

Experts warn that inequality is a breeding ground for national discontent

Top South African academics say that despite a growing middle class, inequality is large and may even increase as the economy battles to find its way, causing growing anger and dissatisfaction amongst South Africans.

South Africa faces huge inequalities within its population and setting about to address and change entrenched patterns is a vast and complex task. This much was evident at the Carnegie3 (C3) Western Cape Regional Workshop on poverty and inequality, which took place this week at the Stellenbosch Institute for Advanced Studies (STIAS).

Speaking at the workshop, University of Cape Town Deputy Vice-Chancellor and Chairperson of the national C3 initiative, Crain Soudien, said that inequality may have risen in South Africa over the past few years despite a growing middle class. "Some wealth has been distributed and since 1993, we have seen the African middle class increase from 300 000 to four million. But where in many other countries we see that an increase in national income has a positive flattening out effect on inequality by benefiting all income groups, we don't see this in South Africa," he said.

The workshop was jointly organised by the University of Stellenbosch (US), the University of the Western Cape (UWC) and the University of Cape Town (UCT) with the purpose of updating interested parties on the C3 initiative, providing a platform for researchers, members of civil society and government to discuss developments in the field and to plan activities for 2015.

C3 was initiated in 2011 after former National Planning Commission chairperson Minister Trevor Manuel urged academic institutions to work together and use their knowledge, research and connections to influence policy making and promote high-level conversations that could lead to strategies to address the elimination of poverty and reduce the levels of inequality.

The workshop was attended by prominent academics, government officials and leaders from civic organisations, as well as Francisco Ferreira, the World Bank's Chief Economist for the Africa Region and Research Fellow at the Institute for the Study of Labour, who presented a stark picture of inequality in Africa. He showed that seven of the ten most unequal nations in the world are in Sub-Saharan Africa.

“Sustained economic growth is essential to the fight against poverty in Africa. But growth is not sufficient – shared prosperity will require a reduction in inequality, of outcomes and opportunity,” Ferreira said.

Participants said that some of the obstacles to reducing inequality include entrenched systems of education and commerce, where patterns are difficult to break, and the poor provision of essential services such as policing and health, along with sluggish economic growth.

Inequality in educational outcomes is hard to fight, said Penny Vinjevold, Superintendent-General of the Western Cape Education Department. She pointed out that although there has been much improvement in the quality of education in the province, big challenges remained, like how to get good teachers to work in schools in poor areas, where safety and discomfort were often issues.

Crime, of course, affects every level of a community’s functioning – not just education, said Judge Kate O’Regan, Commissioner of the Commission set up to investigate policing in Khayelitsha. She said that high levels of crime in poor areas such as Khayelitsha are linked to a lack of trained and efficient police officers, which means that the police struggle to provide adequate services to the poor. “One of the key findings (of the commission) was that the police to population ratio, that means the number of police deployed in Khayelitsha, is very low considering the crime rates and the complexity of policing in an area like that.”

The quality of public service was also examined from a health perspective in the presentation by Lilian Dudley, Director of the Centre for Health Systems and Services Research at the University of Stellenbosch and her colleague, Dr. Lungiswa Nkonki. They pointed to the discrepancy between the quality of care in public and private hospitals, stating that despite the well-publicised healthcare needs of the majority of South Africans, only one out of every 10 psychologists was working in the public service and just three out of 10 medical doctors were working in government hospitals – the majority working in private health care.

Servaas van der Berg, DST-NRF Research Chair in the Economics of Social Policy at the University of Stellenbosch, said that in the past 20 years the government has implemented several initiatives to reduce poverty and inequality, including the grant system. “There is evidence that poverty is declining in South Africa due to the expansion of the grant system, but it will not continue to decline unless other avenues are found,” he said. “South Africa

needs economic growth and better education to create employment and ensure that more people can share in its benefits.”

Shivani Ramjee of the Department of Actuarial Sciences at the University of Cape Town pointed to the large private health sector as a potential resource that could assist in the envisaged National Health Insurance system to supplement the quality of care that people outside of the medical schemes currently enjoy. Rather than seeing the large private health system as something to lament, we should look at ways in which its human and physical resources could contribute to better health for all. This requires very careful consideration of the design of the NHI.

Ben Cousins, the DST-NRF Research Chair in Poverty, Land and Agrarian Studies (PLAAS) at the University of the Western Cape, agreed. “Poverty may have decreased a little, but inequality is proving to be much more stubborn.” He attributed this largely to how South African society but also the economy was structured – according to systems that favoured a few large corporations but made it near impossible for smaller industry players and entrepreneurs to enter the market. This also affected job creation and the eradication of poverty.

“Inequality ties in directly with feelings of unhappiness, anger and levels of dissatisfaction. When people find that no matter how hard they work, they can’t get ahead as others do who might have stronger political connections, that is a breeding ground for discontent,” said Cousins.

He said the C3 workshop was important, as it initiated several high-level quality conversations. “This is what we need more of in South Africa. We need to have better quality conversations with each other and get the right ideas out there, to inform government and policy makers.”