



Economic and Social Inequalities in Democratic South Africa

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Introduction

This chapter wrestles with inequalities in South Africa in detail, not just the economic inequality which usually dominates discourse on inequalities in the post-apartheid dispensation. There are many aspects of inequalities that deserve proper attention. For instance, there is a lot of literature that has examined the relationships between inequality and the following issues: education, healthcare and housing as well as asset ownership (See for instance, Becker, 1964; Psacharopoulos, 1973; Haveman and Wolfe, 1984; Cohn and Addison, 1998; Glewwe, 1999; Heckman, 2000). Education, for instance, is not only a key prospect of the country emerging as a democratic developmental state but it also has inevitable effects on the labour market. Education is universally recognised as a key factor in opening doors to better employment and higher earnings in life – and that is the case in South Africa too as Gumede and Biyase (2016) show.

Among other critical issues not sufficiently discussed in South Africa is the need to be mindful of the different functional distributions of income: personal and functional distributions of income. In essence, there are wage differentials or gaps in incomes between individuals – that is personal distribution of income. Then there are income gaps among groups. For South Africa, arguably, the functional distribution of income is more critical. There are possible policy interventions to addressing wage differentials or gaps in incomes between individuals. For instance, ensuring that the economy creates jobs can go a long way in addressing the skewed personal distribution of income. The functional distribution of income is however more complex

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because it often has to do with the political history or context for many countries. That is indeed the case in South Africa. Different population groups have had different advantages or disadvantages emanating from the political history of apartheid colonialism. As the chapter demonstrates, South Africa is faced with intractable racial inequalities. The chapter starts with discussing education related inequalities. That is followed by a discussion of inequalities in the labour market then a discussion of inequalities in housing then inequalities in healthcare then a detailed discussion of income inequalities.

Background

There is general consensus in South Africa that inequalities, particularly economic inequality, are very high. The debate about inequalities in the post-apartheid era could be categorized into two schools of thought: those who attribute it to class and those that attribute it to race. There might be a third school of thought or an explanation that inequalities remain stubborn because of the political history of the country. We see this as an overall basis for inequalities that are not reducing. Whether increase in inequalities, especially the economic inequality, are a class issue or race issue is an empirical question (as argued in Gumede 2015). Research suggests that race is still the dominant factor in explaining higher income inequalities in South Africa. In addition, it would seem that the structure of the South African economy and the labour market account for that. It is in this context that we agree with Isobel Frye and her co-researchers that ‘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 Borat 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 2010: 14). In essence these arguments demonstrate that inequality in South Africa remains essentially a racial phenomenon.

Overall, there are glaring inequalities in all spheres of life in South Africa. The inequalities discussed in this chapter are predominantly racial (i.e. racial inequalities). In other words, most inequalities in South Africa are along or between the different population groups with the exception of political inequality which is linked to patronage politics. The political history of the country is the primary cause of inequalities. Even the skewed structure of the South African

economy is as a result of apartheid colonialism that lasted about 350 years. The sections that follow discuss inequalities in selected socio-economic spheres.

Educational Inequality

Before 1994, education had been vital to the apartheid policies and strategies advancing segregation and racial hierarchy that was profoundly damaging for the black majority (Gumede, 2015). In a new democratic South Africa, education was positioned at the top of the hierarchy in terms of transformation priorities (Chisholm and Petersen, 1999; Harber, 2013). The Bill of Rights of South Africa's Constitution states that all South Africans have the right to a basic education as well as adult basic education and further education, and the state must take reasonable measures to make it progressively available and accessible to the people (Republic of South Africa, 1996). Yet despite this constitutional edict, there are still huge inequalities in terms of educational access and quality in South Africa. Educational inequality in South Africa refers to two distinct problems: (i) unequal access to education and inequality in overall educational attainment between different racial groups and (ii) differences in the quality of education available to different groups. It must be reckoned that South Africa has one of the highest rates of public investment in education in the world. At about 7% of gross domestic product (GDP) and 20% of total state expenditure, the government spends more on education than on any other sector. Government spending on early childhood development (ECD), basic education and higher education during 2015/16 is estimated at R813 million, R203 468 billion and R16, 3 billion respectively (National Treasury, 2016).

Public and independent schools

While access to education in South Africa has significantly improved since 1994, the quality of education remains a challenge (Gumede and Biyase, 2016). The South African education system consists of three types of schools: independent schools, government schools and governing body-funded public schools. According to Department of Basic Education (2016), public sector education can be grouped in terms of either the General Education and Training (GET) and Further Education and Training (FET) bands or the traditional primary and secondary phases.

The GET band, which includes Grades R to 9, caters for the: *foundation phase* (Grades R to 3), *intermediate phase* (Grades 4 to 6), and *senior phase* (Grades 7 to 9); while the FET band caters for Grades 10 to 12 and excludes learners in FET colleges. These schools are controlled by education departments in South Africa's nine provinces.

Independent schools, on the other hand, comprise of state-aided schools which are usually owned by religious bodies, farmers, mining and forestry, where the vast majority are Catholic and farm schools, governed by Section 14 of the South African Schools Act (SASA) of 1996. Independent schools are far more expensive than government schools, because they are perceived to offer good quality education. These schools are attended mostly by children from middle- and high-income families. Data from the Department of Basic Education (2016) indicate that out of a total of 12 814 473 learners in 2015, only 4,42% of learner's were in the independent schools. Even within the public school system, KwaZulu-Natal province accounted for 22,95% of learners while Northern Cape accounted for only 2,34%. For learners in the independent schools, Gauteng accounted for 46,57% of all learners, while Northern Cape accounted for only 0,64%. While public schools accounted for 95,58% of all learners, it accounted for 91,23% of educators and 93,05% of schools. Gauteng accounted for 48,67% of educators and 39,19% of schools while Northern Cape accounted for 0,92% of educators and 1,62% of schools.

Higher education and training

Access to higher education and training has long been a challenge in South Africa, and it has become more pronounced. During the apartheid era, the state not only ensured that the black majority were denied the sort of learning experiences which would prepare them for tertiary study but also that access to well-resourced institutions of higher education were only reserved for white students (Branson, Garlick, Lam and Liebbrandt, 2012). The divisions in the higher education system created as a result of apartheid are still hard to eradicate (Council on Higher Education, 2016). It is said that, however, the historically white liberal universities were the earliest ones to attempt to achieve a more equitable dispensation with regard to access to higher education (Boughey, 2002). These universities were anyway taking advantage of loopholes in the policy to admit a small number of black students who were seen to have the potential to succeed at tertiary level provided that they were offered the necessary support (Bunting, 2002; Steyn and

de Villiers, 2007). As some have argued, universities have used tuition fees as an obstacle for making higher education a popular commodity in South Africa.

As argued elsewhere, although the enrolment of Africans in higher education institutions has increased, detailed analysis of data reveals historical disparity in participation rates among population groups. Latest data available confirm that total gross participation rate remained more or less the same in early to mid-2000, at about 15.7, and it increased marginally to 16.18 in 2007. The numbers of those enrolled in higher education has been increasing. However, participation rates for African student population do not seem to be increasing in any significant rate – it was 11.4 in 2002, 11.5 in 2004 and 12.29 in 2007. These improvements, however pedestrian, suggest that government plans – though seemingly farfetched – are yielding some results.

Academic Staffing

To transform the higher education sector, especially the demographic profile of academic staffing, policy and legislation were seen as the primary instruments to bring about this objective. The South African labour policy and legislation in the last twenty-two years had a clear goal redressing the inequities of the apartheid labour system, and it has played a significant role in shaping the academic staffing complement. However, although a lot has been achieved since 1994, hiring and retention patterns still appear to perpetuate largely racialised and gender-biased patterns (Council on Higher Education, 2016). Regarding race, statistics on the profile of academic staff in the public universities show that, while a lot has changed, the situation does not yet reflect the demographics of the country.

Data indicates that in 1994 Africans comprised 8,82% of the permanent academic staff members of the country's public universities, and the corresponding figures for other racial groups were 3,37% for Coloureds, 4,18% for Indians and 83,62% for Whites. In 2002 the figures for the same categories were 23,14% for Africans, 4,91% for Coloureds, 8,00% for Indians and 63,95% for Whites. The ten-year period, 1994 to 2004, shows a dramatic increase in the number of African academic staff members, as a percentage of the overall academic staff, and a corresponding decline for Whites. Also, the overall permanent academic staff complement increased by 20,44% in the ten-year period from 1994 to 2004. In 2012, the figures were 31,49% for Africans, 6,24%

for Coloureds, 8,56% for Indians and 53,70% for Whites. The overall staff complement increased by 11,91% from 2004 to 2012.

According to headcount, for both permanent and temporary academic staff at public universities, in 2004 Africans comprised 22,77%, Coloureds 4,64%, Indians 8,36% and Whites 64,23%. In 2008 the corresponding figures were 25,97% for Africans, 5,38% for Coloureds, 9,23% for Indians and 59,41% for Whites. From 2004 to 2008, Africans, Coloureds and Indians managed to increase their share of the staff completed while that of Whites decreased. In 2012, the figures were 32,28% for Africans, 5,23% for Coloureds, 8,54% for Indians and 53,95% for Whites. In 2004, the permanent academic staff in public universities accounted for only 38,44% of all staff members, the remainder was the temporary staff. In 2012, the corresponding figures were 33,88% for permanent staff and 66,12% for temporary staff. Permanent academic staff comprised 38,44% in 2004 and 33,88% in 2012. This shows that the bulk of the academic staff is temporary workers, and this applies to all racial groups. Between 2004 and 2012, permanent academic staff declined by 13,45% in the overall staff complement.

Regarding gender, in 1994 women comprised 31,94% of the permanent staff, 41,07% in 2004 and 44,81% in 2012. This shows a steady increase in the number of women appointed in permanent academic posts in public universities. This could be attributed to the progressive nature of the country's labour laws in terms of advancing gender equality as well as the changing nature of the academic space that has allowed more women to enter the profession. Women are now able to enter fields that were traditionally men's domain such as law, engineering and construction.

For the headcount of permanent academic staff by race and qualifications in 2012 (latest data we accessed), for undergraduate diplomas and certificates the share of permanent academic staff members for different racial groups were 35,39% for Africans, 14,40% for Coloureds, 4,53% for Indians and 45,68% for Whites. For undergraduate degrees it was 40,8% for Africans, 8,98% for Coloureds, 12,42% for Indians and 37,7% for Whites. For postgraduate diplomas and honours degrees it was 37,46% for Africans, 5% for Coloureds, 8,39% for Indians and 49,15% for Whites. For Masters degrees it was 34,13% for Africans, 7,23% for Coloureds, 8,79% for

Indians and 49,88% for Whites. And, lastly, for doctoral degrees it was 22,49% for Africans, 5,03% for Coloureds, 7,52% for Indians and 64,96% for Whites. Only in the category of undergraduate degrees did Africans constitute the majority of permanent staff then rest. Whites are effectively overrepresented in all other categories given their share of the total South African population.

Inequalities in the Labour Market

Given the importance of inequalities in remuneration (i.e. wage differentials) and access to employment in understanding overall inequalities in society, labour market dynamics in relation to inequalities need to be unpacked. According to Kenny and Webster (1998), during apartheid the labour market in South Africa was racially segmented between:

- (i) an independent primary labour market, consisting of white skilled workers;
- (ii) a subordinate primary labour market, consisting of Coloured and Indian semi-skilled workers and;
- (iii) a secondary labour market, consisting of predominantly African workers, of which many of whom were migrant workers on contract.

A system of dualistic labour control was used in regulating this segmented labour market. Whites, Indians and Coloured had collective bargaining rights, while Africans were subjected to a system of despotic control which also denied them trade union rights. However, this system started to be challenged from 1970's onwards through the rise of shopfloor-based industrial unions for black (African, Indian and Coloured) workers in key sectors of manufacturing (Seidman, 1994). By the mid-1980's these unions had begun to win rights on the shop floor in some industries that reduced management's power to dismiss and retrench workers unilaterally and gave workers a voice in the workplace (Adler and Webster, 2000). Moreover, the segregation policies of the apartheid era resulted in lower levels of education, stifled entrepreneurship and exacerbated spatial inequalities among the African population (Crankshaw, 1996).

Although apartheid was legally dismantled in 1994, the economic and social outcomes of democratic South Africa continue to be heavily influenced by its ramifications. This is more noticeable in the labour market, which is characterized by some of the highest unemployment rates and lowest employment–population ratios in the world (SAIIA, 2015). The formal economy has failed to absorb the huge rise in labour supply that accompanied in to the transition to democracy, especially among African women and the youth. The unemployment problem is also compounded by the skills-biased nature of the labour demand in South Africa – the challenge of unemployment is both a demand and supply issue, contrary to what others say. Indeed, because of a relatively poor quality of education the levels of skills are low thereby resulting in a mismatch between the skills demanded and those supplied. However, especially when it comes to youth unemployment the employers are discriminating unfairly making the challenge of unemployment a demand side issue.

Employment and unemployment

According to Statistics South Africa (2016), if a person is working or trying to find work, he/she is considered part of the labour force. The number of people that are employed or unemployed within a country is the labour force or economically active population. The employed persons are those who were engaged in market production activities in the week prior to the survey interview (QLS), as well as those who were temporarily absent from their activities. For a person to be considered unemployed, three criteria must be met simultaneously: (i) a person must be completely without work,(ii) currently available to work and, (iii) taking active steps to find work. The working-age population comprises everyone aged 15–64 years who fall into each of the three labour market components (employed, unemployed, not economically active) as defined by the Statistics South Africa.

Taking the third quarter of 2017 Statistics South Africa Labour Force Survey, the working-age population was 37.373 million (16.192 million employed, 6.210 million unemployed and 14.971 million not economically active), therefore resulting in an unemployment rate of 27.7%, an absorption rate of 43.3% and a labour force participation rate of 59.9%.

As many commentators indicate, the problem of unemployment is more complex than Statistics South Africa data suggests – and the challenge of unemployment affects the youth and females more. Even the numbers indicated in the Table are somewhat conservative when it comes to unemployment – the expanded definition of unemployment, which includes so-called discouraged workers, would place the unemployment rate far higher than what is reported.

Another important issue relates to employment by occupation for the different genders and population groups. As Figures 1 and 2 below show, white and Indian/Asian population groups dominate employment in skilled occupations in relation to the African and Coloured population groups, regardless of gender. The proportions of employed Africans and coloured populations are the largest among semi-skilled occupations for men. Figure 1 shows African women are more vulnerable in the labour market, with larger shares in low-skilled occupations. The share of African women in low-skilled occupations was 43,9% compared to 1,1% of white women and 2,3% of Indian/Asian women. On the other hand, about 56,2% of white women were employed in skilled occupations compared to only 17,5% of African women and 19,6% of Coloured women.

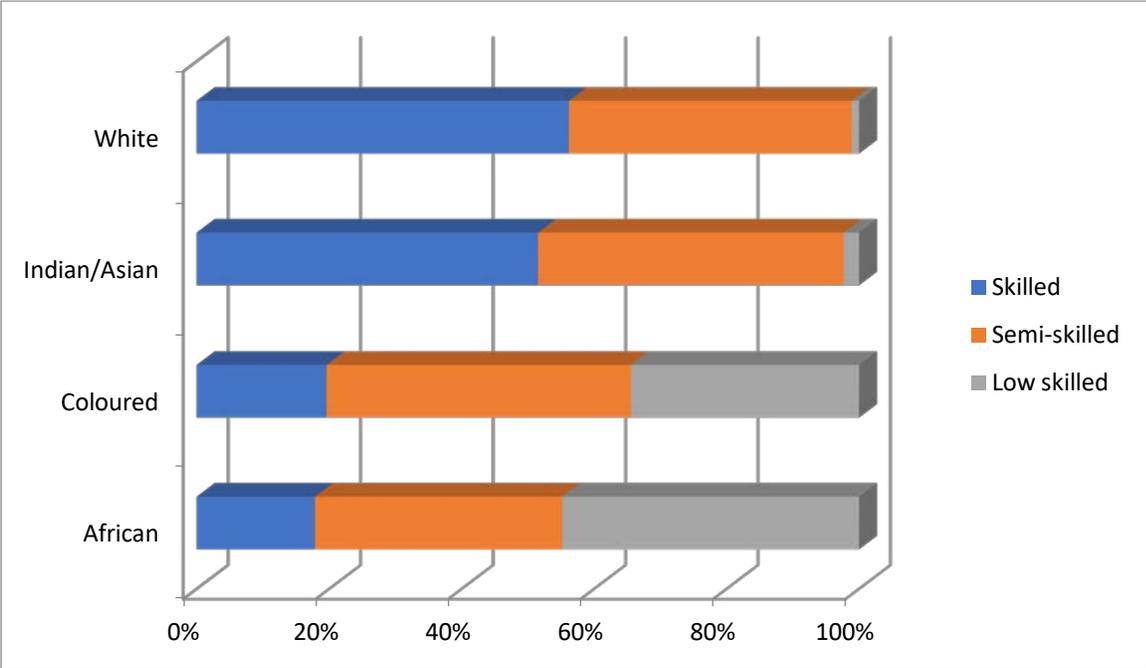


Figure 1: Employment by occupation, population group and sex (women), 2015.
 Source: Calculated from Statistics South Africa Labour Force Survey (2015)

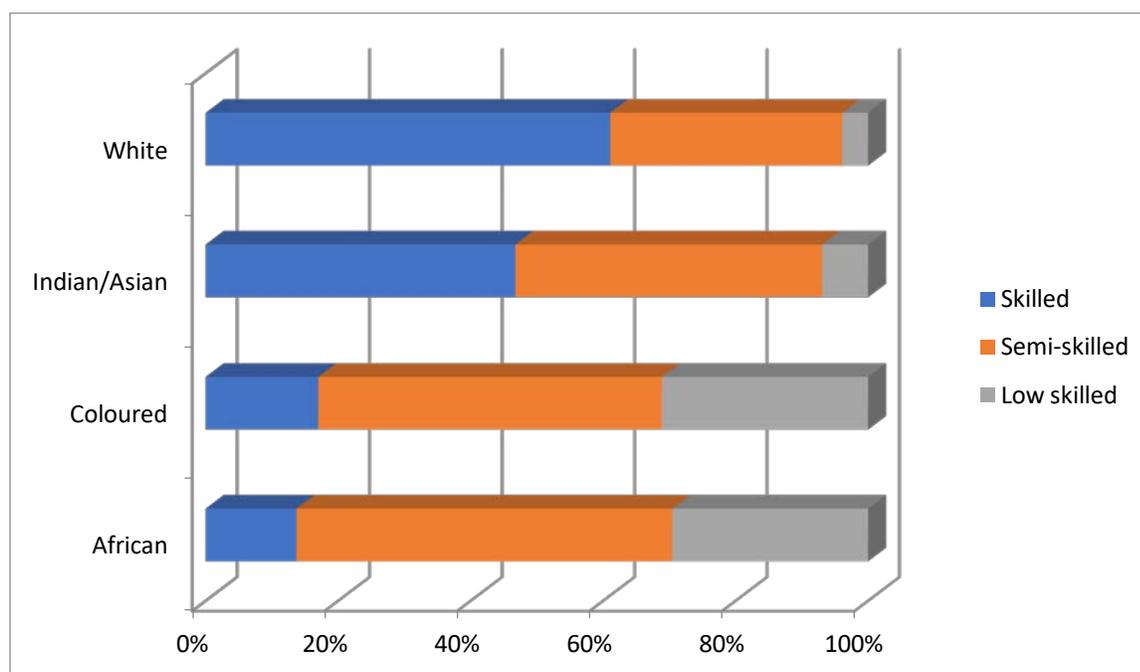


Figure 2: Employment by occupation, population group and sex (men), 2015.
 Source: Calculated from Statistics. South Africa Labour Force Survey (2015)

Overall, the African population group and women in general – and African women in particular – are worse off in the labour market. As we know, the African youth suffers most when it comes to access to employment. It is clear that the labour market is unable to absorb the large numbers of Africans. The pattern observed above can also be found in management and other areas. Essentially, the structure of the South African economy has not transformed thereby resulting to high wage differentials etc., hence the stubborn economic inequality.

Inequalities in Health

By inequalities in health it is meant the disparities in both the health status and the healthcare access between different population groups in South Africa. As in inequality in education, inequality in health leads to inequality in other aspects of life as health affects a person’s ability to be productive at work and to engage in other activities of life. Another way of thinking about inequality in healthcare access is to examine the differences in usage of healthcare facilities

between different population groups. Ordinarily, healthcare access is significantly influenced by income and physical barriers to accessing healthcare facilities such as clinics and hospitals. For instance, those living in rural areas have difficulty accessing healthcare facilities because of the distance that they have to travel to reach the nearest healthcare facility.

Since 1994, a myriad of interventions have been pursued to improve access to healthcare and quality of healthcare services. The post-apartheid health system consists of a large public sector which is funded by government, a smaller but speedily growing private sector and a non-governmental (NGO) sector. At least 10% of the total expenditure goes to healthcare. The democratic government aimed to reduce inequities in healthcare and health services, integrate the disparate *Bantustan* health-care systems into one South African health-care system, and re-orientate services towards primary healthcare (Stuckler, Basu and McKee, 2011). The policies implemented ranged from free healthcare for children and pregnant mothers, to clinic-building programmes and community service for medical and dental graduates (Bond, 2004). However, despite world class programmes and policies, the quality of South Africa's healthcare remains poor as many have argued.

Healthcare provision in South Africa varies from the basic primary health care, provided free by the state, to highly specialised, hi-tech health services offered by both the public and private sector. However, the public sector is stretched and under-resourced in some places, especially in the rural areas. While the government contributes about 40% of all expenditure on health, the public health sector is under tremendous pressure to deliver services to about 80% of the population, mostly the poor in society (Mayosi and Benatar, 2014). On the other hand, the private is run largely on commercial lines and provides health services to largely middle- and high-income earners who tend to belong to medical aid schemes (Gray and Vawda, 2014). The private sector also attracts most of the country's health professionals since it pays higher and has better facilities than the public sector. This two-tiered health care provision system is not only inequitable and inaccessible to a large portion of South Africans, but public sector health institutions have experienced poor management, underfunding and deteriorating infrastructure (Harris *et al*, 2011).

According to Statistics South Africa (2013), in 2011 there were 4 200 public health facilities in South Africa. The ratio of people per clinic was 13 718, exceeding the World Health Organisation (WHO) guidelines of 10 000 people per clinic. Since 1994, more than 1 600 clinics have been built or upgraded. Also, free health care for children under six years and for pregnant or breastfeeding mothers was introduced after 1994. Figure 3 shows the percentage distribution of households by type of health facility used. It shows that the majority of households went to public sector clinics (61,2%) first when members of their households were ill or injured and decided to seek medical help. This was followed by households who went to the private doctors at 24,3% and those who went to the public hospital at 9,5%. The private hospitals, private clinics and other health related facilities, such as pharmacies, employer facilities, spiritual healers, homeopaths and traditional healers, were used by a total of about 5% of the households.

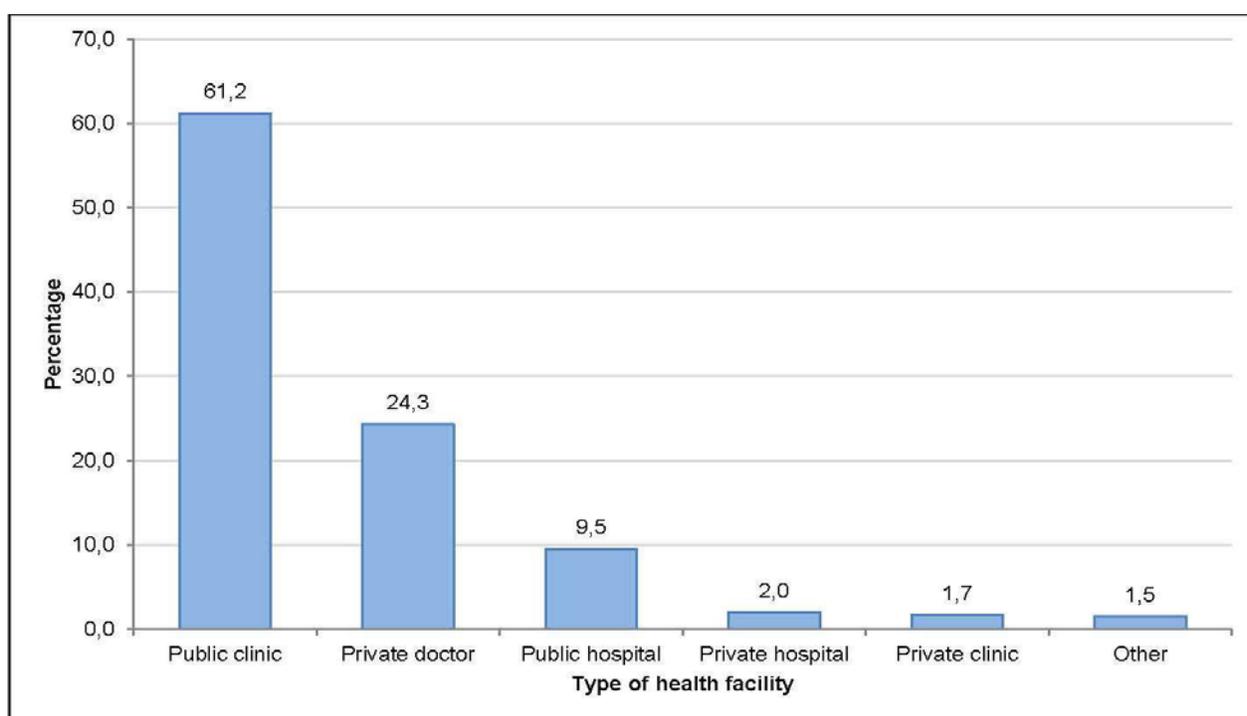


Figure 3: Percentage distribution of households by type of health facility used.
Source: Statistics South Africa, 2013

With regard to the percentage distribution of households by type of health facility used, the analysis of health facilities by population group and province of usual residence used are classified as follows: public sector refers to public hospitals and clinics; private sector refers to

private hospitals, private doctors and private clinics; and others refers to unspecified public sector facilities, pharmacies, employer facilities, spiritual healers, homeopaths and traditional healers. Households from the African (83,1%) and the Coloured (63,1%) population groups mostly used health facilities in the public sector, whereas those from the White (88,0%) and the Indian/Asian (64,1%) population groups mostly used health facilities in the private sector. There were particularly wide differences between the African and the White population groups. As much as 81,3% of the Africans used the public health facilities compared to 10,5% of the Whites that used the same facilities. On the other hand, 88,0% of Whites used private health facilities compared to 17,2% of the Africans who used private health facilities. With regard to province of usual residence, the public sector health facilities were the most common type of health facilities used in all provinces, although in differing magnitude. More than three quarters of households in three provinces, Limpopo (86,7%), Eastern Cape (80,8%) and KwaZulu-Natal (77,2%), used public health facilities. The use of these facilities was also common in Northern Cape (73,3%), North West (73,3%) and Mpumalanga (72,6%). On the other hand, while the majority of households in Western Cape, Gauteng and Free State used public health facilities, these three provinces had the highest proportion of those who used the private sector health facilities (46,1%, 35,9% and 35,1% respectively).

As far as percentage distribution of households by their usual means of transport to reach the health facility normally used, classified by population group and province of usual residence, data shows that among African households, the majority (55,0%) walked on foot to reach the health facility they normally used, followed by those who used public transport (34,9%). Compared to other population groups, a lower proportion of the African households used their own transport (8,9%). There was also a higher proportion of households from the Coloured population group (47,0%) who also walked on foot to reach the health facility normally used, followed by those who used their own transport to get to the health facility they normally used (31,7%). Households in the Indian/Asian and White population groups generally used their own transport (73,7% and 94,0%, respectively) to get to the health facility they normally use. Only 10,9% of household members from the Indian/Asian and 3,8% of those from the White population groups walked to the health facility that household members normally used.

Pertaining to the percentage distribution of households by their usual means of transport to reach a healthcare facility normally used, data shows that most household members in all provinces, except for Western Cape and KwaZulu-Natal, walked to reach the health facility normally used. The provinces with the highest proportion of household members who walked to get to the health facility normally used were Northern Cape (56,9%) and Free State (55,7%), while KwaZulu-Natal (40,2%) and Western Cape (39,7%) had the lowest proportion of household members who walked to reach the health facility normally used. Public transport was mostly used by households in KwaZulu-Natal (40,4%) and Limpopo (39,4%) and less frequently used by households in Northern Cape (9,4%). Western Cape and Gauteng had the highest percentages of households who relied on their own transport (38,9% and 29,5%, respectively) to reach the health facility normally used. In contrast, the percentage of households who used their own transport to reach the health facility normally used was lowest in Limpopo (7,2%).

Inequalities in Housing

The provision of housing to those who were excluded and underserved by the apartheid regime was described as one of the country's biggest challenges in 1994. The 1994 Housing White Paper described providing housing to South Africa's citizens as one of the greatest challenges facing the democratic government (Department of Housing, 1994). It estimated that the urban housing backlog in the country stood at about 1.5 million houses and that the backlog was growing at a rate of approximately 178,000 units a year. The 1996 national census showed that there were about 1.4 million shacks or informal dwellings in the country (Statistics South Africa, 2004). This represented 16% of the 9 million households in South Africa at the time. By 2011, the census showed that the number of shacks and informal dwellings had increased to about 1.9million (Statistics South Africa, 2012).

In a bid to redress the housing crisis, the democratic government enacted policies that supported the institutionalisation of housing provision especially for the poor. The relevant policies include the Housing Act of 1997, Rental Housing Act of 1999 and the National Housing Code of 2009, all drawing from the interim Constitution of the Republic of South Africa (Act 108 of 1996. Section 26 (1) and (2) of the Constitution state that "everyone has the right to have access to adequate housing" and that the "state must take reasonable legislative and other measures, within

its available resources, to achieve the progressive realisation of this right” (Republic of South Africa, 1996). The Housing Act (1997) provides for the facilitation of a sustainable housing development process and explains the roles, responsibilities and functions of the different spheres of government (Department of Housing, 1997). The Norms and Standards, as outlined in the National Housing Code (2009), describe the minimum physical requirements for standalone dwellings. It states that each house must have 40m² of floor space, two bedrooms, a separate bathroom with a toilet, a shower and hand basin, and a combined living area and kitchen. It must also have an electrical board installed that has access to electricity. It also lists further requirements regarding access to water, sanitation, roads, storm water drains and street lighting.

The characteristics of the dwellings in which members of society live and their access to various social and economic activities, services and facilities offer an important indication of their well-being. It is a well-known fact that shelter fulfils a basic human need for physical security and comfort. Figure 4 shows the percentage of distribution of dwelling ownership status for households living in formal dwellings. The figure shows that the percentage of households that fully owned the dwellings they lived in increased from 52,9% in 2002 to 61,4% in 2008 but then declined to 53,8% in 2015. However, the increase in 2008 was accompanied by a decrease (from 15,5% to 12,4%) of households that partially owned their dwellings, and also a small decrease in the percentage of households that rented accommodation. Households that maintained ‘other’ tenure arrangements increased from 11,7% in 2002 to 12,4% in 2014.

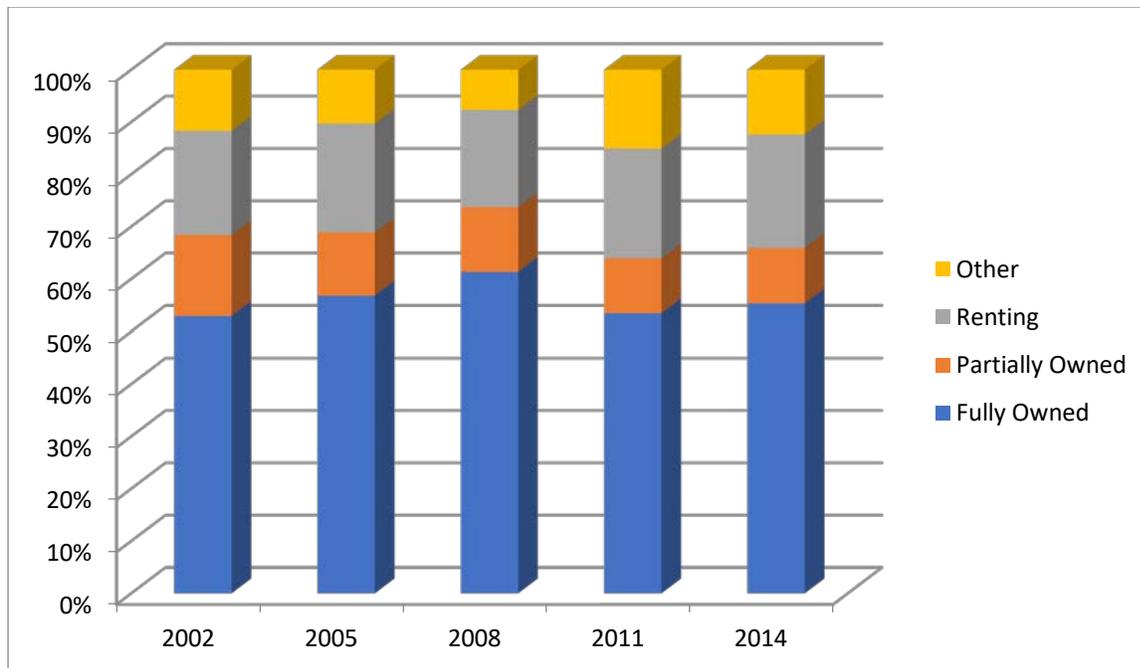


Figure 4: Percentage distribution of dwelling ownership status for households living in formal dwellings, 2002-2014.

Source: Based on the 2015 General Household Survey (2015)

Figure 5 shows households that lived in formal, informal and traditional dwellings by province in 2014. In 2014, 79,4% of South African households lived in formal dwellings, followed by 12,9% who lived in informal dwellings, and 6,8% in traditional dwellings. Limpopo (93,6%) had the highest concentration of households living in formal dwellings, followed by Mpumalanga (88,1%). While North West (21%) and Gauteng (19,2%) had the highest concentration of informal dwellings, it is worth noting though that the majority of households in these two provinces lived in formal dwellings. Gauteng had 78,9% and North West had 78% of households living in formal dwellings. Eastern Cape (27,7%) had the highest concentration of households residing in traditional dwellings compared to 17% of households in KwaZulu-Natal. For South Africa as a whole, the percentage of households that lived in formal dwellings increased slightly from 73,7% to 79,4% while households that lived in informal dwellings decreased by 0,3 percentage points to 12,9% between 2002 and 2014 and the percentage of households that living in traditional dwellings declined by 3,4percentage points over the same period.

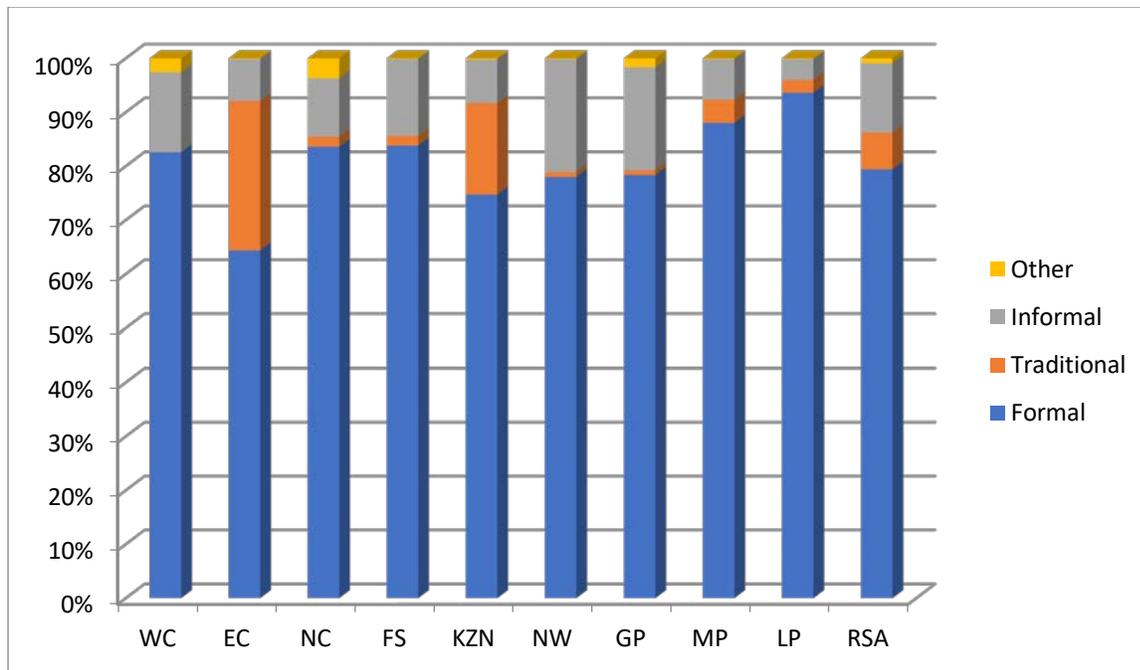


Figure 5: Percentage of households that lived in formal, informal and traditional dwellings by province, 2014.

Source: Based on the 2015 General Household Survey 2015

Overall, the inequalities characterizing South Africa are also glaring when it comes to housing. In the general ownership of assets, including houses, whites still have a lot more than other population groups especially Africans. This further supports the point that the South African inequalities are structural. By implication, the structure of the economy needs reconfiguration as many have argued. In addition, transformation of societal relations is critical.

Income Inequality

Income, simplistically put, refers to the revenue streams from wages, salaries, interest on savings accounts as well as dividends from shares of stocks, rent and profits from selling something for more than the amount it was purchased for. Income is by far the most common aspect used to measure inequality in society, and it is also often used to analyse the distribution of household expenditure. Income inequality refers to the degree to which income is distributed unevenly among members of a population. Income inequality is often linked with the idea of unfairness, and this involves the question of ethical value judgement. In democratic societies, it is often considered “unfair” if the few rich people in society have a disproportionately larger share of a

country's income compared to the majority population. The causes of income inequality differ significantly by a specific history of a country, gender, education and social status. The most popular tool to measure income inequality is the Gini Coefficient. Another aspect of economic inequality often ignored but it is very important is the distinction between personal and functional distribution of incomes.

Income inequality, however measured, has remained stubbornly high in post-apartheid South Africa. While the country has experienced a sustained positive economic growth since mid-1990s to late 2000s, the impact of this growth on reducing inequality inherited from apartheid has been disappointing at best (Visagie 2013, Gumede, 2015). This is despite the introduction of social transfers that now reach approximately 16 million poor South Africans (Statistics South Africa, 2014). One of the main reasons inequality remains obstinately high is because the number of jobs created by the economy barely kept pace with growth in the labour force, especially the new entrants into the labour force. As a result, unemployment remains between 25 percent and 35 percent depending on whether one counts as being unemployed discouraged workers who have given up looking for a job (Statistics South Africa, 2016). The situation is also compounded by the fact that the social transfers system caters only for children from poor households, the elderly and the disabled, and no provision is made for the unemployed. Consequently, inequality in South Africa remains so high because of wage inequalities within the labour market, on the one hand, and the wide gap between those who are employed and those who are unemployed, on the other hand (Seekings and Nattrass 2005; Liebbrandt, Woolard and Woolard 2009; van der Berg *et al* 2008).

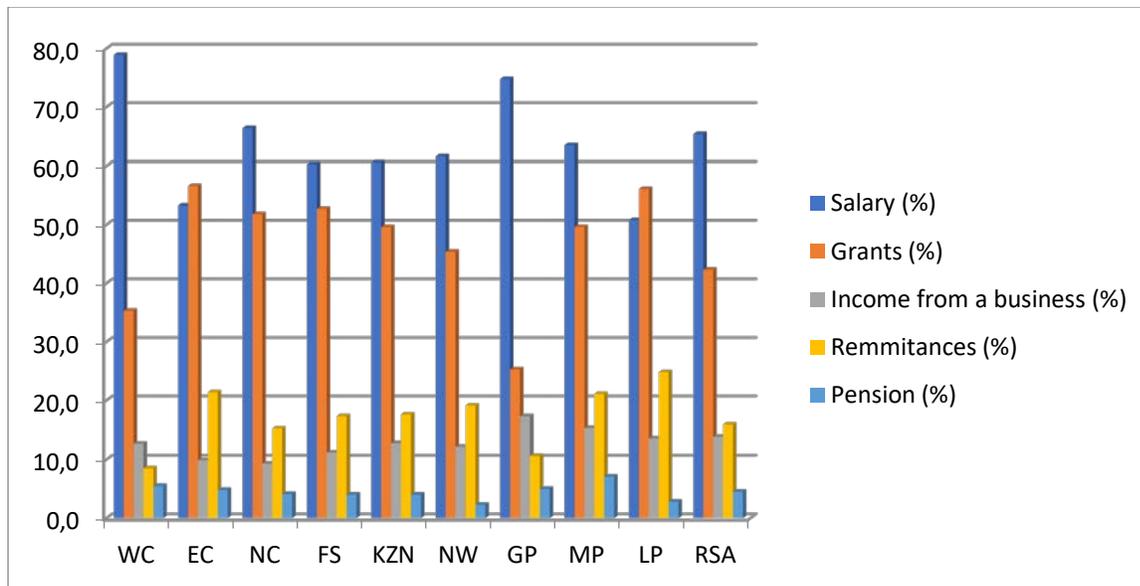


Figure 6: Percentage distribution of sources of household income by province, 2014.
Source: Statistics South Africa, 2015

Figure 6 shows the percentage distribution of sources of household income by province in 2014. According to Statistics South Africa (2015), household assets have a huge influence in the way in which households can diversify their livelihoods and asset poverty among the majority of South Africans is a condition that is more persistent and widespread than income poverty. Figure 6 shows that, for the country as a whole, salaries at 65,5% and grants at 46,2% were reported as income sources by the highest percentages of households. At the provincial level, the largest percentage of households that earned salaries were found in Western Cape at 76,8% and Gauteng at 75%. On the other hand, grants were more prevalent as a source of income in Eastern Cape and Limpopo, they constituted 59,8% and 58,9% respectively. Remittances as a source of income played an important role in most provinces, but especially so in the Eastern Cape at 24,4%, Limpopo at 23,7% and Mpumalanga at 21,3%.

Data on annual household income by gender and population group of the household head shows that male-headed households accounted for 76,7% of the total income, while the share of female-headed households stood 23,3% of household income in 2010/11. African households, which account for more than three quarters of the total numbers of households in the country, earned 44,6% of household income, which is less than half of the total annual household income. In

contrast, White households, which make up only 12,4% of the total number of households, earned 40,1% of the total household income. Coloured households, which make up 8,5% of the total number of households in the country, earned 9,9% of the total income while Indian/Asian households, accounting for 2,5% of all households, earned 5,4% of the total annual household income.

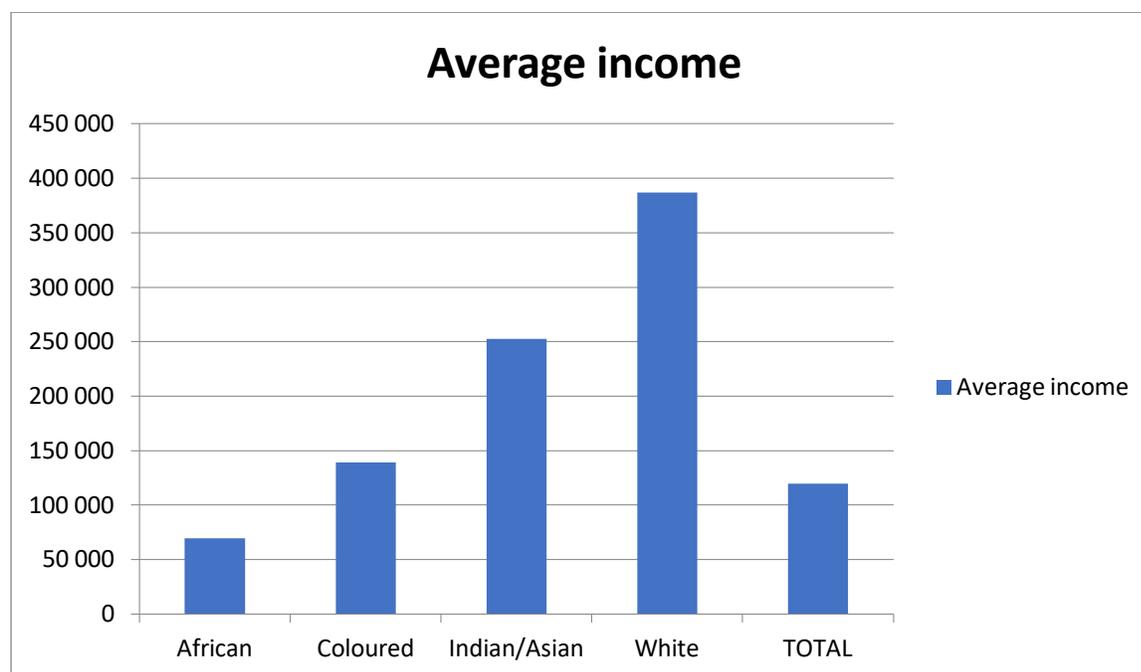


Figure 7: Average annual household income by population group of household head, in Rand.
Source: Statistics South Africa, 2012 (IES 2010/11)

Figure 7 shows the average annual household income by population group of the household head. The average household income across all households in South Africa was R119 542 in 2010/11. This average household income was significantly lower for African households at R69 632, while for Coloured households was R139 190. However, the Indian/Asian households had an average of R252 724 in 2010/11, while that of White households stood at R387 011.

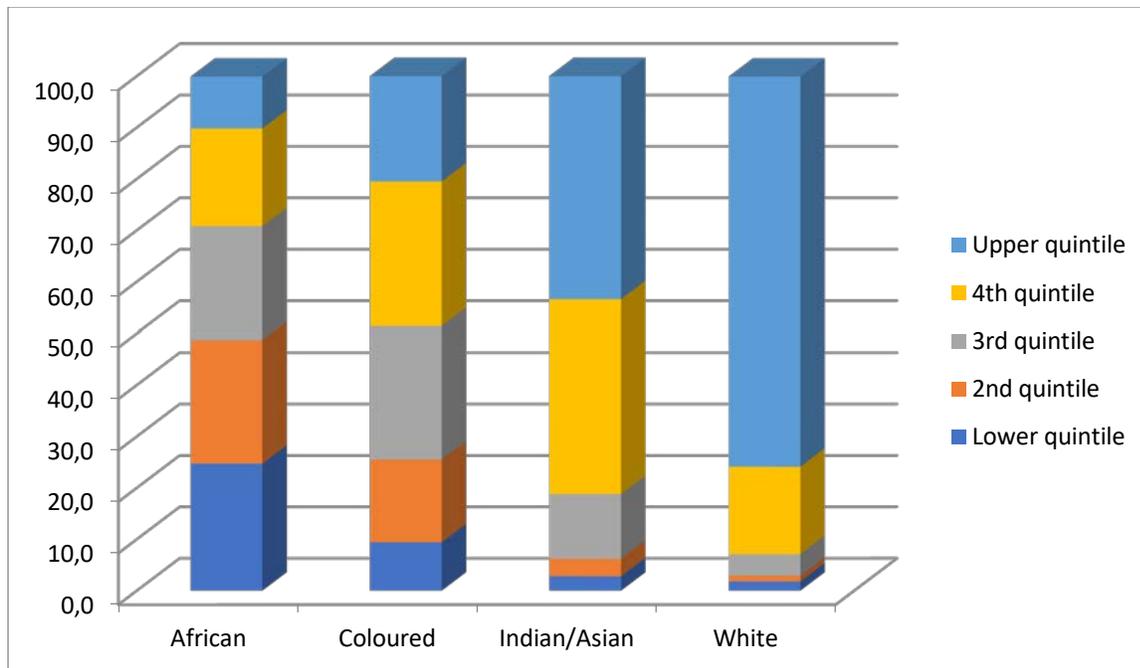


Figure 8: Percentage distribution of households by per capita income quintiles and population group of household head.

Source: Statistics South Africa, 2012 (IES 2010/11)

Figure 8 shows the distribution of households according to per capita income quintiles and the population group of household head. The per capita income quintiles have the following values:

- Upper quintile: R57 100 and above
- 4th quintile: R21 003 – R57 099
- 3rd quintile: R9 887 – R21 002
- 2nd quintile: R4 544 – R9 886
- Lower quintile: Up to R4 543

The figure shows that 24,7% of all African households fell within the lower quintile, while 10,1% African households were in the upper quintile. For Coloured, this distribution was reversed with 9,4% of households falling in the lower quintile and 20% in the upper quintile. Conversely, only 1,8% of White households were in the lower quintile as well as 2,8% of Indian/Asian households. However, 75,8% of White households and more 43,4% of Indian/Asian households were found in the upper quintile.

Conclusion

The chapter has demonstrated the extent of economic and social inequalities in the post-apartheid South Africa. It is clear that all aspects of economic and social endeavour in post-apartheid South Africa are shaped by racial inequalities, which is not difficult to understand given the political history of the country. There is an obvious role for policy, especially in the social sphere (i.e. healthcare, education, housing etc). However, the long lasting intervention has to be in the structure of the economy and society. Similarly, further reforms in the labour market would also help in reducing inequalities.

The restructuring of the South African economy is not going to be easy, as Gumede (2016) demonstrated. To undertake a proper restructuring of the economy of South Africa a social compact that many have argued for is critical. All the role players, and especially government and business, would need to work together in bringing about important changes in the structure of the economy. Similarly, labour market reforms would need a social pact. Whatever the case though, government should lead.

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