**Racial Inequality in Post-apartheid South Africa**

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**Introduction**

There is general consensus in South Africa that inequality, particularly economic inequality has remained very high. All estimates of income inequality in South Africa, using standard measures of economic inequality, place inequality above 0.60. It should be acknowledged that there is no single widely accepted or best measure of inequality – although the Gini Coefficient is the widely used measure. In economics, there is an understanding, if not acceptance that inequality measures perform differently under different kinds of income transfers. The Gini Coefficient, for instance, is much less sensitive to income transfers between households if they lie near the middle of the income distribution compared to the tails. The Atkinson Index, on the other hand, is strongly correlated with the extent of poverty and therefore it is more ‘bottom-sensitive’ than other measures. And the Robin Hood Index is insensitive with respect to income transfers between households on the same side of the mean income. It is therefore important that we are fully aware of the caveats of each of the economic measures of inequality. It is in this context that theory becomes critical in our quest to better understand dynamics influencing inequality in a society like South Africa.

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1 The Gini Coefficient ranges between 0.0 and 1 – perfect income inequality would have Gini coefficient of 1 and perfect equality would be 0. Another economic measure of inequality is the Lorenz Curve which is a graphical representation of the relationship between the cumulative percentage of income and the cumulative percentage of (ordered) population
This paper starts off with theoretical reflections. In other words, the next section will hypothesise about race and inequality in South Africa. The theoretical reflections take it for granted that inequality is very high in South Africa. The next section however would make a link between race and inequality. The central argument is that race remains a key marker of prospects in post-apartheid South Africa, even twenty years after democracy and arguably for many more decades, mainly due to apartheid colonialism and its lingering legacy.

As Isobel Frye and her co-researchers put it, “poverty and inequality in South Africa have a very clear racial bias as a result of the colonial and apartheid policies or racial discrimination and deliberate impoverishment” (Frye, et al 2011: 260). Similarly, Haroon Bhorat and his co-researchers have argued that “in the South African context, the strong inequality between racial groups as a result of apartheid has always been a significant driver of aggregate inequality” (Bhorat et al 2012: 14). In essence, and as the theoretical section below attempts to demonstrate, inequality in South Africa remains essentially a racial phenomenon. This is more so if asset ownership is considered. The paper, therefore, disagrees with studies that accentuate class over race in the discussion of inequality in South Africa. Theoretical reflections are followed by a discussion of the state of inequality in South Africa. That is followed by policy implications, then concluding remarks.

**Theoretical reflections**

To start with, as argued in Conyer (2002), understanding economic inequality makes it possible to understand the general social inequality. This is because social inequality is ‘rooted in the evolution of the production process’ – in which the acquisition of profits is one of the preconditions for structural inequality. Racial inequality – where race and inequality meet, so to speak – is a type of social inequality, under which numerous theories, models and ideas have been conceptualised in order to defend, explain and interpret racial inequality as a social factor. According to Barrera (1979), the theories of racial inequality

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2 *Apartheid colonialism* captures the many centuries of a discriminatory system of colonialism and decades of systemic social and economic exclusion of the majority in South Africa; both colonialism and apartheid were formal systems of white domination.

3 Melvin Oliver and Thomas Shapiro (1997) provide a framework for examining asset inequality – they analysed asset ownership and other related dynamics in United States of America and concluded that whites and blacks in America constituted ‘two nations’ in material terms. Similar work has not yet been done in South Africa. However, indications are that whites continue to own far more and many assets than Africans (SAIRR, 2013).
are classified into the following categories: deficiency theories, bias theories and structural theories.

Deficiency theories are based on the perspective that social, political and economic inferiorities of the racial minority are a result of the biological, structural and cultural deficiencies of the minority groups. Bias theories, on the other hand, are often used to explain racial inequalities by expanding on racial differences. As opposed to deficiency theories, bias theories assert that racial inequality is a result of the injustice of dominant groups. Structural theories find explanations of racial inequality in sub-cultural groups. They can be divided into two categories: class and colonial. The class model is essentially a Marxist approach to inequality while the colonial model draws attention to political oppression, self-determination and liberation of the geographically restricted group.

There are also various theories and models of ethnic and racial inequality, as captured in Hirschman (1980). Gunnar Myrdal (1944), for instance, argued that racial inequality was an act of discrimination which was a consequence of prejudice behaviour by dominant groups. Myrdal described racial inequality as a vicious prejudice-discrimination cycle on the minority group, where the ‘effects’ of discrimination by the dominant group encourage further discrimination on the minority group. Although Myrdal was writing about the American society, his hypothesis bears relevance to the case of South Africa. In addition, from the menu of racial inequality theories, the bias and colonial theories have relevance to South Africa. Discriminatory policies and legislation, for over three centuries, have created racial inequality in South Africa – and the injustices of the past and ongoing racism against Africans maintain racial inequality in South Africa.

Even though inequality is a function of an under-transformed labour market and a skewed structure of the economy in South Africa, the entrenched legacy of apartheid colonialism has ensured that it increases and or remains very high. Nattrass and Seekings (2006) argued, and I disagree, that economic inequality had increased, and became a class issue more than a race issue, because the post-apartheid labour market policy did not prioritise redressing class but focused on race. Taking the historical experience of apartheid colonialism as paramount, it is not surprising that white privilege remains stark, even twenty years since the dawn of democracy. It is therefore problematic to accentuate class over race in South Africa, especially in just two decades of democracy – at minimum both the class and the
race questions should be addressed; all societies are essentially class societies but some societies are more of racialised societies than a class society.

British and Dutch colonialists in South Africa established an economic system that served the interest of the metropole at the expense of the indigenous people. The system was based on extraction of minerals. The apartheid regime, which officially started in 1948, made racialism a state policy which led to acute pauperisation, exploitation and unimaginable domination of the African majority by the white minority. The apartheid government employed various strategies and policies which ensured that whites assumed and maintained control of the economy, enjoyed better living conditions and prepared for a more meaningful future than the other races.

In what follows, I present the link between the experience of South Africa in the ‘global matrix of power’ under the hegemony of global capitalism and how these appear to limit the capacity of the post-apartheid dispensation to foster inclusive development in South Africa. The current relationship between the state and capital in South Africa must be interpreted within the context of the global matrix of power, under which South Africa is framed and under which it functions as a post-colonial neo-colonial state. South Africa has gone through various tragic experiences of “plunder, exploitation and enclave or bifurcated development” (Pillay 2010: 33).

The economic history of South Africa owed much to mineral extractions which started in the 1870s. The growth of manufacturing and the retreat of agriculture are directly linked to the dependence of the economy on mining and mineral exploitation. As Seeraj Mohamed (2010) argues, “historically, economic development in South Africa has been centred around extractive activities in mining and mineral sectors”. According to Mohamed (2010), the state and the mining industry have been working together to support the growth of manufacturing which has a strong link to what Fine and Rustojee (1996) describe as the Mineral-Energy-Complex (i.e. a form of political compromise between large English mining interests and the large Afrikaner business and political establishment). Mohamed further argues that the economic history of South Africa has been characterised by the “politics of

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4 Decolonial thought scholars talk of colonial or global matrixes of power in the context of coloniality – Coloniality essentially refers to the colonisers’ suppression of African cultures, languages, worldviews (beliefs and value systems), the production of indigenous knowledge and meaning; painting them as inferior and primitive. On the other hand, presenting those of the colonisers as superior and rational and imposing them on the oppressed (Ndlovu-Gatsheni, 2012)
oppression of black South Africans and the strict control over black workers” (Mohamed, 2010: 44).

Paradoxically, just as the political economy of South Africa was a compromise between global capital (which was represented by the Mineral Energy Complex) owned by the minority white and Afrikaner population during apartheid, the post-apartheid political economy, arguably, is also a compromise between the African majority rule and the white minority who holds greater power in finance capital. In other words, even though the economy has undergone some restructuring with the transition to democracy, nothing much has changed as the economy is still subject to the control, manipulation and exploitation of the global capitalist system (Saul, 2012).

The corporate sector in South Africa has aligned itself with the global capitalist power brokers to exert pressures on the state to relinquish the control over economic policy to the former. The acquiescence of the ANC to such pressures came to many as a surprise. However, it was largely borne out of fear that the country may lose credibility with potential investors thereby affecting the credit ratings of the country. And indeed, such fears are not misplaced. This is because the corporate sector, in alliance with international financial institutions and neo-liberal based governments in the United States of America and Britain, has the means in form of propaganda and the control over movement of capital to wreak havoc within a short period of time. It is widely accepted, for instance, that the Asia financial crisis of 1997/98, was worsened by the sudden withdrawal of the speculative investment by Western based investors in countries such as Thailand, Hong Kong and Indonesia that accentuated the crisis in those countries.

Despite the staggering failure of the neo-liberal policies, the hegemonic control of the global capitalist system looms large over the post-apartheid South African state. Notwithstanding the glaring and potentially dangerous level of poverty and inequality, “the State has become hesitant about implementing progressive economic policies that could address unemployment and poverty for fear that these policies would drive down share prices and create a negative view of South African policies in international financial markets and business media” (Mohamed 2010:47).

In Gillian Hart’s estimation, “Neoliberalism, understood as a class project and manifestation of global economic forces, as well as rationality of rule, has become the dominant frame for many critical understandings of post-apartheid South Africa” (Hart, 2013: 6). Although she
says that such framing is inadequate to explain the conundrum that currently characterise
the development project in South Africa, the framing reflects the political economy and
social constructions of the country. However, Hart’s idea of de-nationalisation feeds into the
increasing connectivity of the domestic capital into the global capital, which undermine the
realisation of the goal of developmental state in post-apartheid South Africa. The latitude
that the ANC government provide the corporate sector to define the terms of reconnection
with the global economy has worsened the social-economic problems in South Africa. In
Hart’s words, an analysis of this situation:

‘Directs attention to the heavily concentrated character of South African
corporate capital; the highly advantageous terms on which these
conglomerates engineered their re-engagement with the global economy
after the fall of apartheid through their relations with strategically highly
placed forces in the ANC; how the conglomerates have restructured and de-
nationalised their operations; massive and escalating capital flight; the
formation of a small but powerful black capitalist class allied with white
corporate capital; understanding of the ‘economy’ fostered through these
alliances, their ongoing influence over ANC government policy; and multiple
ways these forces continue to play into and intensify brutal inequalities and
the degradation of livelihoods of a large proportion of the black South African
population’ (Hart, 2013:6-7)

As mentioned earlier, the seeming powerlessness of the state in getting the corporate
sector to serve the interest of the society is a testimony to the hegemonic control of the
global capital over the state, not only in South Africa but over Africa as a whole. This
hegemonic control manifests in interference of the agents of what Robinson (2004) calls the
transnational capitalist class (TCC) in policy making, knowledge production and consumption
pattern.

To be specific, the passion and the pace in which the World Bank and the International
Monetary Fund (IMF) continue to carry out the diagnosis of socio-economic problems in
Africa deserves further elaboration. The World Bank and the IMF have both acknowledged
that the structural adjustment programmes imposed upon Africa in the 1980s were wrong
footed (Stiglitz, 2002). The IMF has also recently shifted ground on its fixation on the
sanctity and sacredness of capital account liberalisation and the general neo-liberal dogma that has plunged the world economy into an interminable crisis since 2008.

In what Ndlovu-Gatsheni (2012:65) calls the ‘Myths of Decolonization and Illusions of Freedom’, post-apartheid South African leaders have not been able to escape the tyranny of the global matrix of power in terms of leverage to adopt home grown development strategies that will help to correct many years of injustices on issues of economic opportunities, land redistribution and improvements in living conditions of the majority of South Africans. Although the various leaders are very much aware of the necessity of taking bold steps to correct these anomalies, and have in fact tried through various initiative, these have not translated into true freedom for majority of South Africans5.

According to Ndlovu-Gatsheni (2012: 67), “the post-1994 South African situation speaks volumes about how the liberation movement was disciplined into an emancipatory force that finally celebrated the achievement of liberal democracy instead of decolonisation and freedom”. The liberal democracy, as Claude Ake (2000) would put it, that South Africa embraced is not the type of democracy that can bring about development of the people. It is the democracy whose leitmotif is the protection of the property of the bourgeoisie class and monopoly or finance capital. It is the democracy of the market, investment friendliness and capital. But it is not for the people or the working class. As much as liberal democracy is based on the logic of the market and individualism, concern for income redistribution and empowerment of the masses will remain mere concerns as infighting and competition over resources will be the norm rather than the exception. The undue importance that foreign capital receives within the context of a liberal/market democracy ensures that state policies and their actors are always subordinated to the logic of capital. These contradictions have played out in the various infightings, broken alliances, policy summersaults and ideological convolution within the ruling ANC during the two decades of democracy in South Africa.

In closing this theoretical section, it is important to emphasise that the road to true freedom in South Africa and Africa in general is through self-awareness of the subservient position that the continent has been inserted by the global matrix of power, a strong aspiration to

5 It is in this context that I disagree with the thesis, elaborated in Lawrence Hamilton’s new book, that all South Africans are not free. Although the theorisation about ‘freedom’ contained in the book should be congratulated, because it is necessary to better theorise about freedom and justice in particular, it is indisputable that the historical injustice and subsequent deprivations are mainly a consequence of centuries of dispossession and oppression by the white minority over Africans – it is Africans that require true freedom.
break loose from this chain, acquisition of relevant endogenous based knowledge and a commitment to fundamentally alter the socio-economic and political structures that have been put in place to make it easy for Africa to be perpetually exploited and dominated. Such fundamental changes will not come easy as it will be fiercely resisted by the domestic and foreign capital and their cronies, who are comfortable with the current lopsided order. In essence, South Africa needs what John Saul has repeatedly called for: complete liberation!

The state of inequality
At least from a theoretical perspective, racial inequality in South Africa is a function of the political history spanning over three centuries which is characterised by whites treating Africans as inferior and subhuman. In the post-apartheid dispensation, racial inequality continues because there has not been an effective correction of the historical injustice that whites visited on Africans. Patrick Bond and Sampie Terreblanche, in their various writings, call the transition from apartheid to post-apartheid an *elite transition*. In other words, the political and economic elite agreed on the transformation project and the settlement reached was at the expense of the people. Lawrence Hamilton, in his recent book, puts it in the following terms: “the elite compromise reified rather than enable the transformation of power relations that had been generated under and inherited from colonial and apartheid regimes and conditions…” (Hamilton, 2014: 124). Roger Southall (2010), on the other hand, has characterised the transition from apartheid to a democratic society as *reform bargain* because the settlement reached was essentially between the political elite and the private sector. It is therefore not surprising that Hein Marias, Gillian Hart and Adam Habib, in their recent books in particular, argue for a new *political settlement*. Lawrence Hamilton (2014: 128) goes a step further to argue for a revolution or that South Africa is a case of ‘revolution still pending’.

Therefore, racial inequality in South Africa is, first and foremost, a political question – more than it is an economic question. From an economic point of view, income inequality is a function of the labour market in South Africa – the wage differentials in the labour market account for the high income inequality in South Africa (see, for instance, Leibbrandt et al 2010). Bhorat et al (2012) argue that income inequality in South Africa have to do with the structure of the economy. Therefore, the labour market is influenced by the structure of the
economy in South Africa – it might be in this context that Frye et al (2011) characterise South Africa’s inequality as *structural inequality*. The restructuring of the South African economy, by implication, would redress income inequality. To restructure the South African economy, sectors need to be configured and should articulate differently, the financialisation and internationalisation of the economy would need to be tempered with and Mineral Energy Complex (MEC) would need to change. Such radical change would require strong political commitment to reframe the current relations between the state and capital. As Fine and Rustomjee (1996: 5) put it, “the Mineral Energy Complex (MEC) lies at the core of the South African economy not only by virtue of its weight in economic activity but also through its determining role throughout the rest of the economy”. The restructured South African economy should create more jobs and in particular employ Africans, especially the youth.

A number of economists have concluded that economic inequality has increased during the first twenty years of democracy because intra-inequality, within the African group, has increased. Jeremy Seekings and Nicoli Natrass (2006) wrote a whole book on this, and since then numerous publications have been written effectively substantiating the argument that “race had given way to class” (p. 377) and or the “the basis of disadvantage shifted from race to class” (p.4). Haroon Bhorat (and his co-researchers) appears to be the only economist to argue that the character of economic inequality in South Africa should be understood along racial lines. Bhorat et al (2012: 14) argue that “in the South African context, the strong inequality between racial groups as a result of apartheid has always been a significant driver of aggregate inequality”. In fact, Bhorat et al (2012: 13) demonstrate that “it is very clear that African inequality remained virtually unchanged over the period, with the 1995 and 2005 Lorenz curves almost indistinguishable. In contrast, the Lorenz curves for white individuals graphically confirm increasing inequality within this cohort over the period”.

From historical experiences of exploitation and systematic exclusion of Africans, I consider the work of Bhorat and his co-researchers more credible and convincing than those who argue that the increase in inequality during the first twenty years of democracy is a class question. Another way of examining racial inequality is to look at asset ownership patterns. Although data is not readily available, indications are that whites remain with many more assets than Africans – land is the obvious case in point. For instance, white owned
commercial farmland in South Africa still comprises about 80 million hectares (Gumede, 2014). Another interesting illustration of asset inequality is that there are still more whites owning cars than blacks. According to the South African Institute of Race Relations (SAIRR) (2013), in 2012, there were 2.4 million Africans owning cars and 2.6 million whites owning cars (in a country where Africans make up 80% of the population and whites make up only 9%). The 2013 SAIRR report also indicates that, in 2012, 92% of whites owned a mobile phone and 84% of Africans owned a mobile phone.

Table 1 below, produced using Gelb (2004), Leibbrandt et al (2009), Bhorat et al (2012) and my own calculations using Statistics South Africa’s data, actually demonstrates that all population groups have experienced some increase in (in-group) inequality – it is not convincing that the African population group accounts for the significant increase in income inequality that post-apartheid South Africa is reported to be experiencing. In fact, income inequality for the African population group appears to be relatively steady from 2005 to 2011 (for the latest available data). In a ten year period, from 1995 and 2005, as Table 1 below shows, there was a relatively significant increase in income inequality within the African population group (from 0.49 in 1995 to 0.56 in 2005) but income inequality within the African population group has remained similar to the 2005 level, at least until 2011.

Table 1: Gini Coefficient by Population Group

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>African</td>
<td>0.47</td>
<td>0.49</td>
<td>0.56</td>
<td>0.54</td>
<td>0.55</td>
</tr>
<tr>
<td>White</td>
<td>0.36</td>
<td>0.39</td>
<td>0.45</td>
<td>0.39</td>
<td>0.42</td>
</tr>
<tr>
<td>Indian</td>
<td>0.51</td>
<td>0.45</td>
<td>0.53</td>
<td>0.49</td>
<td>0.45</td>
</tr>
<tr>
<td>Coloured</td>
<td>0.45</td>
<td>0.49</td>
<td>0.58</td>
<td>0.52</td>
<td>0.53</td>
</tr>
</tbody>
</table>

Sources: Gelb (2004), Leibbrandt et al (2009), Bhorat et al (2012) and own calculations

Although there is so much noise about income inequality in South Africa, there are no thorough studies that quantify income inequality beyond 2011. This might very well have to do with a challenge of data that can be used to estimate latest Gini coefficients. This is not

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6 Gini coefficients for 2009 and 2011 were calculated using Statistics South Africa’s 2009 Living Conditions Survey and 2011 Income and Expenditure Survey
to dispute widely held claims that income inequality has increased in South Africa. However, the widely held claim that the Gini coefficient has increased because income inequality within the African population group has increased is debatable. If anything, 2009-2011, in Table 1 above, suggest that it is within the white population group where a significant increase in income inequality has occurred. This, I argue, has to do with the structure of the economy which, in general, favours the white population group and it could be favouring some whites more than other whites. The South African economy has been undergoing a decline, effectively a recession, from about 2008. For whites who have invested well, the recession has not affected them – in fact, they continue to reap fruits of a skewed economy. Whites do not lose jobs just because the economy is shrinking. Also, it can be argued that whites have many possibilities for economic activity, such as pursuing business which could earn them more income than normal employment.

Table 1 above makes sense: between 1995 and 2005, it is likely that there was some correction or adjustment in incomes of Africans and therefore some Africans earned significantly more than others in that period, resulting to an increase in income inequality within the African population group. The labour market is a sound possible explanation for this: many Africans got well-paying jobs given the shift from apartheid (which officially ended in 1994) to democracy, and the labour market created many jobs which increased wage differentials in the African population group in particular.

It is also important to understand, as Richard Wilkinson and Kate Picket (2010) argue, that it is the perception of inequality that matters most than what numbers may suggest – this point is even more pertinent given that there are many measures of inequality and they all have methodological shortcomings and also fundamental in the sense that South Africa has an ugly political history of white domination and racism. In fact, Richard Wilkinson and Kate Picket – in their insightful book though without caveats – remind readers that inequality in itself, not the character of it per se, is bad for any society. It is also important to acknowledge that, as Joseph Stiglitz (2012) demonstrates in the case of United States, inequality slows economic growth and can result to economic instability, and that it is dangerous for political stability. In fact, it is critical to understand that Joseph Stiglitz attributes the increase in inequality to the top 1% of the American society. In the case of South Africa, many studies confirm that whites continue to earn far more than Africans, as an example.
Another way of examining inequality, especially racial inequality, could be to analyse levels of human development and human poverty by race. I calculated indices of human development and human poverty using the National Income Dynamics Study dataset. The Human Development Index (HDI) – measures human development as a composite indicator made up of life expectancy, literacy and per capita income. The Human Poverty Index (HPI), on the other hand, is an attempt to bring together in a composite index the different features of deprivation in the quality of life to arrive at an aggregate judgment on the extent of poverty in a community. The HPI combines measures of life expectancy, child nutrition status and access to improved water sources, and income.

Table 2: Human Development and Human Poverty

<table>
<thead>
<tr>
<th></th>
<th>HDI 2008</th>
<th>HDI 2010</th>
<th>HPI 2008</th>
<th>HPI 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>0.58</td>
<td>0.59</td>
<td>27.11</td>
<td>21.42</td>
</tr>
<tr>
<td>African</td>
<td>0.52</td>
<td>0.54</td>
<td>31.25</td>
<td>24.2</td>
</tr>
<tr>
<td>Coloured</td>
<td>0.64</td>
<td>0.58</td>
<td>10.51</td>
<td>16.58</td>
</tr>
<tr>
<td>Asian/Indian</td>
<td>0.78</td>
<td>0.74</td>
<td>4.92</td>
<td>3.85</td>
</tr>
<tr>
<td>White</td>
<td>0.80</td>
<td>0.73</td>
<td>10.13</td>
<td>8.12</td>
</tr>
</tbody>
</table>

Source: Own calculations from the National Income Dynamics Study 2008 and 2010 data

As Table 2 above shows, there are significant differences in indices for the whites and Africans in particular. For instance, for the latest estimates, Africans have an HDI of 0.54 (which is actually below the national average) while whites have 0.73. For the Human Poverty Index, Africans have the level of human poverty that is three times that of whites.

Studying per capita incomes confirm the existence and significance of racial inequality in South Africa. As Table 3 below shows, incomes for the whites have historically been much higher than incomes of Africans.
Table 3: A compilation of estimates of annual per capita personal income by race group in 2000 Rands and relative to White levels, 1917-2008

<table>
<thead>
<tr>
<th>Year</th>
<th>White</th>
<th>Coloured</th>
<th>Asian</th>
<th>African</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Per capita income in constant 2000 Rands</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1917</td>
<td>13069</td>
<td>2875</td>
<td>2894</td>
<td>1184</td>
<td>3946</td>
</tr>
<tr>
<td>1924</td>
<td>13853</td>
<td>2770</td>
<td>2694</td>
<td>1099</td>
<td>4137</td>
</tr>
<tr>
<td>1936</td>
<td>19212</td>
<td>3000</td>
<td>4443</td>
<td>1462</td>
<td>5359</td>
</tr>
<tr>
<td>1946</td>
<td>26252</td>
<td>4280</td>
<td>6037</td>
<td>2331</td>
<td>7556</td>
</tr>
<tr>
<td>1956</td>
<td>30494</td>
<td>5158</td>
<td>6668</td>
<td>2627</td>
<td>8541</td>
</tr>
<tr>
<td>1960</td>
<td>31250</td>
<td>4977</td>
<td>5340</td>
<td>2532</td>
<td>8378</td>
</tr>
<tr>
<td>1970</td>
<td>45751</td>
<td>7929</td>
<td>9248</td>
<td>3133</td>
<td>11140</td>
</tr>
<tr>
<td>1975</td>
<td>49877</td>
<td>9688</td>
<td>12687</td>
<td>4289</td>
<td>12696</td>
</tr>
<tr>
<td>1980</td>
<td>48340</td>
<td>9238</td>
<td>12304</td>
<td>4088</td>
<td>11818</td>
</tr>
<tr>
<td>1987</td>
<td>45828</td>
<td>9572</td>
<td>13823</td>
<td>3879</td>
<td>10661</td>
</tr>
<tr>
<td>1993</td>
<td>46486</td>
<td>8990</td>
<td>19537</td>
<td>5073</td>
<td>11177</td>
</tr>
<tr>
<td>1995</td>
<td>48387</td>
<td>9668</td>
<td>23424</td>
<td>6525</td>
<td>12572</td>
</tr>
<tr>
<td>2000</td>
<td>56179</td>
<td>12911</td>
<td>23025</td>
<td>8926</td>
<td>16220</td>
</tr>
<tr>
<td>2008</td>
<td>75297</td>
<td>16567</td>
<td>51457</td>
<td>9790</td>
<td>17475</td>
</tr>
</tbody>
</table>

Relative per capita personal incomes (% of White level):

<table>
<thead>
<tr>
<th>Year</th>
<th>White</th>
<th>Coloured</th>
<th>Asian</th>
<th>African</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>1917</td>
<td>100</td>
<td>22</td>
<td>22.1</td>
<td>9.1</td>
<td>30.2</td>
</tr>
<tr>
<td>1924</td>
<td>100</td>
<td>20</td>
<td>19.4</td>
<td>7.9</td>
<td>29.9</td>
</tr>
<tr>
<td>1936</td>
<td>100</td>
<td>15.6</td>
<td>23.1</td>
<td>7.6</td>
<td>27.9</td>
</tr>
<tr>
<td>1946</td>
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Africans consistently have low incomes. As a share of incomes of whites, Africans clearly have very low incomes. For about ninety years – the period of the data shown in Table 3 – the average incomes for Africans as a share of incomes of whites have not exceeded 15% (with the exception of year 2000). Given the available data, it is actually shocking that incomes of Africans have not grown much, as a share of incomes of whites. For instance, in 1917, the share of incomes of Africans to those of whites was 9.1%. In 2008, the latest data available, the share of incomes of Africans to those of whites was 13%. This trend continues, if not worsening. As the 2013 SAIRR report indicates “nearly three-quarters of top managers
in companies employing 50 or more people are white, and the unemployment rate among Africans is four times higher than it is among whites” (SAIRR, 2013: 3).

Lastly, the Census 2011 Report indicates that, in 2011, African-headed households had an average annual income of R60,613 while white-headed households had an average annual income of R365,134. Whites, simplistically put, earn six times more than Africans. This is similar to what Melvin Oliver and Thomas Shapiro (1997) found in the case of United States – not only that blacks earned a fraction of what whites were earning but also that there was a huge asset inequality between blacks and whites in United States (and that even those blacks that are said to be doing well, a major external shock plunges them into serious economic hardship).

**Policy implications**

As indicated above, and it is widely agreed, income inequality is a function of the labour market. The labour market is shaped by the obtaining structure of the South African economy. Although complete liberation would be the fundamental answer to racial inequality in South Africa, the pragmatic intervention, under the current global and domestic socio-political and economic conditions, should be to restructure the economy and transform the labour market (Gumede, 2013). The labour market should be tweaked in such a way that it creates jobs for Africans in particular, as Jeremy Seekings and Nicoli Nattrass argued in their 2006 book.

Given the history of centuries of discriminatory policies and laws against Africans as well as the obtaining state-capital relations, the structure of the economy works mainly for the whites. It is in this context that proposals for the social accord and or social contract or social pact, in the main to create jobs, would only scratch the surface – starting with Jeremy Seekings and Nicoli Nattrass (2006) to Adam Habib (2013) many have argued that South Africa needs a social accord or a social contract or a social pact. The National Planning Commission’s Vision 2030 can therefore be said to be a step in the correct direction. However, as many have argued, the National Development Plan (i.e. Vision 2030) has missed the mark. Sampie Terreblanche (2012), for instance, argues that the ‘hyper-optimism’ characterising the NDP is because “the NDP has not considered the historical trends of the past 130 years” – the National Planning Commission should have, according to Terreblanche, “concentrated on the unequal power relations, the unequal property relations
and the unequal opportunities that are making the new South Africa society a very unjust society – just as similar inequalities made apartheid South Africa a very unjust place…” (p. 118).

Because South Africa should be primarily responding to the legacy of apartheid colonialism and be reconfiguring capital-state relations, interventions such as social protection programmes, expanded public work programs and so on and so forth would only tinker with the challenge of inequality on the margins. Many other suggestions, such as the one that Adam Habib makes in his recent book – that expectations should be managed – would not make much difference on the level of income inequality. Arguably, the Basic Income Grant (BIG) would also not make much difference in racial inequality – this is not to say that BIG would not assist at all in alleviating poverty.

The answer to redressing the high racial inequalities in South Africa has to do with reconfiguring the South African society as a whole. The starting point should be tilting state-capital relations to be in favour of development and or the people instead of privileging the market. In the meantime, sound efforts – beyond the rhetoric – should be pursued in restructuring the South African economy. The government must use the leverage it has to redistribute wealth and resources through fiscal, social and tax policies. In addition, important assets such as land should be redistributed quicker than it has been the case.\[^7\]

**Concluding remarks**

The perception of inequality in South Africa, coupled with a sense that there is patronage, imply injustice and or unfairness in the minds of the many. Incidences of racism and the general hardship that many Africans face make it even more important that inequality should be the highest priority that the South African society should address.

The paper has argued that the challenge of inequality in South Africa remains a race issue more than it could be a class issue. The paper also contends that inequality in South Africa is much more profound and structural than it is simply a matter of the labour market. The challenge that South Africa faces, therefore, requires a complete reconfiguration of society

\[^7\] Gumede (2014) explains, in a comparative context, the pace of land and agrarian reform in South Africa and reaches the conclusion, like other scholars on this issue, that reform has been slow. Land is an important asset – it is also important for other reasons, including spiritual ones, as argued in Gumede (2013). Asset ownership patterns should be speedily changed in South Africa if racial inequality is to be reduced – it will not be enough to create jobs for Africans.
(Gumede, 2013). The starting point should have been to restructure relations between the state and the market in order that the development programme prioritises the people and not profit (to paraphrase Noam Chomsky). The imperative of reconfiguring the South African society is compelling. The possible consequences of leaving the status quo as is could be devastating for the whole of South African society, or the ‘threat of revolution’ that Hamilton (2014:128) reflects on might become a reality.
References


