacks in South Africa after apartheid would be far lower than that of their Malay counterparts, simply because the Apartheid system or regime was premised on racial segregation geared towards securing White supremacy or dominance over the indigenous Blacks.

felt by Malays became connected and intertwined[18], hence these ethnic tensions leading to the May 1969 riots (Embong, 2002:51).

Table 3: Break-down of Occupation by Ethnicity in 1970

Category	Malays	Chinese	Indian & Other	Total (%)[19]	Percentage increase 1957-1970 (%)
Professional & technical	47.1	39.5	13.4	4.8	129.8
Administrative and Managerial	24.1	62.9	13	1.1	22.9
Clerical	35.4	45.9	18.7	5	131.1
Sales	26.7	61.7	11.6	9.1	41.8
Service	44.3	17.3	38.4	7.9	23.1
Agricultural	72	17.3	10.7	44.8	6.5
Production, transport & others	34.2	55.9	9.9	27.3	93.6
Total	51.8	36.6	11.6	2850.3	

(Embong, 2002:50).

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[18] One should keep in mind that these tensions were already prevalent earlier in Malaysian history, and hence became intensified leading to the 1969 riots.

[19] This total percentage represents the total percentage breakdown of the Malaysian population by occupational category in 1970. Therefore, it is evident that 44.8 % of the population worked in the agricultural sector, but of those working in the agricultural sector an overwhelming 72% were Malays.

3.4.2 Re-visiting One-Party Dominance and Ethnic Politics

The 1969 riots happened after the 1969 election where the UMNO-led alliance lost its two-thirds majority in parliament leading to ethnic riots between the Malays and Chinese populations. However, although this lead to the abandonment of democracy and the declaration of a state of emergency in the country, it would later reinforce the already prevalent political dominance of the UMNO in Malaysia. For instance, the riots led to major policy changes like the addition of many more political parties to the ruling Alliance or coalition, which then formally became known as the BN (Haskell, 2005). Furthermore, Gerakan (Chinese party) and the PAS (only later to be ejected in 1977) were included into the alliance (Kassner, 2006:69). These policy changes increased the strength of the UMNO-led coalition because its voter base was significantly enlarged (with UMNO being the chief contributor), hence "decision-making began to occur more and more within the party [not in Parliament], and government culture became more and more Malay, granting the UMNO 'hegemonic sway' over the state" (Haskell, 2005). In addition, the incoming parties into the BN were included on UMNO's terms, and this reduced the bargaining power of the MCA and MIC in the alliance through the recruitment of opposition parties that represented the same ethnic interests as UMNO. However, although there was formal equality of party representation in the BN organisation structure, UMNO always had the lion's share of BN seats in Parliament (Kassner, 2006:69). Scholars have asserted that this new power configuration reflected 'coercive consociationalism', because behind the guise of the BN, the UMNO hegemonic position allowed for the party to pass more exclusive policies that would benefit the Malays directly (Kassner, 2006:69).

The 1969 riots proved that the original consociational framework stipulated in the "Great Bargain" was not working, because the laissez-faire economic policy followed by the Alliance government after independence increased income inequality amongst different ethnicities in Malaysia. Although the previously disadvantaged Malays held political office, they were economically weak, fostering the idea of their being separate but unequal compared to other ethnicities. The Malays were dissatisfied that their economic position in Malaysian society could not be bettered or altered, and non-Malays like the Chinese felt like they had been reduced to second class citizens in terms of Malays having first choice in administrative jobs and Chinese not being recognised as an official language (Ahmad, 1989:360). To further these already prevalent ethnic tensions, Malays viewed the Chinese assertion as an attempt to undermine the institutionalised Malay political supremacy, since the Chinese already had an upper hand in the economic sphere.

Therefore, in order to control the ethnic violence instigated by the riots, a state of emergency was proclaimed under article 150 of the federal constitution, whereby all powers and authorities were conferred on the king and democracy suspended up until 1971 (Verma, 2002:62). Correspondingly, more or less around the same time (1960s), racial tensions were on the rise in South Africa, sparked off by negative trading terms which resulted in the apartheid government tightening their authoritarian political rule. These racial tensions were highlighted by the Sharpeville massacre of 1960, which consequently resulted in a massive outflow of international capital between 1960 and 1964; hence creating a balance-of-payments crisis and the banning of the ANC, Pan-Africanist Congress (PAC) and the Communist Party in order to repress labour and foster political stability (Van Der Westhuizen, 2002:60).

3.4.3 Addressing the Malay dilemma: The New Economic Policy (NEP)

The Alliance phase of Malaysian politics was ended by the 1969 riots, as stated in the previous section, due to the fact that the government's economic policies (premised on growth rather than redistribution) could not satisfy the needs of the respective ethnic constituencies throughout the polity. For instance, by 1970, the Malays were still the poorest ethnic population group in Malaysia, a situation compounded by the fact that they were not adequately represented (in relation to the country's demographics) in Malaysia's modernised sectors of the economy. In addition, although poverty was widespread across all ethnic groups at the time, unemployment and poverty was felt the worst amongst the Malay populace (Teh, 2002:338). Furthermore, the rural Malays who were the strongest contingent of UMNO support, felt discontented vis-á-vis their position, compared not only to other ethnic groups like the Chinese and the Indians, but also in comparison to the urban Malay middle class–who in turn felt aggrieved for not being able to secure their share of the nation's economic wealth (Rohan-Jones, no date (n.d.):4).

After democracy was inaugurated in South Africa in 1994, the Government of National Unity (GNU) implemented a redistributionist economic policy (RDP) which was later replaced by an orthodox neo-classical macro-economic policy known as GEAR. This phenomenon was the direct opposite of what happened in Malaysia after the riots of 1969, where there was a shift from pro-growth towards redistribution (under the NEP). However, in line with the literature of democracy and the success it achieved there, scholars advocated the path that Malaysia had initially taken, advocating growth and development first and democracy following thereafter (Lipset, 1959:75). However, there are differences pertaining to the two case studies:

Malaysia won independence from the British whereas democracy was forced in the post-apartheid South African state. Furthermore, pressures of globalisation were far more severe when the ANC government took over the reins of government, compounded by pressures of domestic capital to adopt a neo-classical market orientated approach to growth and redistribution.

The pro-redistributionists therefore realised that promoting growth (because the Malaysian economy did grow at an average of around 5 percent annually under the leadership of the Alliance government) without a sufficient and effective program addressing redistribution, would only benefit non-Malays and hence reinforce the prevalent ethnic tensions. Therefore, "reducing the income imbalance between the major ethnic groups was to be supplemented by employment creation for Malays, through rapid labour-intensive methods and the pursuit of economic growth through rapid, export-led industrialisation" rather than ISI (Van der Westhuizen, 2002:28). Hence, this ushered in the New Economic Policy (NEP), describing its objectives as follows:

> The first prong is to reduce and eventually *eradicate poverty*, by raising income levels and increasing employment opportunities for all Malaysians, irrespective of race. The second prong aims at accelerating the process of restructuring the Malaysian society in order to correct economic imbalance, so as to reduce and eventually *eliminate the identification of race with economic function* (Teh, 2002:338).

The NEP was vastly different to the previous more conservative Alliance government economic policy, in that the NEP was far more interventionist, which granted the state leeway to intervene–and although the NEP was premised on export-led industrialisation with an open economy the fundamental difference was that the NEP was committed to redistribution as a priority over growth (Rohan-Jones, n.d.:5). For

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instance, the plan aimed at eradicating poverty through immense public sector outlay which was to be coordinated by government, and this allowed for the economic growth rates to actually triple between 1970 and 1990, from an average growth of 7.8 percent in the 1970s (Rohan-Jones, n.d.:5).

In comparison, the ANC government would take extra care in making such bold projections regarding poverty alleviation, because the majority of the South African population and especially Blacks live in dire poverty after eighteen years of democracy. In addition, the economic plan also managed to reduce peninsular Malaysia's poverty from 49.3 percent to 15 percent. The NEP was also vocal in its objective of establishing new commercial and industrials sectors, which would then be the guarantor of employment of the Malaysian populace in accordance with the country's demographic break-down. The state would fund a number of state-owned enterprises (SOEs) that would later be privatised to benefit Malay businessmen, and the state would treat Malays "preferentially vis-à-vis admission to universities, the state public service and with economic ventures" (Kassner, 2006:76). The NEP however required vast state intervention in the economy, namely resource allocation, public sector ownership and the control of business enterprises (Teh, 2002:339).

Comparatively, the ANC in South Africa also looked to redress the socio-economic imbalances brought on by apartheid under the ideology of the National Democratic Revolution (NDR), which would advocate affirmative action policies and employment equity in the public and private sectors. The SOEs mentioned earlier were introduced in order to expand the opportunities for Malays to partake in the commercial sectors. The SOEs would take up share capital on behalf of the Malays, where it was then put in a trust until they could be purchased.(Teh, 2002:339). In

addition, quotas and subsidies were also introduced so as to protect the participation of Malays in certain areas.

The new manufacturing sector replaced the old colonial agricultural sector as the foundation of GDP, exports maintained the country's growth rate, and the discovery of natural resources (oil reserves) which coincided with the world commodities boom underwrote the economic success (Rohan-Jones, year:5). The NEP itself underwent various forms of growth after being implemented in 1971, beginning with the Second Malaysia Plan (1971-1975) (Embong, 2002:51). For instance, the Fourth Malaysia Plan (1981-1985) ushered in a change in the industrialisation policy of Malaysia shifting from a more labour-intensive industrialisation strategy towards a more capital and technology-intensive one (Embong, 2002:51). The following section of this chapter will illustrate to the reader the impact of the NEP in certain key spheres like business, the bureaucracy and within academia; notably these various spheres are fundamental to the upward mobility of the Malays.

3.5 The Growth and co-optation of the Malay middle class

The literature on democracy put forth in chapter two of this dissertation, clearly stipulated that growth and development within a state or polity brought with it opportunities of upward social mobility for subordinate classes through education, increased occupational openings leading to better employment, which in turn leads to greater or better income and increased income security (Lipset, 1963:51). Therefore, once the Malay nationalists, like the ANC nationalists, achieved political hegemony of their respective states, these elites advocated the enhancement of the

subordinate classes' (predominantly made up by the Malays and Blacks respectively) social mobility through the exercise of state intervention in the economy and through various policy mechanisms. For instance, according to studies done during the 1970s, of the total number of households living below the poverty line, seventy-five percent were Malay and the problem was further compounded by the fact that Malays held perhaps one percent of investment in businesses (Verma, 2002:62). Therefore, the decision by the state to incorporate the NEP as part of the Second Malaysia Plan can be ascribed to the fact that the state had realised that widespread poverty (especially amongst Malays) had resulted in the major social discontent and was detrimental to the government's objective of solidifying national unity.

Hence, the strategy implemented was geared towards assisting Malays "to progressively gain control of corporate ownership, secure their proportionate share of employment [predominantly in the public service], improve their education and skills levels, and facilitate migration from rural to urban areas" (Verma, 2002:69). The newly democratised South African state, led by the ANC government after the 1994 elections, also looked to achieve national unity through reconciliation between the various ethnic groupings (especially between Whites and Blacks), but also more importantly to elevate the socio-economic status of previously disadvantaged ethnic groups (under apartheid) like Blacks, Coloureds and Indians through state policies. These provisions then manifested in state policies like The Second Malaysia Plan, including the plans that followed, and the affirmative action policies of the post-

apartheid ANC government encapsulated in its ideology of the National Democratic Revolution[20] (NDR).

As mentioned earlier, the political-economic system of Malaysia was premised on the three factors of export-led industrialisation, the emergence of party capitalism as well as a fast-growing state sector that was fuelled by the financial backing of public enterprises. Hence, the NEP made the Malaysian state both an initiator and guardian of the economy (Verma, 2002:69). This very state regulated the relations between domestic private capital and foreign capital which allowed for a bureaucratic class that was sympathetic to the upwardly mobile interests of Malays, and hence to foster the means by which a Malayan capitalist and middle class could emerge. Furthermore, new institutions were created in order to forge a Malay entrepreneurial community (Verma, 2002:69). Examples of these new institutions were referred to in the Mid-term review of the Second Malaysia Plan as comprehensive, because they would encourage the development of "modern commercial and industrial activities in rural areas, new growth centers and existing urban centers" (Verma, 2002:69). These institutions would go on to play a fundamental role in creating opportunities for Malays to participate, especially rural farmers who could subsequently make the move from traditional to modern agricultural activities. Therefore, the NEP with its more interventionist face-lift, would restructure the Malaysian economy via state subsidies, employment quotas, scholarships and other special preferences granted to Malays in order to achieve greater wealth distribution to the subordinate classes, and foster a new *bumiputera* human resource development (Verma, 2002:70). Similar employment quotas and scholarships were granted to the previously disadvantaged groups in South Africa, not only in the workplace (in business and the

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[20] The NDR will be highlighted and discussed more rigorously in Chapter 4 of this thesis, where the South African case study is dealt with.

state) but were also implemented in the national sporting arena and in the intellectual community.

3.5.1 Affirmative Action in Academia, Public Service and in Business

3.5.1.1 The Malay-dominated Bureaucracy

A clear impact of the NEP was seen in educational employment and promotional opportunities which were fundamental for upward mobility of the Malays; hence the Malay domination of the bureaucracy must be understood in this context. It can be argued that due to historical and cultural factors as well as a private sector dominated by non-Malays, Malays exhibit a greater preference for public employment compared to other ethnicities in Malaysia. In this context, the 'special rights' and preferential treatment accorded to the Malays because they lagged educationally behind the Chinese and Indians, meant that Malays were to be preferentially recruited into the public service (Lim, 2007:1507).

However, during colonial rule under the British the ethnicisation process of the public service had already begun, where the sons of aristocratic Malays were trained to join in the Malayan Civil Service (MCS)[21] and the Malay Administrative Service (MAS) (Haque, 2005:247). During colonial times, ordinary Malays and non-Malays were left out and could only join the technical and professional services. But, in 1953 when non-Malays were first admitted to work in the MCS, it was stipulated that a ratio of Malays to non-Malays entering into the MCS had to be 4:1 (Lim, 2007:1508). This set the platform for this special ethnic quota to be expanded after independence was granted from the British, since Article 153 of the Federal Constitution had

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[21] The MCS was entirely British-Malay up until the years before independence, and non-Malays were only admitted into the MCS in 1953.

entrenched the special Malay rights out of the realm of questioning. The aforementioned quotas pertaining to public service employment were then 'authorised' and protected under the Constitution (Lim, 2007:1508). It must be mentioned that although the MCS upheld an ethnic ratio of 4:1, the External Affairs Service, Custom Service, Judicial and Legal Service applied an ethnic ratio of 3:1 (Haque, 2005:247). No ethnic quota existed for the professional and technical services or other lower level services in Malaysia. Therefore, as more and more Malays acquired the necessary education, the lack of which they had been marginalized by, the government (especially after the NEP was introduced) began employing more Malays in order to fill these positions. It must also be noted that during the seventies, the public sector expanded fast (partly to provide employment for Malays), and the proportion of new jobs filled by bumipeteras extended to 83% in 1977-1980 (Lim, 2007:1508). This finally reflected an overall recruitment ratio of 4:1 between Malays and non-Malays in Malaysia's public service, after the government merged the MCS with the External Affairs, Judicial, Legal and Customs Services to create the Malaysian Administrative and Diplomatic Service (Haque, 2005:248).

Therefore, within a polity mobilised along ethnic lines and dominated by the UMNO, ethnic preferential policy within the public service led most Malays into occupying senior political and administrative positions. In part, this helped the UMNO and the Malays to dominate the chief institutions of the state, especially the bureaucracy, to which the majority of middle class Malays owed their socio-economic status. To reiterate, the state thus became the initiator and guarantor of employment to the majority of middle class Malays: public sector employment had grown from 12% in the 1970s to 15% in 1981 (Embong, 2002:53). The latter point is fundamental to the study of the middle class, because the middle class is

conceptualised according to occupation. Therefore, since that state was the largest employer, essentially the state was the guarantor of middle class lifestyles to previously disadvantaged Malays.

Statistically, although Malays were underrepresented in the higher earning professional and technical services (doctors, engineers, accountants) at around 20%, by the early 1970s the percentage of Malays in the elite Malaysian Civil Service (MCS) had reached 87% (Haque, 2005:253). However, by 1984 the Malay representation in the professional public service had improved significantly; in the education service percentages were 55% Malay, 36% Chinese and 7% Indian; the medical service had 29% Malay, 24% Chinese and 38% Indian employees; and in the accounting service where 51% were Malay, 35% Chinese and 7% Indian (Haque, 2005:253). With such drastic improvement in the Malaysian public service in terms of employing predominately Malays, the public service can be seen as politicised. The UMNO has embedded itself deeply amongst the Malay populace as their protector; coupling it with the dominant party's capture of the state machinery the scope of patronage is expanded. In addition, intertwined with ethnic antagonism the Malay middle class has grown due to preferential state policies evident in bureaucratic employment statistics. Therefore the politicisation of the Malaysian bureaucracy, galvanised by ethnic loyalty, points to the fact that the Malay middle class is loyal to the ruling party that underwrites its dominance. The next section will look at affirmative action in academia and education.

3.5.1.2 Malay Preferential Policy in Education

The special Malay rights were also replicated in the sphere of education and academia since education is seen as the key to the social upward mobility of a

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specific ethnicity or group. The implementation of preferential policy in education was fundamental in terms of the Malays 'catching up' with the Chinese and Indians in Malaysia, because a higher level of education tends to secure a high-earning occupation, which allows for one to move up the social rankings. Therefore, after independence the UMNO-led coalition government took measures to deepen the special rights of Malays in education through "offering [Malays] generous scholarships, expanding their admission quotas, lowering their admission requirements and creating institutions for their professional training" (Haque, 2005:249). In addition, the special Malay rights were protected by the Constitution under Article 153 where the King was empowered (after the 1969 riots) to force authorities to reserve a proportion of places in universities, colleges and other educational institutions for Malay students.

Statistically, according to Van der Westhuizen (2002:29), in the late 1960s Malays only constituted 25.4 percent of the entire student population at the University of Malaya, but this number was nearly doubled in the 1980s when Malay students made up 49.4 percent of the student population. In addition, the state did not only broaden and expand the country's university sector by increasing the number of universities in the country (six were added after 1970 and three more in later years), the state also lowered educational requirements to accommodate the previously disadvantaged and also granted scholarships and educational grants to "nearly every Malay, rich or poor" (Van der Westhuizen, 2002:29). These provisions provided Malays who previously could not afford it the opportunity to attend university and hence have a chance at securing a respectable job with higher income, and income security. In the same way, the previous apartheid regime also established four 'Afrikaner' universities up until the 1960s to foster the same

opportunities for Whites (Van der Westhuizen, 2002:30). However, the ANC government that took over the reins in 1994 was plagued with fiscal issues it had to overcome before it could replicate the same strategy. Nevertheless, the ANC has paid a great deal of attention to management issues at South African universities, pertaining to issues of transformation, and more accurate student and staff representation to reflect the South African state's demographics.

The state had also stipulated that Malay would be the sole official language, which also converted English-medium schools to Malay-medium schools in order to benefit the rural Malays and thus aid easier entry into the modern economy to the disadvantaged Malay community (Jamil, 2010:6). In addition, the dominance of the Malay language impacted on public sector employment, because proficiency in the Malay language was a requirement which skewed the playing field in favour of Malays (Haque, 2005:249). During the early 1980s the UMNO government started converting traditionally English into Malay schools, and the option was given to Chinese schools to either convert and become Malay schools or continue outside the National System of Education as private schools (Jamil, 2010:10).

A similar phenomenon played out in the 1960s in South Africa, where Afrikaans was made the alpha language, especially with reference to language of instruction in schools, but post-apartheid South Africa has 11 official languages where English is the means of upward mobility. The difference between the two case studies in question, is that the Malaysian government had a more interventionist and hands-on approach to creating pathways for the Malays to close the gap in income disparity and standard of living that existed between Malays and non-Malays, whereas the post-apartheid government was far more constrained by issues of

national unity, given South Africa's turbulent past, domestic capital and by external international forces which placed fiscal restraints on the ANC government.

Therefore, it is evident that the UMNO government played a fundamental role in buttressing the special rights of Malays in education and through language. This is significant because it created a pathway for Malays to elevate their socio-economic status. At the University of Malaya (one of the biggest and highly ranked in Malaysia), ethnic composition drastically changed from "21% to 40% for Malays, from 60% to 49% for the Chinese, and from 19% to 11% for Indians" by the early 1970s (Haque, 2005:252). In addition, between 1970 and 1985, the percentage of Malay students at tertiary level increased from 40% to 63% the total of which illustrates the effectiveness of state-provided special preferences via the quota system (Haque, 2005:252). However, the strategy of addressing the past's imbalances via ethnic prioritisation across all spheres, can be seen as a strategy of the ruling party's co-option and courting of the Malay middle class. The state policies in education and language are beneficial to the Malay majority within the polity, therefore during election-time middle class Malays will prioritise UMNO dominance at the polls so that their socio-economic status is secured in the future. The next section will look at preferential Malay policies under the NEP in business.

3.5.1.3 Preferential Malay Policy in Business

After the implementation of the NEP, Malaysia had enjoyed stable growth rates within an effective state but still one that had not achieved embedded autonomy[22]

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[22] This concept refers to a strong and central state that is not alienated from society, hence if it achieved embedded autonomy it could mobilise the citizenry to identify with the national project, which eased state practice of extracting tax revenue from society and retain legitimacy. However, due to the fact that the state had to address the Malay dilemma after the riots of 1969, the embedded autonomy could not be achieved

that would allow for government to expand the state enterprise sector, acquire major enterprises from the private sector, and embark on a strategy that was premised on securing Malaysian equity and employment through the Industrial Coordination Act (ICA). The NEP had stipulated the target of attaining a 30% Malay ownership and participation in industrial and commercial sectors by the year 1990, in the context of a rapidly expanding economy (Mandla, 2006:28). By the mid-1970s, the growth of state-owned enterprises (SOEs) was so fast that the "SOE sector expanded at a rate of over 100 enterprises per annum, contributing up to 25 percent of GDP in 1990" (Embong, 1996:540).

Furthermore, public enterprises, statutory bodies like Petronas and economic development corporations owned by the state would then create companies which would then enhance conditions for a Malay bourgeoisie to emerge. For instance, many government departments reserved contracts especially for Malay firms[23] (Van der Westhuizen, 2002:31). This process of 'tendering-out' of government contracts to Malays, is indicative as to why the Malay middle class is loyal to the UMNO so that such preferential policies could remain in place. This same sort of pattern is evident both during the apartheid regime and post-apartheid South Africa where there is a state tendering system that awards contracts to Afrikaner and African entrepreneurs under state policies like BEE. In addition to the tendering or contract system prevalent in Malaysia, there were very close linkages between the heads of these companies and political elites which have fostered a political culture of patronage. For instance, what Verma termed party capitalism manifested through "a range of

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because there were factions in the citizenry like the Chinese and Indians that were critical of the Malay special rights, hence the state failing to forge an alliance with domestic capital (Chinese) and opting to bypass Chinese capital (Van der Westhuizen, 2002:34).

[23] According to Van der Westhuizen, the Ministry of Public Works and Utilities as well as the Telecommunications Department both reserved 30 percent of contracts for Malay firms only.

practices whereby benefits of State economic sponsorship and protection are channelled to individuals, groups and private companies that are associated to UMNO" (Verma, 2002:71). This would result in a blurring of the public and private spheres and more importantly, a blurring of interests of the state and UMNO business interests, since UMNO was the dominant political party. Once again, this can be found in the South African case study as well, where many who benefitted from BEE deals in the initial periods (1994-2003) were politically connected to the ANC.

In essence, the NEP state allowed for Malay 'administocrats' to hold public political office, and at the same time to hold positions in the private spheres as directors, trust managers and entrepreneurs in a tightly knit web of the ruling bureaucracy/political/business network. This phenomenon can also be seen in the South African case study where many leading black businessmen have forged very strong ties within the Tripartite Alliance and especially with the ruling ANC party. In Malaysia, this phenomenon would later emerge as detrimental to the NEP itself, because although the NEP reduced the inter-ethnic economic disparities, redistribution was somewhat neglected whereas patronage ensured the perpetuation of elite control (Verma, 2002:71). The restructuring of the economy took priority over the reduction of poverty. South Africa's BEE policy seems to yield similar results in terms of only benefitting politically well-connected businessmen.

Therefore, the Malay middle class expanded rapidly due to the huge growth in the public enterprise because the Malay-dominated government had purposefully restructured the economy to benefit Malays. The middle class that had emerged from state interventionist strategies must be considered to have been consciously shaped by the UMNO-led government taking into account the way the middle class

would react to certain situations. For instance, the majority of Malay middle class[24] members are very dependent on the very government policies that elevated them to the socio-economic status they now hold, and hence these middle class members are probably more prone to identify with and commit to the UMNO government, than with other non-Malay middle class members who are against the very policies that benefit Malays (Verma, 2002:72). The special privileges[25] granted to Malays and institutionalised via public policy like the NEP, resemble in essence a South African version of an affirmative action program only practiced (prior) in Malaysia. But this exponential state intervention yielded promising results for Malays because by 1975, 32% of Malays were in manufacturing jobs, 17% of managers were Malay, and Malay share of institutional credit stood at 30% (Van der Westhuizen, 2002:31). Similarly, because South African party politics is also aligned along ethnic lines like in Malaysia, the 'emerging' black middle class in South Africa can also be suspected of being uncritical of the ANC government. However, although there is evidence that has revealed that those belonging to the new black middle class have expressed dissatisfaction and displeasure with many aspects of the ANC government's performance and policies post-apartheid, the ANC as the ruling party still provides the black middle class with economic leverage (Schlemmer, 2005:11). Hence, the new black middle class is consciously shaped by the ruling party and therefore retains a powerful sense of solidarity with the ANC and its hegemonic project.

After the Second Malaysia Plan was implemented, Malaysia benefitted from the high and stable prices of the primary commodities it has been richly blessed

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[24] The middle class would include white collar workers, technocrats and bureaucrats.
[25] These special rights included business ownership, investment incentives and employment quotas that had to be adhered to.

with.[26] Hence, the Malaysian state increased its stake in the economy until it reached its pinnacle with the implementation of the Industrial Coordination Act (ICA) in the 1970s (Searle, 1999:43). The ICA basically compelled private companies of certain sizes to reorganize in order to accommodate a racial quota at all levels. Many who were marginalised by the ICA, like the Chinese and foreign-owned businesses, tried to counter the implementation of the Act, but found it more feasible to accept joint ownership which would then apportion 30 percent of share capital to Malay interests or bumipetera's. These enterprises therefore had to ensure the participation of Malays either directly or through trust agencies, because they would not be afforded a license to operate unless NEP requirements were fulfilled.

Therefore, foreign capital 'countered' state intervention by recruiting Malay politicians into directorate positions and even began funding UMNO, whereas Chinese Malay capital aimed to diversify their operations abroad. This phenomenon was also evident during and after the apartheid era where politically connected Afrikaners and later Africans were recruited to directorships. In essence, the ICA (which gave the state the capacity to rigorously enforce the NEP) was a policy shift premised on state intervention in industrialisation, which would then lay the proper platform for the emergence of the Malay business class (Gomez & Jomo, 1997:38). Between the years 1970 and 1990, bumipetera share equity in listed share corporations increased from 2.4% to 19.3% even though it fell short of the NEP's target of 30%. The idea behind set targets for transferring equity shares and ownership to bumipetera was not only to address the Malay dilemma in terms of them 'catching up' to other ethnicities, but also for the emergent Malay class to remain loyal to the UMNO government. But this policy shift did have a negative effect

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[26] These commodities include tin, rubber, crude petroleum and palm oil.

in terms of encouraging capital flight and a 'regression with reference to domestic investment' as a result of a 'forced' rapid redistribution in order to yield government performance results among the Malays. The Malaysian state over-relied on foreign investment with domestic non-Malay capital being marginalised; hence this resulted in the absence of a *Malay State-Chinese capitalist alliance,* which is fundamental to plans of industrialization, growth and development.

The preferential policies within business under the NEP managed to reduce poverty amongst the Malays; however, it did increase inequality intra-ethnically (Mauzy & Barter, 2008:25). More importantly for the purpose of this thesis, the NEP created a path for the emergence of a Malay urban working class, a Malay business class and a Malay middle class. However, in Malaysia it can be argued that social upward mobility cannot be divorced from close ties and links to the ruling UMNO political party. The ruling UMNO state directly intervened through state policies in various spheres of society, and created the opportunity or conditions for the emergence of a Malay middle class that shares its ideology.

3.6 Conclusion

The policy shift towards a more interventionist approach to industrialisation under the ICA was due to the fact non-Malay enterprises and businesses were not creating a favourable climate for Malays for sufficiently fast economic advancement, in accordance to the principles set out under the NEP. Furthermore, it was also assumed that state intervention in the economy in order to keep the non-Malay private sector in check was necessary, so that Malays could advance themselves economically with special privileges, not only in terms of employment equity

(especially in the public service), but also in business and tertiary education which is fundamental to upward social mobility. However, because domestic Chinese capital was marginalised, the state was largely dependent on FDI and joint ownerships in order to realise the industrial program (Van der Westhuizen, 2002:44). This was largely beneficial to the ruling party (UMNO) because class action at the time was uncoordinated due to the fact that the majority of the middle class was satisfied with the benefits they reaped from government policies.

Although preferential ethnic policies beneficial to the Malays under the NEP were implemented in business and in bureaucratic employment, much of the NEP's success can be credited to the education system. Affirmative action policies on employment and tertiary education allowed the Malays to better their lives and social status. Therefore, their improved lifestyles are a direct result of affirmative action policies passed by the dominant UMNO government. Furthermore, the ability of UMNO to court the Malay middle class suppressed any desire for political freedom which would match their economic power (Torii, 2003:232). Moreover, because the state-domestic-capital-alliance was present, it allowed for patronage and clientelistic tendencies to run rampant amongst the Malay elite who blurred the lines between the private and public spheres.

This chapter has illustrated how the UMNO- dominated state deliberately implemented policies like NEP, which were directed at addressing the Malay dilemma, and in so doing grew the Malay middle and business classes. These classes were consciously shaped by the ruling party[27] (UMNO) as the ANC has done with the emerging black middle class in South Africa through the state ideology of the NDR. The Malay middle class that emerged under policies passed by the UMNO

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[27] Dominated by the Malay 'administocrats'.

government is likely to reinforce UMNO's dominance in a context where politics is aligned along ethnic lines. Because UMNO is sympathetic to Malay interests, the Malay middle classes' democratic role is somewhat softened because the middle class is not likely to bite the hand that feeds it. At this stage, this study proposes that the new black middle class is more inclined to endorse the ANC's hegemonic tendencies in government; although many might express dissent from within the party ranks regarding the furthering of the process of democratic consolidation. The next chapter of this dissertation will look at the South African dominant party system under the ANC, and those findings will then be juxtaposed with the Malaysian case study (from the period of independence up until 1990) in order to highlight similarities and differences. More importantly, the following chapter of this thesis will dissect the South African case, with reference to single-party dominance, ethnic politics and the composition of the bureaucracy. Once this has been done, inferences can be made about the black middle class in contemporary South Africa based on its origins, size and ideological standing.

Chapter 4: The ANC and the black middle class: Balancing democracy

4.1 Introduction

The African National Congress (ANC) is the oldest liberation movement in South Africa; founded by an African middle class of teachers, ministers, doctors and lawyers. It is contended that the ANC itself is profoundly influenced by the ideology of communism as well as having a fundamentally Africanist outlook in terms of its stance; however, the ruling party is currently engaged in staying committed to the values and principles it was founded on while accommodating the different values of those who want political power in order to underwrite personal interests (De Jager & Du Toit, 2013:149). As with many dominant party political systems throughout the developing world, the nature of the current democratic regime in South Africa is deeply entrenched within the country's history of racial segregation known as apartheid. However, this thesis does not posit that party dominance is linked to racial segregation universally. However, it is necessary to highlight South Africa's apartheid past as a fundamental factor when assessing the impact of today's black middle class on South Africa's fledgling democracy. This chapter will draw parallels to the Malaysian case with reference to how the UMNO immediately embarked on the goal of achieving economic transformation like the Malays' after independence, compared to the ANC (predominantly) that had to struggle against the apartheid

regime after initially being repressed under colonial British rule as well. Here, one must note that South Africa's shift towards inclusive democracy was forced and certainly not due to socio-economic maturity [28] as advocated by modernisation theory. In essence, the UMNO was afforded the chance of redressing economic imbalances straight after independence, whereas South Africa's post-colonial period was followed by four decades of regulation under the apartheid regime (Mandla, 2006:40). More importantly, this chapter will discuss the nature of the South African polity in terms of its dominant party system, how the black class was grown by the current ruling party by means of various policies, and illustrate that the democratic impact of the black middle class is severely diminished under certain conditions of a) a dominant party political system, b) ethnic politics, c) the composition of the bureaucracy, and d) the absence of an alliance between the state and private capital. The first two factors discussed in the theoretical framework of this study, namely one-party dominance and the role of ethnic politics, have a knock-on effect on the type of bureaucracy arranged by government and feeds into the nature of the relationship between the state and private capital.

Similar to Malaysia, South Africa was colonised by the British up until 1910, where independence was won from the British which then yielded a power-sharing (between the British and Afrikaner) government known as the Union of South Africa. Interestingly, at the turn of the century, the Afrikaners, like their Malay counterparts, were poor, destitute and did not possess the necessary skills to prosper in a British-dominated laissez-faire economy (Van der Westhuizen, 2002:47). However, in 1948

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[28] As mentioned in Chapter 2, there is a very strong causal relationship between economic development and democracy, because economic development brings with it greater economic security (increased income) and widespread higher education; hence social and economic security tends to lead to political equality as well. But in South Africa, democracy was primarily forced due to the country's international isolation, widespread political violence and the fact that the ANC and NP had reached a stalemate in terms of implementing unilateral conflict resolution strategies.

the National Party (NP) won power and became the dominant party under the ideology of apartheid (introduced in 1948) later on in the mid-1960's (Giliomee, 1998:1). Apartheid essentially was a more intensified, systemically fluid and institutionalised racial authoritarianism, which was ushered in by the NP government in order to strategically repress and control black people from taking part in South Africa's economy. But, the repression and denial of political rights to non-whites started in 1910 where Blacks were denied the right to vote, and Coloureds and Indians were afforded very limited franchise. Legislation such as the Land Acts of 1913 and 1936, the Native Town Areas Act of the 1920's, the 1920's 'Civilised Labour Policy' as well as the Bantu Authorities Act of 1951 were the cornerstone underwriting white segregationism and supremacist which was refined by the Apartheid state post 1948. This would in later years have severe repercussions on the socio-economic standings of the oppressed people in South Africa.

Similar to the state intervention in the economy practised by the UMNO government in Malaysia after coming into power, the NP government in South Africa fostered the advancement of the Afrikaner through state-created corporations (Van der Westhuizen, 2002:54). However, some of the state-created corporations had existed before the NP was in charge of political office (prior to 1948)–like ISCOR (Iron and Steel Corporation) and the IDC (Industrial Development Corporation)–but the NP government ensured the growth of countless state corporations under their rule. For instance, no less than 22 public corporations were established, like ARMSCOR (dominant armaments manufacturer both domestically and internationally), ESCOM (Electricity Supply Commission) which is the largest supplier of electricity throughout southern Africa, NUFKOR (uranium enrichment) and SASOL which produces petrol and plays a fundamental role in the

petrochemical industry (Van der Westhuizen, 2002:54). These were important enterprises because they created a secondary industry, hence making South Africa less dependent on the gold-mining sector and attracting private investment within the new industries. This indicated, as in Malaysia under the NEP, that the overall share of the public sector in the economy under NP governance was on the increase. Furthermore, under the principles of the apartheid ideology, discriminatory laws were passed in order to safeguard Whites within the polity from competition on all fronts: the bureaucracy was enlarged in order to provide Afrikaners with employment opportunities; also, many Afrikaner financial capitalists, farmers and workers were granted bloated direct and indirect donations (aid) in the years 1948-1958 (Mandla, 2006:39).

The early years of apartheid implementation saw many strict, rigid laws enforced in order to repress and restrain Blacks as mentioned previously. Taking into account the theory of modernisation discussed in Chapter 2 of this thesis, these strict laws did not bode well for the black middle business class. For instance, The Group Areas Act of 1950 strictly restricted black ownership of firms within certain specific urban areas (cities and towns); in addition, further amendments stipulated that black entrepreneurs could not own multiple (more than one) businesses, nor could they establish partnerships or companies (Mandla, 2006:40). Furthermore, black firms could only trade in markets of retail food supply and fuel. However, black people were afforded the opportunity of finding employment in the corporate sector despite the apartheid policies implemented to restrain this, mainly due to the fact that the apartheid government relaxed influx control measures. Prior to these reforms being instituted, the black middle stratum was deliberately stunted by the apartheid government simply because this class was seen as the greatest potential threat in

competition with white accumulation. The mentioned reforms were introduced due to the economic stagnation of the 1970s-1980 in South Africa; which created the crisis that forced the government to make reforms which would open up prospects for the progression of black business and entrepreneurs (Mandla, 2006:40). The two pertinent factors that forced these reforms on the apartheid government were that the white share of the population shrank from 20% in 1960 to 15% in the mid-1980s, as well as the crisis of domestic capitalism exacerbated by the armed struggle and international sanctions[29]. At the time when these reforms were implemented, the black middle class was very small, "where less than 1% of employed black people were owners and managers, and only 5% of Blacks had an annual income of more than R16 000 in 1985" (Giliomee & Simkins, 1998). In turn, once investor confidence dropped, it resulted in gross fixed investment declining from 26% of GDP in 1983 to 16% in 1991; at this rate it was impossible for South Africa to grow (Giliomee, 1998:2).

Before the first democratic elections in 1994, South Africa's transition from racial authoritarianism toward inclusive democracy in the 1990s was accomplished by the NP and the ANC. This resulted in the first non-racial elections in 1994, which saw the ANC win 62% of the vote[30]; thus setting the platform for a Government of National Unity (GNU), which was a coalition government meant to rule for five years under an interim constitution (Giliomee, 1998:4). The GNU was to operate within a liberal democratic framework which still left international and domestic white capital with economic power. However, the NP left the GNU in 1996, which left the ANC at the helm of a dominant party regime.

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[29] The armed struggle was spearheaded by the ANC and the PAC, commencing from 1961.
[30] The 1994 elections saw the ANC government enter the GNU with 62% of the vote, the NP with 20% of the vote and the Inkatha Freedom Party (IFP) with 10%.

After acquiring political office in 1994, the ANC government inherited a past plagued by widespread racial oppression, economic mismanagement, vast inequality and poverty, as well as a bureaucracy that was not only expensive to maintain but also ineffective. Therefore, Mandela and the ANC were faced with the daunting task of reconciling a shattered society and redressing the imbalances of the past (Mandla, 2006:41). In addition, the ANC's acquisition of political office in 1994 was further problematised by the fact that capitalism had become hegemonic throughout the global order (globalisation), as well as the fact that the Soviet Union had collapsed, which would put further restrictions on the ANC. Therefore, in an effort to try and replicate the efforts of the UMNO government in Malaysia[31] where UMNO took on a state interventionist approach to address the Malay dilemma, the ANC also had to restructure South Africa's economy in a manner that would benefit the previously disadvantaged Blacks, who had been marginalised in South Africa's formal economy during apartheid. In addition to transforming the state institutions and the economy, the ANC would also have the twin objectives of ensuring the delivery of basic services to the previously oppressed citizenry (and to the citizens of the polity at large), as well as consolidating its control of the state as a liberation movement turned political party. Therefore, it is important to first discuss the state ideology of the ANC, which is indicative of how the ANC would go about achieving the abovementioned goals and objectives.

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[31] According to Giliomee (1998:6), the ANC was inspired to produce economic transformation that was equivalent to their assumption of political power, similar to the success achieved by the UMNO in Malaysia.

4.1.1 The ANC's State Ideology: National Democratic Revolution (NDR)

The ANC's NDR can be viewed as the overarching ideology guiding the ruling party to achieve said goals under the new democratic regime. In essence, the NDR is a national project of transformation[32] through capturing the state (De Jager & Du Toit, 2013). This ideology advocates a great need for state intervention in all spheres of the polity, like state institutions, business sectors (economy), civil society and within academia in order to redress the consequences of apartheid. The NDR aims to transform South Africa into a democratic society, and is heavily influenced by the ruling party's liberation credentials. The ANC largely views itself as the 'vanguard' of the revolution, and hence does not take well to criticism, as will be shown later in this chapter (De Jager, 2009:281). The three main strategies of the NDR which impact on the South African polity in all spheres are i) heavy state intervention, ii) a centralised system of government where all key decisions are made by a core elite, iii) and cadre deployment which allows for ANC cadres to be strategically placed in state institutions, civil society and in business (De Jager & Du Toit, 2013).

This national transformation project seeks to achieve ideological hegemony throughout all spheres of government and society at large, by virtue of cadre deployment. As will be explained later, this strategy of cadre deployment has been viewed as undemocratic because it allows the ruling party to fill the civil service with its members, who are bound by party loyalty and discipline. The thinking behind the NDR is that once the ANC has consolidated its control of state power, it can then embark on transforming state machinery to oblige the cause of social change (De

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[32] The term transformation refers to a programme of achieving demographic representativeness within all spheres of government and society, motivated by the past's injustices.

Jager, 2009:282). Below is a diagram which encapsulates the NDR and how it will be implemented:

Figure 1: The ANC's NDR and Cadre Deployment Strategy
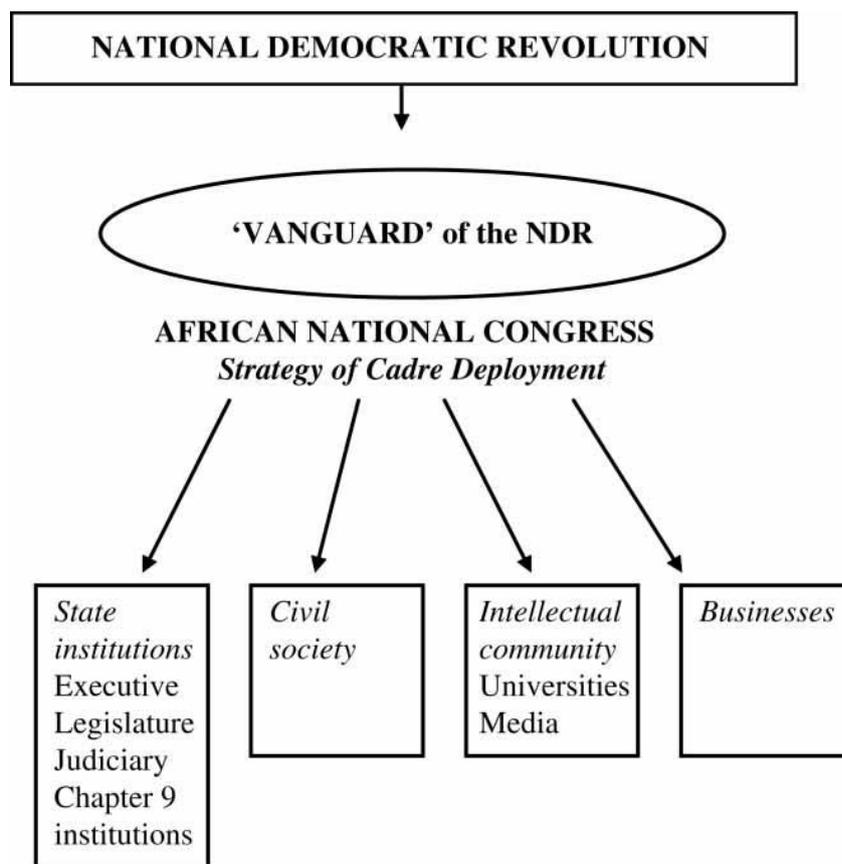
Source: De Jager (2009:283).

The next section of this chapter will deal with South Africa's dominant party political system (with the ANC at the helm), which not only allowed the ANC to grow a black middle class, but also is an important factor when analysing the democratic impact of the black middle class in contemporary South Africa.

4.2 Dominant Party Political System

Dominant party regimes often do not fulfil the requirements of a liberal democracy, but at the same time satisfy democratic criteria within procedural terms[33] (De Jager & Du Toit, 2013:7). However, it is fundamental to understand how dominant parties flourish within dominant party systems in the global periphery. In South Africa's case, the ANC has not lost a single national election since democracy was instituted in 1994. The ruling party is profoundly influenced by three ideologies which are interwoven into the fabric of the institution namely, Christian liberalism, African nationalism and Communism and non-racialism (De Jager, 2009:276). These three ideological influences are indicative of the internal pluralism or factions within the ruling party, as well as the ANC's widespread support base which is a fundamental factor in the party's success in maintaining its dominance through policy and action.

The ANC characteristically (with reference to dominant parties that were once liberation movements) still displays clear signs of their liberation legacy now that they are the dominant political party in South Africa. For instance, the ANC is "less willing to disperse power from its centre, is ['semi'] repressive and unaccountable, shows a strong tendency to abuse state patronage, and questions the very legitimacy of opposition parties within the democratic regime" (Giliomee, 1998:2). In addition, the ANC as a former liberation movement has adopted a highly centralised and somewhat authoritarian political culture within the party structures, which then influences the manner in which the ruling party governs post-liberation. The ANC government has centralised power through strategies like deploying ANC cadres to

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[33] These types of political systems have free and fair elections, have a multitude of political parties engaging in the process, but yield only one dominant party that directs the political system (for a long period) without the opposition denting their political hegemony. In addition, these political systems have not yet experienced an alternation in power which is fundamental for liberal democracy.

specific political positions (which will be discussed later in this chapter), as well as through legislative and policy proposals that aim to strip local municipalities and provincial governments from power pertaining to issues of state security, policy planning functions and revenue distribution (Democratic Alliance, 2010:2). The latter fields will be controlled by the national government. Here, it is important to note that South Africa also has a history of one-party dominance. For instance, the NP government under apartheid was also one-party dominant, and illustrated the same tendency to the centralisation of power in order to restructure the economy at the time to benefit Afrikaners.

De Jager and Du Toit (2013:151) stipulate that South Africa's liberation history has resulted into a "centralised political system (institutional centralisation)", as well as the ruling party (ANC) being viewed as the voice of the new South Africa (dispositional centralisation). Therefore, when the ruling party has been faced with crises regarding unaccountability or criticism from opposition parties within the political system, the ANC has the tendency of labelling any naysayers as being "anti-transformation" or "anti-revolutionary" in an attempt to delegitimise said claims. Examples of the aforementioned can clearly be seen in the controversy between the executive and the judiciary, where the latter institutions were accused of consolidating opposition to the government (ANC) (De Jager & Du Toit, 2013:151). Furthermore, there is a disregard for institutional measures like the separation of powers or the Constitution, by members of the ANC working in government. For instance, in the National Assembly the ANC tried to and ensured that the motion of No Confidence tabled against President Jacob Zuma by opposition parties was blocked. Furthermore, Max Sisulu (ANC member) acting as the Speaker of Parliament ignored his institutional mandate of being impartial to debates of the

house and sided with the ANC by blocking the motion (Mahlangu, 2012). The actions of Sisulu encroached on the constitutional right of the opposition to debate their motion in Parliament. These aforementioned institutional measures are in place to ensure state officials' honesty and accountability to the electorate, within a system of government where there is a periodic change of power (Giliomee, 1998:3). These state officials as members of the dominant party are less fearful of losing elections because of their party's consolidation of political power within the polity.

Additionally, South Africa's corporatist structure has aided the dominant party in its effort of strengthening its hold on state power, because The National Economic Development and Labour Advisory Council (NEDLAC) serves as an industrial-relations forum where business and organised labour can engage one another (Giliomee, 1998:7). One could argue that this forum was created to appease the socialist strand (COSATU) within the tripartite alliance, because a strategy of achieving growth and redistribution is not really evident[34]. At the same time, big business understands that the ANC is the only political party that can maintain political stability within the country, while remaining committed to neo-liberal macroeconomic policies. The ANC on the other hand, is very aware of the fact that the support of unionised labour (COSATU) is vital in terms of achieving not only national consensus and social stability, but is also fundamental to the party deepening its dominance within the polity (Giliomee, 1998:7). One must also keep in mind that the SACP and the COSATU gave its support to the tripartite alliance on the basic condition that the ANC implement a national policy premised on social welfare and job creation.

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[34] The NEDLAC has failed to address unemployment in South Africa which is one of the crises inherited by the new dispensation after assuming political power.

This has been a brief indication as to how the dominant party political system has manifested in South Africa.The following section will deal with ethnic politics which ties in very well with the latter.

4.2.1 Ethnic Politics

Ethnic politics is the second factor used in the theoretical framework of this study, and is important because South Africa's racial past has produced this type of political behaviour that mutually reinforces the dominance of the ANC in the political arena. One of the negative legacies of South Africa's racial history (and biggest challenges posed to the ANC government), are the extremely high levels of poverty and vast economic inequalities amongst respective races and classes. Therefore, as expected, South Africa is ethnically divided, which has resulted in a highly polarised electorate (De Jager & Du Toit, 2013:151). This has resulted in the ANC commanding electoral dominance, and is further compounded by the absence of a credible opposition, thereby reinforcing the cycle of voting along racial identity[35]. In turn, this reinforces the dominance of the ANC because the black majority view the party as their 'liberators'. According to the Electoral Institute of Southern Africa (EISA), a random sample survey conducted after the 1994 elections, showed that 75,2% of Blacks voted for the ANC[36] compared to 0.8% of Whites, and 48.3% of Whites voted for the NP (Brooks, 2004:5). These figures were further galvanised in

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[35] The ANC is seen as the party that represents the black majority within South Africa, and therefore has forced those who do not identify with the dominant party to withdraw from the democratic process.
[36] In 1999, the ANC managed to acquire 66% of the vote in the 1999 national election, which proved pivotal as this was deemed the point where the ANC consolidated their support and power.

the 1999 election which was widely viewed as the ANC's 'consolidation election', but more importantly 1999 also witnessed the weakening of parliament[37].

The 2004 elections were a turning point with reference to the professionalism of the electoral commission, civil society and the political parties in terms of ensuring that the elections were a success, as well as signifying that democracy was entrenched; it was also indicative as to how democracy could be galvanised (Brooks, 2004:6). More importantly, what stood out from the 2004 elections (although convincingly won by Mbeki's ANC), was the rise of the Democratic Alliance (DA)[38] which is the official opposition to the dominant ANC today. In the 2004 elections, the DA won 12.3% of the vote which was a 3% increase from 1999; however, the ANC still managed to secure 69.6% of votes which was once again indicative of the dominant party's hold over the national agenda (Brooks, 2004:6).

Throughout the first three national elections it was evident that the ANC commanded the political arena mainly because of the historical role of the ruling party in South Africa. The ANC was able to extend its appeal as a 'catch all' political party; hence expanding its support base across different groups in society which allowed it to have all differing voices spanning the ideological continuum under its banner. For instance, the tripartite alliance has brought labour and business/capital around one table. The tripartite alliance consisting of the Congress of South African Trade Unions (COSATU), the South African Communist Party (SACP) and the ANC endures a very balanced relationship which enables the ANC to attract the votes of communists, trade union members (workers), urban and rural poor, as well as the

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[37] The parliament was weakened in the sense that between 1994 and 1999, opposition parties vying against the ANC lost a considerable number of seats in the National Assembly, but during this period the number of opposition parties had almost doubled.
[38] The DA was formerly known as the Democratic Party (DP) during the 1999 election under the rule of Tony Leon, but had revamped itself in order to strengthen its challenge to the ANC.

emergent middle class (Brooks, 2004:7). However, it will later be revealed that although the ANC has had a historical link to the political left with reference to the role played by COSATU during the struggle years, its influence on the ANC government's policy trajectory has slowly declined since the 1990s[39]. It can be argued that the influence of the SACP and COSATU on the ANC within the tripartite alliance, dwindles when the ruling party is feeling confident or assured; but in times when the chips are down, their value and impact increase (Cuthbertson, 2008:295).

The Polokwane National Conference in 2007 illustrated how the ANC's internal pluralism could be detrimental to the organisation, as factions within the ruling party and tripartite alliance revealed themselves in the ousting of Mbeki as party president, bringing current state president Zuma into the picture. The following section will illustrate to the reader how ethnic politics reinforces the political dominance of the ANC in South Africa.

4.2.2 Strengthening the hold on State Power: ANC dominance reinforced by ethnic politics

South Africa's dominant party political system to a certain extent allows for the ruling party to ignore the criticism stemming from opposition parties[40], which then highlights the issue around the manner in which the dominant party will further entrench and continue its dominance. For instance, compared to democratic political systems where legitimacy is largely premised on government delivering in instrumental

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[39] The ANC government has veered away from leftist economic policies and conformed to the global hegemonic economic orthodoxy of neo-liberalism.

[40] This would not be possible in a democratic system where respective parties compete at length with one another for the support of the electorate, as well as having a greater influence through policy alternatives.

terms[41], the ANC in South Africa is granted political legitimacy largely based on the party's liberation credentials (Brooks, 2004:8). With this being said, despite the manner in which government has performed and the choices it has made with regard to policy decisions, added to the fact that the government's transformation project (National Democratic Revolution [NDR]) has not materialised, plus vast socio-economic inequalities across the country, the ANC still remains the dominant political institution throughout the polity. Therefore, South Africans vote along ethnic lines despite the lack of performance by the ANC in key areas that would enhance the quality of democracy in South Africa. This lack of performance is usually signified by the frequent service delivery protests that plague informal settlements across the country. The citizenry is often upset about not receiving adequate services which is then compounded by rumours of government officials involved in corruption and economic mismanagement. Instead of voting in opposition parties to govern local municipalities, residents take to the streets in violent protests where state property is often damaged.

This latter point lends itself to understanding the role played by opposition parties in dominant party political systems like South Africa, because according to Reddy (2002:3) "the scope of opposition politics is undoubtedly narrowed and limited to relating to the dominant party". A clear example of this in South Africa is when the opposition premises their campaigns based on the ANC's government failure to deliver goods and services to the electorate: like job creation, poverty alleviation, land policy and managing the impact of HIV/AIDS. In this sense, opposition parties have not been able to produce party manifestos that are significantly different to that of the ruling party (Brooks, 2004:10). This then reinforces and replicates the cycle of

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[41] The ability of the government in power to deliver goods and services to the electorate in return for their support at the polls

voting along ethnic lines in South Africa, because most of the stronger political parties do not stray too far away from the 'centre'[42] in terms of ideology on the political spectrum. Furthermore, with the absence of class-based politics in South Africa it means that political affiliation is largely based on historical ties to respective political parties. Another historical flaw or chink in the armour of political opposition in South Africa is that instead of competing with the ANC for the African vote more rigorously, opposition parties have the tendency of appealing to groups which are viewed as outside of the ANC's scope like the Whites, Coloured and Indian communities (Brooks, 2004:11). One must also keep in mind that apart from white business/capital[43], the ANC does not really need the vote of the white minority to retain its dominance.

After the ANC charged itself with transforming the South African polity by means of the NDR, the dominant party views any political party or organisation that opposes or criticises it as being anti-transformation[44] as stated earlier (De Jager, 2009:281). It is as if debating on the NDR is totally out of the question from an ANC standpoint. Even the media has come under ANC scrutiny, although this sector should be totally independent in a liberal democratic regime. For instance, in conference resolutions at the fifty-second gathering of the ANC, documents specified that "some fractions of the media continue to adopt an anti-transformation, anti-ANC stance" with reference to the ruling party's NDR. The ruling party believes that national broadcasters like the South African Broadcasting Corporation (SABC) is an

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[42] Most of the political parties in South Africa take a common approach to issues of macro-economic policy (advocating economic growth through investment), therefore they portray themselves as being broadly centrist.

[43] It can be argued that white business believes that the ANC is the only political party that is able in terms of containing the majority vote, while implementing a neoliberal program in South Africa (Brooks, 2004:11).

[44] These institutions regarded as 'anti-transformation' with regard to the democratic revolution, thus become known as illegitimate. Often opposition parties and interest groups or organisations from civil society are branded as racist when opposing the ANC's hegemonic project.

integral and fundamental role player in the NDR, in terms of creating and portraying positive images of a new democratic dispensation (De Jager, 2009:281). In addition, current ANC and State president Jacob Zuma stated that "[critical media was controlled by] particular class interests, predominantly whites" (De Jager, 2009:281). Therefore, the ANC uses South Africa's turbulent history to its advantage to taint criticism coming from historically white institutions, as being motivated along lines of racism, nostalgic for the apartheid regime that produced them. This strategy then affords the ruling party the means to undermine or disregard legitimate claims from opposition that are meant to provide checks and balances on the ANC's power.

The latter point becomes problematic for democratic consolidation, because the ANC (with the power at its disposal) continues to centralise its power over state institutions, under the guise of the NDR's transformation of the state (De Jager, 2009:282). However, there are members within the ANC who respect the need for strong opposition and alternate ideas that stem from different organisations in civil society. The next section of this chapter will look at how the ANC grew the black middle class by virtue of the NDR and the cadre deployment strategy. The black middle class is specifically highlighted in this next section, because this study conceptualises middle class according to occupation. Therefore, the ANC's cadre deployment strategy put cadres in middle class occupations across different spheres of government and society like business, state institutions (bureaucracy) and civil society. The next section will start off by briefly looking at the black middle class before 1994, and then go on to discuss how the black middle class was grown via the NDR and cadre deployment.

4.3 The ANC and the Black Middle Class

4.3.1 The Black Middle Class before Democracy in South Africa

As stated earlier in this chapter, the development of the black middle class was intentionally inhibited by the apartheid regime before 1994. It is necessary to touch on the black middle class before the inauguration of democracy in South Africa, because it has great historical links to the ruling party which highlights the paramount role it played in overthrowing the apartheid regime, as well as the post-revolutionary role it has assumed by virtue of the NDR. The black middle class was mobilised during the struggle years to aid liberation movements like the ANC to overthrow the apartheid regime, but post-1994 the black middle class has become an instrument of the ruling party in terms of solidifying dominance, as well as the direct outcome of ANC policies with reference to the growth and modernisation of South Africa's economy (Southall, 2004a:3).

According to Nzimande (1990:74), the consolidation of capitalism and the ideology of apartheid as a system of governance in the early 1960s, impacted on and altered the very composition of the African petty bourgeoisie. There were four distinct groupings of the African middle class: the bureaucratic petty bourgeoisie, the trading petty bourgeoisie, the civil petty bourgeoisie and the corporate petty bourgeoisie (Southall, 2004a, 5). The African middle class, according to Nzimande, was made up by strata from rural, urban, townships and the Bantustans and differed from one another in terms of where people worked and the positions they occupied. For instance, the trading petty middle class were mainly traders who trading in the Bantustans (either rural or urban), and the civil petty middle class consisted of civil servants of the apartheid central administration and Bantustans (nurses, teachers

and clerks). The corporate petty middle class only emerged from the 1970s after the reforms and amendments to apartheid state policies, and were very supportive of 'deracialised capitalism' where they would challenge the practise of managerial racism (Southall, 2004a :5). Although the literature collectively concludes that the African middle class in South Africa grew extensively in the years from 1960 to 1970, there is much contestation among scholars as to the most accurate estimate reflecting the group as a whole. For instance, although these scholars advocate that the growth of the African middle class due to the "upward mobility of blacks into clerical, technical and non-manual occupations and of Africans into skilled employment" (Simkins & Hindson, 1979), Nolutshungu (1982) estimates the size of this class as being around 122 000 in 1970, compared to Wolpe's estimate of the class being around 1 315 000 in 1974[45] (Southall, 2004a 5). Furthermore, another factor which accounts for the advancement of Africans into the middle classes, was the so-called 'floating colour bar' whereby Africans' upward occupational mobility was due to Whites moving up into more skilled and higher income occupations (Southall, 2004a: 5). It must be kept in mind that the black middle class in the early 1990s was extremely small.

4.3.2 The Black Middle Class after 1994

When the ANC took political office in 1994 it was faced with soaring levels of poverty and inequality, hence the urgency from the ANC on embarking on a national project of transformation in order to redress the social-economic injustices of South Africa's past. Literature on dominant political party systems indicates that the majority coalition of socio-economic blocs is often favoured by dominant parties in industrial

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[45] The reason for this differentiation in figures boils down to the methodology and definitions utilized by the respective scholars when doing their studies, as well as the fact that statistics for employment could not be deciphered into certain categories for the use of class theories.

(more developed) democracies; however in the developing world (countries like South Africa) a dominant party like the ANC is expected to exercise greater state intervention in the economy in order to achieve redistribution of material resources to its citizenry (Giliomee, 1998:6). Most people who voted the ANC into power after democracy had been instituted, entertained aspirations to middle class lifestyles and expected that the black majority government would deliver that promise to them (Giliomee & Simkins, 1998).

> In a pre-1994 election poll, 81% of blacks said that they expect the new government to make sure that 'people like me can live like most whites'. In another investigation, two-thirds of a sample of black youth indicated that they felt they could get a university degree and wanted the government to make this possible. (Giliomee & Simkins, 1998)

Like the UMNO in Malaysia, the ANC was determined to replicate[46] or at most achieve similar success in economic transformation, which would reflect the assumption of political power by the black majority political party like UMNO did in Malaysia. What was paramount to the ANC's assumption of political office in 1994 was essentially a project of capturing the state which would afford the ANC leeway in terms of extension of state intervention in economic life, as mentioned earlier (De Jager & Du Toit, 2013:157). This policy known as the Reconstruction and Development Program (RDP), stipulated the nationalisation of specific sectors of the economy and redistributing wealth from the privileged to previously disadvantaged Blacks under the new dispensation (Giliomee & Simkins, 1998).

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[46] The UMNO was successful in "advancing the Malay managerial class, boosting Malay equity holdings and narrowing Chinese-Malay economic inequalities" (Giliomee, 1998:6). UMNO had also managed to achieve these successes of growth and redistribution while keeping unemployment down to below single digits during the relevant period.

The NDR's strategic objective, according to the ruling party, was to create a "non-racial, non-sexist and democratic society". However, this could only be achieved by placing the emphasis on liberating Africans (Blacks in general) from political and economic oppression (De Jager, 2009:282). Hence, the strengthening of the hold of the democratic government on state power, and transmuting the machinery of the state in order to serve social change was fundamental. According to De Jager (2009:282), this transformation would be embodied once all institutions within society (public and private), reflected the racial demographic of the South African society [47]. This policy of transformation is clearly indicative of the centralisation of power within the dominant party over all spheres of government[48], whereby the South African society would be transformed via political power.

The ANC's policy of democratic centrism illustrated above, created a situation where *de jure* authority resides primarily in the Constitution, Parliament and the presidential Cabinet, however the *de facto* authority within the polity is held by the ANC itself (De Jager & Du Toit, 2013: ch 8). The following section will look at how the ANC implemented the NDR in business and state institutions through their cadre deployment strategy. The implementation of the NDR ideology in business and the civil service is fundamental to the role of the black middle class which needs to maintain its loyalty to the ruling party. Therefore, it is important to look at affirmative action policies like BEE and BBBEE within the context of business, as well as looking at the composition of the bureaucracy. Essentially one can look at BEE as a policy instrument that endeavoured to create a black corporate bourgeoisie (professionals), compared to cadre deployment within the civil service where ANC

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[47] The NDR therefore refers to a policy of racial representativeness, where the classification of race and strategic discrimination premised on race was then justified within the constructs of 'Africanism' (De Jager, 2009:282).

[48] The bureaucracy, judiciary, government parastatals, the police service and army, central bank and the media.

members would hold posts as legislators, state managers, officials and clerks. The affirmative action policy of BEE will be discussed first.

4.4 The NDR and Business

4.4.1 Black Economic Empowerment (BEE)

Like the special privileges set out under the UMNO's NEP economic policy framework, BEE policies and initiatives were always regarded as important within the ruling party. According to Ramaphosa (2004:74), due to the depth of economic disempowerment which had been perpetuated for decades, wide-reaching empowerment initiatives are essential in terms of reversing or redressing these ethnic inequalities amongst the populace. In addition, after the BEE process was initiated under the ANC government's regime, black empowerment in democratic South Africa has evolved through three distinct periods. As stipulated by Mandla (2006:43), the first two periods or waves of BEE were characterised by the various obstacles and hurdles that had accrued in the process of empowering previously disadvantaged Blacks who had to deal with harsh market conditions which are mentioned below. In view of the failure of first two periods, the third period of BEE[49] was specifically intended at extending and broadening the scope of economic empowerment to a vast majority of black people in South Africa. .

When the 'Washington Consensus' as a policy prescription for development (ushered in by Reagan and Thatcher's conservative economic policies) was incepted by international financial institutions[50], economic liberalisation, fiscal conservatism,

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[49] This third wave of BEE is referred to as Broad-Based Black Economic Empowerment (BBBEE).
[50] International institutions refer to the IMF and the World Bank.

privatisation and a reduced role of the state in the economy were prerequisites for developing nations in the global periphery (Butler,n.d.:5). However, the birth of the BEE policy under the ANC government was poorly thought out, and can at best be described as a policy that looked to appease white capital, the political left in terms of organised labour (COSATU), and aspiring black entrepreneurs after the inauguration of the democratic government (Tangri & Southall, 2008:702). On the one hand, the ANC government has been vocal toward capital in terms of transforming to achieve black empowerment, but on the other hand it has also advocated a cause for a less stringent empowerment regime to allow for foreign private investment. Evidently, these conflicting stances are two sides of the same coin. This latter point is reinforced by Gelb (2005:369), who asserts that white capital/business played a big role in political transition, and that an "implicit bargain" was struck between white business and the ANC. This bargain resulted in the ruling party committing itself to orthodox economic policy while white business would reform white businesses and open up ownership and management to black people. Therefore, the BEE policy was not only constrained by poor planning and unrealistic goal-setting, but severely inhibited by the global market forces and the hegemony of neo-liberal economic orthodoxy at the time.

4.4.1.1 The first and second waves of BEE (1994-2002)

The first and second periods of BEE were characterised by deracialising the state, taking control of state parastatals and institutions, an employment equity policy and promoting the development of small and medium sized black businesses (Butler, n.d.:4). Mandla (2006:43) states that BEE was fixated on granting black entrepreneurs ownership in white corporations, by giving certain BEE groups or

conglomerates shares in these companies. The thinking behind this initiative was that this share ownership in big corporations would then have a trickle-down effect, hence affecting the black masses positively. The effects of this process resulted in companies like Sanlam selling 10% of its controlling stake in Metropolitan Life to black investors; this deal resulted in the establishment of New Africa Investments (NAIL)[51] and Real Africa Investments (RAIL) (Mandla, 2006:43).

According to Van der Westhuizen (2002:136), by 1994 there were 8 black-led companies listed on the JSE, 11 by 1995 and 17 by the end of 1996. Furthermore, by 1998 there were 53 black companies totalling a market capitalisation of R111 billion in comparison to around R57 billion held by 33 black companies in 1996. An instrument utilised to facilitate the transfer of shares, were special purpose vehicles (SPVs) used by financial institutions to aid the purchasing of equity in target companies. Furthermore, these shares purchased were then used as collateral against loans, but served to expose the unstable nature of BEE deals in the face of economic crises (Butler, n.d.:5). Seal (1998:82) asserts that these BEE deals were just investment groups that were claiming small equity stakes in established companies, and that not a single black-led company was sustainable in terms of contributing to the economy, improving skills amongst the populace or significantly creating jobs. The latter point is exactly what led to the drastic reduction of black ownership on the JSE, due to the 1998 financial crash which saw the black JSE market capitalisation plummet from 7% to 2% (Beall, Gelb and Hassim, 2005:693).

In the light of this, BEE being implemented across the broader private sector was somewhat delayed, and many black entrepreneurs regarded the private sector

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[51] NAIL became the first BEE Company that listed on the Johannesburg Securities Exchange (JSE) in August 1994 (Van der Westhuizen, 2002:134).

as hostile (Butler, n.d.:4). However, a fundamental flaw in the manner in which the BEE policy was being carried out, was that these aforementioned deals only benefitted Blacks who had certain skills or those politically connected; leaving the majority of black people still marginalised. Therefore, the privileged members of this elite black middle class were corporate entrepreneurs who had close links to the ruling party. Some of those who benefitted the most from these BEE deals, like Tokyo Sexwale[52] and Cyril Ramaphosa[53], currently hold senior official status within the civil service under Zuma's presidency. Those who benefitted like these businessmen would fall into the upper tier of the black middle class, but middle class nonetheless.

A fundamental difference between the affirmative action policies implemented by the UMNO in Malaysia and the ANC in South Africa was that UMNO created specialised enterprises to address the Malay dilemma whereas black economic empowerment was centred around giving Blacks portions of white businesses that had existed prior to democracy being instated (Mandla, 2006:44). This then allowed a small number of black entrepreneurial individuals to take advantage of BEE policies, and pursue their own respective interests[54]. The latter point links to the trend of crony capitalism manifesting itself in the process of black empowerment, which was evident in the 'Ali-baba' arrangements in Malaysia. In Malaysia, rentierism was rife where Malays who had influence utilised government incentive schemes in order to benefit themselves and their families (Mandla, 2006:79). Therefore, with

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[52] Sexwale is a former Minister of Human Settlements in South Africa, a businessman, former political prisoner under apartheid, and a politician.
[53] Ramaphosa is currently the Deputy President of the ANC, a businessman, politician and trade union leader.
[54] One must keep in mind that these individuals already had existing ties with the ruling party which galvanised their already privileged position.

dealings of this nature swept under the carpet, wealth 'trickling down' to the masses would always be a far-fetched hope.

1995 saw the formation of the Black Business Council (BCC) which was established as an organisation that would collectively represent black business and ensure that BEE policies were carried out effectively. This council later became the foundation on which the Black Economic Empowerment Commission (BEECom) was formed under (later in 1998) the tutelage of Cyril Ramaphosa, which would bolster and promote black business to challenge white capital in its dominance of the economy (Tangri & Southall, 2008:703). The power of this organisation, was primarily the fact that the BCC would force big business to adopt the BEE regulations[55]. Overall, the first and second periods of BEE failed on many fronts[56], but mainly in that it never achieved the trickle-down effect as intended and only benefitted the Sexwale's, Motspepe's, Ramaphosa's and others inside the ANC.

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[55] These regulations stipulated provisions premised on employment equity (especially within managerial positions), as well as the statutory interventions demanding the transferring of ownership to black entrepreneurs (Mandla, 2006:45).

[56] There was not a sustainable increase in black ownership of South African businesses, compared to the successes achieved by the UMNO through the NEP in Malaysia.

4.4.1.2 Black Economic Empowerment Commission (BEECom): Transition to BBBEE

The BEECom was formed as a result of the failure of the BEE deals to achieve the 'trickling down effect' (as well as political pressure pushing for this commission), whereby wealth was not transferred to benefit the majority of the country's citizenry. There was also a fear that the 1969 Malaysian riots could be duplicated in a South African context, where Blacks would revolt against white economic domination in the same manner that the bumiputeras did against the ethnic Chinese minority (Mandla, 2006:52). This failure was not only viewed in its successes in a domestic context, but also juxtaposed to the successes of the UMNO who managed to transfer equity from 37% of the ethnic Chinese (who were economically dominant), to the Malays who made up 50% of Malaysia's population (Daniel, Southall & Lutchman, 2005:30).

The BEECom was established so that a clear vision and strategy could be formulated in terms of making economic empowerment work, and the commission's mandate was to "redefine the concept of empowerment, investigate the state of empowerment [in South Africa], identify the hurdles to empowerment and recommend policy to government" (Mandla, 2006:49). The BEECom was ideologically premised on a rationale for broad-based empowerment, and boasted the formation of a national procurement agency, an investment for growth consensus, and the ability to appropriate public sector pension funds (Butler, n.d.: 6). The Commission also set out goals and objectives like those set by the UMNO government, namely that 30% of productive land had to be owned by Blacks in South Africa, that 50% of financial loans appearing on the books of national development institutions should be black-owned firms, as well as at least 40% of

directors of JSE listed companies should be black (Mandla, 2006:50). The next section will deal with the third wave of BEE in South Africa, and uncover the extent to which his initiative was successful in growing the black middle class.

4.4.1.3 Broad-Based Black Economic Empowerment: The Third Wave

The Broad-Based Black Empowerment Strategy, devised in 2003 under Mbeki's ANC, sought to equitably redress levels of ownership and participation of the majority in South Africa's formal economy. One must keep in mind that the GEAR macroeconomic policy prioritised growth before redistribution[57] (Tangri & Southall, 2008:703). The ANC knew they were under pressure to be accountable to their broad-based constituency (which ensured their political dominance); hence the policy instruments introduced. These policy instruments could then be used to flex its muscles to achieve BEE that would benefit the broader citizenry, and not only politically connected black elites. These policy instruments were embodied in a generic scorecard put forth by the Department of Trade and Industry (DTI) which included "preferential procurement, legislation, institutional support, financial and other incentive schemes" (Mandla, 2006:53). On the DTI website, the generic scorecard used by government has a further seven scorecard elements whereby state-owned enterprises (SOEs), government departments as well as private companies are measured in terms of how well they comply to achieve the targets of BEE (http://bee.b1sa.co.za/GENERICSIM.htm). The generic scorecard reflects the influence of the NDR ideology, because SOEs, state institutions and private companies were expected to reflect demographic representativeness on all levels. As the table below illustrates, the scorecard measures compliance in terms of

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[57] The ANC elites had realised that a growth strategy was not adequate enough in terms of addressing the economic inequalities prevalent in post-1994 South Africa, as a result of colonisation and apartheid.

Ownership, Management, Employment Equity, Skills Development, Procurement, Enterprise Development and Socio-Economic Development.

Table 4:BBBEE Generic Scorecard

Element	Weighting %	Indicators of each Element, whereby the total Element is measured.
Ownership	20	-Voting rights for Blacks and Women -Economic Interest for black and Women -Current net ownership
Management	10	-Black representation at top level management -Black Women representation at top level management
Employment Equity	10	-Black Management as a % of all management and the same for black women
Skills Development	20	-Skills spend on black employees
Procurement	20	-Total BBBEE spend
Enterprise Development	10	-Average annual enterprise development spend
Socio-Economic Development	10	-Average annual socio-economic development spend
Total:	100	

Source: adapted from the DTI Website 2013 (http://bee.b1sa.co.za/QSESIM.htm)

Using the above scorecard, the DTI awards economic entities a BBBEE status according the respective points they accumulate within every element category[58].

However, there has been much criticism against the BBBEE scorecard with reference to its feasibility in achieving set goals, the costs involved in implementing the framework, and the role of a more empowered state in intervening in the economy and implications thereof (Butler, n.d.:7). These criticisms are hinged on factors like white businesses being able to come off as being pro-BEE and abiding by the rules in order to achieve said targets, by manipulating the scorecard itself in terms of doing well in certain elements to make up for poor performance in others[59]. Furthermore, a fundamental pitfall of broad-based BEE is the fact that small and medium enterprises (SMMEs) (core of black business) are not included in the overall strategy, and the focus is on big companies listed on the JSE. Nowhere in the framework of the BBBEE scorecard is provision made for SMMEs. Additionally, compared to the Malaysian NEP which was attentive to issues of job creation, reducing poverty and inequality, as well as land reform, the broad-based BEE strategy separated these aspects and primarily focused on issues of increasing participation and the stakes of Blacks in South Africa's economy (Mandla, 2006:61). This latter point was a fundamental flaw in the ANC's approach to implementing BEE, since the majority of black people did not benefit from the first two phases of BEE implementation because they could not afford shares or did not possess the necessary skills which provided access to certain professions in business. This then left the poor further marginalised. In order for BEE to be successful as a policy framework, the alleviation of poverty needs to be more readily addressed so that the

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[58] Each of the elements are explained by certain codes of good practice, and once these are gazetted the codes are binding on all state departments (Butler, 7).

[59] For instance, a company can afford not to have black ownership (black shareholders), but can make up for this pitfall in elements like skills development which have less of an impact (Mandla, 2006:56).

majority of previously disadvantaged blacks can move into higher-earning class categories[60]. The next section will focus on the NDR and the composition of the South African bureaucracy, which yielded greater successes in growing the black middle class, compared to cadre deployment in business.

4.5 The NDR and the South African Bureaucracy

4.5.1 Cadre Deployment Strategy within State Institutions

The previous section of this chapter discussed Black Economic Empowerment as a means to an end of achieving transformation in the economy, and hence ties in quite well with the overarching ANC project of transformation known as the NDR. BEE can be largely viewed as the ANC implementing the NDR in terms of state intervention in the economy and in businesses, in order to achieve the objective of making South Africa a more inclusive, and equitable polity. This section of this chapter is focused on the implementation of the NDR ideology within state institutions, which has been the prevailing factor for the advancement of Blacks into middle class white collar occupations post-1994. Therefore, it is important for one to highlight the ANC's NDR approach through the ruling party's Cadre Development and Deployment Strategy (De Jager, 2009:282). According to Heywood (2002:249), a *cadre* is a political party member, who has been educated and disciplined in line with the ideology of that respective party, and it is then expected to show utmost loyalty to the party's doctrinal discipline and objectives. This aforementioned strategy of Cadre development and deployment was officially approved by the ruling party at its 50th National Conference in 1997 (De Jager, 2009:283). This strategy is essential to the

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[60] The alleviation of South Africa's vast poverty and inequality will require BEE being broadened to a wider constituency.

aims of the NDR, because it allows the ANC to appoint loyal ANC party members to strategic positions as civil servants within the state machinery. Furthermore, it also allows the ANC to infiltrate not only specific jobs in the public service, but also independent state institutions like the judiciary. This means that the ruling (dominant) party fills up the bureaucracy with party members who are mandated to uphold their loyalty to the ANC, over and above the institution by which they are employed. This latter point is emphasised by former president Mbeki's words to a *Lekgotla*[61] in 2008:

> Everybody in this room is ANC and all deployed in government by us are ANC. The mandate is not government's mandate but that of the ANC. We have a common responsibility to ensure that the ANC continues to enjoy the support and respect that it has enjoyed in the past. (De Jager, 2009:283)

The abovementioned quote is clearly indicative of the ruling party's aim to consolidate the NDR as a hegemonic concept throughout the different spheres of government so that it becomes hegemonic within society as well. According to Rivero, Du Toit & Kotze (2003:6), the black middle class nearly doubled its size from 1994 to the year 2000. However, the previous section of this chapter has emphasised that affirmative action policies like BEE implemented in business, only yielded small successes in terms of growing the upper black middle class. The real growth of the black middle class after 1994 was achieved through cadre deployment employment equity within the state's bureaucracy. As stated in the introduction of this chapter, the bureaucracy that the ANC had inherited was vast, ineffective and expensive to maintain. Therefore the bureaucracy had to be reduced in its size, and the plethora of public administrations had to be integrated into one public service

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[61] This term means a meeting place for villages, court cases or business/conference meeting.

(Chipkin, 2011:41). The table below will illustrate the composition of the bureaucracy by race before 1994 and in 2003:

Table 5: Composition of Bureaucracy by Race, 1993 and 2003 (%)

	National (1993)	**National (2003)**	**Provinces (2003)**
Black	41.3%	62.8%	78.6%
Indian	3.97%	5.4%	30%
Coloured	16.25%	29.6%	9.1%
White	38.5%	23.6%	9.34%

Source: Adapted from Southall (2004a:12).

When one looks at the table above it become very evident that Blacks and Coloureds have benefitted the most from the ANC government's restructuring of the state bureaucracy. This has been enabled primarily through policies of affirmative action, employment equity as well as the ANC's strategy of cadre deployment of party members. Additionally, according to the South African Institute for Race Relations (2012), public service employment has grown by 22% from 2001 to 2011, from 1.1 million employees to 1.3 million. However, over the same period of time, total employment has only grown by 5%. Of the 1.3 million government employees, "450 000 works as teachers, nurses and doctors (professionals), about 190 000 are employed by the South African Police Service, about 250 000 in local governments, and several hundreds of thousands are employed in public institutions like parastatals and Section Nine institutions (South African Institute for Race Relations, 2012). The table below illustrates selected middle class occupations by race, which

reinforces previously mentioned statistics concerning demographic restructuring in the civil service:

Table 6: Selected Employment by Occupation, Race and Sector 2012 (%)

Occupation	Black	Coloured	Indian	White	Total
Professional, semi-professional, Legislators & senior officials	42.4%	11.2%	8.7%	37.7%	100%
Managerial, executive and Administrative	35.5%	11.5%	8.5%	44.5%	100%
Clerks	56.8%	15.5%	6.1%	21.7%	100%
Technician	57.1%	11.9%	5.3%	25.9%	100%

Source: Adapted from the South African Institute for Race Relations (South Africa Survey), 2012:237. (http://www.sairr.org.za/services/publications/south-africa-survey/south-africa-survey-2012/downloads/pp215-284.Employ.05Dec12.pdf)

Table 7: Employment in SOEs and public institutions according to race 2011 (%)

Dept. Enterprises	Black	Coloured	Indian	White
Dept. of Communications	64.3%	12.3%	4.9%	18.4%
Dept. of Defence & Military Veterans	31.1%	24.4%	3.7%	40.8%
Dept. of Home Affairs	71.7%	8.8%	1.9%	17.6%
Dept. of Labour	72.7%	7.2%	5.2%	14.9%
Dept. of Public Enterprises	61.2%	9.2%	3.9%	25.7%
Dept. of Science & Technology	49.7%	10%	6%	34.3%
Dept. of Sport	48.7%	27.7%	6.7%	16.8%
Dept. of Tourism	46.4%	9.3%	11.9%	32.5%
Dept. of Trade & Industry	70.1%	6.4%	4.2%	19.3%
Dept. of Transport	72.5%	10.8%	3.4%	13.4%
National Treasury	55.2%	9.7%	6%	29%
The Presidency	85.6%	8.5%	2.7%	3.2%
Total:	62.2%	9.9%	4.3%	23.7%

Source: Adapted from the South African Institute for Race Relations (South Africa Survey), 2012:252. (http://www.sairr.org.za/services/publications/south-africa-survey/south-africa-survey-2012/downloads/pp215-284.Employ.05Dec12.pdf)

It is important to highlight that those cadres deployed by the ruling party, or through affirmative action and employment equity policies, must serve two masters, which fosters a clash of interests. For instance, the public service is there to serve and be accountable to the citizens of South Africa and not to the ANC: private institutions are there to serve the interests of private shareholders and not the ruling party's, and lastly academia is an arena which should foster critical independent debate around the status quo, and should not be a vehicle for the ANC to entrench its political ideology (De Jager & Du Toit, 2013). Therefore, when one looks at the black middle class, it becomes evident that this very class is born out of the ANC's NDR strategy instruments like cadre deployment, employment equity and affirmative action policies. The ANC looks to legitimise itself by creating a developmental state that is buttressed by the emergent black middle class. This forms part and parcel of the ruling party's obsession with infiltrating business, state institutions, civil society and the intellectual community with their ideology of the NDR. The ANC's strategy and command in terms of appointing its cadres within all spheres as mentioned above, becomes a "means of patronage" and gateway to co-opt the middle class to the ideology and needs of the ANC (De Jager & Du Toit, 2013). The following section will look at the NDR and the intellectual community.

4.6 The NDR and Academia

4.6.1 Role of Education in redressing past injustices

As stipulated in Chapter 2 of this thesis, the middle class is largely recognised as being the most pro-democratic stratum within society. But this notion is related to the

state of modernisation within a polity; because with economic development comes greater economic security and more importantly, widespread higher education (Lipset, 1963:45). The latter is fundamental to the middle class in democratised countries, because with higher education comes the opportunity to secure higher-earning occupations, and hence a stable platform for voicing their political opinions and possibly seeing them replicated in government policy. However, the Malay and black populations in the respective countries were oppressed and were not afforded adequate education [62] that would allow them to participate in the mainstream economy; this in turn resulted in the severe socio-economic inequalities prevalent in South Africa today. However, the South African case study differs from what happened in Malaysia under the NEP, because education formed an integral part of the NEP policy in terms of addressing the Malay dilemma. In South Africa, although a lot of emphasis is placed on education with the aim of achieving an inclusive education system, guided by development agenda and by means of the NDR, the BEE strategy implemented by the ANC government excludes education (Mandla, 2006:67). Instead, it is up to the Department of Education to address the issue of education and the higher education system, independently from the BEE objectives.

With this being said, the ANC government has tackled the task of fostering a more equitable education system that it inclusive of previously disadvantaged groups and Blacks especially. The state planned to widen access to higher education for all ethnic groupings amongst the populace, and increase participation[63] from 15% to 20% within a period of 10 to 15 years (Mandla, 2006:65). For instance, the National Commission on Higher Education set up the government-funded National Student

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[62] The Bantu Education Act of 1953 and the Education Policy Act of 1967 organized the education system to benefit the white population under the apartheid regime (Mandla, 2006:64).

[63] This participation refers to the number of students entering tertiary education after finishing high school.

Financial Aid Scheme (NSFAS) which would grant students in public higher education institutions grants and funding to further their tertiary education (Mandla, 2006:65). In the year 2009, R2.5 billion was awarded in bursaries and loans to students from disadvantaged backgrounds (benefiting over 140 000 students), and these study loans were granted on the notion that they would be recovered through the tax system once these students had graduated and found employment. (http://www.ieasa.studysa.org/resources/Study_SA/Facts_Figures_section.pdf). One must keep in mind that these study bursaries and loans were significantly in line with the special privileges[64] enjoyed by the Malays in terms of access to higher education under the NEP. For instance, the ethnic quotas set at public universities in Malaysia were 55% Malay, 30% Chinese and 10% Indian (Ong, 2012:7). In South Africa, numbers of black students in higher education institutions have increased from 32% in 1990 to 61% in 2005, compared to the number of Whites, which has shrunk to 25%. The ANC has also looked to infiltrate universities (or at least historically black universities) with the NDR on a management level. For instance, according to Giliomee & Simkins (1998) "ANC politicians intervened to dissuade the University of Durban Westville from appointing a former president of AZAPO[65] as its vice-chancellor." However, the government's yardstick of 25% of students graduating each year has not been met since only around 15% achieve this. Reiterating the latter, The South African Institute for Race Relations stated that:

In 1991, the number of degrees awarded to white students outnumbered the number awarded to African students by 3.7 to 1. Data for 2011 shows that this ratio has reversed. Not only does the number of African degrees awarded

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[64] Malays were afforded to go to university on full scholarships sponsored by the state, irrespective of the background which they came from.
[65] Azanian People's Organisation.

outnumber white by a ratio of 1.7 to 1, but more Africans than whites receive degrees in almost every discipline, including engineering, law, health sciences, social sciences and maths (Holborn, 2013:3).

Although things have been gradually changing throughout the years, a major problem in the education system lies in the fact that there is a great shortage of black students in the fields of Science, Engineering and Technology (SET) as well as Business and Commerce[66] (Mandla, 2006:66). This is problematic because these fields of study are critical to South Africa's developmental objectives[67], hence the need for an even distribution of ethnically diverse students across all fields of study, which in turn will aid in addressing the injustices of the past. The latter point is in line with Lipset's literature outlined in Chapter 2, where it is stated that subordinate classes will only be afforded the chance to move up the social rankings through education[68], which fosters higher-earning income occupational opportunities. The following section of this chapter will look the extent to which the ANC's ideology of the NDR achieved through policy mechanisms like BEE, affirmative action, cadre deployment and employment equity, has grown and shaped a black middle class that is not only sympathetic to ruling party's cause, but loyal to it as well.

4.7 The ANC's 'Black Middle Class'

As stipulated in Chapter 2 of this thesis, the black middle class will be conceptualised according to occupation; therefore those categorised as   middle

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[66] Most students of colour (and Blacks especially) are in the fields of Humanities, Arts and Social Sciences, as well as Education.

[67] The South African economy needs skilled and educated youth within the field of business, science and technology.

[68] The improvement of the education system across all levels, is the only viable approach to eradicating poverty in societies that have vast income inequalities.

class will be non-manual employees like professionals, managers, civil servants and entrepreneurs[69]. The reason for conceptualising the black middle class according to occupation is that it is more relevant and applicable not only because of the severe poverty and inequality inherited from South Africa's turbulent past[70], but more importantly also because this approach could bear fruit in terms of highlighting how the middle class grew, and the implications thereof. Since the ANC came into power in 1994 heading a new democratic dispensation, the black middle class has grown considerably   (Rivero, Du Toit and Kotze (2003:17), from representing 3.3% to representing 7.85% of the black population, which is the largest proportional growth compared to other ethnicities like White, Coloured and Indian. These findings are in line with statistics provided by the South African Institute for Race Relations, stating that 42.4% of the black middle class are employed as professionals and state officials, 35.5% employed as managers and executives, 56.8% as clerks and 57.1% employed in technical services. Furthermore, according to Southall (2004a:12) 62.8% of South Africa's National bureaucracy was black in the year 2003.

Therefore, the plausible inference that can be made with the evidence at hand is that the ANC through NDR (achieved via previously mentioned policy mechanisms) has grown its own 'organic' black middle class. This has been achieved by the ruling party strengthening its hold on state power (centralising power and decision-making), which has allowed the ANC to penetrate all spheres of government and society to replicate demographic representativeness. Additionally, I assert that in the context of

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[69] The professionals grouping consists of lawyers, doctors, teachers, nurses, accountants and architects etc. The managers refer to employees who work as administrators in trade and finance. Lastly, the entrepreneurs are regarded as the business group who own the means of production as employers (Rivero, Du Toit & Kotze, 2003:12).

[70] Other more orthodox conceptualisations of middle class premised on the middle-income distribution/ middle strata or according to affluence, are more applicable in more mature democracies of the developed world, and neglect specific contextual factors of the peripheral world like the role of history, the political system and the way politics is conducted.

a one-party dominant political system, ethnic politics and the manner in which the state bureaucracy is configured in; a 'state sponsored' middle class retards the democratic role/impact of the said middle class, as conventionally assumed in modernisation theory. The middle class, which is said to be more educated and able to secure better income security, "have more time and money to protest against [undemocratic practices] than dollar-a-day labourers[71]" (The Economist, 2013:56). The middle class is also more skilled in terms of findings means of redress through the system of courts and complaints. Additionally, although the ANC is dominant in the legislature as the vanguard of the black majority in South Africa, the ruling party could still be confronted by organised interests within civil society looking to exert their influence on decision-making (Giliomee & Simkins, 1998). However, because the NDR ideology penetrates all levels of government and society, the ANC's dominance is buttressed by the various interest groups[72] in civil society that it has co-opted into an 'alliance', including the black middle class. The black middle class enjoys their privileged social status, unlike the black majority living in dire poverty, as a result of ANC policies which underwrites their loyalty to the ruling party. One could argue that party discipline and 'toeing the party line ' has seeped into certain areas of society co-opted by the ANC, since the ANC controls party members, public services, the statutory body and parastatal appointments (De Jager & Du Toit, 2013). Therefore, on the issue of accountability to the broader citizenry of South Africa, loyalty and accountability "runs to the party and not to the public or constitutional arrangements" (De Jager & Du Toit, 2013). This is due to the fact that cadres need

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[71] These labourers refer to the working class in and outside the formal economy.
[72] These interest groups are COSATU, business, public service, non-governmental organisations and the intellectual community.

to protect their current positions and future appointments; thus fostering a compliant middle class not willing to oppose the ANC.

4.8 Conclusion

The purpose of this chapter was to highlight and dissect the South African political system as well as examine the key role-players therein, in order to broadly illustrate where South Africa has come from and where it is now. The transition to democracy was unique in South Africa's case with reference to the liberation struggle, and important period-specific changes within the global order. However, it was necessary to map the growth of the South African democracy because of the implications it had for the political system that manifested, as well as understanding the ideology and behaviour of the ruling party. Because the ANC is a liberation movement turned political party, the party views itself as the vanguard of the people through the ideology of the NDR, so that the ANC's liberation credentials form a major driving force in the party, firmly entrenching its political dominance. Additionally, because of South Africa's racial history, politics is aligned along ethnic lines which further reinforces the ANC's political dominance throughout the polity.

However, although the first decade of democracy in both South Africa and Malaysia (more so the former compared to the latter) did little to transform the economic imbalances of their respective pasts, both dominant political parties managed to achieve success in nurturing an ethnic middle class (through their respective policies) that is loyal and disciplined in the party's political ideologies. The chapter has also illustrated the flaw in modernisation theory, when it is applied to

contexts where there is a dominant party political system, ethnic politics and a bureaucracy submissive to the ruling party. These aforementioned indicators used in this study's theoretical framework, are fundamental in endorsing the statement that a state- sponsored middle class does not necessarily lead to a stronger democracy. The following chapter will discuss the similarities and differences of how the UMNO and the ANC managed to transform their respective economic landscapes through policy. But more importantly, the concluding chapter will highlight the massive impact dominant political party systems, ethnic politics, and the composition of a bureaucracy has on the democratic role of the middle class in these states.

Chapter 5: Conclusion

5.1 Introduction

The starting point that prompted this study was the notion that a large middle class has a tendency of producing stronger democratic outcomes or a stronger democratic order. However, as illustrated by the Malaysian and South African cases in Chapters 3 and 4, this conventional assumption does not necessarily hold true in all democracies. There are fundamental contextual factors that are overlooked by the aforementioned notion, which have come to attention because of complex democracies like South Africa and Malaysia. The purpose of this chapter is to highlight and reiterate the key findings of this thesis, with reference to the doubtful eventuality that state-sponsored ethnic middle classes are likely to abandon the ruling parties that helped create them. The following sections will reiterate the three key factors used to compare South Africa and Malaysia; namely one-party dominance, ethnic politics and the composition of the bureaucracy.

5.2 One-Party Dominance & Ethnic Politics

The colonial and apartheid histories of South Africa and Malaysia are central starting-points if one is to understand the nature of politics in these respective countries, because their histories have an enormous impact not only on the party system that manifested after independence and the inauguration of democracy, but also on the elite and wider citizenry collectively. For example, the Malaysian case illustrated that British immigration policies (under colonial rule) impacted on the polity

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by cementing an ethnic division of labour amongst Malays, Chinese and Indians. The majority of indigenous Malays were relegated to the lowest societal structure as rural agricultural peasants, while some were recruited into the institutional structures of the state to secure Malay political primacy (Ahmad, 1989:347). On the other hand, the Chinese were grounded in commerce and the Indians more so in the plantations, which reinforced ethnic divisions across the board. The British practice of encouraging the immigration of Chinese and Indians into Malaysia during the colonial period, converted the country into an ethnically heterogeneous society where ethnic divisions are premised on political power, economic resources and cultural and religious existence (Haque, 2003:244). In addition, although consociationalism was practised after independence by The Alliance government, Malaysia's ethnic division and contestation cannot be divorced from the legacy of colonial rule and resulted in Malaysia being categorised as an 'ethnic democracy' (Haque, 2003:242).

The UMNO rose to the fore as the protector of the Malay interests on the political front, and institutionalised special Malay rights which were protected by the constitution. These special rights heavily influenced the way political parties were organised, the policy agenda of government, and the electoral voting direction. In sum, the contestation of special Malay rights would manifest in the 1969 ethnic riots and the suspension of democracy, the dominance of the UMNO within the BN two years later, and the shape state policies like the NEP took on to address the Malay dilemma (Jamil, 2010:4). The structure of the BN itself reinforced ethnic cleavages where different political parties represented their respective ethnicities; hence galvanising the idea that only racially based political organisations can represent different racial interests adequately in Malaysia. With this being the state of affairs

and because democracy is based on majority rule, the UMNO's political longevity was secured since around 65% of the population are Malays (Haque, 2003:243).

The UMNO historically the "protector of Malay interests" within the BN structure formulated and implemented public policies that were beneficial to their Malay constituencies which strengthened their party support base, but also were fundamental to the growth of the Malay middle class during the period of the NEP. In order to address the issue of the Malay dilemma, the policies implemented meant that Malays would be systematically protected by affirmative action policies in education, business and in public service employment.

Similar to Malaysia, South Africa was also colonised by the British but the black population (as well as Coloureds and Indians)[73] were systematically oppressed and marginalised under the apartheid regime. Apartheid can be encapsulated as blatant racial authoritarianism over subordinate races, which has had a significant influence on ethnic politics in South Africa. For example, apartheid laws restricted oppressed ethnicities to the lowest societal structures, similar to the Malays' position in Malaysia. Like the UMNO, the ANC (the oldest liberation movement in South Africa) gained its significance amongst the previously oppressed citizenry because of the party's liberation credentials, and is viewed as the protector of their interests. South Africa's racial legacy left the ANC with high levels of poverty and severe economic inequalities amongst respective races and classes (De Jager & Du Toit, 2013:151).

Given this climate of ethnic tension amongst South Africans, this would have a knock-on effect of the party system that would arise. Therefore, when the ANC

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[73] This thesis deals with the Black middle class in South Africa primarily, but that does not take away the fact that other ethnicities were also oppressed during apartheid.

took political office in 1994, there was an expectation that the liberation movement turned political party needed to produce economic transformation amongst the previously oppressed that matched the ANC's assumption to power (Giliomee, 1998:6). This inspired the ANC state ideology of the NDR which is a project of capturing the state, in order to transform the machinery of the state in order to achieve social change. The NDR ideology would influence the affirmative action policies implemented by the ruling party in the core spheres of society like business, education and public service employment.

One needs to keep in mind that the colonial and racial histories of South Africa and Malaysia brought about highly polarised electorates, which have been a significant factor in these dominant parties commanding electoral control in their respective countries. This polarisation of the electorate along ethnic lines has been further compounded by the fact that the ruling parties passed and implemented affirmative action policies that would benefit the ethnic majorities. These affirmative action policies can be viewed as the state sponsoring the growth of specific ethnic middle classes, which in turn would influence the manner in which those ethnic middle classes would behave toward the ruling parties. The following section will reiterate how the affirmative action state policies influenced the growth of the respective ethnic middle classes in South Africa and Malaysia.

5.3 Affirmative action in Business, Public Sector Employment and Education

As conceptualised in Chapter 1 of this thesis, the middle class is referred to in occupational measures in this study. Therefore, affirmative action policies

implemented in key societal spheres like private business, public sector employment and education is fundamental to social upward mobility. The middle class is traditionally seen to be the pro-democratic stratum within society because they have higher levels of education, stable and secure income from higher-earning positions than the lower classes; and hence would want their ideas and opinions of an accountable government and good governance replicated in public policy. However, because the dominant political parties in control of the state (have centralised power), these parties have implemented the policies that have grown the ethnic middle classes. One can assume that the role of the dominant parties in implementing these policies has consciously shaped the middle classes they produced.

Both South Africa's and Malaysia's bureaucracy are dominated by Blacks and Malays respectively in terms of those who occupy positions in the public service. This phenomenon has been achieved by certain policy mechanisms like employment equity and ethnic quotas (or ratios) which underwrite preferential recruitment into the public service (Lim, 2007:1507). In South Africa, the ANC's NDR ideology advocates cadre deployment into public institutions, which means that public officials deployed by the ruling party have an obligation to ensure ANC hegemony throughout the polity as a priority, and the government mandate becomes a secondary concern (De Jager, 2009:283). The real growth of the Malay and Black middle classes is due to public sector expansion, in order to create jobs for the previously marginalised. This resulted in the state in Malaysia and in South Africa being both an initiator and guarantor of employment to the majority of Black and Malay middle classes. In the same breath, one can infer that the public service in South Africa and Malaysia are

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politicised, where the ruling parties have embedded themselves as 'protectors'[74] increasing their scope for patronage.

Affirmative action was also replicated in the sphere of education and in academia since these are key avenues for social upward mobility. Preferential policy in education is fundamental because a higher level of education tends to secure a high- earning occupation. This motivated the expansion of admission quotas and the lowering of admission requirements, making available scholarships, as well as creating institutions for the professional training of ethnic middle class graduates (Haque, 2005:249). Furthermore, government provided study grants and funding to students from previously disadvantaged backgrounds for tertiary education, which would later be recovered via the tax system once these students graduated and found employment[75]. In Malaysia, these preferential policies were extended as far as granting scholarships and educational grants to "nearly every Malay, rich or poor" (Van der Westhuizen, 2002:29). Additionally, Malay was also made the sole official language which in turn impacted on public sector employment, because proficiency in Malay was a requirement (Jamil, 2010:10). Therefore, it is clear that affirmative action policies in education have had an important impact in the growth of the Malay (and Black) middle classes.

Similar to the special privileges for Malays set out under the NEP economic policy by the UMNO, the ANC's BEE affirmative action policy and initiatives were also widely regarded as important to the ruling party in terms of addressing the past's economic disempowerment of the past. The NEP looked to achieve a target of 30% of Malay ownership and participation in industrial and commercial sectors by

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[74] As mentioned already, the UMNO and the ANC are seen as the protectors of the Black and Malay interests.
[75] http://www.ieasa.studysa.org/resources/Study_SA/Facts_Figures_section.pdf

1990. This was to be achieved through the growth of SOEs and the state acquisition of private economic corporations that would create opportunities for the Malay middle class to emerge (Embong, 1996:540). For example, government departments would reserve contracts for Malay firms; this 'tendering-out' of government contracts is also evident in South Africa under BEE. In South Africa under the first and second periods of BEE implementation, white-owned corporations simply granted equity or shares to BEE groups or conglomerates on the assumption that this wealth would trickle down to the masses. However, this only benefitted a select few of BEE businessmen who were closely connected to the ANC. Similarly, the political culture of patronage is evident in Malaysia where there are close links between heads of companies and political elites hailing from the UMNO (Verma, 2002:71). The latter point illustrates the alliance between the state and private business. The fundamental difference between the UMNO's NEP and the ANC's BEE, was that in Malaysia specialised enterprises were created to address the Malay dilemma whereas in South Africa the focus was on giving Blacks portions of 'White' companies that had existed prior to democracy. The third period of BBBEE aimed to improve the implementation of economic empowerment and the trickling down effect. BBBEE was also heavily influenced by the NDR with reference to achieving demographic representativeness within SOEs, state institutions and private companies. However, even though the generic scorecard was introduced to force companies across the board to abide by set regulations, there were loopholes in the system that could be bypassed (Mandla, 2006:61).

In conclusion, this thesis has attempted to show that the ethnic middle classes that emerged as a result of the dominant party's state policies must be considered to have been consciously shaped by those political parties. The UMNO and ANC-led

states managed to centralise power within their polities, in order to penetrate fundamental spheres of society to replicate demographic representativeness via policy. Their ability to achieve this goal was made easier by the fact that they are both dominant political parties in Malaysia and South Africa where politics is aligned along ethnic lines. The racial histories in South Africa and Malaysia underwrite the fact that the citizenry (and especially the majority race group), vote along ethnic lines. However, it must be mentioned that this thesis is not stating that the Malay and Black middle classes do not support other democratic elements like the right to free speech, the independence of the media, and government accountability for instance; but because the dominant parties are the source which grew the ethnic middle class through policy, those ethnic middle classes are unlikely to vote the UMNO or ANC out of power. This thesis has looked into affirmative action policies in education, business and public service employment which are essential to social upward mobility. But importantly, because public service employment has contributed the most to the growth of both the Black and Malay middle classes'; loyalty and accountability from these public officials runs first to the political party and thereafter to the citizenry or constitution.

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