



# Limits of Social Policy: Racialized Inequality in Post-Apartheid South Africa

**Govender J\***

University of KwaZulu-Natal, South Africa

**\*Corresponding author:** Jay Govender, University of KwaZulu-Natal, South Africa; Email: Govenderj1@ukzn.ac.za

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## Abstract

South Africa's early history, its apartheid past and current politics appear to be characterized by systemic violence. This triple system of violence have had impacts on the country's peoples to recover their citizenship, dignity and sufficient material condition to lift themselves out of poverty and unemployment. Each system of governance seems to have had a rolling effect on South Africa's social system, what is better known as deep structural faults in the political-economy. Framed against the apartheid past and the current evidence, inequality is entrenched along racial lines. The majority black population appear to be wedged in. They experience the worst unemployment, poverty and inequality. The explanations for South Africa's misfortunes are to be found in some respects to the failure of redress approaches; indeterminate and un-coordinated efforts by central, provincial and local spheres of government; and the failure to effectively implement social and public policies. This paper proposes that racialized inequality will have ongoing negative impacts on society. Crucially, racialized inequality will act as a barrier in and of itself to the social transformation.

**Keywords:** Poverty; Social Policy; Inequality; Unemployment

**Abbreviations:** RDP: Reconstruction and Development Plan; ANC: African National Congress; UBPL: Upper-Bound Poverty Line; FPL: Food Poverty Line; LBPL: Lower-Bound Poverty Line; RDP: Reconstruction and Development Programme; GEAR: Growth, Employment and Redistribution; EPWP: Expanded Public Works Programme; ASGISA: Accelerated and Shared Growth Initiative for South Africa; NDP: National Development Plan; GEAR: Growth Employment and Redistribution; EPWP: Expanded Public Works Programme; ASGISA: Accelerated and Shared Growth Initiative for South Africa.

## Introduction

South Africa's history over three and half centuries is a wretched account of violent and exploitative colonialism,

not unlike other parts world where later generations of European decedents, came to dominate present day local landscapes. Over time English, Portuguese, Germans, Dutch, Danish, and French settlers discarded their original national identities, and took on the common title of 'white' during the post-colonial period. South Africa accommodated not only colonizers (Dutch, followed by British), but also slaves (Malaysian), refugees (Eastern Europeans), indentured labourers (India), and merchants (India and China) spanning the late 17th and early 20th centuries.

The local populations, who were aware of the early foreign arrivals, did not immediately participate in the economic activities of the settler cohorts. However, after discoveries in the extractives sector, which drove the early capitalist system, local populations were, coerced into the

working class vis-à-vis the well-known migrant labour system. Other legal dictates, like land ownership, movement of people, segregated education and health systems, etc. systematically created a system of inequality long before the apartheid system formalized the status of local people as second class citizens. By 1948, the state had developed a system of policies governing the labour market, social and spatial organization, and structures of ownership of assets that precisely cut the deep grooves of inequality.

In less than 50 years, South Africans had good reason to be optimistic when the first democratic government was installed, with Nelson Mandela as President of the Republic. The hopes of the nation were inscribed in the Reconstruction and Development Plan (RDP), where the state promised comprehensive people-centred development. Its approach was essentially distributive, vis-à-vis expanding the social wage and promoting programmes for the poor. However, the RDP did not survive beyond two years of the Mandela government. The RDP was abandoned because of international and internal resistance to the RDP's intentions; and its apparent failure at building the economy. Since the RDP did not take an investment perspective, and thereby not serve international and internal interests, the ministry implementing the RDP was terminated.

Since the abandonment of the RDP, government policy took a sharp turn, aligning itself to global finance capital, but sophisticatedly guised in developmental language. Since this pivotal point, neo-liberal priorities emphasizing economic growth replaced people's development. Overnight, the concerns about poverty, inequality and redress were forsaken by the once radical political cadre.

Giving into the demands of the global finance capital is one thing, repurposing institutions of state towards cementing the centralized power of the political elite is another. 'Radical economic transformation' was the fundamental ideological basis of the African National Congress (ANC) to structurally transform the South African economy in the long term. However, radical ideology and deeply ingrained principles that once gave the ANC lustre and political legitimacy, were sacrificed at the altar of what is now known as 'state capture'. State capture is yet the severest threat faced by state institutions, which have been until now, critical for delivering the long-term transformation of South Africa's economy in a pro-poor trajectory. While successive African National Congress governments over the last two decades have attempted different development policies, inequality within South African society has been growing. Of particular concern is the racialized characterization of inequality.

The chapter analyses empirical evidence to further build the idea of inequality in post-apartheid South Africa.

It is concerned that since inequality cuts deep into over three centuries of history, that the continuities of racialized inequality will take on even more severe proportions. The evidence is growing inequality, poverty and unemployment in the current phase of democracy. The chapter will also theorize critical aspects of poverty, inequality and employment; describe the failures of social policies; and consolidate the barriers to South Africa's social and economic development. The conclusion of the chapter is that inequality is a barrier in and of itself to economic growth, and therefore the prospects of eradicating poverty and reducing unemployment is gravely diminished. Another danger is a racialized and accusatory politics which have taken off in the form of the 'Rhodes must Fall' movement, the decolonization debate, and 'white monopoly capital' rhetoric.

### Racial Inequalities and Criminality

South Africa's local populations have been dominated politically, exploited economically, and oppressed socially. The result is not only a subculture of poverty, but also a subculture of criminality. An analysis of South Africa's youth during the 1970's to 2000's shows how their changing circumstances have variously shaped their collective and ascribed identities. During the mid-1970's, youth were referred to as the "young lions" and "comrades" who championed the liberation struggle through their specific targeting of the unjust education system. Soon after, the 1980's conferred on youth the identity of "the lost generation" and "tsotis". The "youth problem" was due to fears and 'moral panic' by political leaders [1]. The media portrayed youth negatively as violent, destructive and dangerous. The beginning of the 1990's took on an attitude of optimism as youth appeared to be eager to participate in the unfolding political processes. They organized and aligned themselves ideologically according to different political movements, in particular the African National Congress and the Pan Africanist Congress. This period diminishes the tones of violence and desperation despite the objective conditions of marginalization remaining entrenched for the youth [2]. Finally, the 2000's gives way to an attitude of disillusionment and "missed opportunities" by youth. The population in general, and youth in particular, who held high expectations for radical change economically and socially, were clearly disappointed that jobs and social security did not reach them.

The shifting experiences of South Africa' youth and children in general show that violence, poverty and criminality present as related and durable phenomena. Accordingly, racial inequalities and the resultant social injustices feature throughout South Africa's history. Govender J [2] distinguishes four levels or types of racial and class inequalities:

- Racial inequalities in the share of income and per capita

- income of the different population groups;
- Racial inequalities in the distribution of political, military, economic, and ideological power and the ensuing unequal power struggles in South African history;
- Racial inequalities in the distribution of economic, entrepreneurial, and educational opportunities; and
- The highly differentiated class structure that has emerged among blacks, and the rise of a black elite.

The ability of the state to systematically forge and entrench these inequalities was possible through direct state violence. Often state violence to restore and maintain law and order is common by legitimate governments. In the case of South Africa, government was illegitimate and undemocratic. They used persistent violence to assert control over local people. They even used violence in to maintain and grow the economy for the benefit of the minority white group.

It appears that systematic violence brings with it the brutal breakdown of culture and social disorganization. From this milieu emerges the propensity for the subculture of criminality. Restricted social environments, suffering multiple deprivations and strict militaristic maintenance of political processes lead to a syndrome of violence, poverty and criminality. The controversial concept of a 'culture of poverty' which claims that belonging to a group that is poor for generations constitutes a 'culture of poverty' which tends to perpetuate itself.

Community criminality and criminality on the ground is only one side as to how South Africans experienced past political oppressions. South African communities, both rich and poor, are fatigued and highly stressed by the continuing assaults of criminality. South Africans experience the phenomenon daily and decidedly. Policing and security services have been found to be complicit in several cases across South Africa. The response by the state has been to cloud the lived experience of criminality by withholding statistics and criminal reports. What was once a state responsibility is now a community owned responsibility. Shifting the burden on an already stressed entity, which is on the receiving end of criminality, can only result in gross inefficiencies to the point where communities are tempted to transgress the law for their own defence.

The other, and more sinister side of criminality features the state, referred to as 'state capture', where a small elite are repurposing the institutions of state for rent-seeking purposes [3]. South Africa is among other cases globally where a symbiotic relationship between the constitutional and shadow state is maintained, but with real power vested in the shadow state. The shadow state presents a real threat

to democracy which pursues its own interests at the expense of society. It is the poor that will suffer the most through this 'silent coup'.

### Racialized Inequality

The World Development Report [4] opens with a hypothetical birth of two South African children on the same day. Nthabiseng was born to a poor black family in Limpopo, a rural area in South Africa. On the same day, Pieter was born nearby in a rich suburb of Cape Town. Nthabiseng's mother had no formal schooling and her father is unemployed, whereas Pieter's parents both completed university education at Stellenbosch University and have well-paid jobs. As a result, Nthabiseng and Pieter's life chances are vastly different. Nthabiseng is almost one and a half times as likely to die in the first year of her life as Pieter. He is likely to live more than 15 years longer than Nthabiseng. Pieter will complete on average 12 years of schooling and will most probably go to university, whereas Nthabiseng will be lucky if she gets one year. Such basics as clean toilets, clean water or decent healthcare will be out of her reach. If Nthabiseng has children there is a very high chance they will also grow up equally poor. While Nthabiseng and Pieter do not have any choice about where they are born, their gender, or the wealth and education of their parents, governments do have a choice to intervene to even up people's life chances. Without deliberate action though, this injustice will be repeated in countries across the world. It is clear from this scenario that the road to fundamental change in economic and social conditions is a very long one.

From the above, it is apparent that inequality in South Africa is framed along two levels of challenges. The first consist of apartheid's legacy which is responsible for unequal access to opportunities and political power. The second consist of deep social and economic crises. Above all, what is more persistent which is inclusive of the above two challenges, is the structure inequality continues to take, one that is racially embedded. Consequently, threatening the fundamentals of a democratic nation [3].

The end of apartheid and the implementation of the Constitution of the Republic of South Africa (Act 108 of 1996) did not mean a fast growth of decolonization and liberalism. Inequality is far greater in the new South Africa than before. The apartheid legacy left a huge advantage to those who came from privileged families who were highly educated and highly skilled hence secured higher earning jobs [1]. Escaping from poverty is much more farfetched, with the legacy of apartheid reminiscing. Levels of inequality are expressed by the Gini co-efficiency as shown in Table 1.

Inequality indicators	2006	2009	2011	2015
Gini coefficient (income)	0.72	0.7	0.69	0.68
Gini coefficient (expenditure)	0.67	0.64	0.65	0.64

Source: Statistics SA

**Table 1:** Inequality: 2006-2015

South Africa's Gini co-efficient is approximately 0.64 based on expenditure data (per capita excluding taxes) and 0.68 based in income data (per capita including salaries, wages and social grants) in 2015. Within race groups, inequalities increased among black South Africans. For the period 2006-2015, the Gini co-efficient of per capita income by race increased for black Africans from 0.64 to 0.65. The white population had the lowest levels of income inequality (0.51). With 1 being total inequality, it is evident that inequality in South Africa is structurally embedded with race taking preeminence. Inequality effects black Africans the most compared to other race groups.

It is clear that the Gini coefficient for income and expenditure for Blacks in particular remained stubbornly constant overtime and at alarmingly high rates. Statistics South Africa [5] warns that even if South Africa achieves the National Development Plan target of reducing the Gini coefficient to 0.60 by 2030, South Africa would remain one of the most unequal countries in the world. Stats SA maintains that inequality threatens the social stability of a democratic society. It is the expected social justice post-apartheid that is compromised through the growing poverty and unemployment gap. Fiscal redistribution in South Africa in the form of social support grants grew considerably since 2000, from 3 million grants to 15 million by 2001 [6]. While the idea is to reduce poverty in South Africa, it constructs a "paternalistic authoritarian government" [7]. It creates a society that is dependent on government pay outs and reduces the independence needed to close the inequality gap. A society that is rich with skills can advance rather than

a society who is dependent on facilities that does nothing to enhance their intellectual capacity [7].

The concern to eradicate inequality through employment will continue to grow as government policy attempts to reduce inequality through opening up opportunities to black Africans without attempting to level the skills between black Africans and whites. Policies are more economic rather than development. The Black Economic Empowerment policy easily shows that it is only the elite that will benefit but that the unskilled and uneducated will continue to be neglected thus widening the inequality gap. The challenge of skilled labour and unemployment is demonstrated by the income distribution between race groups in South Africa. According to the Living Conditions of Households in South Africa, the average income in South Africa is approximately R138 168 per annum. Table 2 below, shows that white South Africans had an income around 4.5 times larger than black African-headed households and 3 times larger than the average national income. White-headed households receive two-thirds of their income from work and 22.8% from imputed rent and capital. Coloured-headed households had an income almost twice of that of black African-headed households and 20% more than the national household income average. Black African-headed households earned on average a third of what Indian/Asian-headed households earned in 2015. Black Africans account for 80.41% of the South African population and white South Africans make up approximately 10% of the population. It is clear then that the distribution of income is due to inequality of jobs and skills.

Source of income	Total	White	Indian/Asian	Coloured	Black African
Income from work	R100 246	R300 498	R215 784	R131 633	R69 094
Capital gains	R2 451	R16 184	R2 173	R1 364	R842
Pension, social insurance, family allowance	R11 378	R30 739	R10 028	R12 260	R 8 921
Income from individuals	R2 542	R5 232	R3 309	R2 430	R2 194
Other	R1 886	R6 520	R2 323	R2 265	R1 261
Imputed rent on owned dwelling	R19 665	R85 271	R38 005	R22 747	R10 671
Total	R138 168	R444 444	R271 622	R172 699	R92 983

Source: Stats SA

**Table 2:** Average annual household income by population group for 2014/2015.

South African society is deeply racialized with a past that continues to seep through the cracks of a broken society. Apartheid policies institutionalized intercultural defense [8] and new policies deinstitutionalized them. This produces what can be termed as a “cultural shock”. According to Ramphela M [8] “cultural shock” relinquishes South Africa’s ability to move beyond inequalities of the past. The culture of white superiority and black inferiority remains in the new era. The psychological distance between these two races restricts growth as blacks will continue to feel inferior to their white counterparts. This is clearly seen in the ratio for whites to black Africans in low-skilled occupation of 1:10. A changing society requires creating an own identity and this process of adaptation is a challenging one.

### Income and Expenditure

Stats SA [9] examines six sources of income. Overall, South African households had an income of R138 168 in 2015. Income from work accounted for 72.6% earned in 2015. White-headed households receive two-thirds of their income from work and 22.8% from imputed rent and capital. Coloured-headed households had an income almost twice of that of black African-headed households and 20% more than the national household income average. Black African-headed households earned on average a third of what Indian/Asian-headed households earned in 2015. Income from pension accounted for 8.2% with white-headed households receiving more than three-times of their income from pension compared to black-headed households. Black African households had a median income of R36 501 compared to their average of R67 828. This means that less than half of black African households have a household income of less than R36 501 per annum. Ironically, South Africa is regarded as an upper middle income country.

One in every ten (12.39%) black African-headed households in South Africa were found to be in the upper income per capita quintile. This means that an overwhelming majority (87.61%) of black African-headed households were earning less than R71 479 per annum (roughly R5 957 per month or R199 per day). Close to half (46.79%) of black African-headed households were in the bottom two income quintiles, while as much as 20.90% of all coloured-headed households fell in the upper income per capita quintile. Only 9.63% coloured-headed households fell in the lower quintile. On the other hand, only 1.11% of white headed households were in the lower quintile, as were 1.99% of Indian/Asian-headed households. The vast majority (74.87%) of white-headed households and more than four in every ten (43.92%) of Indian/Asian headed households were found in the upper

quintile.

Household expenditure too is not evenly distributed among South Africans with race taking preeminence. According to Stats SA [9] housing, water, electricity, gas and other fuels remains the largest contributor to household consumption expenditure in South Africa. On average, South Africans spent a third (32.55%) of their total annual household consumption expenditure on this expenditure category. Black African-headed households spent 28.60% of their total consumption expenditure on this expenditure, while white-headed households spent 38.22%. Coloured and Indian/Asian-headed households spent 31.38% and 38.47%, respectively, of their total consumption expenditure on the housing expenditure group. Black African (28,60%) and coloured-headed (31,38%) households spent less than the national proportion (32.55%), while white and Indian/Asian-headed households spent on average above five percentage points more than the national proportion at 38.22% and 38.47%, respectively. When framed against population share: 80.7% black African; 8.8% coloureds; 2.5% Indians/Asians; and 8.1% whites, it can be clearly seen that income and expenditure takes on racial dimensions.

### Poverty and Inequality

Racialized inequality can further be demonstrated by poverty levels and race. South Africa published a set of three national poverty lines in 2012-the food poverty line (FPL), lower-bound poverty line (LBPL) and upper-bound poverty line (UBPL) serves as poverty measurement in the country. The FPL refers to individuals who are unable to purchase sufficient food to provide them with an adequate diet. People living below the FPL in 2015 constituted 25.2 percent of the population in South Africa. The LBPL includes individuals sacrificing food in order to obtain non-food items such as shelter, and the UBPL include individuals who purchase adequate food and non-food items. By 2015, roughly 30.3 million people in South Africa were living below the UBPL, an increase of 3.1 million from 2011 [10].

Black Africans have always had higher proportions of people living below the UBPL [10]. This means that a significant portion of black Africans earn R501 per person per month (pppm). Three out of every five black Africans were poor in 2015. Recent statistics highlights the most vulnerable groups to poverty in South Africa: females, black Africans, children, people from rural areas and those with no education [10]. Table 3 below provides the percent of people living below the UBPL according to race.

	2006	2009	2011	2015
<b>Black African</b>	76.8	72.6	62.4	64.2
<b>Coloured</b>	56.1	45.5	37.1	41.3
<b>Indian/Asian</b>	20.9	14.4	6.5	5.9
<b>White</b>	1.4	1.9	0.9	1

Source: Statistics SA, 2017b [10]

**Table 3:** Poverty headcount by population group living below the UBPL (2006-2015)

The social and economic crisis is set out by the South African labour movement into four categories, namely:

- Unemployment which stands at approximately 37% of the workforce;
- Poverty understood as 12 million of a population of 53 million unable to meet the basic requirements of daily life, i.e. forego food, shelter and clothing;
- Persistent, if not increasing inequality, earning the status of most unequal for the country in the world after achieving democracy; and
- Increasing levels of corruption, with particular reference to various governance systems and parts of the private sector [11].

It is clear that black African's face what Heaton TD, et al. [12] call a triple challenge of poverty, unemployment and inequality in the new South Africa. If poverty is the inability of an individual to generate sufficient income [13] then the driving force of poverty is education and employment. Statistics SA showed that 79.2% of those without formal education were poor in 2015 compared to 8.4% of those with a post-matric qualification in 2015. Without quality education, 'knowledge workers' [14] will continue to climb up the economic ladder. Skilled workers will continue to increase remuneration and the unskilled remain relatively low. The apartheid Bantu Education Act of 1953 served the interest of whites and afforded white South Africans educational privileges. They had access to the best schools and received the best quality education. The benefits were seen with whites boasting with skills and securing higher paid jobs compared to blacks. There is a high degree of inequality in the workplace which means that the rich will get richer and the poor poorer.

While the South African Schools Act of 1996 made education compulsory for all South Africans aged 7 to 15, social and structural dimensions exist. Leibbrandt M, et al. [15] highlight the constraints on education spending. Equality in government education spending is absent. Given the difference between the privileged white schools and the sub-standard schools for blacks (infrastructure and educators) more money should be spent on those previously disadvantaged schools. However, there is a lack of central control over provincial spending with redistribution

serving the rich. More money is been fed into privileged schools therefore the poor will remain in the same position and poverty will continue to grow. The current schooling system in South Africa has not overcome the socio-economic disadvantages inherited from the apartheid regime [16] as it operates on two levels: one serving the interest of the rich and the other lower-performing system that is inefficient with minimal resources. This suggests that inequality in the schooling system will continue to drive poverty. The way to improve quality of education is to be critical about the education distribution regime.

### Employment and Unemployment

Recent statistics show the embeddedness of inequality vis-à-vis unemployment by race and gender. According to Stats SA [10], the number of official and expanded unemployment rate for the second quarter (Q2) of 2017 increased from the previous year to 27.7% and 36.4% respectively. Stats SA revealed that 31.3% of blacks, 23.6% of colours and 13.3% of Indians were unemployed compared to 5.7% of whites. Whites are the only population that's shows a decrease in the unemployment rate from 2016 to 2017. Black unemployment rate increased from 30.1% in 2016 to 31.1% in Q2 in 2017, colours from 23.2% to 23.6%, Indians from 11.7% to 13.3%.

	Narrow (%)	Expanded (%)
By gender		
Women	29.80%	40.40%
Men	26.00%	36.40%
By population group		
Black	31.30%	40.90%
Coloured	23.60%	30.00%
Indian/Asian	13.30%	19.80%
White	5.70%	7.90%

Includes those discouraged from seeking work

Source: Statistics SA

**Table 4:** Unemployment by gender and race in South Africa 2017.

It is clear that inequality is multi-dimensional and does not work in isolation however; it stems from a deeply racial era. In 2016, 28.1% of employed whites had a degree compared to 5.6% of blacks. More blacks and coloured people are employed in elementary and domestic worker occupations (low-skilled occupation) compared to other population groups. For every one black in management occupation, there were six white people in that occupation. White women were employed in skilled occupations compared to only 18.5% of black women. Various pieces of affirmative action legislation aimed to equalize the black and white ratio in the work force however three decades of failed implementation reflects the shadow state. Thaver B [17] identified reasons for the failure:

- There is a limited pool of qualified black persons to enter the work force;
- There is inadequate succession planning, it is less likely that non-family members will enter the succession line;
- Recruitment of international candidates;
- Black people were more restricted in the apartheid era compared to Indians and coloureds. Thus, Indian and coloureds had more economic and social leverage to access resources compared to blacks;
- While access to resources for women was limited, apartheid completely hindered opportunities for black women. Apartheid state afforded white women political opportunities, which gave rise to accessing resources.

The issue of unemployment according to Seekings J, et al. [1] is centre to class rather than race. Occupation, property ownership and business activity produces inequality. Seekings J, et al. [1] book on class, race, and inequality in South Africa argues that the basis of inequality in the twentieth century moved from race to class. The redistribution from whites to Africans throughout the apartheid period allowed for inter-racial inequality. The apartheid regime allowed for minor redistribution from white taxpayers to African people that contributed to old-age pension and education for Africans. Increased shortage of labour allowed for Africans acquiring skills and with the African trade unions wage level increased. While Africans, mainly from urban areas enjoyed the newly opened opportunities, the number of unskilled African increased and was therefore confined to poverty. This opened the gap between the African elite and the African dregs. Ultimately the poor will remain in a compromising position while the skilled will enjoy access to well-paying jobs leaving the inequality gap to grow.

Inequality can therefore be seen as an inevitable outcome of capitalism. Piketty T [18] argues that the return of capital always exceeds economic growth. Therefore, the earnings of capital, i.e. the rich, always grow faster than the earnings of labour, i.e. the poor. The rich save enough of their earnings to ensure that their stock of capital continue to grow thus

leading to capital accumulation thus widening the inequality gap [2]. Greater emphasises needs to therefore be placed on the alleviation of poverty rather than reducing inequality [16].

### Success and Failures of Social Policy (1994-2016)

Since the democratic elections in 1994, South Africa has made considerable policy changes many of which focused on deinstitutionalising racial segregation. Economic and social development changes to address the economic and social needs of the poor were at the forefront. However, many of these policy failure to reduce inequality in South Africa as evidenced by the increased poverty levels and widening inequality gap. South Africa's key economic policies changes include the Reconstruction and Development Programme (RDP); the Growth, Employment and Redistribution (GEAR); the Expanded Public Works Programme (EPWP); the Accelerated and Shared Growth Initiative for South Africa (ASGISA); and the National Development Plan 2030 (NDP).

The Reconstruction and Development Programme (RDP), a labour initiative, was adopted by the African National Congress (ANC) as its socio-economic programme to establish more equal society and strengthen democracy for all South Africans. The White Paper on the Reconstruction and Development Programme set out the aims of the RDP which included: creating a strong, dynamic and balanced economy; develop human resource capacity of all South Africans; prevent gender discrimination in the labour market; develop a prosperous, balanced regional economy in Southern Africa; and democratize the state and society. The ANC government sought to mobilize citizens and the country's resources towards the eradication of apartheid and the building of a democracy. It also intended to redress the outcomes of the apartheid past.

The RDP's approach was welfare, succeeding in distributing the social wage and promoting programmes for the poor. The system assisted the aged, disabled, and children in need, foster parents and those who were too poor to meet their basic needs. The RDP was people centered as it focused on the development and upliftment of people. However, the RDP did not succeed in building the economy and the policy was constrained by the fiscus. There was also a lack of efficient public services and the new government was unable to build necessary state capacity. Government did not emphasize the gathering of uncollected and new taxes. It also suffered inadequacies regarding skilled managers and policy coordination and implementation was weak.

The RDP was replaced by the Growth, Employment and Redistribution (GEAR) strategy, macroeconomic policy

framework introduced in 1996. The policy aimed at reducing fiscal deficits, lowering inflation, maintaining exchange rate stability, decreasing barriers to trade and liberalizing capital flows. The policy maintained most of the social objectives of the RDP and placed emphasis on more economic rather than developmental, preferring to stabilize the economy in global terms. One consequence was tightening of monetary policy resulting in reduced government expenditure. The net result was a reversal of the developmental stance taken earlier. It was largely criticized, labelling it neo-liberal. Despite the success of the GEAR strategy in terms of bringing about greater macroeconomic stability and increased accountability, it did not succeed in poverty reduction and employment creation as was visualized.

In 2004 the Expanded Public Works Programme (EPWP) was introduced with the purpose of creating jobs for the unemployed. The programme was intended to develop infrastructure and improve service delivery, and enhance training and skills of individuals. Despite the success of creating 300 000 jobs for people mainly from rural areas and women, the EPW was criticized for only offering short-term, temporary employment only and that the supply of unemployed low and unskilled workers exceeds the demand for work [19]. As a result, EPWP will not be able to sustain employment. In 2005 the Accelerated and Shared Growth Initiative for South Africa (ASGISA) replaced the GEAR. ASGISA sought to manage economic decision-making and set out specific targets for reducing unemployment and poverty. While there was some level of success, the outcomes of the policy were unclear and were replaced with New Growth Path (GNP) in 2010.

The GNP set out to identify areas where employment creation is possible on a large scale as a result of substantial changes in conditions in South Africa and globally. The GNP was envisioned to accelerate growth in the South African economy. It attempted to address the structural nature of poverty, unemployment and inequality. While seen as a necessary policy to overcome structural challenges and contribute to higher levels of economic growth, the policy had no real impact and is clearly evident in the high unemployment rates (27.7%), high poverty rates (50.5% of the population living in poverty) and the growing inequality gap.

In 2013 the government introduced the National Development Plan (NDP) 2030 as a long-term socio-economic development roadmap. The NDP seeks to eliminate poverty and reduce inequality in South Africa by 2030. The NDA identifies nine primary challenges South Africa faces:

- Too few people work;
- The quality of school education for black people is poor;
- Infrastructure is poorly located, inadequate and under-

maintained;

- Spatial divides prevents inclusive development;
- The economy is unattainably resource intensive;
- The public health system cannot meet demand or sustain quality;
- Public services are uneven and often of poor quality;
- Corruption levels are high; and
- South Africa remains a divided country.

The National Development Plan is intended as the comprehensive answer for change in South Africa. The vision includes the transformation of the economy and focused efforts to build the country's capabilities. Crucially, the plan relies on grow of the economy faster to eliminate poverty and inequality. Several references were made regarding this chosen approach which argued that the growth path actually leads to increasing inequality. The challenge for policy makers is implementation towards achieving the bicameral targets by 2030, which are to eliminate income inequality (household income below R 419 per month) from 39% to zero and reduce inequality from GINI coefficient 0.69 to 0.6.

South Africa's approach to social policy has shifted from a welfare, distributive approach to neoliberal in outlook. None of the strategies have released their respective outcomes publically. Rather one strategy gave way to another. The latest National Development Plan is also non-committal in terms definitive inputs. It is hardly a strategy to unlock poverty, inequality and unemployment, but a set of targets to be achieved.

### Possible Policy Interventions

It is made clear that poverty and inequity co-exist. The United Nations [20] argues that addressing inequality is a necessary condition for a sustainable decrease in poverty. Growth as a means of addressing poverty in the absence of public policies to address inequality may yield limited returns. Effective policy solutions need to be informed by the historical causes of inequality, as well as the ongoing impact of intergenerational poverty and dispossession, and need to address class as well as racial inequalities [21]. Furthermore, education policies are key to raising skills levels and reducing inequality.

According to the UNDP (2014) policy must answer the following questions:

- How to overcome the continued reproduction of high levels of inequality or opportunity?
- How to maximize the scope for redistributive policies not only to ameliorate inequality, but also to act as an investment in unlocking economic development and growth?
- How to address the underlying structural issues that contribute to the reproduction of inequality, including



the structures of ownership, the sectoral composition of the economy and spatial inequality, in order to unlock employment growth?.

Overall policy should be concerned about rights, institutional failings, access to public goods and services and inequality based on race, gender and location. The 2015 World Development Report: Mind, Society, and Behaviour [4] propose an understanding of social choice and behaviour that can make development interventions more effective. According to psychological and anthropological research poverty can generate a mental module through which poor people view themselves. This negative reflection incapacitates the ability to positively move forward thus hindering development. Therefore policy should aim at incorporating behavioural insights into intervention designs.

The Human Development Report [22] argues that work enables people to earn a living and become economically secure. Work is critical for equitable economic growth, poverty reduction and gender equality. Importantly, work increases human potential, human creativity and the human spirit. The report is people-centred and aims to enhance human development by not only to boost incomes but also to maximize human choice. The idea to improve human potential according to the report is the conceptual shift from 'job' to 'work'. A job is a narrow concept that is time bounded and requires inputs of labour resulting in a service or commodity. It fails to capture many kinds of work that have important human development such as care work and voluntary work. Work is broader and inclusive concept which is critical for human development by providing incomes and livelihoods, by reducing poverty and by ensuring equitable growth. The United Development programme approach will target sectoral issues including youth, gender, agriculture, rural development, informal work and work during crisis. The key targets are youth and women who constitute 50% of the global population respectively. The approach by the South African government is a framework for integrated urban development which includes:

- Addressing the spatial concerns; rural-urban interface and environmental sustainability.
- Understanding the future of cities and towns better.
- A rural development strategy.
- Integrating existing programmes and projects, including Treasury's Cities Support Programme.
- Engaging the African region in urban development.

The framework visualizes an 'urban dividend' where cities realize their full potential for growth and where the different developmental actors set off a virtuous cycle. The South African government takes the visionary approach thus far. It is involved in the process of discussions and policy making. The target for the policy instrument was 2014, which

is now surpassed for unknown reasons. Unfortunately, there is no simple and quick solution to the inequality situation in South Africa. However, it would be worthy to look to countries such as China, Germany and Brazil who have managed to reduce poverty, increase employment and reduce inequality. China has lifted around 200 million people from poverty; Germany has succeeded in maintaining a low unemployment rate; and Brazil has managed to reduce income inequality over the past ten years. Based on these experiences the Mapungubwe Institute for Strategic Reflection proposes interventions in the areas of sustainable economic growth, with an emphasis on shared growth and pro-growth poverty reduction; education and skills training; employee stock ownership plans; incomes policy and minimum wage, and reducing the cost of living for the poor.

## Conclusion

It seems that the South Africa economy still resembles structures of past apartheid, if not still burdened by apartheid drag. Where Blacks South Africans were ideologically oppressed to occupy second-class citizenship, they appear to retain the bottom rungs of the social ladder as a direct consequence of political choices made by the African National Congress. The future of Black South Africans appears betrayed by political elite who are circumventing constitutional and legal frameworks. The net effect is that the poor and the racially marginalized Black population will experience the greatest suffering in the long term. The concepts of poverty, inequality and unemployment and their relationships require theoretical rigour and proper policy interrogation. South Africa has experimented with different policy approaches, without evaluating a preceding policy before moving on to another approach. It seems that ideology played a part during the course of successive governments and their respective leaderships. The South African government must be severely criticized for its failure to fundamentally transform the lives of the poorest, in particular marginalized black people after over two decades of democracy. Its bold claim to 'fundamentally transform the economy' appears to be a smokescreen to mask rent-seeking by the political elite. The poor and the marginalized black have in fact been betrayed. It is now the task all concerned about the future of society to breach the relationship between the constitution and shadow state. Key independent organs of the state, civil society and media need to raise the threshold of actively dismantling state capture. The policy front needs a renewed effort to formulate an economic system that is pro-poor and managed transparently and efficiently, without compromising South Africa's standing in the global economy. Finally, aspects of the Constitution must be examined for advantages that may favour the President and Executive. The experience over the last twenty years has shown that political power in the South African context requires better

checks and balances.

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