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Language, Communication Networks and Economic Participation, Towards an Inclusive Economy

Ana Deumert and Nkululeko Mabandla

Accelerated and Shared Growth in South Africa: Determinants, Constraints and Opportunities

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Abstract This paper explores the importance of language and communication networks in socio-economic transformation, focusing on Cape Town’s ‘poor’ residents. Two important aspects of the city’s economy will be discussed on the basis of survey data and anthropological interviews: (a) the labour market (section 1), and (b) informal entrepreneurial activities (including some observations on emerging consumption patterns; section 2). South Africa’s urban economies have been shaped to a large extent by the dynamics of rural-urban migration and the sample on which the analysis is based is drawn from two severely deprived areas in Cape Town with a high percentage (around 80%) of rural-born residents: Imizamo Yethu (ward 74), and the old municipal hostel area in Guguletu’s NY1 (ward 42). In the conclusion of the paper the authors discuss the policy implications of the study.

0. Introduction: (Rural-Urban) Migration, Language and Development

In this paper we will take a closer look at the notion of ‘shared growth’ as articulated in the ‘Accelerated Growth and Shared Growth Initiative for South Africa’ (ASGISA 2006; cf. also A Nation in the Making 2006: 99, recommendation 42), which emphasises the urgent need to maximise the poverty-reduction potential of macro-economic growth (May 2006). ASGISA gives voice to the government’s engagement with the UN Millennium Goals and its intention to half poverty and unemployment by 2014. In the context of this paper two of the ASGISA policy proposals are of particular interest: skills development and the intention to foster an ‘inclusive economy’ which will broaden employment and economic participation, and will ultimately eliminate South Africa’s second, or informal, economy.

South Africa’s socio-economic realities have been shaped significantly by the dynamics of rural-urban (labour) migration as high levels of rural poverty (characterised by marginal agriculture, surplus labour, low income and few opportunities to engage in the modern economy) drive many people to the cities in search of employment and a better life (both for themselves and their remaining household members in the rural areas who participate in the migrant’s advancement through remittances). Urbanisation has been rapid in South Africa over the past two decades, with an annual growth rate of 2.39% (DPRU 2005; State of the Cities Report 2005, 2006), and is a major factor in urban socio-economic development,

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1 The work reported in this paper draws on a larger research programme on language, migration and development which has received support from the Institute for the Study of Global Movements, Monash University, Australia (2003-2005), the South Africa Netherlands Research Program for Alternatives in Development (SANPAD; 2006-2007), and the National Research Foundation South Africa (2006-2008). Special thanks are due to Oscar Masinyana for his work on the transcriptions. The usual disclaimers apply.
affecting vital policy areas such as housing, labour, and education/skills development (A Nation in the Making 2006: 99, recommendation 44; Parnell 2005). The majority of rural-urban migrants has a relatively low skill-base\(^2\), no work experience prior to migration, and migrants often remain culturally and socio-economically marginalised, even within traditional township settlements where social distinctions are frequently drawn between migrants and the locally-born residents (as evident, e.g., in 2005 when ‘Cape-born’ residents in Langa objected to plans to rehouse victims of the Joe Slovo fires in their area, Cape Argus, 2 March, 2005).

While some of those coming to the city do indeed find economic and social well-being, and are able to support their rural household through regular remittances, the majority of rural-urban migrants join the ever-increasing ranks of the urban poor. As noted by Garau et al. (2005: 14), the urban poor “remain excluded from many of the attributes of urban life that are critical to full citizenship”, including political voice, good-quality housing, safety, affordable education and health services, transportation, regular employment and a secure income (see also State of the Cities Report 2006; according to Smith, 2005: 27, over 30% of Cape Town’s residents were below the Household Subsistence Level, HSL, of R 20 000 p.a. in 2001). Migrants, predominately young working-age adults, are among the most vulnerable members of society, particularly in developing countries: they have left their emotional and traditional support structures, find themselves in an environment where the economic and social systems are unfamiliar to them, and have only limited access to formal social protection structures (pensions and child grants, i.e. two social protection mechanisms which have become essential to securing livelihoods in the South African context, and which continue to link, via two-way remittances, rural and urban areas, cf. Hart & Sitas 2004 on pension-based rural-to-urban remittances as a ‘social security of the last resort’ for many migrants; see also Deumert et al. 2005 for a similar observation).

Before moving to the discussion of the data, some comments on the conceptual framework on which this paper is based are expedient. Since development and well-being cannot be reduced to economic indicators such as income and monetary wealth alone, it is necessary to establish a broad understanding of development which allows us to consider its material as well as non-material components. Sen’s (e.g. 1999) so-called capabilities approach is useful in this context. Sen conceptualises human development as a process which facilitates and increases our ability (or capability) to act, i.e. development and well-being does not refer to what a person has or owns, but what a person can do. Sen’s perspective has been influential and underpins, for example, the 2004 UNDP report Cultural Liberty in Today’s Diverse World which defines human development as follows (p. v):

> Human development is first and foremost about allowing people to lead the kind of life they choose and providing them with the tools and opportunities to make these choices.

Language clearly plays a vital role in enabling individuals to act and to make choices, and the “central human capabilities” identified by Nussbaum (1999: 41-42) in her philosophical elaboration of Sen’s approach are necessarily exercised through language. Thus, for example, in order to maintain control over one’s environment individuals need to have the ability to participate (act) both politically and economically; a participation which is not possible

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2 According to Smith (2005: 10), 60.3% of rural-urban migrants from the Eastern Cape have an educational qualification below matric level. However, it should be noted that migrants’ education levels are higher than those for Cape Town-born residents (73.9% of Cape-born black South Africans have qualifications below matric level). Nevertheless, unemployment rates are more than 10% higher than among Cape-born black South Africans (62% vs. 50%; ibid., p.11).
without adequate knowledge of the language(s) in which these two spheres (public life, the market) operate. As noted by Hyltenstam & Stroud (2005), “language is important in development precisely because it is at the nexus of vulnerability”. In other words, the ‘poor’ in any society are not only those with low incomes and limited socio-economic and educational resources and opportunities; because of the non-recognition of their languages and linguistic practices, and their isolation in geographically separate communication networks, they are also often less visible in society, with limited participation in political and economic institutions (see also Stroud’s 2001 notion of ‘linguistic citizenship’ which ties language to social, economic and political issues).

However, despite the centrality of language to human agency, language is conspicuous by its absence from the study of development (e.g. Todaro & Smith’s, 2003, otherwise excellent textbook does not mention language issues even once; see Arcand 1995 for a similar observation). As noted by Bruthiaux (2000: 288), this has led to a situation where development projects are frequently delivered “via a language with national or international reach rather than in a local vernacular”, ignoring issues of variable competency in rural as well as urban communities, and the socio-symbolic meanings exogenous (colonial) and indigenous languages command in society. The development economists’ lack of attention to language finds its counterpart in the neglect of development economics by linguists, and the linkages between language, education, employment/labour markets, and socio-political participation have not yet been explored systematically within either applied linguistics or sociolinguistics (Williams & Cooke 2002, Bruthiaux 2003).

In this paper we will take a look at the intersecting dynamics of urbanisation, language, employment and economic participation (trade, entrepreneurship). Section 1 argues that in South Africa’s cities language acts as a major barrier not only to education (and area where the importance of language has long been acknowledged), but also to labour market participation. Rural-urban migrants, in particular, experience various forms of labour market exclusion as they are often not proficient in the socially and economically dominant language(s) of the destination area. Section 2 takes a look at entrepreneurial activity within some of the impoverished urban neighbourhoods where the majority of rural-urban migrants settle. Again, language is shown to be a factor enabling as well as limiting ‘the poor’s’ participation in economic activity. The section concludes with some preliminary comments on consumption behaviour within these communities. The discussion and data presented in this paper is a first step in addressing the paucity of research in the field of language and economy as identified in A Nation in the Making (2006: 36, 38). In the conclusion of the paper we will argue that any policy which aims to achieve ‘shared growth’ but does not address issues of linguistic exclusion, will serve only to entrench the socio-economic status quo and hinder meaningful economic transformation.

Methodologically the paper falls within the broad fields of anthropological economics and economic sociology, thus locating economic activity within people’s individual and collective lives, with particular attention to notions such as social networks (and the interactions between social groups), and socio-cultural context (cf. the articles in Smelser & Swedberg 1994, and Carrier 2005; the two traditions build on Karl Polanyi’s seminal work which emphasised the primacy of social relations as a force in shaping economic development, cf. Polanyi 1944). The argument presented uses quantitative as well as qualitative data analysis to arrive at a fuller understanding of the ways rural-urban migrants engage with the city’s economy. The geographical focus of the paper is on the historically long-standing migration network connecting the Eastern and Western Cape, with Cape Town as the dominant
destination area (Bekker 2002; Smith 2005; State of the Cities Report 2006). While the Western Cape has been a net-receiving province (1997-2001, +181,844), the Eastern Cape has experienced considerable net loss due to inter-provincial migration within South Africa (1997-2001, -252,373; A Nation in the Making 2006: 55, based on the 2001 census data. It remains important to understand these on-going migrations against the deep injustices of the past, especially the forced removals of the 1960s to 1980s during which approx. 1.7 million South Africans were displaced. From this perspective the post-1994 movement of people can be understood as a type of return migration.)

1. Participating in Economic Growth I: Obstacles to Labour Market Participation

Socio-economic studies of labour market outcomes, including age, gender, place of birth, ethnicity/race, education and, more recently, household composition (cf. Bhorat 2006 for an example of the latter). However, in a multilingual society like South Africa, one variable is curiously absent from this list, namely language. This state of affairs is largely the result of existing survey and census designs which only ask for the first or home language of the respondent, and do not elicit information on additional (second and nth) language skills. Under these conditions language data often becomes a proxy of ethnicity/race (as noted by Pendakur & Pendakur 2002 in their analysis of Canadian census data). In this section of the paper we will discuss data from the Monash Survey of Internal Migration (2003/2004). The survey, which was conducted in four low-income areas of Cape Town (Imizamo Yethu, Guguletu, Llitha Park and Langa), elicited data (for 754 individuals) not only on home language knowledge and use, but also on second and nth language knowledge as well as language use across a range of contexts, including the family, friends, education and work (for a detailed discussion of the survey design and sampling procedure cf. Deumert et al. 2005)

Unemployment rates were generally high among the sample, with over 30% of respondents being unemployed (32.5%). For the purposes of this paper we will focus on two neighbourhoods: Imizamo Yethu, an informal settlement which emerged in the early 1990s next to the affluent suburb of Hout Bay and is now recognised as a formal settlement area (forming part of Ward 74), and the municipal hostel area (NY1) in Guguletu, an apartheid structure located at considerable distance from the affluent (and work-providing) suburbs and the CBD (Ward 42). Despite broad similarities in social demographics (i.e. high concentration of rural-urban migrants, relatively low education levels, low household income), types of dwelling (high rate of informal structures and over-crowding) and service delivery (limited access to electricity, water, sanitation), the two neighbourhood samples showed remarkably different unemployment numbers: the unemployment rate for the Imizamo Yethu sample is 20.2%, while it is 43.1% for the Guguletu sample (the difference is statistically significant; chi-square: 15.0, p<0.001). Moreover, while 44.1% of the surveyed residents of Imizamo Yethu were in regular wage employment (including domestic work), only 18.7% of residents in Gugulethu’s NY1 hostel area had regular employment (chi-square: 15.8; p<0.001). How

3 The survey used the ‘official’ or ‘strict’ definition of unemployment, i.e. individuals who are not employed, want to work and have taken active steps to look for work in the four weeks prior to measurement.

4 The survey distinguished three categories of employment: ‘regular wage employment’ (full-time work which provided respondents with a reliable monthly income, although not necessarily with social benefits), ‘casual employment’ (part-time work which usually, although not necessarily, provided respondents with sufficient income to cover their basic daily needs), and ‘self-employment’.
can we explain these differential labour market outcomes between two settlement areas which otherwise show considerable similarities?

An important difference between the two neighbourhoods – apart from employment rates – is the relative spread of English and Afrikaans as additional languages among residents. The very location of Imizamo Yethu brings rural-urban migrants into regular contact with speakers of both English and Afrikaans, and allows residents to build inter-group contacts outside of the confines of the close-knit (often village-based) migrant community (on the importance of broad and diverse inter-group contacts for socio-economic development and employment, cf. Woolcock & Narayan 2000, Reingold 1999; for a realistic assessment of the predominately functional, rather than truly integrational, nature of such linkages in South African cities cf. Lemanski 2006). These inter-group contacts provide residents not only with information about employment opportunities in the area\(^5\), but also facilitate language learning as well as the spread of English and Afrikaans into new domains (especially within the peer group, including same-age siblings). Language proficiency in English and also Afrikaans is generally a pre-requisite for exploiting the employment opportunities provided within nearby Hout Bay (e.g. domestic work, gardening, fishing, security and service industry), as well as in other affluent suburbs (a number of respondents were working across the mountain in Constantia). In Guguletu, on the other hand, we see a typical enclave settlement, and few residents had regular contacts outside of their immediate settlement area. The predominant language use in all domains is IsiXhosa and the dispersion of English and Afrikaans among residents is much lower (Table 1).

Table 1. Use of English and Afrikaans in Imizamo Yethu and Guguletu (NY1).

<table>
<thead>
<tr>
<th></th>
<th>English with siblings</th>
<th>English with children</th>
<th>English with friends</th>
<th>Afrikaans with friends</th>
<th>Learnt English in Cape Town</th>
<th>Learnt Afrikaans in Cape Town</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imizamo Yethu</td>
<td>33.8%</td>
<td>15.6%</td>
<td>60.5%</td>
<td>20.4%</td>
<td>48.9%</td>
<td>44.5%</td>
</tr>
<tr>
<td>Guguletu</td>
<td>8.3%</td>
<td>5.8%</td>
<td>17.8%</td>
<td>3.2%</td>
<td>16.7%</td>
<td>18.1%</td>
</tr>
</tbody>
</table>


In the survey there was considerable over-reporting of English proficiency, while self-assessments of Afrikaans proficiency were more reliable (cf. Deumert et al. 2005 for a detailed discussion and examples; cf. also Webb 2006 for a similar observation re. the over-reporting of English language skills in the South African context). The interaction between knowledge of Afrikaans (Survey question: Do you speak Afrikaans?) and employment outcomes is summarised in Table 2. In the case of English, actual levels of proficiency would need to be inferred from intensity and frequency of usage, rather than self-assessment. Although the survey provides extensive information on language use, it does not allow for quantification of frequency of usage.

Table 2. Afrikaans proficiency and employment status

<table>
<thead>
<tr>
<th>Regular wage employment/knows Afrikaans</th>
<th>Casual work/knows Afrikaans</th>
<th>Unemployed/knows Afrikaans</th>
<th>Self-employed/knows Afrikaans</th>
</tr>
</thead>
</table>

\(^5\) In ethnographic work histories collected in Imizamo Yethu and Guguletu in November 2004, we found that while Guguletu residents typically found employment through existing family and friendship networks, residents in Imizamo Yethu, while also exploiting family and village-based connections, were often successful with the more individualistic ‘door-to-door’ method and, in some cases, met their current employer while going for a walk in the area.
That language skills are often limited among rural-urban migrants is supported by further findings from the Monash Survey, the PanSALB survey on language and interaction in South Africa (2000), and also the Western Cape Language Audit (2002). 48.8% of migrants interviewed in the Monash Survey indicated that they experienced language difficulties upon their arrival in Cape Town, affecting their access to social and governmental services, health services and work (in the case of the latter, repeated reference was made to their inability to negotiate disagreements in the work place regarding, e.g., renumeration and working conditions; for similar results cf. the Survey of Internal Migration in South Africa, University of Pretoria 1999, available from the South African Data Archive). In 2000, the PanSALB sociolinguistic survey found that “more than 40% of the people in South Africa often do not, or seldom, understand what is being communicated in English” (2000: 138; cf. also Webb 1995: 17-18, DeKlerk & Gough 2003: 356, 358). The Western Cape Language Audit (2002), using a multi-stage stratified probability sample of the general public \( n=862 \), found that only about 50% of isiXhosa-speakers in the Western Cape had a level of English proficiency which allowed them to explain a simple problem in English. Passive knowledge of English was considerably higher. Proficiency in Afrikaans, the dominant language in Cape Town, was low.

Information collected in the Monash Survey on language use within the work place provides further evidence for the importance of proficiency in English and Afrikaans for those in search of employment. In Table 3 the data has been separated based on length of settlement, distinguishing ‘recent migrants’ (arrival in Cape Town in or after 1994), and ‘settled migrants’ (who had been in the city for over 10 years at the time of measurement, and thus had more opportunities for improving their language skills in English and, especially, Afrikaans).

<table>
<thead>
<tr>
<th></th>
<th>With co-workers?</th>
<th>With his/her boss?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>English</td>
<td>Afrikaans</td>
</tr>
<tr>
<td>ALL</td>
<td>75.0%</td>
<td>29.1%</td>
</tr>
<tr>
<td>Recent migrants (post 1994)</td>
<td>72.5%</td>
<td>24.2%</td>
</tr>
<tr>
<td>Settled migrants (pre 1994)</td>
<td>81.2%</td>
<td>41.2%</td>
</tr>
<tr>
<td>ALL</td>
<td>82.6%</td>
<td>16.3%</td>
</tr>
<tr>
<td>Recent migrants (post 1994)</td>
<td>82.9%</td>
<td>13.2%</td>
</tr>
<tr>
<td>Settled migrants (pre 1994)</td>
<td>82.1%</td>
<td>23.8%</td>
</tr>
</tbody>
</table>


Overall these findings agree with international research on the interaction of migration, destination language knowledge and labour market participation (cf. Chiswick et al. 2000; Pendakur & Pendakur 2002; Chiswick & Miller 2003): migrant concentrations in urban areas are generally associated with low proficiency in the socially and economically dominant destination language(s), and this lack of proficiency has been found to interact with high levels of unemployment as well as low nominal and real earnings, thus perpetuating structures of disadvantage and marginalisation.\(^6\)

\(^6\) Although, according to the 2001 census, isiXhosa is the second most spoken home language in the city its speakers are largely found among the lower socio-economic strata. English and Afrikaans remain dominant in the workplace and public life (cf. Western Cape Language Audit 2002).
While the equation \textit{low destination language proficiency} = \textit{low labour market participation} makes intuitive sense, there is also evidence that non-destination (minority) language knowledge is correlated with negative labour market outcomes even in cases where the migrants speak the destination language well (typically second and third generation migrants). Pendakur & Pendakur (2002) found in their analysis of Canadian census data that (male and female) bilinguals earn less than monolingual speakers (with the same educational qualifications), even if they are highly proficient in the destination language. Pendakur & Pendakur’s findings are difficult to reconcile with popular, sociolinguistic understandings of language knowledge as a positive productive skill or resource in a competitive workplace, and thus a form of human capital in which individuals may have reason to invest. Pendakur & Pendakur interpret these negative returns on earnings as a function of ethnicity-based discrimination (with language as a proxy of ethnicity), and argue: “[ethnic] language knowledge may function as a marker of difference in a discriminatory labour market ... The pattern of earning differentials associated with language knowledge may not so much be due to the human capital embodied in language knowledge, but rather may be a product of the cultural attributes associated with language knowledge ... labor market discrimination may be more layered than commonly assumed, that it may be a matter of culture in addition to color” (p. 168, 173). Negative income effects of bilingualism are not limited to migration-induced diversity in high-income countries, but are also evident in the long-standing multilingualism which is characteristic of many middle- and low-income countries. Chiswick et al. (2000) found that in Bolivia monolingual Spanish speakers earn about 25% more than those who speak Spanish and an indigenous language (Quechua, Aymara and/or Guarani). Those who speak only an indigenous language earn about 20% less than bilingual speakers. In other words, bilingualism in itself is not an asset in the labour market, and monolingualism in the socially and economically dominant language appears to reign supreme in terms of earning potential – unless mitigated by policy interventions, such as affirmative action policies or BEE in the South African context.

As noted above, settlement patterns can contribute to, as well as prevent, the development of individual and community bilingualism. Chiswick & Miller (2005: 10) summarised the interaction between settlement, language acquisition, and socio-economic participation as follows:

\textit{Living and working within a linguistic concentration area has feedback effects on destination language proficiency. The greater the extent to which an individual can avoid communicating in the destination language, the slower is likely to be the rate of acquisition of dominant language skills. Consider two individuals: one lives in a large linguistic concentration area where one can work, consume, socialize, and engage in other activities using the origin language and the other lives in a linguistically isolated area; communication can be done only in the dominant language. The latter may have a more difficult initial adjustment, but has a stronger incentive to acquire destination language skills and has greater exposure that facilitates learning the destination language.}

\textit{An alternative explanation would be that migrants (and second language speakers in general) tend to speak an accented (ethnic) version of the destination language and sociolinguistic research has shown accents to be strong indicators of ethnicity and origin (distinct from physical signs), leading to various forms of discrimination (Baugh 1999). However, since survey data only asks for self-assessed proficiency these questions cannot be answered based on this type of data; detailed analyses of recordings of speech would be necessary to assess the relative proficiency, and especially subtle accent features in migrants’ destination language use. In addition, matched-guised tests (as conducted by Baugh with regard to African American Vernacular English, Latino English and Standard American English) would allow us to gauge listeners’ reactions to such ‘ethnic’ versions of the destination language.}
The 2001 census data allows us to assess the extent to which IsiXhosa speakers in Cape Town live in relatively homogenous linguistic neighbourhoods where there is little exposure to other languages (on linguistic segregation in South African cities, cf. also Christopher 2004). Following Van der Merwe (1993), we will identify linguistic enclaves (or ‘core areas’ in Van der Merwe’s terminology) as administrative units (wards) in which at least 85% of residents have indicated the same language as their home language in the census. Although Afrikaans is the main home language in Cape Town (41.1%), it has relatively few core areas, with only 4.8% of wards (N= 5) having 85% or more Afrikaans home language speakers.8 English which is the third largest language (28.0%) has only one core area with over 85% of home language use: ward 60 (Crawford, Lansdowne, Nerissa Estate, Rondebosch East, Sybrand Park).9 IsiXhosa, however, the second largest home language in the city (28.7%), shows a rather different profile: 22 wards in the Cape Town Metropolitan Area are IsiXhosa core areas (21.0% of all wards)10, and 60.9% of IsiXhosa speakers reside in these core areas or enclaves. As clearly visible in Figure 1, IsiXhosa speakers are concentrated in a small part of the city’s total surface area, reflecting the high population density in these neighbourhoods.

Figure 1. Linguistic enclaves (or ‘core areas’) in the Cape Town Metropolitan Area: Afrikaans, English, IsiXhosa (Census 2001)

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8 The following wards have more than 85% of Afrikaans home language: 15 (Croydon, Firgrove, Heldervue, Macassar), 24 (Adriaanse, Airport, Bishop Lavis), 25 (Connaught, Cravenby, Elsiesriver, Eureka, Florida, Uitsig), 28 (Avonwood, Balvenie, Clarkes, Elnor, Epping Forest), 29 (Atlantis, Mamre, Pella Mission Station). More than 80% of Afrikaans home language is found in: 12 (Belhar), 31 (Airport Industria, Charlesville, Durrheim, Montana, Nooitgedacht, Valhalla Park), 32 (Atlantis Industrial, Camphill Village, Koeberg, Witsand), 100 (Gordons Bay, Sir Lowry’s Pass, Strand), and 102 (Brackenfell North, Morgenster, Okovango, Scottsville, Vredekleof, Welgelee, Windsor Estate, Windsor Park).

9 However, there are a few other wards in which it has over 80% of English home language speakers: ward 48 (Belgravia, Belthorn Estate, Gatesville, Penlyn Estate, Rylands), ward 58 (Claremont, Kenilworth, Mowbray, Rondebosch, Rosebank), ward 62 (Bishopscourt, Constantia, Plumstead, Wynberg), ward 63 (Fairways, Kenilworth, Ottery, Wetton, Wynberg, Youngsfield).

10 In addition, ward 18 (Brentwood Park, Drift Sands, Fairdale, Fountain Village) has more than 80% isiXhosa speakers.
In addition to the well-known problems associated with a stratified and segregated city structure – in particular, the disconnection of places of work and places of residence, which increases the costs of looking for employment and require long daily commutes by those employed (a problem which has long been recognised by Cape Town’s urban planners, cf. Cape Metropolitan Council’s Spatial Development Framework 1996; cf. also Brueckner & Zenou 2003) –, urban fragmentation along linguistic lines can entrench existing market failures by impeding communication across market sectors, and hinder cultural capital acquisition by migrants (i.e. the acquisition of new language skills) subsequent to their migration.

The two case studies reported in this section show that knowledge of English and Afrikaans can act as keys to the urban labour market, and those without or with limited knowledge – the majority of rural-urban migrants who reside in areas best described as linguistic enclaves – often remain trapped in unemployment and the second economy; as commented by a young male participant from Guguletu in response to a question about language and work opportunities: *siya-strugglisha eCape Town .. si-strugglisha nje yi-language* (‘we are struggling in Cape Town ... the reason we are struggling is because of language’, interview recorded 9 May 2006) The language policy implications of this will be considered in more detail in section 3 of the paper.

2. Participating in Economic Growth II: Entrepreneurship and Consumption

Whereas the first section of the paper is largely based on quantitative survey data, the second part, which looks at consumption patterns and entrepreneurial activity within the same communities, adopts a more distinctly qualitative, anthropological approach (cf. Miller 1994; Berger 1991; Burke 1997; Mintz & Du Bois 2003; Hansen 2004), requiring also a shift in style and academic gaze, and relying more strongly on ethnographic interview evidence and participant observation in the field sites. We will first look at informal entrepreneurial activities, followed by some brief – and preliminary – comments on emerging urban consumption patterns. Studies of this type will help us to achieve a fuller understanding of the ways in which low-income groups are able to participate in the opportunities provided to them by economic growth.

The term ‘informal economy’ includes a wide range of activities, ranging from selling consumerables (vegetables, meat, sweets, cool drinks, clothes) to hairdressers, shebeens, and auto mechanics, and including survivalist activities with minimal profit as well as successful small businesses (Dewar & Watson 1991; Morris et al. 1997). For the purposes of this paper domestic work is not considered to be part of the informal economy, but part of the formal, if often casual, labour market (following Devey et al. 2003). Compared to other developing countries, the size of the informal economy is comparatively small in South Africa: the most recent State of the Cities Report (2006: 2/26, see also Devey et al. 2003) estimates the percentage of informal employment (of total employment) at 22.5% (for India the comparable figure would be 92.1%, for El Salvador 69.1%, and for Egypt 14.4%). Within South Africa, the informal economy is most prominent in Johannesburg and eThekwini, while the informal economy in Cape Town remains underdeveloped (Devey et al. 2006: 3/18). As noted by Devey et al. (2003: 151), informal economic activities in South Africa are largely survivalist in nature: whereas over two-thirds of those working in the formal economy had a monthly income of over Rand 1000 in 2001, over 70% of workers in the informal economy reported an
income of below Rand 1000, and over 50% reported an income below Rand 500 (with women showing lower earnings than men). The workings of the informal sector can constitute a challenge to standard economic theory as many of the transactions within the informal sector follow a social (emphasising personal bonds) and cultural logic which does not necessary adhere to standard notions of economic rationality (Lomnitz 1988).

In the survey less than 10% of respondents were found to engage in informal entrepreneurial activities, and only a small number of those in casual employment were found to work in the informal sector (Table 3; the hypothesis of independence between labour market outcome and location was rejected, with a p-value less than 0.001). Of the four field sites Llitha Park is somewhat unusual and indicative of upward social mobility. It is a lower-middle-class area located near Khayelitsha: houses are generally built out of brick and have running water, a bathroom and electricity. Most residents are in skilled employment, working for the army, the police or local hospitals. Llitha Park thus differs significantly from the other three field sites which are best described as urban slums. Of particular interest is the relatively low percentage of informal entrepreneurial activity in Imizamo Yethu, where there are more opportunities for regular and casual employment.

Table 4. Labour market integration in the different survey areas for post-1994 migrants.

<table>
<thead>
<tr>
<th></th>
<th>Regular Wage Employment</th>
<th>Self-Employed</th>
<th>Casual Wage Employment</th>
<th>Unemployed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gugulethu</td>
<td>17.9%</td>
<td>9.5%</td>
<td>21.1%</td>
<td>51.6%</td>
</tr>
<tr>
<td>Langa</td>
<td>21.2%</td>
<td>8.0%</td>
<td>20.4%</td>
<td>50.4%</td>
</tr>
<tr>
<td>Llitha Park</td>
<td>44.6%</td>
<td>5.4%</td>
<td>13.5%</td>
<td>36.5%</td>
</tr>
<tr>
<td>Imizamo Yethu</td>
<td>38.2%</td>
<td>5.6%</td>
<td>30.3%</td>
<td>25.8%</td>
</tr>
</tbody>
</table>


The importance of informal self-employment in low-employment areas such as Guguletu and Langa was also indicated in the thirty-five detailed ethnographic work histories which were collected subsequently (November 2004) in Guguletu and Imizamo Yethu: whereas nine of the sixteen respondents in Guguletu had established their own, small-scale businesses, none of the nineteen Imizamo Yethu respondents were self-employed. The businesses ranged from selling sweets and chocolates to offering a local computer and fax service, from painting to carpentry, from sewing to beading. Reported incomes differed greatly, ranging from Rand 100 per month (beading) to a top of Rand 4300 per month (for carpentry, in a good month; in a bad month income would be around Rand 1200). The average income (profit) seemed to lie around Rand 700 to 800 per month. In addition there are those who pursue some minor self-employment over the weekend, most typically selling sweets, meat or cool drinks. Regular wage employment as reported by many of the Imizamo Yethu respondents is thus an attractive alternative to self-employment, with reliable earnings between Rand 1200 and Rand 3000 per month. Casual wage employment, on the other hand, seems to provide earnings pretty much in line with those reported for the informal sector, ranging from Rand 320 per month (for one day of work per week) to Rand 840 per month (for three days of work per week). In the ethnographic interviews there seemed to be a tendency for men to take up informal self-employment following retrenchment from permanent wage employment, whereas the women found in the informal sector rarely had any work experience outside of this sector, and started their businesses almost immediately upon arrival in Cape Town.

Often self-employment does not assist in overcoming poverty and deprivation: Alice who came to Cape Town in 1993 sold sweets outside of her house for the first five years following her arrival. Her income from this activity was meagre and she eventually stopped selling when she was unable to afford new stock. Following this, she borrowed a sewing machine
and is now making skirts and dresses. However, her continuing lack of capital means that customers have to bring the material and she is only able to charge for her labour. Her income has remained low and her business is barely survivalist. Zanele, who trained as a bead-maker in Claremont, makes around Rand 100 profit per month from her beading and struggles to afford the purchase of the relatively costly beads. Her income covers her rent at the hostel, yet she relies on relatives and casual domestic work in order to provide for her basic needs. Others, however, are true success stories: Mandla and Sandile were retrenched as cooks seven years ago, and teamed up to use their retrenchment pay-out as starting capital for a small business selling pork, a rare commodity in Guguletu where most meat sellers provide only chicken and beef. Their business now draws customers from across Guguletu and other parts of Cape Town (Khayelisha, Langa, Philippi), and on Saturdays a queue forms in front of the container from which they operate. A few simple wooden benches, tables and a tin roof in front of the container provide a popular eating area – and customers have begun compare their business to Mzoli’s (also located in Guguletu) who moved from selling meat informally from a garage to owning one of the most popular hangouts in Cape Town.

Meat as noted by one of our respondents goes with everything ... liquor, women ... and thus provides an important and often profitable sector within the informal township-based economy. A veritable business hub in the otherwise deprived and poor municipal hostel area of NY1 is found at the local market place, referred to as Tshatshalaza, the busy or happening place, by local residents. The meat market, a permanent structure, offers stone counters for sellers, a central braai area, and includes several shops: Kwa Pamba Liquor, a number of ‘cash stores’, a small bakery selling vetkoek and koeksisters, a dairy, as well as informal fruit and vegetable sellers, and the complex and work-intensive industry of preparing and boiling sheep heads. Noticeable to the casual visitors is, however, the uniformity of the offered produce: the three fruit and vegetable sellers offer the same range at the same price, all the meat sellers offer liver, braai chops, kidneys, tripe, and on weekends chicken from the nearby farms in Philippi – also at set prices (agreed upon by the sellers who purchase their stock collectively from the same supplier, see below; a similar lack of variety was also noted by Dewar & Watson 1991 in their study of the informal sector in Bonteheuwel). Competition for customers seems to evolve mainly around the service provided and the freshness of the produce. The uniformity of offerings at the market allows us to understand the success of the business of Mandla and Sandile whose focus on pork exploits a gap in the market and skilfully targets traditional food preferences among rural-urban migrants in the area and beyond. (Note that the availability of pork is a contested issue in Cape Town, reflecting changed cultural demographics of the city and associated changes in taste preferences).

Language is again of importance in this context: the informal township economy, with its various entrepreneurial activities, operates largely through local languages (see Table 4), and many of those engaged in it have only limited knowledge of the city’s socially and economically dominant languages, English and Afrikaans.

<table>
<thead>
<tr>
<th></th>
<th>Afrikaans</th>
<th>English</th>
<th>IsiXhosa</th>
<th>IsiZulu</th>
</tr>
</thead>
<tbody>
<tr>
<td>Language used when looking for work</td>
<td>19%</td>
<td>36%</td>
<td>12%</td>
<td>14%</td>
</tr>
<tr>
<td>Language used when selling things</td>
<td>9%</td>
<td>9%</td>
<td>15%</td>
<td>22%</td>
</tr>
</tbody>
</table>

However, despite the relative importance of African languages in the informal economy, limited knowledge of English and Afrikaans can restrict not only an individual’s success in the labour market, but also his or her business opportunities. While sales can be successfully completed even in cases of low linguistic proficiency – rarely involving more than a basic
knowledge of numbers and the names for the products on sale –, stock purchases, which link the formal and informal sector, generally require a higher proficiency as they include price and quality negotiations. Thus, in the case of the Tshatshalaza meat market in Guguletu, it is worth noting that all meat sellers obtain their produce from the same source – a stockist in Salt River who speaks IsiXhosa, and whose IsiXhosa-speaking workers also act as interpreters. Apart from language, geographical factors (the distance at which traditional townships are located from centres of the formal economy; cf. Dewar & Watson 1991) and transport play an important role in this practice: obtaining stock from the same source allows sellers to organise their transport collectively and brings down the costs involved. Thus, instead of exploring the prices offered by different stockists on a regular basis (and, if successful in locating a cheaper source, being able to price one’s products more competitively than other sellers, or – as noted above – perhaps offering a different range of products), sellers agree on prices as a collective (since their costs for stock are identical). As in the case of the labour market, geographical and linguistic segregation are factors which restrict an individual’s ability to maximise his or her economic opportunities in the urban environment.

That traders themselves see language skills as important is indicated in the research review on street trading conducted by Lund. She noted that while basic literacy was generally not seen as a problem by street traders, many thought that “reading and writing another language – especially English – would be very important in enabling them to be more successful in their businesses” (1998: 24) – thus outlining clear directives for meaningful skills development programs. And it is noticeable that those who managed to establish successful and expanding businesses, such as Mandla and Sandile, have a good command of English and Afrikaans, and do not rely on language brokers (IsiXhosa-speaking stockists, workers, or, in many cases, their children; cf. Morales & Hanson 2005). In addition, English is also becoming more important within the informal economy as a provider of employment: the increasing number of small businesses started by international migrants generally operate through the medium of English (as reported repeatedly in the ethnographic interviews conducted since 2004; on international migration to South Africa and small business development, cf. Maharaj 2001).

Another – and much debated – issue with regard to entrepreneurial activity is the availability of credit, and Rotating Credit Associations (ROSCAs), most typically referred to as stokvels in the South African context, have been seen as an important community response to this problem. Interestingly ROSCAs were initially viewed as typical for migrants who, unused to formal banking and with limited language skills in the economically dominant language(s) of the destination area, needed “an easily understood alternative to depositing money into a bank account” (Thomas 1991: 292), and who also benefited from the communal solidarity often associated with these institutions. However, the economically precarious situation of those who moved to the cities in recent years when employment became increasingly difficult to obtain, makes membership in saving clubs difficult as casual and/or informal work does not provide individuals with regular incomes, and monthly contributions often cannot be maintained. In other words, many recent migrants are not only too poor to access commercial loans, they are also too poor to become stokvel members (as they cannot risk the loss of their investment in the case of their inability to keep up contributions; cf. also Burman & Lembete 1996 who report similar findings, and note that the “very poorest in need of credit” cannot rely on ROSCAs but generally have little option than resort to local ‘loan sharks’).

Formal financial services, which have attempted to increase their engagement with ‘poorer’ communities via the creation of low-cost accounts or transfer services such as Mzansi (established in 2004), are also of interest in this context. Despite a strong desire to reach large
numbers of ‘unbanked’ South Africans, dominance of English and Afrikaans in all transactions remains the norm (bar simple withdrawals from ATMs for which IsiXhosa can be selected) – a point made frequently by those who act as treasurers of burial societies or stokvels and are required to bank the contributions: they lament the absence of IsiXhosa-speaking staff at most branches (and often have to rely on their ‘schooled’ children as language brokers). This does not only apply to the business sector, but also to government institutions (such as the South African Revenue Service) which tend to provide forms in English and Afrikaans only, thus creating a further obstacle to successful service delivery (cf. also Western Cape Language Audit 2001), and also making it difficult for individuals to carry out their civic duties (such as the payment of taxes).  

Before concluding this section let us turn briefly from entrepreneurship to consumption. The recently conducted Black Diamond Marketing Survey (Unilever Institute of Strategic Marketing & Research Surveys 2006) provides valuable information on the aspirations and consumer behaviour of the so-called ‘black middle class’ (a diverse group of urban residents who fall within the living standards measure, LSM, of 7 to 10). However, in South Africa today there are not only those who ‘made it’, the ‘black diamonds’, but also those who still have a chance of making it, even if only in a minor way. What are the consumption patterns of those who manage some measure of economic success and financial flexibility within our cities? For example, the group of people falling within the LSM 6 alone (minimum monthly income of Rand 4075) is about double the size of LSM 7 to 10 taken together (SAARF 2004). While the LSM groups of 6 and below may not have high amounts of disposable income (and thus occupy a comparatively small market share), they nevertheless engage in various forms of consumption – some of which are catered for by the informal township economy while others are satisfied (or at least aspired to) through the formal economy.

The informal township economy comprises – as noted above – a wide range of activities and thus satisfies a multitude of consumption needs, from meat and vegetables to hair-dressing, from skirts to picture frames and kitchen cupboards. While residents rely on the local neighbourhood economy to satisfy many of their daily needs (not only because of geographical proximity but also because of the frequently noted ‘affordability’ of products), formal (and usually more expensive) retail outlets in other parts of the city, most notably the CBD, Claremont and Wynberg, are also frequented – mostly in order to purchase specific items of clothing as symbols of taste and social distinction. According to Nuttall’s (2003: 240) socio-cultural analysis, contemporary South African consumption behaviour is shaped by the “politics of aspiration”, often reflected in an emphasis on specific labels which have taken on highly charged symbolic connotations (cf. also Farber 2002). The symbolic importance of brand labels and the differences between rural and urban consumption, the latter showing clear traces of ‘conspicuous consumption’, are reflected in the following extract from an interview (9 May 2006, Guguletu, NY1) with two young men (R1 and R2) in their twenties who migrated from the Eastern Cape in 2001 and 2005 respectively, and are currently in casual employment (security, petrol station). Despite a general lack of disposable income, they nevertheless express a keen awareness of food and clothing as a marker of urban sophistication and style, replacing the perhaps more expected options of Castle beer and

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11 An related issue are ‘burial societies’ which largely remain informal grassroots movements within the township economy as they cater for the very specific needs of rural-urban migrants, not only by conducting the business in local languages, but also by providing e.g. escorts to accompany the body ‘back home’. Their linguistically and culturally sensitive services (which are frequently village-based) thus transcend those offered by formal insurance companies.
clothing from a Pep store, or an informal trader within the area, with a clear sense of taste as a marker of social and symbolic distinction (Bourdieu 1984).

R1: Ndiya ngokuxhomekeka kubantu endihleli nabo... ngoba ixeza elinintsi andinamali. 
*I depend on the people that I’m with... because most of the time I do not have money.*

Eh. So abobantu abandi visileleyo...uba bafune ukusela lonto ndixhomekeka kubo... 
*Eh... So those people who come visit me, if they want to drink whatever I am dependent on them.*

Ukuba bekuya ngokwam’ mna bezi-righti i-ciders. 
*If it were up to me, ciders would be right.*

i-Hunters i-favoureti. 
*The favourite is Hunters* 
Dry. 
Dry.

I: Eh... No, ungasixelela nje ngendlela yokunxiba ne? Ukhona umehluko kwindlela yakho yokunxiba...
*Indlela yokunxiba pha emakhaya nalapha edolphini? Ukhona umahluko malunga nendlela yokunxiba?* 
*Eh... No, can you tell us about the way of dressing, right? Is there a difference in the way you dress when at home and here in the city? Is there a change in terms of the way you dress?*

R1: Hayi, mandithi ndibe naleyo-lucky ke mna yokuba naphaya ekhayeni bendibona aba bebesithi xabefikile ndibuke kubo. Ngoku ndiyazi ukuba kunele ndizi-presse ndifumane noba sesiphina iskipa as long singeama, mhlawumbi ngu-DH [Daniel Hatcher]. Okokuba ndizi-presse nje. Like ngoku isisikipa sakhe esi endisinxibileyo...
*No, I had that luck that there at home I used to see them, when they were at home [from Cape Town] I would watch them. Now I know that I must push myself and get even if a t-shirt as long as it has a [brand] name/label, maybe a DH. Just to push myself. Like now, this is his t-shirt that I am wearing...*

I: Indlela onnxiba ngayo ngoku yohlukile ngendlela owawunxiba ngayo usase ...
*The way you dress now; is it different from the way you dressed when you were still...*

R1: Ya, yohlukile ngoba ngoku ufuna into enegama xa unxibile into kuba ulapha. 
*Yes, it is different because now what you want is something with a label because you are here*

*And also the people that receive you tell you [what and what not to wear]. Consider that if you are a [cool] guy, you must understand, try and understand even if you cannot.*

R2: [chuckle] 
*R1: Uzi-press? into ephambili. I-label qha into ephambili. That is important. Only the label that is the main thing.*

R1: I-label qha-
*It’s only the label-

R1: So ukhonake umehluko ngoku. 
*So there is a difference now.*

R2: into ephambili. I-label qha into ephambili. 
*That is important. Only the label that is the main thing.*

R1: Because pha bendithenga noba yintoni but apha kufuneka kubekhona umahluko. 
*Because there I would buy whatever, but here there must be a difference.*

While the informal economy is successful in addressing many of the daily needs of local township residents, including income generation and in some cases casual employment, it cannot provide for all needs, and the formal economy remains of importance for employment, as well as the purchase of stock and private consumption. The existence of complex linkages between the formal and the informal economy has frequently been noted in the literature (cf. Devey et al. 2006 for a review of the literature), and it is precisely at these points of linkage and connection that language proficiency can increase or limit an individual’s economic success. As noted by Alexander (2002: 96), an academic-cum-language-activist: “[t]here is a real danger that a language faultline will displace the racial faultline [in post-apartheid South Africa] ... to demarcate an unbridgeable gulf between those who are ‘in’ and those who are ‘out’.”
3. Conclusion: Enabling Communication and Preventing Market Failures

There exists a long-standing research tradition which explains levels of wealth across nations and communities as a result of linguistic fragmentation and limited language proficiency, leading to market failures by impeding communication and thus constraining the economic participation of certain linguistic groups (e.g. Greenberg 1956; for a recent review of the literature see Nettle 2000). Ensuring communication across market sectors, without eradicating diversity, is the challenge linguistically heterogenous societies such as South Africa face in the 21st century.

Despite the considerable increase of IsiXhosa speakers in Cape Town since 1980 (Figure 2), IsiXhosa is still a socially and economically marginal language in the city, and the dominant position of English and Afrikaans remains firmly entrenched; despite national constitutional provisions for multilingualism and linguistic rights, and the Western Cape Provincial Languages Act (1999), and the Western Cape Language Policy (2001), both of which recognise IsiXhosa as one of the three official languages of the Western Cape.

Figure 2. Language composition of Cape Town, 1980, 1991 and 2001 (in percentages; based on Van der Merwe 1993, Census 2001).

Language policy responses to this situation will need to go beyond the conventional answer of selecting one language above others for inter-ethnic communication (This was the approach many nations took immediately after independence. However, as Chiswick et al., 2000, show for Bolivia: this has not helped in addressing issues of economic exclusion, but has lead instead to processes of elite closure by making knowledge of the dominant language a priced and highly rewarded commodity which became the property and cultural marker of the educated classes; cf. also Alexander 2001). Instead, a truly transformative approach would seek to empower the languages which currently have little ‘economic currency’ through decisive long-term policy measures, and in consultation with local communities (cf. Garau et al. 2005). In other words, it is important to work with – and not against – the realities of a multilingual society to address the market failures evidenced in our data. Recognition of the complex cultural, educational, communicative and economic functions of language should be at the heart of any policy response. The responsibilities of addressing a situation where – irrespective of skills – individuals are limited in their opportunities by not speaking the dominant language cannot lie with those whose lives are already characterised by multiple forms of deprivation; we cannot – as so often done in social planning – select already disadvantaged groups for special treatment (e.g. by obliging them to use their meagre
resources to acquire new linguistic skills, or by making high demands on their time and motivation). Instead attention should be focused on the larger society, linking language diversity firmly to political discourses of democratic and economic participation (cf. Stroud 2001; UNDP 2004; Hyltenstam & Stroud 2005).

Urban planning, as indicated by the two case studies (cf. also the government’s Comprehensive Housing Plan for Integrated Human Settlements, 2004), can contribute to informal processes of language acquisition via creating the physical conditions for contact between linguistic groups. However, it is necessary to ensure that this is not a one-way process towards the spread of English (thus further marginalising those who reside at a distance from these opportunities), but that language skills spread both ways, providing South Africa’s citizens with multilingual competencies, thus truly transforming the linguistic landscape. The business sector is not without responsibility in this context: ensuring communication via translators and bilingual staff might address some of the exclusion faced by rural-urban migrants who arrive in the city without, or little, English and/or Afrikaans proficiency. Partnerships between the business sector and language-oriented NGOs and research institutions (such as PRAESA) should also be encouraged, as well as partnerships with South Africa’s (notoriously underdeveloped and under-appreciated) translation and interpreting professionals. In addition, a focus on language is also relevant to ASGISA’s general recommendations on skills development as language proficiency not only restricts access to employment and trade but also to education. This applies not only to primary and secondary education (as shown by Desai 2001, 2003), but also to vocational training (cf. Webb et al. 2004; on the importance of education and skills development in the context of poverty reduction cf. Sachs 2001, cited in May 2006; see also Bhorat 2004). Language, in other words, is a gateway to many kinds of resources: economic, social, educational and political. Enabling communication within a linguistically heterogenous society is a basic condition for both, democracy and a well-functioning market. In the words of the economist Layard (2006: ix) “The time has come to have a go – to rush in where angels fear to tread”.

4. References


