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Poverty and Inequality in South Africa

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Abstract

Since the advent of the new democratic dispensation, the South African government has developed policies which have focused on poverty alleviation. The social security system has been expanded over the past few years, particularly to children and the disability sectors. However, the social security system may become unsustainable in the future. Van der Berg, Burger, Burger, Louw & Yu (2005) suggest that social assistance is nearing the boundaries of its ability to alleviate poverty. Given all the gains that have been made, South Africa still remains one of the highest in the world in terms of income inequality (World Bank Report, 2006). Inequality is also demonstrated through lack of access to natural resources; a two-tiered educational system; a dual health system; and other socio-economic dimensions. This increasing inequality is an issue of concern to policy makers and social scientists. The purpose of this paper is to analyze the nature and dimensions of poverty and inequality, focusing on the gains that have been made, but identifying the gaps that remain. In addition, policy options, consequences and recommendations will be entertained.

Keywords: *Inequality, income distribution, earnings distribution, unemployment, poverty, South Africa.*

Introduction

Poverty and Inequality in South Africa

Leadership appears to affect every sphere of life. Lack of proper and efficient leadership seems to have resulted in many crises, especially in Africa and the Middle East. The wars in Congo, Egypt and Yemen, among others, can all be traced to issues surrounding leadership. When leaders belonging to any domain of life start to deviate from the known and acceptable principles guiding leadership the aftermath is not always the best. It therefore becomes unquestionable that leadership in all human institutions cannot be under estimated. Under the apartheid regime, South Africa was marketed as a tourist destination with the slogan "A World in One Country." Ironically, the marketers of the racist past may have got one thing inadvertently right. South Africa's development challenges certainly reflect world-scale complexity and mirror the unequal distribution of wealth in a globalized world. In the midst of political stability and strong economic growth, post-apartheid South Africa is faced with the stubborn reality of widespread poverty and growing inequality. As economic empowerment benefits an expanding, mainly urban black middle class, the majority of people continue to live in poverty and mass unemployment. As the country's remarkable and peaceful transition to democracy unfolds, millions - both urban and rural -are trapped on the margins of society, contending with the multiple crises of unemployment, landlessness, homelessness, lack of basic services, HIV/AIDS, food insecurity and unacceptable levels of crime and violence. (Milanovic, 2003; Ravallion & Chen, 2012). Wealth in Africa is also highly concentrated, with the top ten per cent owning close to 78% of all assets. This figure is just below that of Asia, but higher than in Latin America and in North America, where most of the extremely wealthy people of the world are concentrated (Credit Suisse, 2014). To the best of our knowledge, inequality levels in Africa have not changed much over the past few decades, pointing to a persistent long-term pattern of higher-than expected inequality (Milanovic, 2003; Ravallion & Chen, 2012).

All these contradictions persist under the leadership of a government that has unprecedented legitimacy, democratic credentials and popular support. Since the advent of the new democratic dispensation, the South African government has developed policies which have focused on poverty alleviation. Given all the gains that have been made, South Africa still remains one of the highest in the world in terms of income inequality (World Bank Report, 2006). Inequality is also demonstrated through lack of access to natural resources; a two-tiered educational system; a dual health system; and other socio-economic dimensions. This increasing inequality is an issue of concern to policy makers and social scientists. Since the genesis of the democratic dispensation, the South African government has developed policies which have focused on poverty alleviation, improving economic growth, relaxing import controls and reducing the budget deficit. In spite of the pro-poor policies, South Africa still remains one of the highest in the world in terms of income inequality (World Bank Report, 2006). The social security system failed to provide income security for the majority of the unemployed, and thus the safety net is not all encompassing (Milanovic, 2003; Ravallion & Chen, 2012). Economic policies are unable to resolve the issue that there are more work seekers than jobs. In failing to address structural unemployment, in spite of the democratic government's pro-poor policies, its Achilles heel is its lack of vision and direction in comprehensively tackling poverty and inequality as a consequence of unemployment.

ANALYSIS OF THE ISSUES & CHALLENGES

Since taking office in 1994, the South African democratic government is still faced with the almost insurmountable challenge of increasing unemployment, extensive poverty and rising inequality. Aliber (2002) argues that the particular configuration of poverty the lack of ability of individuals, households or communities to own satisfactory resources to assure a generally accepted minimum living standard – in South Africa is a clear result of colonial and apartheid finagling. The most prominent aspects of this contravening were sweeping dispossession of land, the creation of crammed and inadequately resourced residential areas for the majority black population, and the nomadic employment system that shaped the core of the country's mining and industrial sectors. The geographical, racial, and gender facets of the poverty experienced in recent times are essentially the legacy of this past epoch.

However, it is worthy to mention that even though a considerably high amount of South Africa's population subsist in poverty, almost half of all underprivileged persons live in homes that do not benefit from social assistance programs. This indicates to one of the fundamental challenges of the South African Social Security System, that it is not as far reaching and accessible as it is required. This goes against its basic objective of catering for all the poor. There is a definite, long-standing social problem of poverty amongst many of South Africa's communities. The current social policies, the social security system in particular, are not doing enough to break the poverty cycle. The social security system, meant to cater for all the poor, is not as far reaching and accessible as required. Thus, the policies have proved to be insufficient in thoroughly addressing the problem of poverty.

Poverty has indeed been defined in a variety of ways both nationally and internationally, in a broader point of view than simply the extent of low income or low expenditure in the country. It is generally recognized as the denial of opportunities and choices most basic to human development to lead a long, healthy, creative life and to enjoy a decent standard of living, freedom, dignity, self-esteem and respect from others (Statistics South Africa, 2000). Poverty is apparent to the human eye and is profiled by shacks, homelessness, unemployment, capsulized labour, poor infrastructure and lack of access to basic services. During the apartheid era, exclusion was based on race and class. Most of the energy of the liberation movement pre-1994, was devoted to eliminating the common enemy of racial exclusion. The issue of class, with its dimension of inequality, did not feature as prominently. However, in post-1994, inequality now features other categories of people who are excluded, and the shift profiles new zones of exclusion. Seekings & Natrass (2005) observe that "the distributional regime in South Africa has long served to privilege one section of the population while excluding others, but the composition of the privileged group and the basis of privilege have changed over time."

It is clear that poverty is the inability of individuals, households or communities to possess enough resources to satisfy an acceptable minimum living standard within society. May et al, (1998) argue poor South Africans view poverty as, among others, the isolation from society, food insecurity, crowded homes, use of dangerous and inefficient forms of energy, lack of jobs that are adequately paid and/or secure, and fragmentation of the family. In essence, when a society chooses a definition of poverty, and denotes specific characteristics with which to identify the poor, it thereby makes an explicit expression of its fundamental values. The state of being in poverty is directly related to a lack of an acceptable quality of life. (Magasela, 2006) argues that as being poor is an unacceptable and undesirable state, defining poverty is a statement that has its basis in the dominant political, economic and social ideology in a society.

This ideology is central in informing how poverty is understood and how, when research on poverty is undertaken, poverty is conceptualized. Furthermore, definitions of poverty inform those in power how to source and allocate resources directed at its eradication, while different definitions of poverty require different policy responses.

The intensity of poverty in the country is rife even though it is classified as an upper middle income country. Studies conducted by the UNDP show that of a population of 46 million people in South Africa, 48.5 % of people were living in poverty in 2002 according to the national poverty line of R354 per month per adult equivalent (1995 value). In 2002, 23.8 % of people were living on less than two US dollars a day, and 10.5 % on less than one US dollar a day (UNDP, 2003 quoted in Frye, 2006). Recent studies have shown the existence of extreme poverty in Africa (Statistic Brain, 2014, World Bank, 2014). The Human Development Report (2014) found that the majority of poor countries are in Sub-Saharan Africa. Some of the countries mentioned in the report include Zimbabwe, Uganda, Rwanda, Malawi and Burundi. With regard to South Africa, a study by the Statistics South Africa (2011) found that almost half of South Africa's population are living under poor conditions and poverty keeps on increasing.

COMPONENTS OF LEADERSHIP AND GOVERNANCE FAILURE IN SOUTH AFRICA

Corruption: Corruption is not peculiar to South Africa, however, the cancerous menace has eaten enormously into the nation's fabrics to such an extent that pockets of corrupt practices have pervaded and watered down to even the smallest of structures at the grassroot level. Corruption has defied all possible or acclaimed attempts to dissolve and has become widespread and corrosive in the country. Colonialism and authoritarianism aggravated corruption, escalating it to cancerous proportions in Africa for many historical, political, economic and social reasons (Mangu, 2012).

Lack of Foresight: The leadership of South Africa lacks the ability to predict issues or outcomes. They thus are transformed to reactionary leaders who react only when a problem arises rather than foresee it coming and forestalling the occurrence. So they wait for a disaster to occur or an already depleting infrastructure to completely collapse before finding a remedy. (Milanovic, 2003; Ravallion & Chen, 2012).

False Hopes: Local leaders in South Africa capitalize on the illiteracy and incapacitation of the locals and indoctrinate them with falsehood, claiming they have their religious and ethnic interest at heart when in reality they are the true enemies of their own people. It has become a normal act of in governance to make shadowed promises without a will to perform. So year in-year out and as campaign seasons draw near, white elephant promises are made by those who claim to understand the needs of the people but hardly with an intention to fulfil them. This was also captured by Ene, Abam, Williams & Dunnamah (2013) who identified Africa and South Africa's political position as backward, stemming from unfulfilled promises, greed and the likes.

Lack of Ideas, Creativity and Innovation: These are clearly evident in the attitude and charisma of South Africa's leaders. In the growing insecurity of the nation and in the proper utilization of South Africa's natural, capital and human resources, the leaders lack direction. This was captured by Nnonyelu (2013, p.100) who described the situation as "the predilection of the South African elite in the face of poverty of ideas" and was reiterated as a "failed, insensitive or clueless political leadership which is fighting hard to appease their constituents

with crumbs from the national cake while stealing large chunks for self-preservation and perpetuation” (Imhionopi & Ugochukwu 2013).

Poorly Baked Policies, Poor planning and Continuity: Frequent policy somersaults give credence to the assertion that the South African government lack what it takes to birth outstanding policies that will sail through to completion and goal attainment. With the frequent churning out of policies shrouded with inconsistency, faulty in their conception and 'directionless' in their context, it brings to wonder the elements that constitute the nation's governing body. “Good governance includes the capacity to formulate and implement sound policies, and the respect of citizens and the state for the institutions that govern economic and social interactions” (Arowolo & Aluko, 2012); but what South Africa's experience is such that policies are not allowed to work when they are against perceived interests and when they are allowed to run, do not stand the test of time because of lack of direction.

Lack of Competence and Ill Preparedness: Governance and leadership in South Africa has been seen as an ambition in order to cut some 'national cake' and not for the sake of good leadership and governance as it were. (Milanovic, 2003; Ravallion & Chen, 2012). Little wonder that the emerging leaders lack direction at the assumption of office and are known to be incompetent in resolving issues and driving development. Most of them saw the status as a prize to win and cared less about the details of the job to perform and suddenly found themselves face-to-face with responsibilities they were unprepared and ill equipped to handle. Consequently, leadership incompetence and bad governance are not far-fetched causes of poverty among the mass of South Africans which is also evident in the government's inability to wisely and discreetly employ the country's Natural resources (Omoyibo, 2013). This contradicts the tenets of good governance which is captured by Adeosun (2012) as “competent management of a country's resources or affairs in a manner that is open, transparent, accountable, equitable and responsive to the yearning and aspirations of the people”. The truth is that our leaders have, in large measure, failed us. Not only have they failed to promote economic development to improve the living conditions of the people in general but they have also done everything to undermine all laid down rules and regulations that guide socio-economic and political development (Ihonvbere, 2009); while also speaking publicly authoritatively and boldly about subjects they really know nothing about (Idada & Uhunmwuagh, 2012).

The use of Political Offices as 'Objects for Settlement': Clientelism and 'settlement' dispositions towards political and public offices whereby these esteemed offices requiring technocrats and professionals are used to pay back favours, has grossly affected productivity of the various sectors of the nation. (Milanovic, 2003; Ravallion & Chen, 2012).

Lack of Accountability, Transparency and Due Process: This is closely linked to corruption. Governance at national, state and local levels are neither accountable nor transparent, while due process is boycotted. The various public sectors are shrouded in weak structures and poverty while lots of money are allotted to them in the budget. This is an offshoot of a non-transparent governance by those in authority. (Milanovic, 2003; Ravallion & Chen, 2012).

Lack of Patriotism and Nationalistic Consciousness: Here, self- interest overrides national interest, individualism against nationalism. The drive and push of government seeks to amass as much properties and assets as possible and lip-service declarations for national development. This position is succinctly captured by Ebegbulem (2009) in Imhonopi and Ugochukwu (2013)

who stated that these leaders “accumulate wealth at the expense of national development without deference to the basic needs of the masses”. Further reiterating this assertion is the position of Idada & Uhumwuangh (2012) who described governance in South Africa and Nigeria as “politics of personality”.

RECOMMENDATIONS/ SOLUTIONS TO POTENTIAL RESOLUTION

Bad governance and leadership failure is indeed the socio-political virus that has eaten deep into the fabric of South Africa's nationhood, leaving in its trail languishing economy, infrastructural hemorrhage and decay in almost all sectors. A reawakening to nationhood by leaders and aspiring leaders, a sanitization and purging of government from corruption and corrupt practices, and a commitment by the mass generality of eligible voters to vote in credible candidates to public offices while voting out non-performing leaders would go a long way in restoring the dignity of the nation South Africa. There is a need to imbue upcoming generations with an understanding and lifestyle of national consciousness. In this regards, credible and astute personalities with a history of integrity and honesty should be elected into power rather than those who have a higher purchasing power of the conscience of the electorates. The electorates should exercise their rights to vote with wisdom and discretion and not sell off themselves. Selection or election of leaders should be founded on distinct sound value systems and should be with a probe for probity and accountability if good governance and leadership is to be attained.

The rule of law, independence of the judiciary and supremacy of the constitution are vital to quality leadership and good governance in South Africa. Therefore, individuals convicted of perpetuating corruption must not be allowed to go free due to their position in the society. Appropriate punitive measures should be meted to corrupt officers. Lastly, all allegations of corrupt practices of the past should be duly investigated and affected public officers made to face the wrath of the law, if the on-going crusade against corruption is not to be seen as a continuation of the rhetoric and sloganeering of the past. Bad leadership cannot enhance accountability, productivity, creativity, unity, patriotism, discipline, social justice, good and democratic governance. It is therefore imperative therefore that redeeming the image and destiny of South Africa should become the concern of all stakeholders in the South African project.

SOLUTION TO POTENTIAL RESOLUTION

1. Creating a Framework for Economic Growth and Transformation

The government must be committed to providing economic policy incentive for promoting private sector investment and increase foreign direct investment to reduce poverty such as, containing inflation rates to single digits, controlling public expenditure within available financial resources and maintaining a fair foreign exchange market. The government must also commit to public expenditure and ensure that money spent is targeted at improving the welfare of the poor.

2. Ensuring Good Governance and Security

The government must ensure that the issues of conflict resolution, human rights and security of life and property are protected. Specific attention must also be given to accountability and democracy as necessary facets of good governance and security.

3. Increasing the Ability of the Poor to Raise Their Incomes

The government must also be committed to ensure that the public has easy access to market information, accessibility and infrastructure. The construction and maintenance of a good road network is required for market accessibility of agriculture from rural and remote areas. The process of building the country's infrastructure also contributes to poverty reduction by creating employment in the rural areas. The government needs to promote secure access and rights to land, credit markets and promotion of improvements to land. Subsequently this will increase productivity and transform the agriculture development.

Conclusion

Poverty has resulted in individuals not having choices and opportunities to get fundamental needs for survival including food, shelter and clothing. Subsequently, they are unable to participate effectively in society towards development of a strong community as they lack these basic capacities. It leads to insecurity, powerlessness and exclusion of individuals, households and communities. The main causes of poverty are corruption; education; political instability and wars; natural and geographical characteristics; and ineffective local governance and government policies. The fact that poverty is quite multi-dimensional and varies from place to place and from society to society, it is important to identify the causes of poverty. The most appropriate solving method perhaps is to examine the dimensions highlighted by the poor from respective location. The root causes of poverty faced by the community need to be identified, so that the efforts to eradicate poverty will give sustainable progress.

Governance and leadership have been identified as indispensable for social change, economic growth and human development of a country (Mangu, 2008). As demonstrated by many scholars, governance and leadership are also critical for the establishment of democracy and for democratic consolidation. As observes by Huntington (1991), democracy will spread in the world to the extent that those who exercise power in the world and individual countries want it to spread! South Africa a country of vast natural assets, human potential and wealth. If mobilized effectively, these resources would go a long way to reduce or eliminate poverty. The emergence of a broad partnership to build a vibrant culture of giving would be a significant advance in tackling the challenges of poverty and inequality. Such a partnership would help to connect formal and informal patterns of mutual aid and giving. It would take forward the Constitution's vision of social justice, human rights and human obligations. And it would be a powerful force to release the potential of all sectors, state, business and civil society for a more profound engagement with complexity and social change.

It is a truism that the quality of leadership and overall governance in a country directly affects the level of political stability and development that such country enjoys. Bad governance and poor leadership only result in underdevelopment and political instability (Ologbenla, 2007). It is on the recognition of the imperative of leadership and governance to a country that Nnablife (2010) avers that the survival of a system rests with leadership. All things rise and fall on leadership because leadership effectiveness is a steering that drives a nation or any organization to heights of development and productivity by the application of good governance.

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