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## ECONOMIC AND SOCIAL INEQUALITIES

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### INTRODUCTION

This chapter wrestles with inequalities in South Africa in detail, and not only the economic inequality that usually dominates discourse on inequalities in the post-apartheid dispensation. There are many aspects of inequality that deserve proper attention. For instance, literature has examined the relationships between inequality and the following issues: education, healthcare, housing and asset ownership (see for instance, Becker, 1964; Psacharopoulos, 1973; Haveman & Wolfe, 1984; Cohn & Addison, 1998; Glewwe, 1999; Heckman, 2000). Education, for instance, is not only a key prospect of the country emerging as a socially cohesive nation, but 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, which 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 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, the functional distribution of income is more critical. There are possible policy interventions to address wage differentials or gaps in incomes between individuals. For instance, ensuring that the economy creates jobs can address the personal distribution of income. The functional distribution of income is, however, more complex because it often relates to 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 by discussing education-related inequalities, which is followed by a discussion of inequalities in the labour market. A discussion of inequalities in housing and healthcare precedes a detailed discussion of income inequalities.

### BACKGROUND

There is consensus that inequalities, particularly economic inequality, are very high. The debate about inequalities in the post-apartheid South Africa could be categorised into two schools of thought: those who attribute it to class and those who 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. I see this as an overall basis for inequalities that are not being reduced. Whether the increase in inequalities, especially the economic inequality, are a class issue or a race issue is an empirical question. My own research suggests that race is still a dominant factor in explaining higher income inequalities in South Africa.

In addition, the structure of the South African economy and the labour market account for this. I concur with Isobel Frye et al. (2011) 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" (2011: 260). Similarly, Haroon Borat et al. (2012) 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" (2012:14). In essence, these arguments demonstrate that inequality 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, many inequalities in South Africa are along or between the different population groups with the exception of political inequality, which is linked to patronage politics. A capable and effective state, or any state for that matter, should lead in closing the inequality gap (as Malaysia did). It is because of this that South Africa cannot be viewed as a nation that is close to achieving its developmental goals. The political history of the country is the primary cause of inequalities. Even the skewed structure of the economy is as a result of apartheid colonialism that lasted about 350 years.

## **EDUCATIONAL INEQUALITY**

Before 1994, education had been vital to 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 & 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: unequal access to education and inequality in overall educational attainment between different racial groups and 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