An Unfulfilled Promise: Persistent Inequality in Post-Apartheid South Africa

by

Olivia Glick
Class of 2016

A thesis submitted to the faculty of Wesleyan University in partial fulfillment of the requirements for the Degree of Bachelor of Arts with Departmental Honors in Government

Middletown, Connecticut
April, 2016
Table of Contents

ACKNOWLEDGEMENTS ........................................................................................................ 4
ABSTRACT .......................................................................................................................... 5
ABBREVIATIONS ................................................................................................................ 6

INTRODUCTION .................................................................................................................. 7
Argument ............................................................................................................................. 9
State of Development: Success and Failure Since 1994 ..................................................... 12
   Initial Optimism ............................................................................................................. 12
   Economic Power and Growth ....................................................................................... 16
   Persistent Inequality ...................................................................................................... 18
Methodology ....................................................................................................................... 21
Organization and Essential Findings ............................................................................... 23

CHAPTER ONE: THEORETICAL FRAMEWORK ................................................................ 25
Part One: The Global System .......................................................................................... 28
   World-Systems Analysis .............................................................................................. 29
   State-Centric Realism .................................................................................................. 33
   Global-Level Synthesis ............................................................................................... 36
Part Two: State-Level Causal Factors ............................................................................. 37
   Causal Factor I: The Apartheid Legacy ....................................................................... 38
   Causal Factor II: The Neoliberal Agenda .................................................................... 40
   Causal Factor III: The Business-Political Alliance ..................................................... 42
   Causal Factor IV: Unions ............................................................................................. 44
   Causal Factor V: Corruption ....................................................................................... 47
Part Three: Sector-Specific Analysis ............................................................................... 51
Conclusion ......................................................................................................................... 52

CHAPTER TWO: EMPLOYMENT ....................................................................................... 55
Part One: Trends in Unemployment since 1994 .............................................................. 57
Part Two: Phases in South African Labor Policy .............................................................. 60
   Setting the Stage: Mining and Labor: ......................................................................... 61
   Period 1: 1994 – 2002 Employment Policies ............................................................. 64
   Period 2: 2002 - 2007 ................................................................................................. 69
   Period 3: 2008 – today ............................................................................................... 73
   Black Economic Empowerment ............................................................................... 75
Part Three: Chapter Analysis ......................................................................................... 79
   Causal Factor I: The Apartheid Legacy .................................................................... 80
   Causal Factor II: the Neoliberal Agenda ................................................................ 85
   Causal Factor III: The Business-Political Alliance .................................................. 88
   Causal Factor IV: Unions ......................................................................................... 92
   Causal Factor V: Corruption .................................................................................... 97
   Employment Specific Causal Factor: Immigration .................................................. 99
Conclusion ....................................................................................................................... 101

CHAPTER THREE: EDUCATION ...................................................................................... 104
Part One: Trends in Education since 1994 .................................................................... 107
Part Two: Phases in South Africa’s Education Policy ..................................................... 112
   Key Changes in Post-Apartheid Education Policy .................................................. 117
Part Three: Chapter Analysis: ...................................................................................... 132
<table>
<thead>
<tr>
<th>Causal factor I: The Apartheid Legacy</th>
<th>132</th>
</tr>
</thead>
<tbody>
<tr>
<td>Causal Factor II: The Neoliberal Agenda</td>
<td>136</td>
</tr>
<tr>
<td>Causal Factor III: The Business-Political Alliance</td>
<td>138</td>
</tr>
<tr>
<td>Causal factor IV: Unions</td>
<td>141</td>
</tr>
<tr>
<td>Causal Factor V: Corruption</td>
<td>143</td>
</tr>
<tr>
<td>Education Specific Causal Factor: Teacher Quality</td>
<td>145</td>
</tr>
<tr>
<td><strong>Conclusion</strong></td>
<td><strong>147</strong></td>
</tr>
<tr>
<td><strong>CONCLUSION</strong></td>
<td><strong>149</strong></td>
</tr>
<tr>
<td>Explaining Inequality in South Africa</td>
<td><strong>150</strong></td>
</tr>
<tr>
<td>Implications for Democracy</td>
<td><strong>152</strong></td>
</tr>
<tr>
<td>Implications for Future Policy</td>
<td><strong>154</strong></td>
</tr>
<tr>
<td><strong>WORKS CITED</strong></td>
<td><strong>156</strong></td>
</tr>
</tbody>
</table>
ACKNOWLEDGEMENTS

The undertaking of this project has been exhausting yet exhilarating. It has pushed me further academically than I thought possible and challenged me to new areas of self-growth. The completion of this project would not have been possible without the help of many individuals during this process.

I would like to first thank Michael Nelson for his boundless advice, patience and insight. Thank you for agreeing to advise me and taking a chance on this project when I reached out to you during the spring of my junior year. Your endless support and guidance has kept me engaged throughout this entire process and has been critical in shaping the project to what it is today.

Thank you to all the individuals in Cape Town that agreed to speak to me so candidly about their experience in South Africa. Your insight on the country proved invaluable to this project. In particular, I want to thank Ilwani Nevhutalu and your patience in answering all my many (many!) questions. I am so grateful for our friendship. I would also like to thank the Davenport Committee for believing in the potential of this project and allowing me to go back to South Africa.

I would like to thank all the students and professors I’ve had at Wesleyan. I am so grateful to go to a school where I am constantly challenged both in and out of the classroom.

I am so grateful for my parents. To mom: thank you for your endless support and pulling me back up whenever I began to struggle during this process. Your advice, insight and edits go way beyond the beginning of this project. To dad: thank you for challenging me to go above and beyond. I can now finally hand you your Christmas present (a bound copy of this thesis). Thank you both for believing in my ability to take on a project this big, for offering your guidance and support when asked (and even sometimes when I didn’t ask). It is always appreciated.

Finally, I am most grateful to my friends—my apartment, Bless Up, Film Hall, Rho Ep, ResLife. I could not have done this without your support and love. Thank you Maya and Reta for allowing me to bounce ideas off of you, bringing me food and for reading parts of my thesis even though you’re both too busy running the world. Thank you Ani for your constant humor and creativity and most of all, your undying interest in neoliberalism. The friends I have made at Wesleyan have undoubtedly become my family.

The beginning of this project really dates back to my sophomore year when I wrote a research paper on South Africa’s human development from 1990 to 2010. When I went to South Africa for my study abroad that following fall, I realized that while my paper was factually correct, I had also immensely misunderstood critical aspects of the subject matter. This project is, in many ways, a revisit to that paper and a culmination of my time at Wesleyan.
ABSTRACT

Why has inequality between South Africa’s racial groups persisted, and in some cases worsened, in South Africa since the end of the apartheid? This project answers this question using three levels of analysis: the global system, the state level and the sector-specific (employment and education) level. I contextualize post-apartheid South African development as an outcome of global forces as well as the result of decisions by individual and group state actors. On the global level, I draw on both Wallerstein’s world-systems analysis and Gilpin’s state-centric realism as theoretical frames of reference. I argue that South Africa’s position as a middle-income, semi periphery country within a Western-hegemonic world system has largely shaped South African development. While state actors promoted policy choices they believed to be in the interests of South Africa, the state’s position within the greater world system limited the extent of agency these actors could exercise. On the state level, I analyze persistent inequality through five causal factors: the apartheid legacy, the neoliberal agenda, the business-political elite, unions and corruption. I argue that the apartheid legacy, the neoliberal agenda and the business-political alliance are the most important factors for inequality. Neoliberal policies, pushed by the business and political elite, have stratified the labor market and the education system into a two-tiered system, defined by the apartheid legacy. Unions and corruption are also important, but insufficient on their own to create these patterns of inequality. Finally, on a sector-specific level, I find that while immigration is widely perceived as a major cause of inequality within employment, this belief is largely baseless and speaks more closely to growing public frustrations. I also find that teacher quality is an important causal mechanism for wide gaps in education between races.
ABBREVIATIONS

ANC       African National Congress
AsgiSA    Accelerated and Shared Growth Initiative for South Africa
BBBEE     Broad-Based Black Economic Empowerment
BEE       Black Economic Empowerment
COSATU    Congress of South African Trade Unions
DA        Democratic Alliance
EFF       Economic Freedom Fighters
FET       Further Education and Training Certificate
GEAR      Growth, Employment and Redistribution
GET       General Education and Training Certificate
NAPTOSA   National Professional Teachers' Organization of South Africa
NQF       National Qualifications Framework
NUM       National Union of Mineworkers
PDI       Previously Disadvantaged Individual
RDP       Reconstruction and Development Program
SACP      South African Communist Party
SADTU     South African Democratic Teachers Union
SETA      Sector Education and Training Authority
TEC       Transitional Executive Council
TRC       Truth and Reconciliation Commission
INTRODUCTION

In October of 2015, the announcement of a 10% increase in tuition fees catalyzed a wave of student protests throughout South African universities.¹ Protests went straight to President Zuma’s offices, where the South African police fired rubber bullets, tear gases and stun grenades at a crowd of over 10,000 people.² With protestors singing and dancing the “toyi-toyi”, a dance made famous during the resistance movement, these protests raised the specter that the same rage and frustration that had fueled the anti-apartheid activism of the 1980’s had re-emerged in the “new” South Africa.³

Increases in university fees are not unusual; South African universities usually raise their student fees between 7 -14% every year.⁴ This is partially due to the fact that student enrollments have grown substantially during the post-apartheid era. As a result, students have received smaller subsidies, despite a 70% increase of state funding for higher education since 2001.⁵ These protests, however, tapped into a growing resentment towards increasing inaccessibility to higher education and lack of change within South African universities. In a country where white households still earn six times more than the black population, rising student fees are a huge burden for black students to stay in school.⁶ And with the black Africans making up almost 80% of the total population, the lack of black representation within students and professors is another reminder of how little things have changed within post-apartheid

¹ Onishi 2015.
² Shabalala and Govender 2015.
³"Boiling over" 2015.
⁴"Boiling over" 2015.
⁵"Why Are South African Students Protesting?" 2015.
⁶Shabalala and Govender 2015.
South Africa. While President Zuma announced that there would be no fee increases in 2016, this concession hardly addressed the deeper issue at stake. As one university student stated “It's a partial victory… It just means that we are safe for this year.”

These student protests illustrate a greater sentiment within the country; despite the hope and optimism immediately following the end of apartheid, South African citizens are becoming more frustrated with the current lack of development and persistent inequality within the country. As leaders of the resistance movement, the African National Congress (ANC) was the natural choice to govern South Africa in the new political era. However, as the protests exemplify, despite over 20 years under ANC leadership, many South Africans are beginning to question if this political transition has been met with the same social and economic change promised by the ANC. The 2015 student protests thus illustrates one of the fundamental contradictions within South Africa today; the ANC now faces an increasingly frustrated population protesting against the same systems of inequality and discrimination that they had fought against a little more than 20 years prior.

This project thus asks the questions: What exactly is the state of development within South Africa? Why was this political transition from a legalized system of inequality to a free and non-racial democracy not met with the same social and economic change? In what ways did the ANC and their policies fail in achieving the non-discriminatory Rainbow Nation that South Africa was promised to become? In sum, why has inequality persisted, and in some cases worsened, since the end of the apartheid?

---

8 Shabalala and Govender 2015.
**Argument**

This project will show that despite the introduction of democracy in 1994 and the promise of a non-racial society, inequality within South Africa has persisted, and in some cases worsened, in both areas of employment and education. Failures of the education system and lack of employment opportunities have disproportionately hurt black South Africans. Despite the political transformation to democracy, social and economic structures of apartheid have largely remained intact. This project aims to understand the causal forces of this persistent inequality on a global, state and sector-specific level.

On the global level, this thesis examines the effects of the international political economy on inequality within countries such as South Africa. Especially in Chapter 1, I examine and compare the insights of Gilpin’s state-centric realism and Wallerstein’s world-systems analysis. While each scholar identifies the global system as a series of uneven relationships between states, their theories disagree on the degree of a state’s agency within this system. I find that it is necessary to consider both the power of individual state actors and policy (Gilpin) and systemic effects on semi-peripheral countries (Wallerstein and Galtung). I argue South Africa’s position as an emerging market within a Western-hegemonic world system largely limited and shaped ANC’s policy choices. This thus explains why South Africa promoted a neoliberal agenda almost immediately after the transition, as the global trend in economic and social policy was geared towards neoliberalism. At the same time, pressure to integrate within the global economy was largely in the interests of
political and business state actors. After years of isolation and economic sanctions during apartheid, South Africa’s economy was growing at a sluggish rate. State and business actors thus advocated for policies that better assimilated South Africa into the world market. Policymakers believed that through the trickle-down effect, global integration would foster the necessary economic growth crucial for South African development. However, many of these neoliberal policies were problematic, and undermined the ANC’s rhetorical goals for redistribution and social equity.

On the state level, this thesis looks into the domestic sphere and identifies five common causal factors and the relationships between these factors, as potential mechanisms for persistent inequality within South Africa. The five causal factors are: the apartheid legacy, the neoliberal agenda, the business-political alliance, unions, and corruption. The findings in this project put forth that it is the first three causal factors, the apartheid legacy, the neoliberal agenda, and the business-political alliance, that have most saliently affected racial and class inequality.

This thesis builds upon previous literature on inequality during the post-apartheid era, as it specifically lays out not only the saliency of each causal factor, but their interrelationships. For instance, Terreblanche focuses on the historical relationship between the business and political elite. He argues that the elite has exploited the native population through the greater capitalist system and has ensured that this exploitative system has remained intact since the end of apartheid. Johnson argues that increased corruption within the ANC, and particularly with President

---

10 Terreblanche 2002.
Zuma, has perpetuated inequality.\textsuperscript{11} I argue that both are incomplete because it is the interplay between these the causal factors – how one affects and even exacerbates the negative impact of the other, that have perpetuated uneven development.

Considerable literature exists on the consequences of neoliberalism for inequality.\textsuperscript{12} I argue the negative effects of neoliberal policies were amplified due to timing; these policies were implemented almost immediately after apartheid, when the state was most vulnerable to the apartheid inequalities that still fundamentally defined the social and economic structures of South Africa. The business-political alliance was critical in promoting and implementing this neoliberal framework. But the presence of neoliberal ideas and South Africa’s susceptibility to them were conditioned by the global factors discussed above.

While unions and corruption did contribute to persistent inequality, these two causal factors played a more public but ultimately less impactful role. Even without unions and corruption, inequality would still exist in South Africa. In effect, unions and corruption exacerbated inequalities produced by the first three causal factors.

Lastly, on the sector-specific level, this thesis identifies causal factors distinctive to employment and education. In employment, while immigration is perceived as a major causal mechanism for inequality in the labor market, the effects of immigration have largely been over-exaggerated and unsubstantiated. In education, the uneven distribution of teacher quality has most acutely hurt black South Africans, underscoring the relevance of this causal factor.

\textsuperscript{11} Johnson 2015.
\textsuperscript{12} Quiggin 1999; Van der Hoeven 2000; Kentor 2001; Navarro 2007; Kotz 2002. Refer to Chapter 1, “Causal Factor II: The Neoliberal Agenda” for further discussion.
State of Development: Success and Failure Since 1994

How did South Africans go from exuberant, widespread optimism for a boundless future to police firing rubber bullets into a protest of over 10,000 students just 20 years later? Here I consider the historical and economic context of the post-apartheid period. I begin by describing the initial optimism felt within South Africa, in which the end of apartheid signified hope and promise for all. Next, I show how South Africa has become an emerging market in the international economy, suggesting increasing economic and political strength on the global sphere. Finally, I consider overall inequality trends within the state, and briefly describe how these trends have manifested within the labor market and education system. This section will thus show while the post-apartheid period has seen persistent inequality, this period has also experienced significant successes in development.

Initial Optimism

“This thing that we have done today, in this small corner of a great continent that has contributed so decisively to the evolution of humanity says that Africa reaffirms that she is continuing her rise from the ashes.

Whatever the setbacks of the moment, nothing can stop us now!
Whatever the difficulties, Africa shall be at peace!
However improbable it may sound to the skeptics, Africa will prosper!”

- Thabo Mbeki, “I am an African” speech, 1996

Thabo Mbeki’s 1996 “I am an African” speech celebrated the adoption of South Africa’s new constitution founded on the principles of non-racialism and democracy. In his speech, deputy president Mbeki optimistically envisioned a new South Africa – a South Africa no longer tied down by apartheid inefficiencies and

---

13 Mbeki 1996.
racialized forms of mass poverty and inequality. The end of apartheid represented a new beginning for the nation; a time when South Africa could become “a cosmopolitan, non-racial and prosperous democracy, confident of its place in the world.”

Moreover, the end of apartheid opened up the possibility that South Africa could be a society in which “race would be irrelevant.” South Africans rallied behind Archbishop Desmond Tutu’s “rainbow nation” paradigm, predicated on the idea that all racial and ethnic groups could live harmoniously together in one multicultural society. At the Truth and Reconciliation Commission, Tutu emphasized ideas of solidarity, stating, “We are sisters and brothers in one family - God’s family, the human family.” At the same, Tutu argued that South Africa was “a remarkable country. Let us celebrate our diversity, our differences. God wants us as we are.” In this way, the rainbow nation was based in a paradoxical framework in which ideas of cohesiveness within the multicultural society relied heavily on the distinction and differences of racial and cultural categories. Despite this inherent contradiction, the rainbow nation became essential for the construction of a new nation and identity. This “rainbow nation” idea allowed South Africa to embrace an encompassing “moral unity” in the absence of an “ethnic core.” Post-apartheid leaders actively worked to avoid any type of “nationalist project,” often associated

---

14 Habib 2013: 5.
15 Alexander 2013: 124.
16 Habib 1996.
17 Desmond Tutu in Irlam 2004: 695.
18 Desmond Tutu in Irlam 2004: 695.
19 Habib 1996.
with the apartheid state and its emphasis on white supremacy. The rainbow metaphor was thus essential for nation building, as it allowed for South Africa’s stratified population to unify and rally behind a single ideal.

The rhetoric that followed the post-apartheid transition highlights the way in which policymakers believed that “non-racialism would be the key to resolving the ‘national question.'” The new 1996 constitution emphasized ideals of human rights and equality that the ANC saw as necessary for effecting social and economic change. It defines South Africa as a “sovereign, democratic state founded on the following values: human dignity, the achievement of equality and the advancement of human rights and freedoms [and] non-racialism and non-sexism.”

Moreover, this rhetoric was partnered with immediate successes. 1994 marked the first time most South Africans had ever voted in their lives, including both Nelson Mandela and Tutu. With the end of apartheid, the international community lifted trade sanctions implemented during the 1980’s, opening South Africa’s previously isolated economy into the global sphere. The direct effects of this political and economic transition were huge. As Alex Boraine illustrates,

At first, things went so smoothly. Racist laws were repealed; schools, colleges and universities were open to all races; cinemas, parks, housing, likewise. There was a mood of relief, of confidence. Millions gained access to clean water; many township residents who used to read by candlelight now had access to electricity; there was free access to hospitals for the sick and grant-in-aid for the very poor. Our economy grew, and peace broke out throughout the land.

---

22 Alexander 2013: 125.
23 Republic of South Africa 1996.
26 Boraine 2014: 2.
The 1996 Truth and Reconciliation Commission (TRC) added to this optimism, as it worked to actively heal the atrocities and inequalities during apartheid using Tutu’s rainbow nation rhetoric. The TRC recognized that the distribution of basic resources and human rights guaranteed in the new constitution was not enough for the South African healing process. The TRC was considered a necessary step for nation building as it became a space for South Africans to have their testimonies of the injustices of apartheid, be heard by the new government. In this way, the immediate steps taken after the end of apartheid not only marked a symbolic transition, but also demonstrated a tangible change in the state, grounded in a new political system, constitution and guaranteed rights. In effect, this political transition opened up the South African economy, granted political freedom and ensured universal rights for its citizens.

The country’s immediate success symbolized a victory in development. South African citizens, the ANC and the outside world rejoiced in the success of the country, and more specifically the ANC, to pull South Africa out of historically entrenched poverty and inequality. Building on the momentum immediately following the 1994 transition, the public’s expectations of Tutu’s rainbow nation, in which the benefits of prosperity would be distributed equally among its citizens, were considered reasonable. However, despite this initial optimism and successes immediately after the transition, ideas of the rainbow nation have deteriorated with sobering facts of the current levels of development. As will be shown in the section below, while South Africa experienced economic growth immediately following the
end of apartheid, levels of inequality have persisted and in some cases, worsened, during this time period.

**Economic Power and Growth**

The integration of South Africa into the international market transformed South Africa both into an emerging economy and significant global power within the world system. Overall, GDP grew from $180 billion in 1994 to $328 billion in 2014.\(^{27}\) Moreover, in a 2012 report on the Emerging market opportunity index, an index that measures the “largest emerging economies in terms of their potential for business investment,” South Africa was the only African country represented and ranked 14\(^{th}\) of the 27 economies total.\(^{28}\)

In 2013, South Africa had an overall trade balance of $5.02 billion.\(^{29}\) Much of that trade involves minerals; gold, platinum, diamonds and other metals and minerals are South Africa’s top exports. In 2013, gold alone represented a $20.4 billion or 18% of all exports in South Africa.\(^{30}\) In 2015, mining represented 10% of South Africa’s GDP.\(^{31}\) Africa’s large mineral reserve are thus considered a “blessing” for the economy as it has “kick start[ed] a process of capital accumulation” through mechanisms of foreign investment.\(^{32}\) However, the prosperity of the gold mining fields may be coming to a close. With a 7% production shrinkage between 2001 to 2011, South Africa has fallen from the top to the third for gold production, running

\(^{27}\)World Bank 2015.  
\(^{28}\)Grant Thornton International 2012: 4.  
\(^{29}\)Simoes accessed Dec. 2015.  
\(^{30}\)Simoes accessed Dec. 2015.  
\(^{31}\)SouthAfrica.info accessed Dec 2015.  
\(^{32}\)Mbeki 2009: 77.
behind China and Australia.\textsuperscript{33} Therefore, while South Africa’s mineral reserve has been key within its economy, the decline within this industry suggests that South Africa may have to turn to other industries to promote growth.

The inclusion of South Africa’s membership in BRICS and the G20 signifies the state’s growing political and economic influence within the world system. With the fastest growing economies in the world, BRICS represents a major counter balance against the global economic powers of the U.S. and European states.\textsuperscript{34} Today, the combined GDP of the BRICS accounts for approximately 9\% of the world economy.\textsuperscript{35} This alliance has strengthened trade relationships, bolstered South Africa’s geopolitical influence and has gained South Africa greater access into the global economic system. South Africa’s membership has also allowed for important economic and political alliances with other emerging economies, exemplified with China’s increasing role in the South African economy. In 2013, for example, 34\% of all South African gold was imported to Hong Kong alone.\textsuperscript{36} Furthermore, 15.5\% of all South African imports are from China, while 9.5\% of all its exported products are sent to China.\textsuperscript{37} South Africa’s strong trading relationship with China and its annexation into the BRICS and G20 alliance has thus strengthened its global position while also stimulating further economic growth.

Although South Africa is considered an emerging economy within a greater global system, South Africa is considered the leading power within the African

\textsuperscript{33} Cropley and Flak 2011.
\textsuperscript{34} Yardley 2012.
\textsuperscript{35} Bremmer 2015.
\textsuperscript{36} Simoes accessed Dec. 2015.
\textsuperscript{37} Central Intelligence Agency accessed April 2016.
continent. In 2002, South Africa accounted for 40% of the African economy.38 David Lipton, Managing Director of the International Monetary Fund, commented that this economic power has made South Africa the “gateway to Africa.”39 As South Africa becomes increasingly stronger through trade and investment with other African countries, these “new partnerships…many officials hope will reduce economic dependency on former colonial rulers in Europe.”40 Thus, despite the legacy of colonialism and apartheid within its political and economic history, South Africa is has become a leading economy for Africa and an emerging geopolitical power within the international political economy.

**Persistent Inequality**

Despite South Africa’s growing global economic strength, the country remains one of the most unequal societies in the world. An important indicator is the GINI coefficient, a measurement of income distribution within a country. According to the GINI coefficient, South Africa consistently is cited as one of the most unequal countries in the world.41 In 1993, South Africa GINI coefficient increased from 59.3 in 1993 to 63.4 in 201142 However, this measurement only gives only a limited understanding of inequality. It alone cannot tell us how inequality varies between and among demographic groups. This is especially important in South Africa where there is “‘ongoing racial bias in income distribution, as 95 percent of the poor are black ‘African,’ and 4 percent are ‘colored’ (mixed race), with people from the white and

39 Lipton 2015.
40 Swarns 2002.
41 Central Intelligence Agency accessed April 2016.
42 World Bank 2015.
Indian race categories comprising less than 1 percent of the poor.” While South Africa defines racial groups by four distinct categories (black/African, white, Asian/Indian and colored (mixed)), it is beyond the scope of this project to analyze inequality among all four categories. This thesis will focus specifically on inequality between black and white South Africans.

It is useful to look at the specific ways racial and class inequality manifests itself. This thesis focuses on the areas of employment and education, both vital indicators of economic and social progress for disadvantaged groups. High unemployment has continued to be one of the most pertinent issues inhibiting South African development since 1994. Levels of unemployment have increased from 17% in 1994 to 25% in 2014. While officially a quarter of the population is without a job, unofficially the unemployment rate is believed to be closer to 40%. Mining accounted for 8% of the South African GDP and 500,000 jobs in 2010. Unfortunately, the gradual decline of that industry will affect those job numbers. Unemployment along racial lines paints an even bleaker picture. Unemployment for the white population has remained relatively low in the past 20 years, circling around 7-8%. Unemployment for black Africans, on the other hand, has remained staggeringly high, remaining above 40% for the entire post-apartheid period.

Failures within the education system are acutely hurting black South Africans. Characterized as “grossly inefficient, severely underperforming and egregiously

---

43 Bond 2014: 16.
44 Within this project, black and African will be used interchangeably.
45 World Bank 2015.
46 “Disappointment” 2012.
47 Cropley and Flak 2011.
unfair,” the education system remains to be one of the biggest issues for development in South Africa today. In the Western Cape, for example, in a historically and predominantly black school, only 2 out of 1,000 pupils passed a mathematics test in 2005. This is shocking when compared to the fact that 2 out of 3 pupils in the historically white school were able to pass the same test. Part of this failure can be contributed to poor teacher quality; in historically black schools, for example, only 50% and 42% of teachers teaching math and science (respectively) studied these subjects beyond the secondary school level.

Despite these development failures, it is important to note that South Africa today is a significantly different place than what it was in 1994. The accomplishments of the ANC and the South African population should not be ignored. However as the data above indicates, while GDP and the economy continues to grow, this growth has not been felt equally, with a majority of the country still facing persistent and even harsher conditions in human development outcomes. The failures in in the labor market and the education system are particularly disappointing in light of the optimism and success of the new South African government immediately after apartheid’s demise. This project thus asks why South Africa has faced persistent uneven development, despite a growing economy, the transition to democracy and most importantly, the dismantling of an almost fifty year legalized system of inequality?

49 Spaull 2013: 3.
50 Dugger 2009.
Methodology

This project is classified as a “disciplined-configurative study,” a case study that “use[s] established theories to explain a case.”\textsuperscript{52} Ecklestein argues that these case studies are particularly useful, as they can “impugn established theories if the theories ought to fit it but do not. It may also point out a need for new theory in neglected areas.”\textsuperscript{53} In this way, the main methodology this project employs is an “empirical puzzle” technique, in which I use competing theories on development to analyze the same outcome of persistent inequality.\textsuperscript{54} By using these competing theories, this project seeks to conceptualize post-apartheid development within a broader framework. This technique is effective as it identifies an explicit research question that can then be generalizable to other case studies. The lessons found in this project may be applicable for other African countries with similar colonial histories such as Botswana and Namibia, as well as other developing, middle-income countries such as Brazil.

Each empirical chapter has two major empirical sections. In the first part I provide a theoretically-guided overview of the history of policy development and key trends in inequality. In the second part, I focus on the specific causal factors identified above and in Chapter 1. Overall, this project employs a “process tracing” technique in which “an overarching causal relationship [is broken down] into a set of smaller causal links in a larger causal chain.”\textsuperscript{55} One advantage of process tracing is that it not only helps us see whether variables “covary” but more importantly, provides an in

\textsuperscript{52} George and Bennett 2005: 75.
\textsuperscript{53} Eckstein 1975: 99.
\textsuperscript{54} Mitchell Bernauer 1998: 11.
\textsuperscript{55} Mitchel and Bernauer 1998: 22.
depth analysis of “how and why” these variables relate.\textsuperscript{56} This method thus emphasizes that it is not only specific causal factors, but the relationships between these causal factors that affect outcomes.

South Africa is a particularly useful case in development theory because of South Africa’s unique relationship within the global system. In many ways, South Africa’s position with Western “developed” states replicates its relationship with other African countries. South Africa’s history of colonialism has defined South Africa’s global economic position within a third world context. However, South Africa’s emergence as an important economic power debunks part of this third world rhetoric and reveals the nature of South Africa’s paradoxical position within the international political economy. South Africa’s persistent inequality thus highlights the way in which overall economic growth and democratic procedures may not actually enact effectual economic and social change.

A variety of primary and secondary sources were used within the research process. Formal and informal interviews were conducted in South Africa during August of 2015.\textsuperscript{57} Interviews were conducted with South African University students, professors at the University of Cape Town and Stellenbosch University, artists, individuals who lived in townships and members part of Re.Think Leadership, a non-profit based in Cape Town that helps South African youth implement small development projects in their local communities. Interviewees were asked series of open-ended questions about the progression of the ANC, the biggest concerns in South African development and current challenges for South African youth today. In

\begin{footnotesize}
\begin{itemize}
\item[] \textsuperscript{56} Mitchel and Bernauer 1998: 22.
\item[] \textsuperscript{57} 17 interviews were conducted that ranged from one to two hours in length.
\end{itemize}
\end{footnotesize}
addition to interviews, primary sources included newspapers, articles, speeches, research data, surveys, government documents and reports. Finally, this thesis consulted the secondary literature on economic development, inequality and South African politics.

**Organization and Essential Findings:**

The structure of this thesis is as follows:

Chapter one will discuss the theoretical framework. Causal factors are broken down into three different levels: the global level, state level, and sector-specific level. On the global level, both Wallerstein’s “World-Systems Analysis” and Gilpin’s “State-Centric Realism” provide competing, yet comprehensive, frameworks for analyzing post-apartheid development. This chapter also defines the five causal arguments on the state level: the legacy of apartheid, the neoliberal agenda, the business-political alliance, unions, and corruption. Finally, this chapter identifies immigration and teacher quality as possible sector-specific causal factors for employment and education, respectively.

Chapter two discusses the issue of persistent inequality within South Africa’s increasing unemployment since 1994. This chapter briefly covers the history of labor within South Africa, starting from the discovery of diamonds and gold in the later 1800’s through apartheid. Through analyzing the major labor and macroeconomic policies of the post-apartheid period, the findings of this chapter suggest the apartheid legacy, the neoliberal agenda and the business-political alliance have significantly contributed to uneven employment trends within the South African labor market. Unions and corruption were found to play an important, but smaller role, as these
mechanisms mainly strengthened the outcomes of the first three causal factors. On the sector-specific level, despite popular belief and increasing xenophobia violence, immigration was not found to be a causal factor.

Chapter three focuses on the role of inequality within the South African education crisis. Inequality has manifested into a two-tiered education system, in which a select few, well-resourced schools serve a handful of learners, while the majority of students attend the remaining bottom tiered schools with significantly fewer resources and lower teacher quality. This chapter briefly reviews education history from the Cape’s colonization, through apartheid and into the post-apartheid period. The findings in this chapter support analysis from the previous chapter and suggest that the apartheid legacy, the neoliberal agenda and the business-political alliance were the most critical factors in inequality within the education system.

Arguably, teacher unions have had a larger impact on inequality in education than unions had on the unemployment crisis. Nonetheless, both unions and corruption contributed to worsening inequality resulting from the first three causal factors. In addition, the uneven distribution of teacher quality perpetuated inequality.

The conclusion restates the essential findings of this thesis. Additionally, the conclusion will discuss the way in which South African democracy has become a hegemonic one-party system. Drawing on Amartya Sen, this conclusion will discuss the implications of the ANC’s hegemonic power on inequality and how this will affect South Africa’s future.
CHAPTER ONE: THEORETICAL FRAMEWORK

Why has inequality persisted, and in some cases worsened, in South Africa since the end of the apartheid? This project will attempt to answer this question through a series of explanations at three levels of analysis: the global system, the state level and sector-specific level within education and employment. These three levels of analysis attempt to contextualize post-apartheid South African development as an outcome of global forces as well as the result of decisions by individual and group state actors.

At the global level, I analyze the question of persistent inequality by contextualizing South African development over the past 20 years within the international political economy. Immanuel Wallerstein’s world-systems analysis and Robert Gilpin’s state-centric realism both provide crucial frameworks to analyze South African development on this global level. These theories understand the world system defined by a series of unequal relationships between states, however each theorists differ in the extent of a state’s agency within this global system. Wallerstein sees forces of globalization as inevitable and therefore would frame South Africa’s development and persistent inequality as a result of its position as a middle-income, semi-periphery country within the global system. Gilpin, on the other hand, argues that individual and group actors make policy decisions that respond to this unequal balance of power within the system. Gilpin’s theory therefore suggests that South Africa’s persistent inequality is the result of political and business actors making policy choices for the state’s greater interest in economic development and globalization into the world system.
This project argues that both theories offer crucial frameworks to analyze South African development since the 1994 democratic transition. South Africa’s position as a middle income, semi-periphery country within a Western-hegemonic world system largely limited and shaped policy choices for the ANC. While state actors implemented policies in the interests of promoting South African development, their choices were constricted due to their position in the international political economy. This explains South Africa’s implementation of a neoliberal framework during the mid-1990s, when neoliberalism was most heavily promoted in development theory. At the same time, political and business state actors advocated for a neoliberal strategy, as they believed this would allow for South Africa to better integrate within the world market and thus facilitate necessary economic development. Neoliberalism, however, inevitably undermined goals for social equality.

I next address the state level of analysis. I identify five specific causal factors that could have an effect on inequality within the nation. These factors are the apartheid legacy, the neoliberal agenda, the business-political alliance, unions, and corruption. This project will show that while all causal factors may have contributed to inequality trends since the end of apartheid, some factors matter more than others. I argue that the legacy of apartheid, the neoliberal agenda and the business-political alliance, both on their own as well as the relationship between these three factors, most saliently affected inequality trends after apartheid. This is because the neoliberal macroeconomic policies implemented during the transition perpetuated inequalities from the apartheid period. As a result, the legacy of apartheid has
continued to play a pervasive role in inhibiting development outcomes for inequality. At the same time, the neoliberal framework opened up new pathways for inequality, thereby further marginalizing previously disadvantaged groups. The business-political alliance was critical for the implementation of this neoliberal macro-economic strategy. Unions and corruption were important causal factors that contributed to the three main causal factors. While the latter two factors are important, both fall short in providing a comprehensive understanding of causes of persistent inequality on their own.

Finally, this project will highlight the sector-specific causes of persistent inequality in unemployment and education, such as immigration within employment and teacher quality in education. These will be more thoroughly discussed in later chapters.

All three levels of analysis are essential in providing a comprehensive analysis of persistent inequality throughout the post-apartheid period. Figure 1 demonstrates the relationship between the global, state and sector-specific levels of analysis. While the global system provides a more general understanding of persistent inequality in South Africa, the causal factors on the state level specifically name the forces and actors identified within Wallerstein and Gilpin’s global theories. Sector-specific factors identify causal factors that are important but not generalizable for both the education and employment case studies. This chapter will examine each of these three levels of analysis and how each level fits together.
There are a number of ideas out there for how and why the global system may impact inequality within a country. This project uses Wallerstein’s World-Systems Analysis and Gilpin’s State Centric Realism as essential frameworks for analyzing persistent inequality within South Africa. While both theorists understand the international world economy as a system of unequal relationships, these theorists disagree on the state’s capability in reaching and determining its level of development. Nonetheless, both theories are useful for analyzing South African development as they highlight the critical forces and actors that have limited development goals and perpetuated inequality during the post-apartheid period.

This section will summarize both theories and analyze how each theory offers an explanatory analysis for South African development and persistent inequality since the end of apartheid.

---

58 See Piketty 2013; Milanović 2011.
World-Systems Analysis

World-Systems Analysis predicts that semi-peripheral and peripheral states (such as South Africa) will have high levels of internal inequality. This argument is made in two moves. First, by demonstrating that global capitalism creates inequality between states. Second, by identifying how those same dynamics can exacerbate inequality within states, in particular amongst those states that are closer to the periphery of the capitalist system. Here I will briefly discuss each of these levels of inequality and their application to South Africa.

The creation of inequality between states

Immanual Wallerstein’s world-systems analysis provides a useful framework for analyzing inequality trends since the end of apartheid. World-systems analysis argues that persistent inequality in South Africa is the product of South Africa’s position within the global capitalist economy. Rooted within Marxism, this theory emphasizes global class struggles as a determinant for economic and political relations between states.\(^{59}\) Wallerstein’s theory highlights important relationships of inequality both between states in the global system as well as unequal relationships within states. His findings therefore offer significant insight to how South Africa’s position as a middle-income country has substantially impacted the persistence of inequality throughout the post-apartheid period.

Wallerstein argues that capitalism became the “driving force” for the current economic order, in which a state’s position within the global system became defined

\(^{59}\) Hopkins and Wallerstein 1982.
by “an axial division of labor.”\textsuperscript{60} The world system is made up of core, peripheral and semi-peripheral states; core states specialize in manufacturing, periphery states specialize in the production of raw goods and materials and the semi-periphery are states somewhere “in between.”\textsuperscript{61} The relationships between core, periphery and semi periphery states maintain the international economic order through the continual pattern of unequal exchanges. Wallerstein argues that core countries exploit the economic surplus from periphery countries through the extraction of their raw goods. This relationship is inherently unequal as only the core was able to profit from the periphery’s economic resources.\textsuperscript{62} This is significant as Wallerstein world-systems analysis highlights that the development of a country is not a result of the individual state’s behavior but rather the state’s position within an international global economy, defined by its production and labor processes with other core, periphery and semi-periphery states.

Wallerstein’s theory suggests that South African inequality over the past 20 years is the product of South Africa’s position in the greater world system as a middle-income semi-periphery country. South Africa’s relationship with stronger (usually Western) economies mirrors that of the exploitative relationship between the core and periphery, particularly in accordance to South Africa’s exportation of its natural mining reserves. With gold alone representing a $20.4 billion industry in 2013, the extraction of South Africa’s raw goods has largely defined the state’s economic development and relationships with the rest of the global economy.\textsuperscript{63} At the

\textsuperscript{60} Hopkins and Wallerstein 1982: 11.
\textsuperscript{61} Hopkins and Wallerstein 1982: 47.
\textsuperscript{63} Central Intelligence Agency accessed April 2016.
same time, because of South Africa’s emerging economic and political strength through its membership of BRICS and G20, South Africa also acts as a core country for the rest of Africa (and especially southern Africa), mirroring the relationship the West has with it, to the rest of the continent. South Africa’s position as a semi-periphery country has constrained its development within the parameters defined by the global system.

**Explaining inequality within states**

Johan Galtung builds off of Wallerstein’s theory and explains how South Africa’s position as a semi-periphery state has shaped inequality within the state. Galtung argues that within each core, periphery and semi-periphery state, there are core and periphery actors that work with and against each other. These relationships are not only within states, but more importantly, cut across state boundaries. These relationships are comprised of four central actors; the state elite, the underclass, the Center and the Periphery. The relationship between the elite of the Center with the elite of the Periphery is crucial for the maintenance of the world system. Both elite actors work together to maintain this system, as they are the primary beneficiaries of this exploitative, unequal set of exchanges that define the global capitalist system. The underclass of both the Center and Periphery states, on the other hand, do not see themselves as having aligned interests. Instead, “the [underclass] see themselves more as partners of the [elite] in the Center than as the partners of the [underclass] in the

---

64 Alden and Soko 2005.
65 Galtung refers to the state elite and the underclass as the center and the periphery, respectively. Because he also defines the other two actors as the Center and the Periphery, this project will use other names to avoid confusion. The Center and the Periphery state actors are analogous to Wallerstein’s core and periphery nation states. Galtung 1971: 84.
In doing so, the underclass believes they have the same interests as the elite because both are citizens of the same state. However, interests of the elite often come at the expense and exploitation of the underclass, inevitably creating unequal conditions within states.67

In South Africa, one could argue that the elite class exists as a strong alliance between political and business state actors. As Moeletetsi Mbeki68 argues, white domination succeeded during apartheid because the white political elite created, the right formula for delivering to world markets. It received the qualified support and cooperation of both domestic and foreign owners of capital, especially mining capital, but also that of the multinational corporations invested in the manufacturing and financial services sectors.69

According to Galtung’s theory, Mbeki argues that apartheid succeeded because the elite of international state actors (multinational corporations) had an economic stake in supporting the elite of apartheid ruled South Africa (the white political and business elite). Inequality exists, critics argue, because this relationship has continued to persist. For example, Terreblanche argues that the end of apartheid merely changed South Africa’s elite from the white political and business elite to a black political and business elite. However, this change of the elite did nothing to change the status of the underclass.70

Wallerstein and Galtung’s theories suggest that inequality persists within South Africa because despite the ending of apartheid, the elite continue to profit from the exploitation of the underclass. One important example of this is South Africa’s

66 Galtung 1971; 84.
67 Galtung 1971; 84.
68 Not to be confused with South Africa’s second president, Thabo Mbeki.
69 Mbeki 2009: 49.
70 Terreblanche 2002.
mining industry, where a political-business alliance predates the 1994 democratic transition. The mining industry is supported by foreign actors, due to their economic stake in the industry’s success. The industry also has a history of exploiting the underclass within South Africa’s economy: the lower class blacks. One of the key features of the mining industry is the particularly exploitative and brutal conditions of its laborers. Even representatives of the ANC have admitted that the exploitative nature of the mining is a major obstacle for development; Kgalema Motlanthe, deputy president of the country, called it “a scar on the face of a democratic South Africa. Sadly the mining industry has remained a prisoner of its apartheid past in this core element of cheap labor.”

**State-Centric Realism**

Robert Gilpin’s state-centric realism theory, on the other hand, suggests that persistent inequality within South Africa is due to how state actors respond to the balance of power within a Western, hegemonic-world system. State actors make policy decisions based on greater national interests and are primarily concerned with promoting economic, military and psychological security. Gilpin argues that a state’s development is dependent on its own agency and domestic interests.

In *Global Political Economy*, Gilpin responds to arguments that increasing globalization has undermined the importance of state political boundaries, as state economies become more entwined within a global political economy. As a consequence of this growing globalization, scholars have argued, states are more

72 Kgalema Motlanthe in England 2014.
susceptible to changes within a political economy therefore creating an increasingly unstable global market. For Gilpin, the consequences of globalization have been largely over “exaggerated” and “misplaced.” This is a significant distinction between Wallerstein and Gilpin, as Wallerstein largely believes that states are constrained by global forces, unable to exert their own agency against the system.

Gilpin argues that instead, domestic interest and national policies are the guiding force in shaping the world political economy. In this way, Gilpin’s realism point of view is grounded within the power interests of a nation state. Within the global political economy, the state is the most important actor in determining national interests and policies. The state is comprised of the “governing political elite” and “pressures of powerful groups within a national society.” The chief concern for the state is preserving its national security – “security means that power – military, economic, and/or psychological – will be vitally important in international affairs.”

Gilpin therefore argues that within a globalized economy, the state implements policies that are most economically favorable for the state and its citizens in order to maintain power and security.

While Gilpin emphasizes the nation states as crucial actors in influencing the world economic system, he also considers the roles played by other actors including international organizations and non-governmental organizations. However, a more central role can be played by hegemonic world powers. He argues that the existence

---

74 Wallerstein in Marais 2011: 111.
75 Gilpin 2001: 18.
76 Gilpin 2001: 19.
77 Gilpin 2001: 19.
of a liberal hegemonic world power actively works to maintain the balance of power of the international system in their interests. In this case, by providing the “public good” of an “open market economy.”\textsuperscript{79} His argument assumes that the world system is anarchic in nature; without a central, hegemon power, cooperation between nation-states becomes nearly impossible as “conflict [between states] has been the norm.”\textsuperscript{80} It therefore becomes the hegemon’s responsibility to ensure an open, free trading economic system to sanction increasing international state participation; participation within this system encourages both international and national economic growth.\textsuperscript{81}

Gilpin’s theory suggests that South Africa’s persistent inequality during the post-apartheid period has largely been a result of domestic actors responding to the global balance of the power, particularly in accordance to a world system that balances towards a liberal hegemonic world power. Gilpin’s theory suggests that policy choices by individual and group actors for economic development and globalization goals have largely contributed to persistent inequality in South Africa. For Gilpin, state agency is the key and critical difference from Wallerstein; South African policy makers implemented policies not because of greater, global forces, but because state actors believed it were in South Africa’s best interests.

One could argue that South Africa’s shift towards a neoliberal agenda exemplifies the way in which policy makers have demonstrated their agency in response to shifts in the balance of power. In the 1990s South Africa emerged from apartheid while neoliberalism was the dominant development strategy, particularly in the wake of the end of the Cold War and the creation of the WTO. South Africa’s

\textsuperscript{79} Gilpin 1987: 74.
\textsuperscript{80} Gilpin 1971: 88.
\textsuperscript{81} Gilpin 1971.
business and political elites jumped on board. At the time of the transition, South Africa’s economy was plagued with sluggish growth, high inflation and almost no foreign investment. The business and political elite argued that neoliberal policies would allow South Africa to better integrate within the international political economy. This would, in turn, facilitate the necessary conditions for economic growth necessary for development. Thus according to Gilpin’s theory, South African state agents largely implemented neoliberal policies to promote greater national interests in economic and social development.

**Global-Level Synthesis**

This project will show that both theories are useful for analyzing causes of persistent inequality in South Africa as both shed light as to why South African policymakers made the choices they did. I argue that the ANC-led government implemented a series of policies based on the state’s overall economic and development interests. Due to the sluggish state of South Africa’s economy immediately after apartheid, economic growth was essential for state development. State actors believed that the move towards neoliberalism would be in the state’s better interests for economic development and poverty reduction. At the same time, policy options for state actors were limited, due to South Africa’s global position as a middle-income, semi-periphery country. Like many liberation movements, the ANC came into political power, with the hopes that their election would translate into a social and economic transformation. However, as Wallerstein notes, this thinking assume[s] that sovereign states are autonomous. But of course they are not autonomous and they never have been […] All modern states without

---

82 Marais 2011.
exception, exist within the framework of the interstate system and are constrained by its rule and its politics. The productive activities within all modern states, without exception, occur within the framework of the capitalist world-economy and are constrained by its priorities and its economics.\footnote{Wallerstein in Marais 2011: 111.}

South Africa’s economy was inherently tied to the liberal, capitalist world economy. This increasing integration has thus made South Africa more vulnerable to global trends in development. Due to its greater financial linkages to the rest of the world, for example, South Africa was affected by the 2008 financial crisis earlier than most of the rest of Africa.\footnote{International Monetary Fund 2009: 3.} This demonstrates that while state actors attempt to exercise agency in policymaking, their agency is also constricted due to state’s global position within the word system. In this way, both Wallerstein and Gilpin provide useful frameworks for analyzing persistent inequality during the post-apartheid period.

**Part Two: State-Level Causal Factors**

This project identifies five main causal factors that have contributed to persistent inequality within the post-apartheid period: the apartheid legacy, the neoliberal agenda, the business-political alliance, unions, and corruption. These state-level causal factors specifically name the forces and actors abstractedly identified on the global level in both Wallerstein’s and Gilpin’s theory. These factors explicitly show how inequality is a product of South Africa’s position within the greater global economy as well as the result of state agents actively pursing greater national interests. This next section will explore each of the five state-level factors and their application to inequality throughout the post-apartheid period.
Causal Factor I: The Apartheid Legacy

The first causal argument this thesis will explore is that inequality persists in South Africa due to the legacy of apartheid. The end of apartheid represented the end of legalized systems of discrimination and inequality; it was thus expected that while inequality would not come to a sudden halt, inequality would significantly begin to decline. However, persistent and sometimes increasing trends of inequality over the past 20 years have indicated this these promises were not kept.

One explanation for persistent inequality within South Africa is that the overall social and economic structures that were created during colonialism and legalized during apartheid have remained intact throughout the post-apartheid era. The way in which inequality manifests along racial and class lines today indicate that the political transformation was merely surface level not met with deep-seated change in economic and social structures. As Terreblanche argues, “the past…years have largely been a continuation of the unequal power relations, unfree labor patterns and uneven socio-economic development that characterized the long preceding period of extended colonialism.”85 The pertinence of the legacy indicates that populations previously discriminated against and excluded from opportunities in South Africa cannot overcome these obstacles. For example, the Bantu education system created two generations of black South Africans without the adequate skills or training to enter the job market during the post-apartheid period. This legacy has thus created a paradox in which “many positions that require skills remain vacant, even while a very

---

high number of unskilled people seek work that does not exist for them.” The perpetuation of inequality suggests that two generations of South Africans cannot overcome the legacy of apartheid, despite efforts and promises by the ANC for greater inclusion and equality.

One possible explanation for why this legacy persists is that policy makers have not only ignored the historical structures of inequality but more importantly, have created policies that have reinstituted these structures – now invisible – under the guise of a deep-seated democratic transition. This project will explore if policies since the end of apartheid have ineffectively targeted this legacy and instead created economic conditions unfavorable for real progress towards equality.

Table 1: GDP per capita (2005 US dollars) over 20 years

<table>
<thead>
<tr>
<th></th>
<th>Beginning income per capita</th>
<th>21 years after independence</th>
<th>Percent change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>South Africa</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1994 – 2014)</td>
<td>4,520</td>
<td>6,086</td>
<td>35%</td>
</tr>
<tr>
<td><strong>Botswana</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1967 – 87)</td>
<td>482</td>
<td>2,840</td>
<td>489%</td>
</tr>
<tr>
<td><strong>Namibia</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1990 – 2010)</td>
<td>2,813</td>
<td>4,125</td>
<td>47%</td>
</tr>
</tbody>
</table>


For example, table 1 shows the amount of progress southern African countries achieved over a 20-year period after their independence (or political transition in South Africa’s case). This data indicates that with the right policies and conditions, countries can overcome systems of historical inequalities. Although Namibia also underwent a similar system of apartheid, the country was able to increase their GDP per capita 12% higher than South Africa. Botswana’s growth, remarkable in part due

---

86 Herbst and Mills 2015: 158.
to its smart use of diamond wealth, also supports the importance of economic policies in creating the necessary conditions for economic development.\textsuperscript{87} Herbst and Mills argue, “the record of the 20 years [in South Africa] serves as a warning of how little economic gain will be achieved if an enabling environment is not established.”\textsuperscript{88} This thesis will explore not only how this legacy has persisted but also how policies have cemented this legacy into the basic frameworks of social and economic structures of society, specifically analyzing the effects on the labor market and education system.

**Causal Factor II: The Neoliberal Agenda**

The neoliberal agenda instituted by the new government in 1996 is the second possible causal explanation for persistent inequality during the post-apartheid period. Adopted though the Growth, Employment and Redistribution (GEAR) policy, the state tightened fiscal spending while promoting trade liberalization and the privatization of major industries and social services. Promoters of the policy argued that economic growth necessary for greater social and economic development would come through an increase of foreign investment as South Africa adopted this neoliberal agenda. On the global level, Wallerstein’s theory suggests South Africa adopted a neoliberal framework due to their position as an emerging economy within a Western-hegemonic world system. At the same time, Gilpin’s theory suggests that while their options were limited, state agents promoted neoliberalism because they also understood that incorporation within the world economy would better promote state interests. This section will analyze the effects of neoliberalism within inequality on the state level.

\textsuperscript{87} Acemoglu, Johnson and Robinson 2001.
\textsuperscript{88} Herbst and Mills 2015: 39.
Some scholars trace the most recent global shift towards neoliberalism to the 1980’s, when the Reagan administration implemented policies centered on “deregulation of business, cutbacks in social programs, and general fiscal and monetary austerity.”\(^{89}\) South Africa’s democratic transition during the mid-1990s happened at a crucial time when the belief in many policy circles was that the adoption of neoliberal policies would spur growth in the developing world.\(^{90}\) Some likely thought that economic growth would in turn trickle down and improve the lives of the poor, in effect, reducing inequality. Yet, the intellectual roots of neoliberalism in the Chicago School and the work of Milton Friedman in particular, suggest that inequality was never the primary concern. Friedman argued that inequality was not only “unavoidable” within his model, but also “desirable in any well-functioning economic system.”\(^{91}\) Other scholarship at the time echoed this rhetoric, arguing “measures to reduce inequality [was] detrimental to growth and therefore not warranted during periods of adjustment when all emphasis [was] needed to be placed on reviving growth quickly.”\(^{92}\)

Considerable research has shown that this growth strategy has inhibited development and strengthened inequality in both developed and developing countries.\(^{93}\) This suggests that the neoliberal agenda in South Africa has maintained, and in some cases, exacerbated inequality levels. As Vicente Navarro argues, “neoliberal theory is one thing and neoliberal practice [is] another thing entirely.”\(^{94}\)

---

89 Kotz 2002: 8.
91 Cole 2008: 240.
92 Van der Hoeven 2000: 1.
94 Navarro 2007: 49.
Neoliberalism can be the root cause of class inequality not only between the developed and developing world, but also within these states. Navarro compares economic growth and inequality from 1980-2000, a period when the promotion of global neoliberalism was at its peak, to its prior period from 1960-1980 in developing and developed countries. He shows that income inequality was dramatically heightened during the latter period, when the difference of income between “those at the top and those at the bottom” increased from 78 times to 114 times. Kotz further underlines this point and argues that neoliberalism not only creates slow, unstable economic growth but also “tends to intensify class conflict.” All this suggests the neoliberal agenda adopted by the ANC in the mid 1990’s could be a major causal factor of inequality within South Africa since the end of apartheid.

Causal Factor III: The Business-Political Alliance

The third causal argument is that a strong business-political alliance contributed to persistent inequality during the post-apartheid era. The business community in South Africa has consistently worked to have a central role in state policy making. Their influence is heightened by the concentration of power within their community. Historically, six core conglomerates and oligarchies have largely controlled the South African (private) economy, demonstrated in table 2.

---

95 Navarro 2007: 52.
96 Kotz 2002: 3.
97 Chabane, Roberts and Goldstein 2006.
Throughout the 1960’s until the 70’s domestic businesses within South African
greatly benefitted from apartheid policies. However, by the 1980’s some members of
the business elite began to become critical of the state’s harsh practices. The ANC
noticed, stating that it “welcomes and acknowledges the fact that business broke
ranks with the Botha regime in this way, and believes that it contributed to creating a
climate within the privileged minority community more receptive to genuine,
inclusive negotiation.”\textsuperscript{98} This is important as it indicates that even before negotiations
were under way, the ANC had already begun to prepare itself for a relationship with
the business community. In 1989, forty major business leaders formed the
Consultative Business Movement (CBM) and published a book in 1993 called
the way in which South African business leaders needed to “play an active role”
during the negotiations in order to guarantee a political-economic climate conducive
for business interests while also assisting the ANC into a peaceful, democratic
transition.\textsuperscript{99}

\begin{table}
\centering
\begin{tabular}{|l|c|c|c|}
\hline
\hline
Angle American Corp & 53.6 & 44.2 & 38.9 \\
Sanlam & 12.2 & 13.2 & 12.7 \\
Stanbic/Liberty Life & 2.0 & 2.6 & 5.8 \\
Rembrandt/Remgro & 3.8 & 13.6 & 13.2 \\
SA Mutual/Old Mutual & 10.6 & 10.22 & 11.2 \\
Anglovaal & 2.1 & 2.5 & 3.1 \\
\hline
Total Control of all Groups & 84.4 & 86.4 & 89 \\
\hline
\end{tabular}
\caption{Percent of total Control in Johannesburg Stock Exchange market capitalization}
\resizebox{\textwidth}{!}{Source: Chabane, Roberts and Goldstein 2006.}
\end{table}

\textsuperscript{98} ANC in Eloff 2011: 106.
This thesis will explore if these efforts have resulted for the business elite to have considerable influence within South African policy making. Evidence suggests that policies during the post-apartheid period support this claim, as policies during the post-apartheid period were inherently beneficial for business interests. Chabane, Roberts and Goldstein, for example, show the way in which South African conglomerates strongly promoted trade liberalization, tariff reductions and privatization arguing that these neoliberal practices “would allow South African firms to raise capital more cheaply in international capital markets, which would increase investment in South Africa.”¹⁰⁰ Business leaders argued that these practices would promote foreign investment into the domestic market. At the time, the business community and state actors genuinely believed that neoliberalism would be beneficial for economic development by bringing South Africa into the global economy. Some scholars argue that the business community promoted these neoliberal practices entirely for their own exploitative benefit.¹⁰¹ However, the greater global trend towards neoliberalism during the time of the transition seems to suggest that the South African business elite promoted these policies for overall state interests as well as their own.

**Causal Factor IV: Unions**

The fourth causal factor this project will examine is the importance of unions in affecting inequality trends during the post-apartheid period. Measuring the effects of unions is particularly important for South Africa, as unions, and specifically the Congress of South African Trade Unions (COSATU), have had an extremely strong

---

¹⁰⁰ Chabane, Roberts and Goldstein 2006: 558.
¹⁰¹ Terreblanche 2002; Mbeki 2009.
relationship with the ANC, exemplified through the tripartite alliance. Formally established in 1990, the tripartite alliance is the formal coalition between COSATU, the ANC and the South African Communist Party (SACP). However, this alliance predates this time, when COSATU officially supported the ANC’s Freedom Charter in 1986. This relationship has proved to be extremely beneficial for COSATU, as Johnson describes, “although COSATU enjoys the support of less than one worker in six, its membership of the Tripartite Alliance and the key supportive role it plays vis-à-vis the ANC elite mean that it enjoys a highly privileged position.”

After the democratic transition, COSATU envisioned itself as a major player within South African policymaking, evidenced within the 1997 Report of the September Commission on the Future of Unions. This report laid out a new political strategy coined “social unionism” in which unions would be

social in the sense that it is concerned with broad social and political issues, as well as the immediate concerns of its members. It aims to be a social force for transformation. Its goal is democracy and socialism… It is able to make important contributions to national economic and social development.

Through a tightknit and engaged relationship between the business community and the state, COSATU emphasized the importance of their involvement was not just for labor rights, but also for overall development objectives.

However, public perception has become increasingly critical of the role South African unions play in policymaking. An op-ed piece in Business Day stated:

The third obstacle to progress is the powerful South African Democratic Teachers Union (SADTU), which enjoys a political alliance with the ruling party and has distorted the lines of accountability between employer and employees to the extent that normal labor relations hardly pertain. So where to

---

103 Johnson 2015: 108.
start unpicking this mess? For many, including a growing section of the African National Congress (ANC), the place to begin is Sadtu.\textsuperscript{105}

This highlights an inherent contradiction on the role of unions on inequality; while unions were created to promote the better interests of the working class, public opinion largely believes that unions have worsened uneven social development. To explore this contradiction, this project thus identifies unions as a possible causal factor for persistent inequality throughout the post-apartheid period.

There is an active debate on whether and how unions affect inequality and development in developing countries. In 1995, the World Bank published a report stating,

Unions act as agents for labor, organizing large number of workers into a single entity whose collective bargaining power matches that of the employer…they have a noneconomic role as well – some unions have contributed significantly to their countries political and social development.\textsuperscript{106}

At the same time, the report addressed the negative outcomes of unions, showing that unions can also have “monopolistic behavior” in which efforts to benefit their members can often come at the expense of the company, managers and consumers.\textsuperscript{107}

The report additionally criticized unions in their role of organizing strikes and demonstrations to prevent reforms that may hurt union member benefits.\textsuperscript{108} Freeman, however, argued that unions in developing countries tended to be “weak,” suggesting that unions may also play no role at all.\textsuperscript{109}

There is considerable research that points to the benefits of unions in helping inequality within developing countries, predominantly in accordance to wage

\textsuperscript{105} Paton 2016
\textsuperscript{106} World Bank 1995: 79.
\textsuperscript{107} World Bank 1995: 81.
\textsuperscript{108} World Bank 1995: 81.
\textsuperscript{109} Freeman 2009: 22.
distribution. Popli emphasizes the importance of unions, finding that the de-
unionization of the labor market in Mexico was a major causal factor for inequality
between wage distribution, causing “some workers [to] move from the middle to the
lower tail of the distribution [while] others might move from the middle to the upper
tail.”110 Blunch and Verner further highlight the importance of unions and show their
integral role in raising wages for the workers specifically part of lowest 10 percent of
the wage distribution.111 This literature suggests that unions in South Africa should
have played an important role for benefiting union laborers, mostly those part of the
bottom wage strata.

These findings thus indicate that while unions may have beneficial effects for
its members (particularly for wage increases), unions may actually hurt inequality
standards overall within a country, as the efforts to benefit their members can often
come at the expense of other equality standards. However, the varied literature on the
effects of unions for inequality trends indicates that the salience of unions still remain
inconclusive. This thesis will explore the role unions have played in policy formation
as well as regulating conditions for its members that have in turn cemented inequality
trends within the South African unemployment crisis and education system.

Causal Factor V: Corruption

Corruption is the final potential state-level causal factor for persistent
inequality throughout the post-apartheid period. Victor Levine identifies corruption as
the “unsanctioned or unscheduled use of public resources for private ends.”112

---

110 Popli 2006: 12.
111 Blunch and Verner 2004: 246.
Political corruption is located within government and bureaucratic agencies and is defined within this project as “transactions or exchanges of public resources and benefits between actors some or all of whom are officials or public representatives. It must involve acts which are intentionally dishonest.”

Furthermore, systematic corruption manifests when corruption proliferates at all levels of government, i.e. smaller bribes to low level agents as well as large scale misappropriation of public funds for private use by senior officials.

Corruption within South Africa has become one of the biggest perceived issues within the country in inhibiting development and exacerbating inequality. Lodge found that although some systematic corruption was inherited from bureaucratic measures in the apartheid regime, the democratic transition made new areas of the government more vulnerable to mechanisms of corruption, such as issues of nepotism and patronage. Johnson highlights this mechanism, finding considerable instances of corruption within the current Zuma administration. Johnson shows example after example of administrators stealing money, failing to pay debts and elected through patronage practices. This is problematic as “this process ends up with large numbers of supernumerary and superfluous people doing very little but drawing their salaries – and it also leads to the appointments of large numbers of underqualified people.”

The Nkandla scandal has become the most recent symbol of South Africa’s corruption, where President Zuma spent almost $23 million tax-payer money on an

---

113 Lodge 1998: 158.
114 Lodge 1998: 159.
115 Lodge 1998.
amphitheater, swimming pool, visiting center and other upgrades for his new home in Nkandla, all classified as “security upgrades”. Endless media stories have reported on Zuma’s administration, plagued with instances of corruption, fraud, and nepotism. As R.W. Johnson points out,

> Zuma himself is still facing 700 unsettled counts of corruption, fraud, money-laundering and racketeering,... been the happy recipient of support from many extremely dubious sources, [and] has clearly broken the law by spending hundreds of million of public money on his private residence.\(^{118}\)

The Nkandla scandal along with the systematic corruption within the recent administration may partly explain why in 2013, 54\% of the respondents within a survey conducted by Transparency International, an international corruption monitoring organization, believed that corruption had “increased a lot” rather than stayed the same or decreased in the last two years.\(^{119}\)

However, the issue of corruption within South Africa may not be as problematic as the media has made it out to be. In the 2015 Transparency International report on the perceptions of corruption, South Africa had an index score of 44, ranking as the 61st least corrupt country out of 168 countries.\(^{120}\) While this score does indicate that South Africa does have some levels of corruption, Table 3 suggests that this problem is not unique and is in fact very similar to other countries part of the BRICS alliance and African countries with analogous colonial histories. Lodge shows that conditions within developing countries are more favorable towards corruption because “general conditions of economic scarcity and low levels of social

\(^{117}\) Hill 2015.  
\(^{118}\) Johnson 2015: 45-6.  
\(^{119}\) Transparency International 2015b.  
\(^{120}\) Transparency International 2015b.
stratification political and bureaucratic power” increase opportunities for self-enrichment by government officials with little accountability.\textsuperscript{121}

<table>
<thead>
<tr>
<th>Country</th>
<th>CPI</th>
<th>Ranking</th>
<th>2009 GINI Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Botswana</td>
<td>63</td>
<td>28</td>
<td>60</td>
</tr>
<tr>
<td>Namibia</td>
<td>53</td>
<td>45</td>
<td>61</td>
</tr>
<tr>
<td>South Africa</td>
<td>44</td>
<td>61</td>
<td>63*</td>
</tr>
<tr>
<td>Brazil</td>
<td>38</td>
<td>76</td>
<td>54</td>
</tr>
<tr>
<td>India</td>
<td>38</td>
<td>76</td>
<td>34</td>
</tr>
<tr>
<td>China</td>
<td>37</td>
<td>83</td>
<td>42*</td>
</tr>
<tr>
<td>Russia</td>
<td>29</td>
<td>119</td>
<td>40</td>
</tr>
</tbody>
</table>

Source: CPI data from Transparency International 2015a. GINI index data from World Bank 2015. South Africa GINI index is from 2011 and China GINI index is from 2010, as no data for 2009 was available for these countries.

However, Table 3 also suggests that corruption may not be a causal factor (or at least a causal factor on its own) for inequality as countries with comparatively better corruption perception rankings, i.e. Botswana, Namibia and South Africa, also had significantly higher GINI indexes. This data thus indicates that the direct correlation between corruption and inequality is inconclusive.

Previous literature has related corruption to inequality, either directly or indirectly, in both developed and developing countries. Abounoori finds that there is statistical evidence that links instances of higher transparency with reductions in inequality, thus indicating a correlation between corruption and inequality.\textsuperscript{122}

Uslaner argues that while there is a weak correlation between corruption and inequality, there is a condition he coins the “inequality trap” in which pre-existing inequality inevitably creates conditions favorable for corruption which in turn can

\textsuperscript{121} Lodge 1998: 160.
\textsuperscript{122} Abounoori 2006: 65.
lead to even further inequality. Uslaner’s findings on the “inequality trap” are significant as they indicate an important mechanism in which corruption can often lead to inequality; he shows that states with higher rates of inequality usually have less funds for social services. In order to protect themselves from these failures, the wealthy resort to bribes to obtain the few advantages from the state. Those on the bottom class strata, however, are unable to afford bribes and are therefore subject to failures of the state, further exacerbating inequalities and creating unfavorable developmental conditions. These findings thus suggest that previous inequalities from apartheid created favorable conditions for corruption during the democratic transition and therefore could plausibly lead to higher instances of inequality during the post-apartheid period. This thesis will analyze if systematic corruption in South Africa has significantly impacted inequality trends within the unemployment crisis and education system.

Part Three: Sector-Specific Analysis

The final level of analysis is sector-specific causal factors. These factors do not fit under any of the state-level causal frameworks and cannot be generalizable for both the education and employment case studies. However, these causal factors are important in providing a more comprehensive analysis of persistent inequality within South Africa in which the global system and the state level fall short. Furthermore, these causal factors demonstrate the way in which the question of persistent inequality in South Africa must be analyzed through a multi-faceted causal framework, with no one comprehensive explanation. The causal factors that will be

examined are immigration, in the employment case study, and teacher quality, in the education case study.

**Conclusion**

The three levels of analysis on the global level, state level and sector-specific level suggest that the question of persistent inequality within South Africa since the end of apartheid must be understood as a multifaceted explanation with no single cause. This chapter attempts to show the way in which sector-specific and state-level forces are often constricted by the larger global framework. This project identifies the apartheid legacy, the neoliberal agenda and the business-political alliance as the three main causal factors. Moreover, it is the relationship between these three factors – the way in which these factors are intrinsically interrelated – that have most saliently impacted inequality trends over the past 20 years.

Most obviously, the apartheid legacy has played a pervasive role in development outcomes for inequality, as apartheid inequalities are still a significant obstacle towards economic growth and social inclusion for previously disadvantaged groups. This legacy was reinforced through neoliberal policies, rendering these inequalities invisible into the social and economic structures of South Africa. The business-political alliance played a significant role in influencing policymaking towards a neoliberal framework. This suggest that while each of the three causal factors have contributed to inequality individually, the relationship of these three factors together have perpetuated inequality throughout the past 20 years.

However, it would be wrong to suggest that South Africa’s motivation to implement this framework was an exploitative one made by a small group of
capitalists part of the business elite. This is important to highlight as considerable literature, particularly by socialist scholars, have argued that the business and state actors were fully aware of the damaging effects of neoliberalism. Terreblanche argues, for example,

> The corporate sector took the neo-liberal dogma about the alleged merits of the liberal-capitalist economic system and the beneficial employment and redistributive effects that would result from a high economic growth rate after the political transformation to the informal negotiations, and propagated it vigorously.¹²⁶

This thinking is problematic as it underestimates the forces of the global system in directing policy making and limiting state actor’s decisions. As has been shown, throughout the 1980s until the end of the 21st century, neoliberalism was celebrated as beneficial for economic growth and development by major international organizations and development theorists. The neoliberal agenda within South Africa was part of greater a global trend. The business sector was not simply selling the “alleged merits” of neoliberalism to ANC policy makers; these actors believed that neoliberalism would be beneficial for overall state development, while also acknowledging that this developmental strategy worked in their own favor. This indicates not only that the business-political alliance remains to be a strong causal factor of persisting inequality over the post-apartheid period, but also, Wallerstein and Gilpin’s theories on the global system further shed light on this puzzle.

Evidence in this project further highlights that the last two remaining causal factors, unions and corruption, are important in fully understanding post-apartheid inequality trends. However, these causal factors cannot be understood as causal

---

¹²⁵ See Terreblanche 2002; Mbeki 2009.
factors on their own. Instead unions and corruption have exacerbated inequality outcomes and therefore support the three, more salient causal factors. Sector-specific causal factors similarly help provide a partial explanation for inequality trends, however, are not full explanations for persistent inequality within the unemployment and education case studies.

This chapter has attempted to frame the question of South African persistent inequality since the end of apartheid in a multilayered systems of analysis on the global, state, and sector-specific level. The next two chapters will analyze the case studies of persistent inequality in the unemployment crisis and the failing education system in regard to these levels of analysis.
CHAPTER TWO: EMPLOYMENT

Why has unemployment for black South Africans dramatically increased, while white South Africans have seen almost no change in unemployment trends, twenty years after apartheid’s end?

The increasingly unequal rate of unemployment within South Africa has remained to be one the biggest issues for the country’s development. The development of post-apartheid policies and changes in unemployment trends can effectively be broken down into three distinct periods. During the first period, South Africa implemented a neoliberal agenda and saw increasing unemployment rates from 1994 until 2002. During the second period, the government adopted more interventionist programs and saw modest decreases in unemployment rates. However, South Africa lost 870,000 jobs after the 2008 economic crisis.127 In the third, post-2008 period, South Africa moved towards a Keynesian strategy. Nonetheless, unemployment remained relatively stagnant. These changes in unemployment trends suggest that while certain policies have been more effective than others, overall performance of the South African government has fallen short of expectations.

I argue that the apartheid legacy, the neoliberal agenda and the business-political alliance were the most salient causal factors in perpetuating inequality within unemployment. These factors worked to benefit members of the elite class, while simultaneously excluding the majority of South Africans from higher levels of social development. During the post-apartheid period, the business-political alliance ensured that development policy catered towards the interests of the South African business

community. In doing so, this business community promoted neoliberal strategies as effective methods for development and employment. However, these neoliberal strategies were implemented almost immediately after apartheid and thus at a time when apartheid inequalities still largely defined the social and economic structures of South Africa. In effect, the neoliberal agenda has cemented the apartheid legacies into the South African labor market.

Strong unions and corruption have exacerbated these inequalities. However, the two factors on their own are incomplete explanations for post-apartheid unemployment trends. Finally, despite increasing xenophobic attacks, immigration was found not to be a contributing factor of inequality within unemployment.

This chapter is broken up into three sections. In part one, I begin by describing unemployment trends since 1994, showing that the black and youth populations face the biggest challenges for unemployment. Part two discusses major policies related to labor and employment trends, starting with a brief review of South Africa’s labor history and its inextricable relationship with the mining industry and business elite. The latter half of part two covers post-apartheid policy initiatives that perpetuated inequality within unemployment. Part three analyzes why policies have failed to improve equality in South Africa, using the five causal factors identified in chapter one: the apartheid legacy, the neoliberal agenda, the business-political alliance, unions and corruption. Finally I will examine the relevance of immigration as a sector-specific factor.
Part One: Trends in Unemployment since 1994

Increasing and unequal unemployment trends along racial lines demonstrate the way in which unemployment persists as one of the biggest inhibitors for South African development since the end of apartheid. Overall, unemployment rates have increased from 17% in 1994 to 25% in 2014.\textsuperscript{128} However, trends in unemployment can be broken up in three different periods, displayed in Figure 2. During period 1 (stripes), unemployment increased rapidly from 20% in 1994 to 27% in 2002.\textsuperscript{129} During period 2 (black), two million new jobs were created, decreasing unemployment rates 5% overall to 22% in 2007.\textsuperscript{130} However, the 2008 financial crisis resulted in the loss of 870,000 jobs in 2009.\textsuperscript{131} Overall unemployment in period 3 (white) increased slightly but remained relatively stagnant since the 2008 economic crisis, with the official unemployment rate hovering around 25% since.\textsuperscript{132} While the official rate indicates almost a quarter of the population remains jobless (already a staggeringly high number), the unofficial rate suggests that this percentage is even higher, with unemployment rates reaching closer to 40% of the population.\textsuperscript{133}

\textsuperscript{128} World Bank 2015.  
\textsuperscript{129} World Bank 2015.  
\textsuperscript{130} World Bank 2015.  
\textsuperscript{131} World Bank 2015.  
\textsuperscript{132} World Bank 2015.  
\textsuperscript{133} Nel 2013: 93.
Unemployment is not distributed equally among South African demographic groups. Instead, data indicates that rates of unemployment differ along lines of race, gender and age. Although the unemployment rate for the black population decreased from 43% in 1994 to 40% in 2014, this population increased by 3.1 million people, indicating that a larger population of black people became unemployed.¹³⁴ Unemployment for whites, on the other hand, essentially has not changed; 7% of the population was unemployed in 1994 and 8% in 2014.¹³⁵

Table 4 indicates that while all races experienced positive changes in employment from 1995 to 2002, these changes were unevenly distributed. Table 3 shows that the African population experienced higher increases in employment (18%) than the white population (7%) from 1995 to 2002.¹³⁶ Employment absorption rates (EAR) tell a different story. The EAR is the ratio between actual employment growth and the target growth rate required to reduce overall unemployment. The discrepancy

¹³⁵ Statistics South Africa 2014: 11. An estimated 800,000 white people have emigrated South Africa since 1995, indicating that the white population has deceased. (“Between staying and going” 2008)
¹³⁶ Bhorat 2003: 8.
of EAR between the African and white populations indicate that a significantly higher proportion of the white population were able to find work compared to their African counterparts.\textsuperscript{137} This is because employment for the African population needed to increase by almost 67\% in order to absorb the increasing African labor force, as opposed to only 13\% for the white population.\textsuperscript{138}

<table>
<thead>
<tr>
<th>Race</th>
<th>Employment Change</th>
<th>Target Growth Rate</th>
<th>% Change in Employment</th>
<th>Employment Absorption Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africans</td>
<td>1,151,396</td>
<td>66.88%</td>
<td>18.69%</td>
<td>27.95%</td>
</tr>
<tr>
<td>Colored</td>
<td>136,292.9</td>
<td>30.96%</td>
<td>12.18%</td>
<td>39.33%</td>
</tr>
<tr>
<td>Asian</td>
<td>136,942.3</td>
<td>68.65%</td>
<td>38.84%</td>
<td>56.58%</td>
</tr>
<tr>
<td>White</td>
<td>141,178.6</td>
<td>13.22%</td>
<td>7.33%</td>
<td>55.44%</td>
</tr>
<tr>
<td>Other</td>
<td>34,823</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
</tbody>
</table>


1. Employment absorption rate is ratio between actual growth in employment over the targeted rate. An absorption rate closer to 100 indicates a more favorable ratio.
2. “Other” for Unemployed In 2002, includes an unspecified category.

Unemployment is most heavily felt by black females, 41\% of whom were without a job in 2011.\textsuperscript{139} This is particularly striking when compared to the meager 6.9\% unemployment rate for white women and even smaller 5.0\% unemployment rate for white males.\textsuperscript{140}

Youth unemployment (ages 15 – 24) has been one of the most pressing issues. In 2012, over half of this population was unemployed, with an unemployment rate of

\textsuperscript{137} Bhorat 2003: 8.
\textsuperscript{138} Bhorat 2003: 8.
\textsuperscript{139} Statistics South Africa 2012.
\textsuperscript{140} Statistics South Africa 2012.
51.5%, representing an *increase* since the 1990s.\textsuperscript{141} Given about two thirds of the overall South African population is younger than 35, the unemployment crisis is both inhibiting South African development and creating a generational crisis.\textsuperscript{142}

South Africa’s unemployment level of 25% in 2014 greatly outpaces the rate of middle-income countries as a whole, which hovered around 5.6% in 2014.\textsuperscript{143} More specifically, South Africa is still greatly behind other African countries with similar colonial histories: Zambia and Botswana both have significantly lower unemployment rates at 13% and 18%, respectively.\textsuperscript{144} Brazil, another member of BRICS and the G20, had a substantially lower unemployment rate at almost 7% in 2014.\textsuperscript{145} Given South Africa’s growing political significance within the world as a middle-income country, its levels of unemployment are highly unusual.

**Part Two: Phases in South African Labor Policy**

This section will go over the history and development of labor policy within South Africa. First, South Africa’s current labor system is directly tied to its past, and specifically to the development of the mining industry. Thus, I begin with the discovery of gold and diamonds, and how labor was shaped by colonization and South African independence. Second, I focus on the major employment policy initiatives in the post-apartheid period. These kept intact the labor system originally developed during South Africa’s colonization. Policies shifted over the past twenty years, from the promotion of strong neoliberal approach in the first half of the post-

\textsuperscript{141} World Bank 2015. Youth unemployment in 1998 was 45%.
\textsuperscript{142} Nyoka and Lekalake 2015: 1.
\textsuperscript{143} World Bank 2015.
\textsuperscript{144} World Bank 2015.
\textsuperscript{145} World Bank 2015.
apartheid period to pushing for a more state interventionist strategy during the latter half. However, none of these policy changes were enough to affect the exploitative labor system. Rather, they reinforced the system under the guise of change through new black political and business leadership. As a result, the same forms of exploitation and exclusion from South Africa’s formal economy persist along racial and class lines today.

**Setting the Stage: Mining and Labor:**

Since the discovery of diamonds in 1867 and gold in 1886, the mining industry has become an essential feature of the labor market within South Africa. That industry pioneered patterns of exploitation and inequality that have become engrained within the social and economic structures of South Africa.

After the discovery of gold and diamonds, the British quickly realized that the profitability of mining was dependent on the exploitation of large volumes of cheap labor. Native Africans were perceived as the appropriate source of labor given both their numbers and a racist colonial ideology of white supremacy. However, many Africans already worked on their own farms or worked higher paying jobs on Afrikaner farms, and therefore refused to work in the mines. The 1894 Glen Grey Act imposed a labor tax and gradually removed land and voting rights from the majority African population. As a result, the African population became forced to find employment within the mines, in turn settling the mining industry’s need for cheap labor.

---

146 Terreblanche 2002: 15.
During this process, the Afrikaner elite, the British colonial government and the mining industry forged a coalition. This alliance became crucial in 1910 when South Africa became an independent state ruled over by both the Afrikaner and British white settlers. From 1910 until 1948, the British remained almost entirely in control of the new state, working with the Afrikaner population to perpetuate white supremacy and uphold racial segregation through the perpetuation of similar colonial systems of power. As Terreblanche argues, South African “independence did not bring about the economic transformation in Africa as it did in Asia; if anything, it entrenched the economic inequalities inherited from colonialism.”

The close relationship between the British political elite and the mining industry allowed for the newly independent government to institutionalize these ideals in the backbone of the South African economy. The Native Lands Act of 1913 denied the indigenous population of their own traditional occupied land, forcing them to 7% of the South African state. The consequences of this act were huge, as it not only deprived African farmers their land, but also their main source of income. The act thus forced this population to look for work on white farms and in the mining industry at extremely low-paying and horrendous conditions.

Both the Glen Grey Act and the Lands Act symbolized the legislated solution to the “native question” in which the white political elite attempted to maintain their political power and wealth through the suppression of the black majority. This type of legislation became part of a greater pattern of inequality along racial lines within the

---

150 This later increased to 13% in 1936 through the Native Trust and Land Act.
South African labor system that continued into the apartheid regime. Apartheid not only defined South Africa socially through the continuation of white supremacy and black repression; apartheid also defined South Africa’s economic system through a series of labor and urbanization policies. The displacement and disenfranchisement of black Africans not only rendered this population invisible within “‘mainstream’ white society” but forced this population to engage with the “economy as [merely] cheap, invisible workers.”\(^\text{152}\)

This allegiance between the white political elite and the mining industry continued during apartheid, contributing to patterns of inequality and exclusion. The increase of the international price of gold during the 1970s greatly benefitted the mining industry and its business linkages. During this period, South Africa experienced enormous economic development, and was able to increase its manufacturing industry by an exponential speed. Between 1970 and 1973, the manufacturing industry increased at an annual rate of 57% faster than it had in the previous decade.\(^\text{153}\) This suggests that the expansion of South Africa’s economy during this period also expanded this core group of the business elite to members outside the mineral industry. However, this economic growth was not equal as the socio-economic structures of apartheid distributed this capital towards the white elite. Demonstrated in that fact that between 1932 and 1960, the wages of workers in the South African mines did not change.\(^\text{154}\) As Terreblanche argues, “there can be no doubt that, from 1910 until 1972, the mining industry was fully in cahoots with the

\(^{152}\) Frye 2007: 185.
\(^{153}\) Bond 2014: 18.
\(^{154}\) Terreblanche 2002: 320.
segregationist and apartheid regimes in their systematic exploitation of local and foreign African labor.”

The mining industry and other members of the business elite have remained an integral part of the South African economy, with strong influence over government policy. The alliance between business and government has perpetuated uneven economic development and patterns of inequality within the labor market. This next section will cover the major policies for employment implemented since 1994, showing the way in which policy failure has led to persistent inequality during the post-apartheid period.

**Period 1: 1994 – 2002 Employment Policies**

When the ANC won control of the government in 1994, the new government undertook an isolated economy plagued with slow growth, high inflation, vast unemployment, and a lack of foreign investment. From 1994 to 2002, the state implemented two major policy frameworks: Reconstruction and Development Program (RDP) and Growth Employment, and Redistribution (GEAR). However, during this period, unemployment levels increased by 7%, suggesting that macroeconomic policies failed at facilitating employment opportunities. RDP was deeply rooted within a “growth through redistribution” strategy that placed high emphasis on state intervention to actively promote previous disenfranchised individuals into employment opportunities. Yet, less than two years after RDP’s implementation, the ANC introduced GEAR, a neoliberal-based policy rooted within

---

156 Marais 2011.
157 World Bank 2015.
158 Terreblanche 2002: 78.
a “redistribution through growth” strategy.\textsuperscript{159} GEAR’s decrease in state support and focus on economic growth symbolized an almost contradictory shift away from the RDP. However, this section will show that, even before RDP had been implemented, the neoliberal ideology of GEAR was already actively being pursued. This section will cover both policies and show the salience of the neoliberal agenda and the business-political alliance in affecting inequality within unemployment, to be further discussed in the analysis section of this chapter.

**The Reconstruction and Development Program**

Immediately after the 1994 elections, the new government implemented the Reconstruction and Development Program (RDP), a macroeconomic policy that targeted job creation and economic growth through pro-poor policies and public works programs. Designed by COSATU and National Union of Mineworkers (NUM), RDP emphasized that the apartheid inequalities could be resolved through democratic values, increased economic growth, provision of basic human rights and social services. This culminated into a “growth through redistribution” strategy.\textsuperscript{160} RDP received vast public support as it largely reflected the socialist ideology of the liberation movement. The policy was deeply critical of the apartheid economy, based on racial exploitation of the black labor class. It stated, “the RDP makes a decisive break with the exploitative cheap-labor policies of apartheid and moves toward education, training, skills, a living wage, and collective bargaining as the basis for enhanced productivity in the economy.”\textsuperscript{161}

\textsuperscript{159} Terreblanche 2002: 96.  
\textsuperscript{160} Terreblanche 2002: 78; O’Malley accessed April 2016.  
\textsuperscript{161} O’Malley accessed April 2016.
Despite RDP’s ambitious goals, it became clear almost immediately that the macroeconomic strategy was not working. RDP lacked a clear strategy to target South Africa’s sluggish economy.\(^{162}\) Consequently, the ANC did not have the economic capacity to fund the public works programs and poverty reduction policies promised within RDP.\(^{163}\) As a result, less than two years later, the ANC replaced RDP with Growth, Employment, and Redistribution (GEAR), a new neoliberal strategy focused on economic growth.

**Growth, Employment and Redistribution**

Although GEAR acknowledged redistribution and poverty relief, the policy heavily emphasized a neoliberal “redistribution through growth” strategy for economic development and job creation that entirely contradicted previous ideology of RDP.\(^{164}\) GEAR implemented a series of deregulation measures and called for an “outward-orientated economy,” as an attempt to integrate South African with the global economy and promote economic growth.\(^{165}\) The government argued that GEAR would create 400,000 jobs, through the “trickle-down effect,” in which private investment (both foreign and domestic) would facilitate the necessary economic conditions to alleviate poverty and increase job opportunities.\(^{166}\) ANC leaders were optimistic that this strategy would produce 1.3 million jobs by 2000.\(^{167}\)

However, even before they had officially gotten into office, the ANC was already actively pursuing a neoliberal economic strategy for development. In 1993,

\(^{162}\) Blumenfeld 1996.
\(^{163}\) Blumenfeld 1996.
\(^{164}\) Terreblanche 2002: 96.
\(^{165}\) Terreblanche 2002: 114.
\(^{167}\) Terreblanche 2002: 115.
during the last year of F.W. de Klerk’s apartheid government, the ANC, without the public’s knowledge, signed an agreement with the National Party and the key players within the business community about the future of South African economic policy. Soon after, the transitional executive council (TEC), the mediating group between the ANC and the NP during the 1993 negotiations, agreed to a secret loan of $850 million from the IMF, in exchange for a commitment to a neoliberal economic policy. As a result of these global and domestic pressures, the ANC pledged itself to a “redistribution through growth” economic strategy even before they were elected into office. This suggests that while RDP more closely aligned to the ANC’s social policy, the new government was already committed to another macroeconomic strategy that tightened fiscal spending and cut back state support.

A closer look at ANC economic policies immediately after the election further underscores the way in which the new government had already aligned to a neoliberal agenda while RDP was in place. In July of 1995, Trevor Manuel, South Africa’s minister of trade and industry, introduced a liberalization program that dramatically reduced tariffs in a variety of industries. Later than year, Thabo Mbeki, the deputy president at the time, introduced a privatization program that sold parts of Telkom, a telecommunications company, and South African Airways. As these events illustrate, the implementation of GEAR did not represent a dramatic transition out of the social-democratic ideology within RDP; rather, the implementation of GEAR cemented the neoliberal strategy (already aggressively being pursued) into full

170 Habib 2013: 80.
171 Habib 2013: 80.
legislation. As Terreblanche argues, the 1993 agreement between the IMF, National Party, Corporate Sector, and ANC merely “reads like a curtain-raiser for the GEAR strategy announced two and half years later.”

Despite the fact that GEAR was promoted as a remedy for the failures of RDP, GEAR failed at job creation. Indeed, between 1994 and 2000, over half a million (non-agricultural) jobs were lost. Industries responsible for 80% of total formal, non-agricultural employment, such as manufacturing, electricity, construction, and transport, were hit the hardest. With increasing unemployment and a sluggish economy, the ANC faced a society with deepening social and economic inequalities. Because GEAR has been completed in a rush, gaps within the macroeconomic policy became evident almost immediately within its implementation. In August of 1997, Andre Roux, the deputy director of finance, admitted that “more research was required into the link between economic growth and job creation,” undermining important arguments sewn within the anti-state approach economic policy. While the performance of GEAR was disappointing financially, its performance in employment was disastrous. Although GEAR helped decrease the public debt and deficit, the economy only grew 0.6% in 1998, despite a prediction of 3.8% growth, and 1.2% in 1999, despite a prediction of 4.9%. This was extremely problematic as the state cut back on state-led public works programs, assuming GEAR would guarantee the necessary economic growth to increase employment opportunities.

---

172 Terreblanche 2002: 97.
173 Marais 2011: 118.
174 Habib 2013: 86.
175 Marais 2011: 113.
176 Marais 2011: 117.
However, the government defended these failures, arguing in 2001 that GEAR was no longer a growth policy, but instead a “stabilization policy” paving the way for future prosperity and development.\textsuperscript{177} They claimed that GEAR set the building blocks necessary for the developmental state South Africa could become. However, slow economic growth and increasing unemployment from the time GEAR was implemented in 1996 until 2002 suggests that the neoliberal agenda was failing miserably. As the next section will show, by the end of the 90’s the ANC had already begun to shift out of this neoliberal framework towards a stronger state approach.

\textbf{Period 2: 2002 - 2007}

While unemployment rates decreased during the second period, from 27\% in 2002 to 22\% in 2007, these improvements were limited\textsuperscript{178} This next section briefly covers the most salient policies during this time-period for addressing unemployment. When Thabo Mbeki became president in 1999, he pursued state-intervening policies through infrastructure development and public works programs, best demonstrated by his Accelerated and Shared Growth Initiative of South Africa (AsgiSA).

Improvement for unemployment during this period suggests that these policies were more effective in targeting previously disadvantaged populations. However, these improvements should not be overemphasized; while public works programs provided short-term employment, these programs were ineffective in tackling the core of the unemployment crisis. The unemployment rate in 2007 was still higher than what it was in 1994, indicating that the consequences of the neoliberal GEAR played a

\textsuperscript{177} Terreblanche 2002: 120.

\textsuperscript{178} World Bank 2015.
crucial role cementing inequalities within unemployment trends during the post-apartheid period.

**Shifting Towards the Left**

This second period bookmarked a shift in ANC policy, in which the government began to move towards a more state interventionist approach. The government greatly expanded its social expenditure and benefits program increasing from 2.6 million people in 1999 to 6.4 million people in 2004 and eventually 12.3 million in 2007.\(^{179}\) Furthermore, the government implemented a series of state-intervention policies and programs, such as the National Skills Act in 1998 and the Sector Education Training Authorities (SETAs) in 1999.\(^{180}\) By creating a series of public works, skills development and infrastructure development programs, Mbeki hoped to reduce unemployment by providing the necessary skills for the formal job market. The South African government expanded these programs well throughout the 2000s, increasing its investment within state infrastructure and state-owned enterprises, while simultaneously reducing the extent of its privatization policy promoted in period one. In 2004, for example, the government invested R780 billion (US $91 billion) towards an infrastructure development program, in part towards the preparation for the 2010 World Cup.\(^{181}\)

This shift towards the left culminated in Mbeki’s unveiling of AsgiSA in 2006, a new macroeconomic strategy designed to entirely transition South Africa out of GEAR and into a new development framework. AsgiSA promoted public-

\(^{179}\) Habib 2013: 88.  
\(^{180}\) Kingdon and Knight 2007: 837.  
\(^{181}\) Habib 2013: 88.
infrastructure projects, and skills and education training, with goals of halving unemployment from above 26% in 2004 to below 15% in 2012.\textsuperscript{182} In this way, AsgiSA marked a transition towards Keynesian policies to better support disadvantaged groups into the labor market. At the same time, AsgiSA still stressed elements of neoliberalism; in order to cut their deficit, the government promoted a fiscal discipline strategy, while also reducing tariffs and lowering inflation.\textsuperscript{183} This suggests that despite this apparent shift towards more activist state policy, key elements of GEAR remained largely in place. AsgiSA and other state intervention policies during Mbeki’s presidency seemed to be only tacked on, rather in substitute of, the preexisting neoliberal framework embedded in GEAR. Neoliberalism, with its potential to influence inequality, thus continued to do so.

The decreasing unemployment rate during this time should not be overemphasized. Scholarship on these infrastructure development and public works programs demonstrate that these policies were merely short-term solutions that provided jobs and incomes for individuals, however, were “not part of a job creation strategy in any true sense.”\textsuperscript{184} A study by McCord found that an overwhelming majority of workers\textsuperscript{185} who participated in public works programs in South Africa still lived under the poverty line; these programs merely reduced the extent they fell below.\textsuperscript{186} This is because these programs, and in particular the ANC’s Extended Public Works program, provided jobs for only three to six months, too short of a time

\begin{flushleft}
\textsuperscript{182} Republic of South Africa 2006.
\textsuperscript{183} OCED Report 2008: 96.
\textsuperscript{184} Marais 2011: 192.
\textsuperscript{185} Over 87\%, McCord 2004: 41.
\textsuperscript{186} McCord 2004.
\end{flushleft}
period to adequately break the cycle of poverty.\textsuperscript{187} As a result, once projects were complete, participants often returned to unemployment, debunking the government’s claim that these programs offered the necessary skill training and work experience for individuals to enter the job market.\textsuperscript{188} This is partially explained by the fact that the training component in these programs was extremely limited. McCord found that many of the participants within these programs did not actually know if they had received training, since much of the program focused more on life-skills rather than job training.\textsuperscript{189}

Even programs specifically designed for skills training, such as Sector Education Training Authorities (SETAs), proved to be highly unsuccessful in promoting employment opportunities. SETA alone had a 90\% drop out rate.\textsuperscript{190} Carol O’Brien, one of the managerial executives within the South African Chamber of Business reasoned that these programs were considered “a stop-gap while [participants] look[ed] for something else…There is just no commitment from the leaders themselves in terms of their contracts.”\textsuperscript{191} The switch towards a more state-interventionist strategies during this second period therefore proved to be highly unsuccessful in tackling the unemployment crisis within South Africa. These developmental policies provided short-term fixes for a larger, structural problem, further perpetuating patterns of marginalization and inequality within unemployment.

\textsuperscript{187} Frye 2007: 188  
\textsuperscript{188} Kingdon and Knight 2007: 837.  
\textsuperscript{189} McCord 2004.  
\textsuperscript{190} Alexander 2013: 138  
\textsuperscript{191} O’Brien in Alexander 2013: 138
Period 3: 2008 – today

The initiation of President Zuma into office demonstrates the third shift in ANC macroeconomic and employment policy; Zuma’s policies seemed to suggest an ending of a neoliberal framework and a more fully developed state-interventionist approach. Zuma’s platform was grounded on the idea of Zuma being the “people’s president,” campaigning he was better equipped than previous leadership in tackling domestic issues of unemployment and slow economic growth.\(^{192}\) Two policies for employment and economic development have been key within Zuma’s presidency: the 2010 New Growth Plan and 2012 National Development Plan. While unemployment was severely affected by the 2008 global financial crisis, relatively stagnant unemployment trends since 2010 during this period indicate that these policies have been more effective in targeting previously disadvantaged and unemployed populations. The lack of employment growth and persistent inequality, however, also suggests that considerable improvement should be made.

A Stronger Keynesian Approach

While South Africa experienced a brief period of improvement within unemployment trends during period two (although limited as discussed above), the 2008 global economic crisis swiftly reversed any steps towards progress within South Africa’s unemployment crisis. In 2009, the crisis caused the loss of 870,000 jobs, accounting for 5.6% of the total labor force.\(^{193}\) When Zuma came into office in 2009, the new president prioritized the domestic economy.\(^{194}\) Under Zuma’s presidency, the

\(^{192}\) "South Africa's President Jacob Zuma - a Profile" 2016.
\(^{193}\) Marais 2011: 178.
\(^{194}\) "South Africa's President Jacob Zuma - a Profile" 2016.
ANC initiated the New Growth Plan of 2010, in replacement of Mbeki's AsgiSA, aimed to create 5 million jobs by 2020. The economic policy aimed to increase employment opportunities through the development and investment of five different areas: the green economy, agriculture, mining, manufacturing and tourism. The New Growth Plan emphasized greater state support within the market, stating “smarter coordination between government and stronger partnerships with the private sector and organized labor will galvanize our resources in achieving the aims of the New Growth Plan.”

The New Growth Plan works to reduce economic inequalities within South Africa by targeting both sides of the economic spectrum. The plan hopes to alleviate poverty within the lowest class through the promotion of infrastructure development, public works programs and skills-development programs. However, the plan also attempts to work on reforming the Black Economic Empowerment program and to place caps on bonuses and incomes of those within the upper-middle and elite class. Although these income controls are voluntarily, the plan has been met with increasing criticism. The Democratic Alliance, one of the major political parties within South Africa, argues that the plan would inevitably hurt economic growth as it would discourage foreign investment and skilled executives from working in South Africa.

In 2012, the ANC introduced the National Development Plan with the goal of creating 11 million jobs by 2030. The National Development Plan, coupled with the New Growth Plan, highlights a subtle yet very important shift within the Zuma

---

195 Republic of South Africa 2010.
196 Habib 2013: 99.
197 Habib 2013: 100
administration from previous ANC leaders within their economic policy. The prioritization of job creation within infrastructure development, mining, tourism, manufacturing, agriculture and a green economy showcases the way in which the ANC was “beginning to explicitly and directly target inequality, poverty and unemployment. In this sense, they are proving significantly different to the mix of policies pursued since 1994.”

Adam Habib terms this shift within Zuma’s economic policy as a “neo-Keynesian flavor.” South Africa’s most recent macroeconomic policies seemed to have changed many of the binding neoliberal ideologies in replacement with much more state interventionist appeal.

However, unemployment trends in period three have remained relatively stagnant, hovering around 25% since the end of the economic crisis in 2010. This suggests that while these new policies have not worsened development, these policies may still fall short in truly tackling the South African unemployment crisis.

**Black Economic Empowerment**

After the 1994 elections, the ANC legislated the Black Economic Empowerment (BEE), an affirmative action program designed to uplift black South Africans into the formal economy. This section will show that while the BEE specially targeted previously disadvantaged groups, considerable evidence has shown that BEE has contributed greatly to inequality as it has merely empowered a small section of the black elite, and therefore a population that did not need state support to become part of the employment market.

---

198 Habib 2013: 103.
199 Habib 2013: 100
200 World Bank 2015.
BEE was an affirmative action program designed to specifically redress inequality within unemployment trends by promoting Previously Disadvantaged Individuals (PDIs) into the formal economy. PDIs were defined as 91% of the population that was non-white.\textsuperscript{201} BEE was centered on ownership, asset control, promotion of individuals to management positions through affirmative action and employment equity.\textsuperscript{202} In 2003, BEE was modified into the Broad-Based Black Economic Empowerment (BBBEE), in light of the increasing criticism on the policy. Despite this change, the main mechanisms of inequality remain largely in place.\textsuperscript{203} This project will therefore continue to refer to the policy as BEE.

The beginnings of BEE are rooted within the ANC’s 1955 Freedom Charter that emphasized the nationalization of the South African economy as a means of social equity and redistribution of wealth. In 1956, Mandela defended the nationalization clause, arguing,

financial and gold mining monopolies have for centuries plundered the country and condemned its people to servitude. The breaking up and democratization of these monopolies will open up fresh fields for the development of a prosperous non-European bourgeois class. For the first time in the history of this country the non-European bourgeoisie will have the opportunities to own, in their own name and right, mills and factories, and trade and private enterprise will boom and flourish as never before.\textsuperscript{204}

The beginnings of BEE are grounded within socialist ideology. BEE was imagined as a program that would break down South Africa’s systematic inequality by allowing black South Africans and PDIs leadership roles within mining and financial sectors of the South African economy and therefore access to this capital. Furthermore, BEE

\textsuperscript{201} Non-white includes Black, Colored, Indian, and Chinese
\textsuperscript{202} Marais 2011: 141.
\textsuperscript{203} Butler 2011: 61.
\textsuperscript{204} Mandela in Mbeki 2009: 61.
seemed like a step away from the expanding power of the business elite, particularly in the mining industry, as it was focused on dissolving South African monopolies and redistributing this wealth to previously disadvantaged citizens. The guiding principle within BEE was therefore based on the idea that “ultimately, whatever benefits black people benefits the country.”

It was assumed that an increase of black leadership would result in easier hiring and promotion processes for previously disadvantaged individuals. BEE was thus built on the hope that the 1994 democratic election would bring around real change, in which the empowerment of black people within ownership positions would transform the economic and social landscape of South Africa, reduce inequality and allow for the country to become the non-racial, powerful society envisioned within Mbeki’s “I am African” speech.

However, a closer look at the BEE indicates that the distribution of the black leadership has seen little improvement. In the government’s own report on BEE’s progress, it was found that public companies had only increased their share of PDI and black leadership from 1.2% in 1992 to 13% in 2002. By 2012, President Zuma reported that the Johannesburg Security Exchange had merely 6.8% of black ownership, indicating that this share has persisted and even worsened since BEEs inception. This lack of black leadership within these companies suggest that despite a conceited effort of state intervention to change the landscape within the South African economy, the black population have faced significant barriers to upward mobility.

---

205 Wendy Luhabe in Marais 2011, 140.
206 "Fool's Gold" 2013.
207 Republic of South Africa 2003.
208 Alexander 2013: 143.
One explanation for BEE’s shortcomings is that the policy is embedded within an inherent contradiction between what the program envisioned and what it actually delivered; evidence shows that while BEE claims to work towards greater social equity goals, in effect, the policy only benefits black individuals in already privileged positions. While the origins of BEE can be traced to the ANC’s vision of a nationalized economy, the economic reality of South Africa demonstrates that this nationalization policy was never fully formed. This is partially explained by the fact that the ANC identified themselves and other members of the black elite as PDIs. The ANC reasoned that the BEE still met redistribution goals, as the BEE was predicated on the principle that any benefit for a PDI, and for the black population, was ultimately a success for all of South Africa. However, this principle is extremely problematic as it merely elevates the black upper and middle class, a group already with skills and access to the market, into the South African economy, all under the guise of an economic transformation. This has thus created a small class of the black bourgeois, resulting in a “project of elite transformation.” Vacant spots within leadership and shareholding positions previously occupied by white capitalists are replaced with the emerging black elite class. The BEE perpetuates this system of inequality by merely expanding the benefits to a small group of the black upper-middle class, while continuing to exclude the majority, previously disadvantaged population.

BEE was grounded on the assumption that an inclusion of black individuals in leadership positions would create a patriotic bourgeois class, in which BEE

---

businesses would be beneficial for South African economic growth while promoting liberation ideologies and social inclusion. The expansion of those who benefitted from the formal economy, merely based on the classification of race, was used as substantial evidence for progress in development and employment opportunities. However, the problematic nature of BEE was that the policy was conceived by diametrically opposing goals: on one side, BEE attempted to assuage ideologies of social liberation and retribution while at the same, BEE attempted to help grow South Africa’s economic power within the global international economy. This was inherently problematic as the mechanisms that fueled the profitability of the business sector, were inherently tied practices of exploitation and exclusion of the majority black class. As Marais argues, “Gauged in terms of productive investments, job creation, income growth, redistribution and working conditions, BEE firms are indistinguishable from ‘white’ firms.” While the black bourgeois was an attempt to create a link between business interests of profitability and the ANC’s political interests of social equity and human rights, outcomes of BEE suggests that exploitative and exclusionary practices towards marginalized communities continue, thus perpetuating inequality within South Africa.

Part Three: Chapter Analysis

Current levels of persistent inequality have shown that the macroeconomic frameworks and employment policies have continually failed to effectively target the unemployment crisis within South Africa. This section analyzes each of the five causal factors – the apartheid legacy, the neoliberal agenda, the business-political

211 Marais 2011: 143.
alliance, unions and corruption – and their salience in affecting inequality within unemployment. In addition, this section examines the importance of immigration as a sector-specific causal factor.

**Causal Factor I: The Apartheid Legacy**

The legacy of apartheid has significantly limited employment opportunities and contributed to inequality trends since 1994. The apartheid education system left black South Africans underskilled and underqualified to enter the labor market. In turn, this population continues to be excluded from employment opportunities during the post-apartheid. Without the necessary training or experience, long durations of unemployment periods now characterize the South African unemployment crisis. This is problematic as research has shown that long-term unemployment not only weakens prospects for future employment but also diminishes other factors of human development.

While this legacy is a salient causal factor for persistent inequality, I argue that this legacy should not be as pervasive as it has become. As Herbst and Mills argue, “especially considering the power of compounding growth, two decades is enough times for some countries to have seen profound changes in their economy if their government has created an enabling environment and can execute state policies.”\(^{212}\) The legacy of apartheid has persisted because rather than reducing the effects of apartheid, government policies have cemented these inequalities into the South African labor market, further exacerbating this legacy. As a result, the South African economy can now be characterized within a “two economies” paradigm, in

\(^{212}\) Herbst and Mills 2015: 39.
which the economy is broken up into a first, formal economy for the global market and a second, informal economy made up primarily of the black and lower class. The problematic nature of this paradigm is the way in which the ANC has vastly misunderstood the linkages between the two economies. These policies attempted to eliminate the second economy without adequately providing a route for black South Africans into the first economy that it sought to expand. Policies within this paradigm have thus continued to exclude the previously disadvantaged from the first economy, inherently fortifying the legacy of apartheid within the South African labor system.

The consequences of the apartheid education can be directly linked to perpetual inequality trends, as these generations of learners do not have the adequate skills or training for employment opportunities. Discussed further in chapter 3, the Bantu education system was grossly underfunded and under resourced, designed to prepare black, disadvantaged students for their subservient role in society. By the time the ANC came into office, the new government faced two generation of learners without the training, skills or experience to enter the job market. As Neville Alexander states, “it is a fact that because of the racist policies of white supremacists regimes, there is… a very small pool of skilled labor and a large percentage of virtually untrainable people.”

As a result, a significant proportion of the population unemployed during apartheid have remained unemployed during the post-apartheid period. During the mid 1990s, for example, two thirds of the unemployed population had never worked

---

213 Alexander 2013: 127.
for a paying salary.\textsuperscript{214} This problem remains. The Labor Force Survey in 2005 indicated that a decade after apartheid, almost 60\% of the total unemployed population had never obtained a job.\textsuperscript{215} This data thus suggests that the likelihood of the previously disadvantaged black population to become unemployed is significantly lower, despite a conceited effort by the government to increase employment opportunities. This is problematic as long-term unemployment is often associated with “poor socioeconomic outcomes.”\textsuperscript{216} Nichols, Mitchell and Lindner argue,

Being out of work for six months or more is associated with lower well-being among the long-term unemployed, their families, and their communities. Each week out of work means more lost income. The long-term unemployed also tend to earn less once they find new jobs. They tend to be in poorer health and have children with worse academic performance than similar workers who avoided unemployment. Communities with a higher share of long-term unemployed workers also tend to have higher rates of crime and violence.\textsuperscript{217}

This thus indicates that long-term unemployment, as a result of the legacy of apartheid, not only contributes to persistent inequality but also worsens other human development indicators in income, health, crime, and learner outcomes. This is particularly devastating as it suggests that the legacy of apartheid not only inhibits black South Africans from finding future employment, but also disseminates inequalities into other areas of human development such as health and education.

However, given the over 20 year time span, the legacy of apartheid should not have played as prominent of a role as it had during the post-apartheid period. I argue that while post-apartheid policies should have worked to reduce the impact of this legacy, in effect, these policies have fortified these inequalities into the South African

\textsuperscript{214} Lam, Leibbrandt, Mlatsheni 2009: 90.
\textsuperscript{215} Lam, Leibbrandt, Mlatsheni 2009: 90.
\textsuperscript{216} Nichols, Mitchell and Lindner 2013: 4.
\textsuperscript{217} Nichols, Mitchell and Lindner 2013: 4.
labor market. This legacy has thus manifested into the “two economies” paradigm that now defines the South African economy. While the paradigm was introduced in Mbeki’s 2004 “Letter from the President,” Mbeki’s 1998 “two nations” speech had previously described the two economies defined by race and class:

South Africa is a country of two nations. One of these nations is white, relatively prosperous, regardless of gender or geographic dispersal. It has ready access to a developed economic, physical, educational, communication and other infrastructure... The second and larger nation of South Africa is black and poor, with the worst affected being women in the rural areas, the black rural population in general and the disabled. This nation lives under conditions of a grossly underdeveloped economic, physical, educational, communication and other infrastructure. It has virtually no possibility to exercise what in reality amounts to a theoretical right to equal opportunity. 218

Mbeki’s characterization of the South African economy evoked a first world versus third world rhetoric that had characterized patterns of the apartheid economy; the first economy was enriched with productive and developed sectors, including the mining, financial and manufacturing industries, while the second economy was trapped into a system plagued by poverty, unemployment and underdevelopment. This was not just rhetorical flourish. Empirically the existence of two separate nations was underscored; Marais shows that during the post-apartheid period, over “80% of entrants into formal-sector jobs move from other formal sector jobs.” 219 This suggests the formal economy has largely facilitated employment opportunities for those already within privileged positions. Simultaneously, the majority population not part of the formal sector continue to be excluded and marginalized from these opportunities.

218 Mbeki 1998.
219 Marais 2011: 196.
This paradigm is problematic as it suggests that the unemployment and poverty crisis could be solved by either transforming the second economy into the first, or eliminating the second economy entirely. This is exemplified within an ANC policy document in 2007 that stated “the most significant vehicle for sharing growth would be to eliminate the second economy.”\textsuperscript{220} This inevitably perpetuated inequality as it misunderstood the dependent and exploitative relationship between the two economies. The core issue within the paradigm is that the success of the first economy is entirely dependent not on the exclusion, but rather the “incorporation” of the second.\textsuperscript{221} By employing the paradigm, the ANC failed to acknowledge that the success and growth within the South African economy is the direct result of the impoverishment of the majority of the population. As Frye argues,

\begin{quote}
the processes that impoverish people are the same that enrich the formal economy and encourage increased investment, and that the process of marginalization of many millions of people is an integral part of the equation that has and continues to drive formal economic growth.\textsuperscript{222}
\end{quote}

The results of this paradigm have been extremely detrimental as it has become the basic framework for macroeconomic and unemployment policy, in effect, maintaining this legacy into the South African labor market. BEE, for example, was seen as a mechanism to uplift marginalized individuals within the second economy into the first through required black representation in South African firms. However, the predominant beneficiaries of BEE policies have largely been those associated with the business and political elite, a group that already has access to the formal economy. Furthermore, state development and infrastructure program implemented

\textsuperscript{220} ANC in Marais 2011: 195.
\textsuperscript{221} Marais 2011: 196, emphasis added.
\textsuperscript{222} Frye 2007: 176.
during Mbeki’s presidency were framed as a “bridge” between the two economies. Mbeki argued that the skills and training gained from these programs would prepare members of the second economy for long-term employment. However, as Gelb notes, “increase in infrastructure spending is aimed at reducing ‘the costs of doing business’ in the first economy, rather than extending infrastructure services to those in the second economy.” These programs thus proved to be ineffective as they merely provided short-term solutions without sustainable structural changes to the unemployment crisis. Finally, the neoliberal framework of GEAR aimed to promote economic growth and development within the first economy, also echoed rhetoric of this paradigm, as it assumed participants within the second would resultantly benefit from this growth. Discussed in the next section, neoliberalism failed as it inevitably produced uneven growth in other socio-economic indicators. This suggests that policies during the post-apartheid period largely contributed to inequality as they worked to develop the first economy, while ignoring that the two economies were inherently linked. Policies framed within this paradigm have thus reinforced systems of inequality within post-apartheid development.

**Causal Factor II: the Neoliberal Agenda**

The second causal factor, the neoliberal agenda, contributes to persistent and increasing inequality. Neoliberal policies do not provide the necessary means or support for previously disadvantaged groups to become included within the market. As a result of the neoliberal policies pursued immediately after the transition, the

---

223 Gelb 2007: 27.
black population became further marginalized and excluded from employment opportunities.

We saw above how the many of the promises of economic growth and employment opportunities within the neoliberal GEAR policy never materialized. Promoters of GEAR assured South Africans that an unregulated, liberalized economy would encourage an influx of private investment (both foreign and domestic). This, in turn, would facilitate the necessary economic conditions for high economic growth and employment opportunities.\textsuperscript{224} However, the idea that the neoliberal strategy worked in the favor of the majority of the South African population was “not only propagating a myth but a dangerous economic lie.”\textsuperscript{225}

Economic theory disclaims the assumptions of GEAR, pointing to foreign direct investment (FDI) and trade liberalization as potential causes of unemployment within developing countries. FDI was promoted as beneficial for developed countries as it was believed that this investment would increase employment opportunities “by assisting the developing process of industries and these developing industries generate additional business spaces by forward and backward linkages.”\textsuperscript{226} Mucuk and Demirsel, however, show the way in which these claims were unsubstantiated. Their study found that there was a very strong relationship between the FDI and unemployment in the long run, in which increases of FDI actually lead to higher instances of unemployment in developing countries. Furthermore, economic theorists have shown that trade liberalization can negatively affect employment opportunities. Egger and Kreickemeier find that introduction of trade liberalization positively

\textsuperscript{224} Terreblanche 2002: 115.
\textsuperscript{225} Terreblanche 2002: 59.
\textsuperscript{226} Mucuk and Demirsel 2013: 53.
impacted firms by increasing profits. However, these profits came at a price as inequality and unemployment increased within their model.\textsuperscript{227}

Trade liberalization also greatly limited opportunities for South Africans to expand the economy, particularly in the manufacturing sector. With South Africa’s modernization historically tied to mining, the government helped direct investment and capital that direction, stunting the potential growth of other sectors.\textsuperscript{228} Rodrik showed that South Africa’s labor was largely made up of semi-skilled and low-skilled laborers, comprising of almost 42% of the total labor force in 2004.\textsuperscript{229} The refocus away from non-mineral industries significantly increased unemployment as the manufacturing industry as well as other non-mineral industries depended on low-skilled labor. The decline in these industries thus largely limited the demand for low-skilled workers.\textsuperscript{230} For Moeletsi Mbeki, Thabo Mbeki’s brother and a political economist critical of post-apartheid development, the devastation of the manufacturing sector is “the root of the growing impoverishment of South Africans, leading as it does, to increasing structural unemployment.”\textsuperscript{231}

Finally, overall economic growth remained too low to help generate new employment. In 1998, the South African economy had only grown by 0.6\% in 1998; in 1999, this number just barely swelled to 1.2\%.\textsuperscript{232} GEAR policy depended on private capital investment to generate economic growth. South Africa needed an foreign investment inflow more than four time the amount it received in 1994 (R5

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{227} Egger and Kreickemeier 2009.
\item \textsuperscript{228} Habib 2013: 76.
\item \textsuperscript{229} Rodrik 2006: 778.
\item \textsuperscript{230} Rodrik 2006.
\item \textsuperscript{231} Mbeki 2009: 80.
\item \textsuperscript{232} Marais 2011: 117.
\end{itemize}
\end{footnotesize}
billion) to just increase its GDP to a 5% growth rate. But that major foreign private capital investment never occurred.

Ultimately, the neoliberal agenda failed in its promises for trickle-down development. Instead, it has largely been the business and political elite that have enjoyed the benefits of a liberalized economy. This in effect perpetuated apartheid inequalities, as these previously disadvantaged groups continued to be marginalized and excluded from economic growth and employment opportunities.

**Causal Factor III: The Business-Political Alliance**

The alliance between the business and political elite has significantly contributed to persistent inequality within unemployment. The influence of this business community is not new, as was evidenced within the mining industry’s alliance with the white ruling party during South Africa’s independence in the early 20th century. I argue that these actors have continued to play a pervasive role in policy formation, particularly within GEAR and BEE. Evidence suggests that the business-political alliance has largely contributed to the policy formation process that has, in effect, pushed policies more favorable towards the business community. As a result, the influence of the business community has perpetuated inequality trends in unemployment, as these policies have largely come at the expense of the majority South African population.

During the policy formation process, ANC leaders more saliently catered towards business interests as the policy makers were limited by the political and economic

---

233 Terreblanche 2002: 32.
234 Koelble 2004: 60.
realities of the democratic transition. In the wake of the transition, the ANC was faced with two opposing viewpoints. On one side, the ANC faced an angry and marginalized South African majority that demanded for reparations and poverty alleviation. Using their vote as political clout, these South Africans demanded developmental and redistribution policies as necessary steps towards a true transition. On the other side, the ANC faced a strong corporate elite that argued that South African development was contingent on the integration of South Africa within the globalized economy. Lobbyists from the core corporate sector of the South African economy as well as foreign investors their capital investment as “their leverage” to push for an outward orientated economy.\footnote{Habib 2013: 84.} Weighing both sides, the ANC reasoned that the loss of foreign investment within the South Africa economy would be a much stronger liability and realer threat for themselves and the strength of the South African economy. As Habib argues, “the balance of power in both the global and national areas was unfavorable to poor and marginalized citizens and, as a result, state elites were conditioned to make the choices they did.”\footnote{Habib 2013: 83.} This suggests that political realities of the democratic transition largely limited policy options for the ANC; within the domestic balance of power, the interests of the business community outweighed interests of the previously disadvantaged population, a population that would already support the ANC into the democratic transition.

Within this paradigm, the ANC developed policies more in line with business interests, such as the neoliberal framework of GEAR and BEE, with the hope that these in turn would facilitate necessary economic conditions for redistribution
strategies. This is evidenced within South Africa’s transition towards a neoliberal economic strategy in the 1990s, that represented a clear policy change from previous ANC economic thinking. During the liberation movement, Mandela had defended the nationalization clause in the ANC’s *Freedom Charter*, arguing that the breaking of South African monopolies was necessary for greater development equality standards.\(^\text{238}\) However, soon after Mandela came out of prison, Mandela welcomed numerous meetings with business executives. In doing so, his position on nationalization dramatically changed.\(^\text{239}\) In October of 1991, Mandela announced “that his party was prepared to abandon its long-held policy of nationalization if the business community could provide an alternative, which would redress the economic imbalances in the country.”\(^\text{240}\) Only two days after this statement, the ANC announced that it saw foreign investment as an important mechanism for development and “reassured foreign corporations that they would be free to take their profits out of the country under an ANC government.”\(^\text{241}\) As this shows, the business community was heavily involved in ANC policy formation, as their influence dramatically shifted Mandela’s thinking away from a socialist democratic framework towards a neoliberal model.

The creation of the BEE also came out of this inclination by the ANC to cater towards business interests, while simultaneously attempting to appease to the South African majority that these policies were ultimately about redistribution. As Gelb

\(^{238}\) Mandela in Mbeki 2009: 61.
\(^{239}\) Seccombe 2013.
argues, these policies have largely been an “‘implicit bargain’ or accommodation between white big business and the ANC, involving the ANC committing to macroeconomic stability and international openness, and businesses agreeing to participate in ‘capital reform’ to modify the racial structure of asset ownership.”

The corporate elite created BEE as an attempt to dissuade ANC leaders from nationalizing the economy. Instead, BEE was sold as an alternative redistribution method for the black population, as the policy would promote black individuals to leadership positions that in turn would give these members access to a growing and integrated global market and thus new South African capital. In this way, BEE was inherently contradictory as it was predicated on the success of a neoliberal strategy – a strategy that marginalized disadvantaged populations, discussed in the previous section, to promote mechanisms of inclusion and redistribution. However, evidence suggests that the BEE has largely only benefitted South African businesses and the small minority of the population promoted to leadership positions within these firms that continue to perpetuate exclusionary and exploitative practices. This thus indicates that this alliance was particularly important influencing ANC policies that most saliently perpetuated inequality trends within unemployment.

The business-political alliance continued to manifest from policy making within the transition throughout the post-apartheid period. In 2006, the ANC created the “Progressive Business Forum (PBF)”, a membership group of business representatives, with the 'primary objective [of] an ongoing two-way dialogue

243 Mbeki 2009.
between the ANC and the business community.”’244 The PBF has thus kept the doors open for this community to actively engage during policy making with the ANC.245 Additionally, scholarship has shown that actors within the business sector have been particularly important for fundraising and support for ANC politicians. During the 2009 election, for example, Butler estimates that of the half a billion Rands spent during the campaign, only R50 million were from the party’s official funds.246 While donations from foreign political parties explained for part of this money, Butler argues, “open and hidden corporate donations clearly accounted for the overwhelming bulk of the movement’s war chest.”247 This suggests that the relationship between the business community and the political elite has persisted throughout the post-apartheid periods. This influence is important, as evidence from previous policies have suggested that this relationship has promoted the interests of the business sector, often at the expense of the South African majority, inevitably persisting inequality within unemployment trends during the post-apartheid period.

Causal Factor IV: Unions

While South African trade unions are generally considered a major causal factor for inequality and increasing unemployment, evidence shows that unions have played a much smaller role than assumed. One interviewee during this study remarked that if he were the next president of South Africa, his first initiative would be to get rid of the trade unions.248 However, this project does not find overwhelming

244 Van Wyk 2009: 42.
245 Butler 2011: 68.
246 Butler 2011: 68.
247 Butler 2011: 68.
248 Nash 2015.
support that unions have critically exacerbated inequality within South Africa. This section shows that through mechanisms of policy-making, wage premiums and strikes, the effects of unions on inequality trends may not be as salient as is generally believed. This thus suggests that while unions have contributed to uneven development patterns, unions have not played as big of a role as the first three causal factors.

Although the tripartite alliance between the ANC, SACP and COSATU would insinuate that unions have played a strong role during policy formation, a closer examination show that this alliance did not saliently affect ANC decision making, particularly in relation to earlier macro-economic policy. In the 1990’s while COSATU and unions envisioned themselves as having an integral role within policy making, core members of the ANC outwardly criticized COSATU economic policy, “insist[ing] that economic policy was the preserve of the government.”\(^{249}\) The 1992 National Economic Forum reestablished this divide; while the COSATU considered itself as a strong contributing force, the ANC merely saw COSATU as an “advisory body.”\(^{250}\) The disregard towards COSATU partially explains why RDP was quickly replaced by the neoliberal GEAR policy in 1996. RDP’s promotion of a socialist development framework fit in line with COSATU’s’s socialist based ideology; as a result, COSATU’s general secretary, Jay Naidoo, was an obvious choice by President Mandela to lead RDP’s implementation.\(^{251}\) However, as has been shown, the foundations of the neoliberal strategy of GEAR were already well under way during

\(^{249}\) Marais 2011: 105.
\(^{250}\) Marais 2011: 105.
\(^{251}\) Habib 2013: 79.
RDP’s implementation. This thus indicates that despite the tripartite alliance, COSATU held little influence within the policy making process during the transition.

COSATU was not only irrelevant, but also actively in opposition to economic policy implemented during the transition. By the time GEAR was fully integrated within South Africa, COSATU openly rejected the policy. This is evidenced within a COSATU report that stated, “Gear and RDP are not the two sides of the same coin and that the two are not compatible; the objectives of the RDP will never be realized or met by GEAR.” 252 COSATU’s harsh criticism of GEAR from its inception indicates that COSATU cannot be identified as a major causal factor for perpetuating inequality through mechanisms of policymaking.

However, the increase of state investment in infrastructure and development project during the second and third period suggest COSATU’s power and influence within policy-making has increased throughout the post-apartheid timeline. One explanation for COSATU’s increased power is that Zuma’a nomination into presidency helped reestablish the balance of power within domestic politics. SACP and COSATU were increasingly frustrated with the Mbeki administration. 253 Zuma’s campaign played into this frustration, and largely critiqued Mbeki’s presidency, while also promoting a new focus towards domestic policy and development. As a result, COSATU and the SACP strongly supported Zuma and helped finance his campaign. COSATU’s support was returned with Zuma’s implementation of the New Growth Plan and National Development Plan, policies largely in line with COSATU economic and social ideology. While it has been shown that these strategies have not

---

resulted in a decrease of unemployment trends, inequality has not worsened during this period either. The role COSATU played in implementing these policies thus suggests that unions were not a major causal factor for perpetuating inequality in unemployment through mechanisms of policy formation.

The competing views of the effects of trade unions on wage premiums indicate that the role unions play in perpetuating inequality deserves further research beyond the scope of this project. Schultz and Mwabu shows that in some ways, unions may help equality as they encourage higher wages, which in effect raises overall national income and changes the distribution of capital more evenly among workers. However, Schultz and Mwabu also show that this mechanism can increase inequality, as non-unionized workers are often excluded from wage increases, thus widening the gap between workers.254 Schultz and Mwabu conclude that within South Africa, the lowest earning members benefit the most from union membership through mechanisms of wage increases.255 Herbst and Mills, on other hand argue, that “unions certainly do not represent their well-being; indeed, in many ways, the unions’ interests are diametrically opposed to the plight of the unemployed for whom a low wage is better than nothing.”256

Furthermore, Banerjee et al., finds that wage premiums between union and non-union members increased for semiskilled and unskilled South African workers from 1994 to 2004.257 However, they also found that wage premiums have decreased for skilled workers, indicating that while inequality in the upper strata narrowed, inequality

254 Schultz and Mwabu 1997.
255 Schultz and Mwabu 1997.
between the upper and bottom class widened. Their findings indicate that wage increases have mixed effects on inequality within South Africa. The competing views of the influence of unions in affecting wage premiums thus indicate that this topic remains to be an area of further research.

However, one mechanism in which unions have largely contributed to inequality is the role they have played in encouraging strikes and civil unrest by union members. Herbst and Mills find that South Africa loses more days now than it did in the early 1990s during the anti-apartheid movement. In 2012, 17 million working hours were lost due to 99 total strikes; 16 million of those hours were within the mining industry. Herbst and Mills suggest that strikes are particularly beneficial for unions, as “violence has become a tool of negotiation”; resultantly, South Africa is considered to be “one of the world’s most violent, strike-prone countries.”

However, strikes within South Africa may actually be hurting economic and employment opportunities as this civil unrest actually works against goals of political gains and protection of workers’ rights. Instead, these strikes have become debilitating for economic growth, where “no one will come to a country [to invest] where people go on strike for five months.” While unions have used strikes as mechanism for political negotiations, the prevalence of these strikes indicate that these may actually have detrimental affects for marginalized communities, as too much civil rest can actually hurt opportunities for development and growth.

---

259 Herbst and Mills 2015: 100.
260 Odendaal 2014.
262 Mining executive in Herbst and Mills 2015: 102.
This section therefore indicates that the role trade unions play in perpetuating inequality within unemployment still remains up to debate. Some literature shows that South African trade unions most acutely benefit the lowest class and therefore help inequality. However, studies also indicate that unions may actually worsen inequality between members and nonmembers of unions and between skilled and semi-skilled workers. This indicates that while inequality can partially be traced to the role of unions, their role seems to matter less.

**Causal Factor V: Corruption**

The issue of corruption has also played a role in persistent inequality within unemployment. David Lewis, the executive director of Corruption Watch reported, “Unemployment is generally perceived to be our most challenging social and economic problem. Our survey reveals that the youth believe that their employment prospects are compromised by corruption.” However, evidence suggests that while corruption matters, it matters less than the first three causal factors; inequality would continue to persist, even without the presence of corruption. I argue that corruption increases the degree to which policies fail, evidenced by systematic corruption within the BEE. Because the political and business elite have largely become the biggest subsidiaries of BEE benefits, allegations of nepotism and corruption practices have surrounded policy. This thus demonstrates that while corruption has affected inequality trends within unemployment, corruption was largely important for exacerbating inequality that resulted from the business-political alliance discussed in causal factor III.

---

263 Lewis in Corruption Watch 2014.
The structure of the BEE has limited social equality goals of the policy, as it has created a system of corruption between state and business leaders. One major component of BEE is that the policy ranks businesses on scorecards, based on their ability to follow empowerment guidelines. Because higher ranked BEE firms have better access to government contracts, these scorecards can significantly impact the profitability of businesses. This is problematic as South Africa significantly lacks qualified people from disadvantaged groups to supply BEE requirements. As the chief executive of TeleMasters Holdings Ltd remarked, “Only 6% of graduates are black, but 75% of management must be black. It’s a mathematical impossibility to do that, but that is the law.” As a result, BEE has created a practice in which the business and political elite appoint each other into leadership positions, that not only complies firms to BEE standards but enriches these actors through benefits of the deals.

An example of this systematic corruption between the political and business elite is the 2010 Gold Field’s BEE deal. During this deal, Gold Field’s, one of South Africa’s largest mineral companies, attempted to obtain a new-order license for one of its mines, however, was unable to because the company fell short in its empowerment partner requirements. In 2013, the US Securities and Exchange Commission accused Gold Field’s of bribing ANC chairperson, Baleka Mbete, a $25 million stockholder share, in exchange for her membership as an empowerment partner. Other beneficiaries of the BEE deal included Zuma’s lawyer during his 2005 rape trial, and two ex-convicts, one a fraudster and the other a bank robber.

---

264 Millman 2015.
265 Millman 2015.
266 Mckune 2013.
agreeing to become an empowerment partner, Mbete, already part of the political elite, not only helped Gold Field’s, but in doing so, enriched herself and the other beneficiaries closely tied with the ANC. The Gold Field’s case thus illustrates a larger pattern of bribery and corruption that plagues the BEE. These practices have contributed to inequality patterns as they have ensured that beneficiaries of these policies are merely those already in privileged positions. As Dr. Azar Jammine, stated in a speech addressed to the Black Management Forum,

the introduction of Black Economic Empowerment, as justified as it might be to right the wrongs of the past, has also bred corrupt practices in certain instances. It has allowed perceptions to gain momentum that one does not necessarily have to be productive and enterprising to accumulate wealth, but instead it is more important to be in the right place at the right time so as to derive the benefits of a deal when it is consummated.\textsuperscript{268}

Jammine highlights that beneficiaries within BEE are often not the most qualified individuals, but rather those with political connections. This demonstrates that while corruption has affected inequality, corruption has predominantly worked to exacerbate inequalities resultant of the business-political alliance.

**Employment Specific Causal Factor: Immigration**

A very important alternative argument is that the influx of migrant workers, particularly from neighboring African countries, has limited employment opportunities for native workers and increasing inequality. However, data suggests that this perception is unsubstantiated, predicated on misconceptions and growing frustration on current poverty and inequality levels. This section will show that while violence on foreign born populations has increased in South Africa, the idea that immigrants are taking jobs away from South Africa is false; evidence shows contrary

\textsuperscript{268} Jammine 2012: 5.
to popular belief, South Africans are given much higher preference for employment opportunities.

Increasing violence and xenophobic attacks on immigrants within South Africa indicates that the factor of immigration must be considered as a potential causal mechanism for increasing inequality and unemployment. In 2008 over 60 people, predominantly foreign workers, were killed in Cape Town, Durban and Johannesburg. These attacks became the first of many in persistent pattern of xenophobic violence. In 2015, on average, six immigrants a week were killed. That same year, Zula King Goodwill Zwelithini allegedly stated that foreigners, “should pack their bags and go,” catalyzing a wave of violence within Durban over the next three weeks. The prevalence of xenophobic attacks, predominantly within marginalized, poorer areas, suggest this violence is the manifestation of a deeper frustration by South Africans on current poverty and inequality levels.

However, data on foreign employment in South Africa indicate that immigration is not a salient causal factor for increasing unemployment and inequality. In 2009, roughly 1.6 to 2 million documented and undocumented immigrants lived in South Africa, composing only 3-4% of the population. Zimbabweans make up the majority of the foreign population, with 1-1.5 million currently residing in the country. In 2012 only 4% of the working age population in South Africa was foreign born. Foreign-born workers also are significantly less likely to be employed

\[269\] Karimi 2015.
\[270\] CoRMSA 2009: 98.
\[271\] Polzer 2010: 3.
\[272\] Polzer 2010: 3.
\[273\] Budlender 2014.
by an employer than South Africans. Instead, they tend to be self-employed.\textsuperscript{274} This thus suggests that foreigners may have a harder time finding employment within South Africa. The small immigration population overall in the country, as well as within the working age population indicates that recent, and escalating xenophobic attacks are largely based on misconceptions and faulty understandings of the employment crisis within South Africa. Accordingly, while immigration can be a causal factor for increasing inequality and unemployment, data for South Africa indicate that immigration does not saliently affect these factors.

**Conclusion**

The findings in this chapter suggest that patterns of inequality and exclusion have persisted within the labor market through the policy failures of the post-apartheid state. While unemployment rates have fluctuated during this period, overall, unemployment has significantly increased since 1994. The apartheid legacy, the neoliberal agenda and the business-political alliance are shown to be the most significant causal factors in effecting these trends. The business-political alliance has ensured that macro-economic policies have catered towards the interest of the business community. The neoliberal agenda implemented almost immediately after apartheid, was particularly detrimental for South African development, as it inevitably fortified the apartheid legacy into the labor market. While the roles of unions is inconclusive, generally, unions and corruption have worsened the effects of these causal factors, inevitably contributing to inequality within unemployment.

\textsuperscript{274} Budlender 2014.
I therefore argue that neoliberalism and the business community have played a large role in perpetuating inequality, as they have inherently restructured apartheid legacies into the South African labor market. However, it would be wrong to suggest the push for a neoliberal agenda was part of a larger deal between the business and political elite to intentionally exploit the South African underclass for their own benefit.\textsuperscript{275} Instead, South Africa’s shift towards a neoliberal agenda demonstrates the way in which state leaders were limited to the domestic and global framework at the time. Policy makers not only felt that this strategy would be most beneficial for growth and development (while also beneficial for the business community), but also understood that the globalized trend towards neoliberalism was inevitable.

When the ANC came into power, the new government faced an economy in a downward spiral; the lack of foreign investment partially due to international anti-apartheid divestment movements created mass stagflation and sluggish economic growth within South Africa.\textsuperscript{276} Furthermore, the end of the Cold War greatly left the ANC no longer financially and militarily supported by the Soviet Union, as they had during the liberation movement. Resultantly, the ANC found its negotiating position dramatically weakened during the negotiations with the National Party. In addition, the end of the Cold War cemented U.S. global power, rooted within liberal capitalism.\textsuperscript{277} When it became clear in the early 1990s that the National Party would soon be leaving political power, the IMF and World Bank both published economic policy proposals in preparation for the new government, urging the a soon-to-be

\textsuperscript{275} Terreblanche 2002.
\textsuperscript{276} Terreblanche 2002: 63, 71.
\textsuperscript{277} Terreblanche: 2002: 103.
democratic South Africa to adopt a neoliberal model that emphasized an outward-orientated economy and fiscal austerity.

Throughout the end of the 21st century, major international organizations such as the IMF, World Bank, World Trade Organization and United Nations, promoted neoliberalism as a model of development and entry way into the increasingly globalized international economy for developing countries. This practice was no different in South Africa. The move towards a neoliberal framework was part of South Africa’s push to integrate within the greater global economy.

The decision for a neoliberal agenda was thus part of a larger global trend towards this development policy. Given the political and economic context both domestically and on the global sphere, ANC policymakers were largely limited in their development options. However, the effects of these decisions and causal factors have proved to be devastating as South Africa continues to be plagued by issues of inequality that have manifested within income distribution as well as other factors of human development. Chapter three will go over the effects of ANC policy failures within the education system, demonstrating the way in which inequality has now defined the education crisis during the post-apartheid period.

---

278 Navarro 2007: 47.
CHAPTER THREE: EDUCATION

Why has the South African education system continued to fail black South Africans, despite the end of apartheid?

When the ANC came into power, the new government faced a vastly inefficient, underfunded and failing education system; in 1994, almost 80% of black South Africans could not read past the grade seven level.\textsuperscript{279} With education at the forefront, the ANC attempted create a democratic education system built on values of non-racialism and non-sexism.\textsuperscript{280} The newly written 1996 Constitution reflected this priority and mandated that every South African citizen had the basic right to education. Education thus became the biggest budgetary item for the new government.\textsuperscript{281}

However, South Africa’s education system is in a state of crisis. Most interviewees for this study remarked that South Africa’s failing education system is the most important issue over the past 20 years and identify it as the biggest obstacle for South African development. Indeed, South Africa has one of the worst ranked education systems in the world. A controversial World Economic Forum report recently ranked South Africa third to last in the world in overall education quality.\textsuperscript{282} However, what characterizes the education system is the way in which these learner outcomes are defined along racial and class lines. In general, schools in wealthier areas have more resources, higher funds and better teachers. On the other hand,

\textsuperscript{279} Marais 2011: 322.
\textsuperscript{280} Marais 2011: 322.
\textsuperscript{281} SAHRC 2006: 19.
\textsuperscript{282} Schwab 2014.
schools in poorer provinces, particularly previously all black schools found in
townships, lack the funds, resources and teachers necessary for educational reform.

The major changes implemented into the education system during the post-
apartheid era have inadvertently cemented inequality along racial and class lines. This
inequality manifests itself into a two-tiered education system, in which the select few,
well-resourced schools continue to thrive, while the remaining bottom majority are
perpetually marginalized within the system. Of the 24,000 government schools in
South Africa in 2015, it is estimated that only 2,000 of them were “offering an
excellent education,” comparably to private institutions.\textsuperscript{283} Furthermore, only 6,000
are marked as offering education at a “reasonable level,” with the remaining 16,000
classified as “failing” or performing “below the required standard.”

This chapter is broken up into three sections. The first section identifies
education trends since the democratic transition in 1994. I show the ways in which
inequality has manifested within the education system through student to teacher
ratios, teacher quality, national testing performance and retention rates. The next
section discusses the history of education policy, starting with a brief summary of
schooling during the colonial period, the Bantu education system during apartheid
and finally ending with the major policy initiatives during the post-apartheid period.
Due to the scope of this project, this chapter will only focus on three post-apartheid
policies: the White Paper on Education and Training, the National Qualifications
Framework and the South African Schools Act. Furthermore, this section will
specifically focus on the three major education reforms that came out of these policy
frameworks: charging of school fees, decentralization of the school governing body

\textsuperscript{283} “Editorial: Private Education and Public Good” 2015.
and curriculum reform. In the final section, I address the five causal factors identified in chapter one of this thesis: the apartheid legacy, the neoliberal agenda, unions, the business-political alliance and corruption.

I argue that the educational reforms implemented throughout the post-apartheid period inevitably perpetuated patterns of inequality that produced the two-tiered education system. These education reforms failed due to the relationship between the apartheid legacy, the neoliberal agenda and the business-political alliance. First, the neoliberal policies implemented after the transition tightened fiscal spending that in turn, privatized a variety of South African social services including education. New policies included decentralization of the school governing body and implementation of school fees within government schools. These changes inherently worked in the favor of the privileged class, while further marginalizing those on the bottom strata. A new free-market education model allowed wealthier parents to buy their way into better schools. In this way, neoliberal policies reinforced the inequalities originally created by apartheid.

Additionally, the neoliberal agenda prioritized economic growth as an essential mechanism for state development. The business community thus argued that the education system needed to emphasize skill training to better prepare workers for labor market needs. This was problematic, as education policy focused on creating a more productive labor force, rather than redressing education inefficiencies created by apartheid. As a result, the quality of South African schools still follow apartheid patterns of inequality, suggesting that the all three causal factors were essential in cementing uneven trends in the education system.
While unions and corruption were less salient, they did act to worsen inequalities within this two-tiered education system. Teacher unions, in particular, have played an important role in education policy. This is a key difference between the education and employment sectors. Finally, I argue that a sector-specific factor, discrepancies in teacher quality, affected uneven outcomes in education.

**Part One: Trends in Education since 1994**

Persistent inequality within South Africa’s education system is reflected in differences in student-to-teacher ratios, teacher quality, national test performances and higher education retention rates. On all of these indicators, there are reasons to believe that the South African education system is acutely failing black students. The result is a population lacking the skills and education necessary to be competitive on the job market, perpetuating social inequality along racial and class lines.

As noted earlier, in 2014 the quality of South Africa’s education system was ranked 146 out of 148 other countries, falling behind China (94), Egypt (101), Nigeria (113) and Brazil (121). Trends in national testing indicate that despite some improvement, South Africa significantly lags behind other middle-income countries. Between 1995 to 2002, median scores on an international math and science exam, TIMSS, slightly increased from 276 in 1995 to 285 in 2002. In 2011 the median score increased to 352. This median, however, is still significantly behind the average median score of middle-income countries of 433. The crisis within the South

---

284 World Economic Forum 2014.
285 Trends in International Mathematics and Science Study
286 Spaull 2013 17.
287 Spaull 2013: 17. Middle-income countries classified by the World Bank. These include Ghana, Morocco, Syria, Indonesia, Palestine, Jordan, Iran, Russia and more.
African education system, however, is not felt equally. As T. O. Molefe argues, the South African education system is a “two-tiered education system — a functional one for the wealthy and a dysfunctional public system for poor blacks.” This is evident in variations in student-teacher ratios, in teacher quality, performance on national testing, and retention rates in higher education.

White schools in South Africa have lower student-teacher ratios. The top tier schools are selective, competitive and historically reserved for the wealthiest 20-25% of pupils. The majority of South African public schools, historically for the black population, serve the remaining poorer 75-80% of South African students. In 1997, there were 660 historically white schools, where the pupil to teacher ratio was 25.6 to 1. In contrast, there were 13,234 historically black schools, where the student to teacher ratio was 35.1 to 1. These differences in class size have not improved for black students over the post-apartheid period. A 2005 study found that 58% of black educators teach classes as large as 46 students. On the other hand, 60% of white educators had class sizes of less than 35 students, with an average of 21 learners per class.

One of the biggest burdens within the South African education system, however, is not a lack of teachers but rather, the lack of quality in teaching. Since 2007, the Department of Education has heavily invested in expanding education for teaching. By 2020, South Africa will have over 23,000 teacher graduates, a more

---

288 Molefe 2014.
than sufficient supply to meet the country’s demand.\textsuperscript{294} However, recent studies have indicated that these teachers are inadequately prepared to become effective educators in the classroom. Data shows that only 50\% and 42\% of math and science teachers, respectively, in historically black schools have studied these subjects beyond the secondary school level.\textsuperscript{295} Furthermore, in 2010, almost a third of the science educators in KwaZulu-Natal did not have the formal qualifications for teaching science subjects.\textsuperscript{296} Of this third, while most of these educators held a Bachelor’s degree, most lacked the Postgraduate Certificate in Education required for teaching.\textsuperscript{297}

This lack of quality in teaching translates to low performance in national tests, a performance gap division that falls along racial and class lines. In the Western Cape, for example, in a historically and predominantly black school, only 2 out of 1,000 pupils passed a mathematics test in 2005. This is shocking when compared to the fact that 2 out of 3 pupils in the historically white school were able to pass the same test.\textsuperscript{298} Furthermore, in 2006, less than 14\% of African language 5\textsuperscript{th} grade students (i.e., students most likely to attend a historically black school) had attained a literacy standard of 400, defined as “low/basic.”\textsuperscript{299} This was dramatically lower than their white peers as 55\% of Afrikaans and English pupils had achieved this same threshold.\textsuperscript{300} In a 2013 report, the Center for Development and Enterprise found that “with the exception of a wealthy minority – most South African pupils cannot read, write and compute at grade-appropriate levels, with large proportions being

\textsuperscript{294} Nkosi 2015.
\textsuperscript{295} Van der Berg 2002: 7.
\textsuperscript{296} Gordan, Mawoyo, Shindler, Bot 2011: 12.
\textsuperscript{297} Gordan, Mawoyo, Shindler, Bot 2011: 12.
\textsuperscript{298} Duggar 2009.
\textsuperscript{299} Leibbrandt 2009: 40.
\textsuperscript{300} Leibbrandt 2009: 40.
functionally illiterate and innumerate.” These divisions in performance between the Afrikaans/English pupils and the African language students demonstrate a dramatic racial divide in educational quality in South African society.

Because of this disparity in educational quality, in South Africa today, it is extremely difficult for black students to reach higher levels of education. In 2011, secondary education was the highest level of education level received for 81% of the black population. This might sound surprising, given that 78% of all students passed the public school exams. However, these pass rates do not take account the almost 50% drop out rate of students before they reach grade 12. In addition, standards for passing have actually lowered, with students only needing to obtain a 30% on the test to receive a passing mark. This is why, despite the high passing rate for public exams, only 31% of students had a high enough mark to actually qualify for university standards. In 2012, almost two thirds of South African youth entered the job market with “no qualification at all beyond the Grade 9 level.” This indicates that only a small minority of black South Africans were able to achieve a level of education past a high school degree and therefore, a large majority of this population are forced to enter the job market with inadequate education, skills or experience. This partially explains the unemployment crisis within the youth population today.

301 Spaull 2013: 3.
302 Nyoka and Lekalake 2015: 8.
303 Molefe 2014.
304 Wilkinson 2014.
305 “South African Education Still Fails Many 20 Years after Apartheid" 2014.
306 Molefe 2014.
307 “South Africa's Matric Pass Rate Obscures Dropout Rate” 2015.
Data indicates that not only does a significantly larger portion of the white population receive a higher form of education than the black population, but also this percentage is increasing at a much higher and faster rate. Between 1993 and 2008, the percentage of the black population that received a masters, bachelors, honors or doctorate degree increased less than 1% from 0.5% to 1.4%. In that same time period, on the other hand, the percentage of the white population that received a degree increased by 5.4% from 14.2% to 19.6%.

Figure 3 highlights racial inequalities in higher education achievement. Within the youth population, while 44% of white youth in 2011 achieved a post-secondary education, only 8% of black youth achieved this same level. These numbers have remained consistent through multiple generations, with only 7% of this black population achieving a higher education level.


Figure 3: Achieved Post-Secondary Education in 2011


308 Leibbrandt, Woolward, McEwen and Koep 2009: 42.
310 Nyoka and Lekalake 2015: 8.
population over the age of 35 achieving a post-secondary education level.\textsuperscript{311} One area for optimism is the progress of colored/mixed race and South Asian/Indian groups.\textsuperscript{312} This suggests change is possible, but also highlights that black South Africans are having a more difficult time overcoming “the cycle of intergenerational poverty”.\textsuperscript{313}

This section has shown that indicators of high student to teacher ratios, poor teacher quality, failing performance on national testing and low retention rates in higher education demonstrate the ways in which the education system has perpetually failed black South Africans. Furthermore, this section has highlighted the lack of improvement in inequality outcomes within the education system over the past two decades.

\textbf{Part Two: Phases in South Africa’s Education Policy}

Since Dutch settlement in 1652, the South African education system has been an essential mechanism in upholding white domination while further marginalizing the native population. Colonial and apartheid education policy legislated separate and unequal schooling between the settler and native population. Education practices were thus designed to reinforce the subordinate economic position of black South Africans. This sections covers the major phases in South African education policy, briefly reviewing colonization, apartheid and the post-apartheid period. Although the transitions between each of these three periods induced organizational shifts and policy reforms within the education system, I argue that the same patterns of discrimination and inequality continued to define the school system.

\textsuperscript{311} Nyoka and Lekalake 2015: 9.  
\textsuperscript{312} Nyoka and Lekalake 2015: 9.  
\textsuperscript{313} Nyoka and Lekalake 2015: 9.
Early Educational Policy: 1652 – 1948

During the Cape’s initial colonial phase, government schooling was generally restricted for Afrikaner and British children while schooling for Africans was under the supervision of the missionaries. In 1845, the Cape was annexed into four separate provinces; Natal and the Cape were under British control while the Free State and Transvaal were under the Boer and Afrikaner Republic. The two republics followed different education systems, the British followed the British system while the Boer and Afrikaner followed a German and Dutch model, however, all four of the provinces supported missionary schools for native Africans. This system proved beneficial for the white republics as they were able to create examinations and set the curriculum for the black population while administrative and financial tasks fell to the burden of missionaries.\(^{314}\)

The South African Native Affairs Commission of 1905 highlights the general attitude towards the African population and their subordinate position to that of the ruling white elite. On education, the commission states “The character and extent of aboriginal teaching should be such as to afford opportunities for the natives to acquire that amount of elementary knowledge for which in their present state they are fitted.”\(^{315}\) The separation of races was further emphasized within the Cape School Board Act of 1905 that legalized schooling between racial groups in the settlement.\(^{316}\)

During the unification of the four provinces in 1910, the country began to rapidly industrialize through expansion and modernization of the mining sector. This period, discussed in chapter 2, was particularly important because it highlights the

\(^{314}\) Elphick 2012: 181.

\(^{315}\) Deegan 2011: 5.

\(^{316}\) Van Zyl 2002: 10.
way in which the black population became crucial for providing a docile and cheap labor force for the mines. Missionary run schools for Africans began to refocus their emphasis on “industrialization education.” Programs emphasized “trades, agriculture, …homemaking…carpentry, blacksmithing, wagon-making, bookbinding, printing, and agriculture.” In this way, the separation and discriminatory practices of colonial education helped establish the inferior economic and social position of the black population.

**Apartheid Education Policy: Bantu Education**

In 1948, 14 years after South Africa’s Parliament formally declared its status as an independent state, the National Party took power and began to implement a policy of apartheid. The Bantu education system became an essential means to legalize systems of divisions and state control over population groups, and therefore reinstate historical patterns of separation and discrimination along a racial bias. The Black Education Act of 1952 transferred the control of black South African schools, known as “Bantu Schools,” from missionary groups to the Department of Bantu Education, a specialized division within the greater Department of Native Affairs. Overall, the state education department was divided into 19 racial and ethic-based branches, all of which were overseen by the Department of National Education. Education for White, Colored and Asian populations were each controlled by their own distinct and individual departments. Black South Africans, on the other hand,

---

317 Elphick 2012: 182.
319 Van Zyl 2002.
could not exercise this same agency, as the Nationalist Party mandated their education policy.\textsuperscript{320}

The education system for black South Africans was considerably underfunded, with white learners receiving nine times the amount of resources than learners in Bantu schools.\textsuperscript{321} As a result, the Bantu school system was plagued with issues of inadequate teaching, large student-to-teacher ratios, and broken infrastructure, leading to underperformance on national testing and unequal access to education.\textsuperscript{322} Without the necessary education and skill training, the Bantu system became a tool to “‘prepare’ [black] learners for their respective [subordinate] roles in society.”\textsuperscript{323} With mining central to the South African economy, the Bantu education system became a means of guaranteeing an ongoing supply of cheap labor always at hand.

Language became an essential means to not only cement division and inequality between races but also to reinforce white, and specifically Afrikaner, power. The 1968 policy document “Afrikaans as a Second Language for the Bantu” legislated Afrikaans as the main medium for teaching within the South African education system. By 1973, the Department of Bantu Education issued a policy titled “Medium Instruction in Secondary Schools (and STD 5 classes) in White Areas” that mandated that all secondary schooling and primary school starting in Standard 5 (grade 7) would have to be taught 50/50 English and Afrikaans. These policies heightened inequalities in terms of access and quality of education between African

\textsuperscript{320} Van Zyl 2002.  
\textsuperscript{321} OECD 2008: 37.  
\textsuperscript{322} OECD 2008: 37; Sayed and Kanjee 2013: 7.  
\textsuperscript{323} Marais 2011: 32.
and white learners, as most Bantu school teachers were unable to teach in Afrikaans. Furthermore, learners faced increasing difficulty in understanding school material that had historically been taught in their vernacular. Thus, Afrikaans became a “hated as a symbol of oppression” because of its role in contributing to further inequality in the education system.  

The growing frustration about the barriers of the Bantu system culminated into the Soweto Uprising in 1976, where an estimated 15,000 Soweto school children marched in protest of the new language requirement. The march quickly turned violent, which ended in many of the protesting school children being shot by the South African police. The protest sparked over a hundred others in nearby areas throughout the next year resulting in over 600 people (mostly children) dead by February of 1977. These policies and the Soweto Uprising thus signified that it was not only a lack of funding, but also the use of language as a tool to divide and oppress the majority black population.

As learners within the system became increasingly frustrated by the apartheid system, think tanks aligned with the liberation movement began to produce policy initiatives for a reformed schooling system. In 1992, with support from COSATU, the major labor union within South Africa, the Nation Education Policy Initiative (NEPI) published a report with recommendations “premised upon the principles of non-racism, non-sexism, democracy and redress, and the need for a non-racial unitary

---

324 Johnson 2004: 165.
325 Ladd 2004: 40.
326 Ndlovu 2006.
system of education and training.” Early post-apartheid education policy very closely resembled recommendations within this report.

**Key Changes in Post-Apartheid Education Policy**

In 1994, white rule ended in South Africa. One might expect that the desegregation of politics would alter outcomes in education as well. There clearly were attempts to do just this; one of the government’s first steps was transforming the education system from 19 separate departments into one single national department with nine provincial sectors. In addition, the system went from having only two official languages to 11, as to better represent the diversity of the population. However, these changes within the organization and politics of the department did not induce the anticipated social transformation. While education reform was rooted in ending unequal patterns of the Bantu system, these education reforms, in effect, only benefitted already privileged learners. Simultaneously, these reforms induced exclusionary practices towards the marginalized population, mirroring the same patterns of discrimination as the apartheid education system. As a result, inequality along racial and class lines became embedded into the school structures of the post-apartheid period, creating a two-tiered education system between historically advantaged and disadvantaged schools.

This thesis will only focus on three of the major policy documents that came out of the transition: the White Paper on Education and Training of 1995, the National Qualifications Framework (NQF) and the South African Schools Act of

---

328 Van Zyl 2002: 19.
These three policies were essential in restructuring the post-apartheid education system. The education reforms that came out of the three discussed polices represented the most important changes out of the Bantu education system because these specified policies have most saliently reinforced unequal patterns within South African schooling.

The first education policy document published was the White Paper on Education and Training No 1 of 1995. This policy envisioned the direction and underlying values of the newly transformed education system, emphasizing a mutual and integrated relationship between education and training within human development. This principle became the basic framework of the subsequent education policies in the immediate post-apartheid era.

The second major policy document was the National Qualifications Framework (NQF), which “form[ed] the basic scaffolding” of the ANC’s educational goals and became the legal framework for the education and training objectives written within the White Paper. The NQF broke up the education sector into three separate overall bands: “General Education and Training Certificate (GET)”, “Further Education and Training Certificate (FET)” and “Higher Education and Training Certificate.” The NQF thus created a single framework for schooling, training and higher education that integrated education and training into a single structure. This is

329 The National Education Policy Act of 1996 was the other major education reform during the transition. This policy laid out the legislative and monitoring duties for the Department of Education and provided the basic framework for relations between the provincial and national education departments. (Lemmer 2002). While this policy demonstrates a major reform in the South African education system, the inequality outcomes of this policy were relatively similar to that of the three major policies focused within this project.

330 Lemmer 2002: 33

331 OECD 2008: 40.

particularly important as it highlights the way in which the government saw education as a means of nation building, in which all learners were now equipped with the sufficient skills for the job market and knowledge to be better rounded, more engaged citizens.\textsuperscript{333}

With the NQF as the framework of the education system, the South African Schools Act of 1996 provided specific means for realizing the principles of the White Paper. It laid the groundwork for an entirely new education system that would eradicate the legacy of apartheid, promote the new South African democracy and instill the proper foundation for South African learners to become active citizens within the market. More specifically, the act mandated compulsory education for all South African children starting from age 7 to age 15, or until the end of 9\textsuperscript{th} grade, by ensuring non-discriminatory access to public schools. Furthermore, the act required that funding for public schools be distributed through “an equitable basis in order to ensure the proper exercise of the rights of learners to education and redress of past inequalities in education provision.”\textsuperscript{334} However, crucial within the act was the right of government schools to issue their own school fees up to the discretion of the school governing body. To promote greater participatory democracy, the act decentralized this governing body, opening these positions to parents. In turn, parents became the main constituents of the school governing body. As will be further discussed, this in effect reinforced inequalities within the education system, as parents

\begin{flushright}
\textsuperscript{333} Allais 2003: 311. \\
\textsuperscript{334} Republic of South Africa 1996.
\end{flushright}
in wealthier areas could afford to set higher school fees while parents in lower income areas became further marginalized within the system.\footnote{Fiske and Ladd 2004b: 60.}

These three policies demonstrate the way in which the post-apartheid education system was entirely reimagined as a single system designed to better train learners for the job market as well as educate learners to become more engaged citizens for South Africa’s new democracy. By combining education and training under a single system, the new education system attempted to create a more productive and educated labor force that would in turn match goals for social equity as well economic development. However, as Marais argues, “the assumption…that these goals were fundamentally compatible and that trade-offs could be avoided…was unduly optimistic.”\footnote{Marais 2011: 323.} A closer look at the education policy initiatives demonstrates the way in which these two goals were fundamentally diametric, resulting in failures by the post-apartheid government in redressing inequalities and improving the system.

In the next section, I will show that the installation of school fees, the decentralization of the school governing body and the major curriculum reform, embedded within the NQF, exacerbated inequalities within the education system. Although these initiatives were intentioned to promote further social equity, in effect, these policies exacerbated inequality within the education system during the post-apartheid period, as previously all black schools faced issues of high student-to-teacher ratios, poor teacher quality, low performance on national testing and low retention rates past post-secondary education. These changes to the education system

\footnote{Fiske and Ladd 2004b: 60.}
\footnote{Marais 2011: 323.}
benefitted previously advantaged schools as these schools could better accommodate these initiatives due to more plentiful resources and better-qualified teachers. The effects of these policies within disadvantaged, previously all-black schools, on the other hand, hindered their development and further marginalized them within the system. This section will thus show the way in which these policies effectively created this two-tiered system.

**Charging School Fees in Government Schools**

One of the most integral changes in the new South African education system was the implementation of school fees within government schools. Legislated within the South African Schools Act, government schools were able to issue their own school fees, decided by the school governing body. Once a fee was decided upon, all families of pupils were expected to pay, unless exempted due to low income. While this policy was an attempt to further goals of social inclusion and equity, in effect, the charging of school fees intensified inequalities within the education system, as school selection became a self-selecting process based on a learner’s wealth.

Interestingly, despite considerable evidence of the negative effects of school fees on school enrollment within developing countries, the introduction of school fees within South Africa did not affect enrollment rates for primary schooling within the country.337 Research shows that access to education is “no longer a problem in South Africa, as more than 90% of children of all race groups remain at school until

---

337 Fiske and Ladd 2004a: 70.
attaining matric or reaching age 16.”  

This is partially explained by the no-fee policy implemented in 2007 in which the Department of Education supplemented 40 percent of the most disadvantaged schools for fee income loss. This policy was intended to help enrollment rates, as it would benefit families unable to pay school fees. This indicates that the implementation of school fees became much more illustrative of the patterns of school enrollment, rather than directly impacting enrollment rates in general. These patterns have thus defined the two-tiered education system between the select, wealthier schools historically for white learners and the bottom, disadvantaged schools for rest of the majority population.

There were several arguments in favor of school fees within South African government schools. During the democratic transition, policy makers debated the most efficient allocation of and balance between private and public resources. South Africa, already spending significantly more than other developing countries on education, had limited public resources. With government schools charging school fees, the ANC hoped to remedy the issue of compulsory education for all children starting at the age of 7, while also balancing limited educational funds. Furthermore, Fiske and Ladd argued that policy makers advocated for the implementation of school fees to “forestall a flight of the middle class to private schools, thus providing continuing political support for the state education system and avoiding the creation of yet another bifurcated educational system in South Africa.”

---

338 Van Der Berg 2002: 23. Matric is the minimal level to qualify for higher-level education. It most commonly refers to the final year of high school, the year a learner matriculates. (SouthAfrica.info accessed April 2016).
339 This percentage increased to 60 percent in 2010.
340 Dessing, Mokeki and Weiderman 2011.
341 Fiske and Ladd 2004a: 58.
argued that by allowing local public schools to charge their own fees, extra public revenue would be freed up for poorer schools.\textsuperscript{342} Arguments in favor of school fees thus became aligned with the ANC’s greater goals of social inclusion and equity.

However, contrary to the intentions set during the policymaking process, the introduction of school fees has increased inequality within the education system, as schooling has become a commodified resource. In 2004, 63\% of primary schools in the Eastern Cape charged school fees less than 25 Rand a year whereas almost 51\% of schools in the Western Cape, a considerably wealthier province, were able to charge school fees between 51 – 250 Rand a year.\textsuperscript{343} A study conducted in 2005 showed that on average, wealthier provinces in South Africa, such as Gauteng and the Western Cape charged higher school fees, while poorer provinces, such as the Free State and Limpopo, charged significantly lower school fees.\textsuperscript{344} This is particularly important as the South African Schools Act mandated that no school could deny a learner due to inability to pay for school fees. Because admittance into public school is based on geographic location, schools located in wealthier areas are much more likely to be better resourced, as their pupils can afford to pay the higher price.\textsuperscript{345} While this policy has benefited previously white schools, it has inevitably hurt previously disadvantaged schools as these schools are unable to charge higher fees because their pupils cannot afford to pay them. In 2012, Matakanye Matakanye, secretary of the National Association of School Governing Bodies argued, “These schools are created by the middle class and the rich to exclude the poor. They are

\textsuperscript{342} SAHRC 2006: 12.
\textsuperscript{343} Fiske and Ladd 2004a: 61.
\textsuperscript{344} Phurutse 2005: 3.
\textsuperscript{345} Phurutse 2005: 14.
privatizing these schools and it's a struggle that we have to take on.” Enrollment patterns thus are continually divided and reinforced on racial and class lines; schools in previously white, wealthy areas can continue to increase resources and the quality of education, while previously black, disadvantaged schools fall further and further behind, in effect creating the two-tiered education system.

**Decentralization of the School Governing Body**

In conjunction with charging school fees, the South African Schools Act also instituted the decentralization of the school governing body, that has cemented the racial and class bias in South Africa’s two-tiered education system. Decentralization mandated that stakeholders consisted not only of school officials and educators, but also included parents. These stakeholders were in charge of determining the school fees and language based on school needs. As a result, school fees and other administrative decisions became under the jurisdiction of the school governing body that chiefly consisted of parents.

Education policy makers believed that decentralization would promote mechanisms for greater participatory democracy. Within the post-apartheid context, this type of grassroots, participation was seen as a means for social equality as the public had become “suspicious” of leaders within the apartheid education system that had used education as a platform to practice strategies of exclusion and discrimination. This move towards decentralization echoed the values underlined within 1995 White Paper on Education and Training that “proposed a strong regulatory state with a commitment to civil society participation in the education

---

346 Matakanye in Masondo 2012.
The reasoning behind decentralization assumed that the governing body would effectively manage the school fees because parents would have an invested interest in the school’s success. The push for decentralization was thus predicated on the assumption that parents would have aligned interests with greater education principles of the state in reforming a more equitable and efficient education system.

While decentralization of the school governing body was intentioned to facilitate greater participation from public, decentralization, in effect, exacerbated inequalities within the education system. Decentralization was inherently problematic as it created a type of education market in which “the quality of educational ‘goods’ [was] correlative of the price (value) that is paid.” As was shown in the previous section, decentralization ultimately reinstituted class divisions as poorer parents could not afford to pay higher schools necessary to maintain facilities and improve education quality.

The effects of this policy have thus bifurcated the education system between resource-rich and resource-poor schools. Almost systematically, schools located in the poorest areas, particularly schools previously part of the Bantustans, generally have the least amount of resources and continue to perform at the lowest levels on national testing. For example, 90% of schools in the Eastern Cape and 93% of schools in Limpopo do not have libraries. Wealthier provinces, such as Gauteng and the Western Cape, on the other hand, are much more likely to be equipped with the adequate resources and facilities: almost 60% of schools in Gauteng and over

---

348 Sayed 1999: 143.
349 Sayed 1999: 145.
350 Marais 2011: 325.
351 Gordan, Mawoyo, Shindler, Bot 2011: 11.
50% in Western Cape have a library. This indicates the way in which schools in wealthier areas, usually previous dominated by the white population, are able to charge more costly school fees and therefore are equipped with better resources, higher quality educators and nicer facilities.

Ironically, the decentralization of schools was part of a greater effort by the ANC to prevent parents from moving their children into the private school system. Promoters of the policy reasoned that decentralization would give parents more autonomy and agency within the education system. With 97% of learners attending public schools, this effort has been successful. However, as has been shown, decentralization has also intensified previous inequalities within the education system creating a two-tiered system of “well-resourced schools and a majority of marginalized, state-reliant schools.” Although decentralization within the school governing body was a mechanism to promote democracy within the new South Africa, in effect, this change has perpetuated inequality within the education system along racial and class lines.

**Curriculum Reform**

Curriculum reform in the post-apartheid period most saliently failed black South African learners, further exacerbating inequalities within the system along racial and class lines. The new curriculum was designed to better implement the goals of the 1995 White Paper of integrating education and training, while shaping learners to become critically engaged citizens of the newly democratic South Africa.

---

352 Gordan, Mawoyo, Shindler, Bot 2011: 11.
353 SAHRC 2006: 12.
However, the new curriculum failed in addressing the goals of social equity and inclusion as the both the implementation and actual design of the curriculum were too abstract and ambitious to be properly implemented.

Immediately after the democratic transition, the apartheid curriculum embedded with oppressive, outdated and racist rhetoric was eradicated and replaced with a new curriculum grounded in the new constitution’s principles of human rights, non-racism and non-sexism.\(^{355}\) This interim curriculum led up to the legislation of Curriculum 2005 (C2005) in 1997, a policy initiative grounded in the immediate transition goals of transforming education and training into a unified national system. Key within this policy was Outcome’s Based Education (OBE), a curriculum framework tied into the NQF that identified specific learner outcomes as guidelines for the type of citizen the post-apartheid education system attempted to produce. The outcomes-based philosophy became the essential framework of the post-apartheid education system, with outcomes used to measure a learner’s level of achievement and success. South Africa was not the first country to introduce an outcome-based approach within their education system. While models within Australia, New Zealand, Scotland and Canada inspired the South African government, none of these states had implemented an outcomes approach quite as extensively as South Africa did.\(^{356}\)

OBE was implemented as a direct remedy to the authoritarian, apartheid curriculum; a system plagued with underqualified teachers, fact memorization, and an

---

\(^{355}\) OECD 2008: 79.

\(^{356}\) Allais 2002: 310.
overreliance on textbooks, particularly within the disadvantaged Bantustans.\textsuperscript{357} Instead, OBE emphasized active participation within the process of learning, “rather than passive absorption and memorization of pre-determined ‘facts’.”\textsuperscript{358} Content knowledge was thus less important for outcomes; instead, outcomes worked to shape learners into creative problem-solvers and engaged citizens. This progressive strategy was an attempt by the ANC to break away from apartheid curriculum and help implement necessary strategies for nation building. As Harley and Wedekind argue,

> Simply put, if the [apartheid] curriculum had been used to divide races (as well as men and woman within their ‘own’ racial groups), and to prepare different groups for dominant and subordinate positions in social, political and economic life, [the] new [curriculum] would be that of uniting all citizens as equals in a democratic and prosperous South Africa.\textsuperscript{359}

C2005 took on the enormous task to both redress the oppressive values of apartheid embedded within the education system and entirely transform the next generation of learners into participatory and critical citizens. The new curriculum became linked not only to redressing social inequalities, but also promised to competitively integrate South Africa into the global market.\textsuperscript{360} Policymakers argued that OBE would better train learners for the job market, which in effect would facilitate economic growth through job productivity. Through OBE, learners would have the practical and critical thinking skills necessary to both enter the market and become engaged citizens.

While C2005 and the outcomes-based approach were initially widely supported, the curriculum reform has been a failure within the education system.

\textsuperscript{357} Pretorius 2002: 78.
\textsuperscript{358} Chisholm 2003: 272.
\textsuperscript{359} Harley and Wedekind 2004: 195.
\textsuperscript{360} Chisholm 2003: 268.
through reinstalling previous inequalities and contributing to poor learner performance. By 1999, just two years after C2005’s implementation, it was clear that OBE was not achieving its goals. The President’s Education Initiative issued a report in that year that argued that curriculum and teaching were inherently linked with poor performance rates of learners. The report criticized the OBE approach, characterizing the curriculum reform as “unworkable” and “further damaging learner capabilities.”  

By 2000, the Director of Education created the C2005 Review Committee. This committee published a report that recommended a series of overhauls within C2005 and OBE, eventually leading to the legislated Revised National Curriculum Statements implemented within 2002. In 2009, this curriculum was further revised into the Curriculum and Assessment Policy Statement (CAPS). CAPS was initiated into the education system in 2012 and was designed to provide a more structured curriculum for teachers. CAPS emphasized that teacher interpretation was crucial for learner knowledge. However failure of textbook delivery has proved to be a major roadblock for implementation of this new curriculum reform and will be further discussed in the chapter analysis, under the section “Causal factor V: corruption.”

This project will focus on the effects of curriculum reform manifested in C2005 and OBE. I argue that these education policy initiatives were most influential in exacerbating inequalities within the education system, as C2005 and OBE still remain the backbone of curriculum today, despite numerous revisions. Furthermore, the legacy of C2005 and OBE still greatly affect teacher performance and quality and therefore are central to further analysis of South Africa’s education system.

361 Chisholm 2003: 275.
362 Section27 2014.
In hindsight, the reasons for C2005 and OBE’s failures should have been obvious; the curriculum reform was too ambitious and gravely underestimated the reality of what was going on in the classrooms during the immediate post-apartheid period. OBE failed as complex ideas became oversimplified within clumsy and abstract language, making it extremely difficult for educators to effectively implement the new curriculum. For example, “teacher-centered” abstractly came to mean the “old, undesirable practice,” while “learner-centered” was vaguely synonymous to the “new, esteemed practice”, however, these terms were never explicitly defined making it almost impossible for teachers to understand what was clearly needed.\footnote{Harley and Wedekind 2004: 200.} At the same time, the quick implementation of the policy forced educators into “crash-course” training, resulting in further confusion and lack of clarity.\footnote{Harley and Wedekind 2004: 200.} Without the proper education and training, educators were unable to comprehend the principles of C2005 and make the appropriate paradigm shift out of the traditional, apartheid curriculum and teaching.\footnote{Harley and Wedekind 2004: 201.}

The lack of education and clarity around C2005 and OBE, however, was biased along racial and class lines. Because OBE was rooted in abstract, progressive ideas of education, black teachers, who only taught under the inflexible, memorization-based curriculum of apartheid, struggled to effectively implement the new curriculum into their teaching. Historically white schools, on the other hand, successfully applied the C2005 outcomes based curriculum, as this new model was merely a continuation of the model used in apartheid white schools.\footnote{Harley and Wedekind 2004: 208.} One study

\footnote{Harley and Wedekind 2004: 200.}
found that a teacher in a previously all-white school was noted that the new curriculum was “what we’ve been doing all along.”\textsuperscript{367} As a result, the implementation of OBE had extremely unequal effects on historically advantaged and disadvantaged schools, further widening these inequalities into the post-apartheid period.

Furthermore, underfunded and under-resourced schools failed to implement OBE while resource endowed schools were more much successful. OBE called for new resources, textbooks and even more classrooms, gravely misunderstanding the reality of most South African schools that were passing by with just the bare minimum. For example, in 1997, the School Register of Needs reported that 57% of South African schools did not have electricity and 73% did not have learning equipment.\textsuperscript{368} The report also found that 69% did not have learning material and 83% did not have libraries.\textsuperscript{369} The South African education system simply did not have the resources needed to support the ambitious plan of OBE.

Although C2005 and OBE have been reformed considerably, consequences of these policies have had extremely lasting effects within the South African education system, accounting for the low national testing and failures within the system. As Marais argues, “OBE may be ‘dead,’ but it will cast a long shadow over the country’s education system.”\textsuperscript{370} OBE was fundamentally flawed as the emphasis on outcomes clouded the importance of proper training and education in basic skills like reading, calculating and writing. Instead, these learners “were exposed to high-brow

\textsuperscript{367} Jansen in Harley and Wedekind 2004: 208.
\textsuperscript{368} Prinsloo 2002: 58.
\textsuperscript{369} Prinsloo 2002: 58.
\textsuperscript{370} Marais 2011: 329
constructivist theories that kept many of them illiterate.”³⁷¹ Without the necessary training and basic education, C2005 and OBE created a generation of learners without the fundamental skills needed to be successful in the job market. In effect, curriculum reform in the late 1990s ultimately worked against its goals and reestablished inequalities within the education system.

**Part Three: Chapter Analysis:**

Despite the ANC’s concerted effort to create an equal, non-racial and democratized education system, why has this system continued to fail black South Africans? This next section will analyze each of the causal factors – the apartheid legacy, the neoliberal agenda, the business-political alliance, unions and corruption – in relation to the three post-apartheid education polices identified in this chapter. This section will show the how each of these factors on their own and the interplay between these factors have shaped the two-tiered education system that defines South African schooling today.

**Causal factor I: The Apartheid Legacy**

The legacy of apartheid has played an essential role in perpetuating uneven patterns of development, as this legacy defined the likelihood of educational policies succeeding or failing to benefit a school. This is demonstrated in all three education changes highlighted in this project: the charging of school fees in governing schools, decentralization of the school governing body and introduction of C2005 and OBE. Despite substantial investment for education reform during the post-apartheid period, these policies not only failed to combat this legacy, but also inevitably strengthened

³⁷¹ Jansen 2010.
apartheid inequalities into the education system. As a result, this legacy has manifested into the two-tiered education system that defines South African schooling today.

The apartheid legacy played a pervasive role in limiting the success of the decentralization mechanisms implemented within the education system. Decentralization mechanisms included the charging of school fees and the decentralization of the school governing body. These policies worked to increase the agency of South African citizens and facilitate systems for participatory democracy, and therefore seemed like a natural policy choice for the ANC. Furthermore, these mechanisms aligned with ideology of ANC policymakers that were particularly cautious of the way in which the state could become an over-controlling and oppressive agent.  

By providing greater agency and power to South African parents, decentralization mechanisms were considered a crucial means for promoting goals of social equity within the education system. However, decentralization inherently perpetuated inequality within the South African education system. While decentralization mechanisms attempted to increase agency for all South Africans, these mechanisms inevitably ignored the way in which the apartheid legacy allowed for privileged groups to have more agency than others. The success of a policy was therefore determined by the nature of the school during apartheid.  

Previously white schools inevitably had more resources, as learners came from wealthier families could afford to set higher school fees. Schools in lower income areas, particularly those previously within Bantustans and in black townships, did not have this same

---

373 Marais 2011: 327.
privilege, which inevitably reestablished inequality within the education system under class and racial lines.

In addition, the apartheid legacy was extremely detrimental to the implementation of C2005 and OBE. One of the key issues within OBE was that the policy needed “highly qualified teachers” to better implement the complex and abstract ideals for the learning outcome within the new curriculum. However, teachers had been trained under the apartheid system their entire careers; this inevitably led to a major discrepancy between educators as apartheid teaching looked considerably different between historically black and white schools. While the outcome-based philosophy within C2005 and OBE already mirrored previous teaching models of historically white, wealthier schools, inflexible, content-based curriculum was the norm in historically black schools. As a result, these teachers lacked the skills and training to successfully implement the curriculum reform. A 2012 report on South African teacher quality noted that a “‘vast number of teachers’ lack[ed]…knowledge of the subject, knowledge of the curriculum and knowledge of how to teach the subject. They are not only failing to follow the prescripts of the official curriculum, ‘but seem unaware of what these are.’” This demonstrates the way in which the apartheid legacy has continued to define the success of schools within the South Africa education system. While teachers in previously advantaged schools were able to flourish under this new curriculum, teachers in historically black schools lagged behind, as apartheid education inherently limited their ability to adapt and successful implement these changes.

375 Nick Taylor in Paton 2016.
Post-apartheid policies failed to correct for resource inequalities established during the apartheid era. As Marais argues, “most schools are sunk in legacies that help to decide the facilities, skills and other resources at their disposal, as well as the quality of teaching they offer.”\(^{376}\) While all three of these changes attempted to promote greater social inclusion and equity within the system, these efforts have inevitably replaced the old, racist, Bantus system with a new two-tiered education system, defined not only by racial and class lines but also by location, as schools located in townships and in poorer provinces are failing black pupils. One study in 2005 found that consistently, “provinces with lesser financial resources are the weakest performers in the matric examination.”\(^{377}\) Despite the intention for a complete reform of the education system, evidence overwhelmingly suggests that the legacy of apartheid has continued to play a pervasive role in determining the likelihood of success and failures of schools, leading to inequalities originally created during apartheid to persist throughout the system.

The importance of the apartheid legacy in effecting inequality within the South African education cannot be overemphasized, a fact dramatically apparent when examining other case studies. For example, Namibia also underwent a process of apartheid rule, when, in 1969, the country became a “de facto fifth province of South Africa.”\(^{378}\) Namibia is thus a relevant comparison country for inequality measures because the apartheid Bantu education system extended into the country. By Namibia’s independence in 1991, the government had spent eight times the amount of money on white pupils as compared to members of the Ovambo population,

\(^{376}\) Marais 2011: 327.  
\(^{377}\) Phurutse 2005: 10.  
\(^{378}\) Angula and Lewis 1997: 234.
Namibia’s largest ethnic group.\textsuperscript{379} Since its independence, education has been a top priority for the country; Namibia has increased total government education expenditure from 21.2\% in 1999 to 23.7\% in 2012.\textsuperscript{380} However, education outcomes since Namibia’s independence indicate that the country still faces issues of racial and class inequality within its schooling system. As Baraimad argues,

> the same factors which make Namibia’s cultural mosaic so rich and diverse can also limit learners’ access to quality education. If students grow up in poverty, live in rural areas without access to quality schools, are disabled, or live in families without a legacy of sustained education, their chances of achieving a quality education are extremely limited.\textsuperscript{381}

Namibia’s history of apartheid has shown to play a crucial role in constraining education reform within the country. The Namibian example thus highlights the pervasive role of the apartheid legacy as a major cause of inequality within the South African education system.

**Causal Factor II: The Neoliberal Agenda**

The second causal factor, South Africa’s embrace of a neoliberal agenda, has played a significant role in cementing inequality within the education system along racial and class lines. In this project, neoliberalism is defined as increased fiscal austerity on government expenditure through the liberalization of South African trade and privatization of industries and public goods, in hopes of attracting foreign investment.\textsuperscript{382} Chapter 2 discussed South Africa’s transition into the neoliberal-based GEAR policy in the mid 1990s. This neoliberal approach, combined with the perception that the government was already spending too much on education, resulted in

\textsuperscript{379} Angula and Lewis 1997: 234.
\textsuperscript{380} Baraimad 2016.
\textsuperscript{381} Baraimad 2016.
\textsuperscript{382} Marais 2011.
in a tight allocation of revenue within the department. Adjusted for inflation, spending on education thus remained at a stagnant rate from 1997 until 2002.\footnote{Fiske and Ladd 2004b: 74.} The ANC reasoned that reallocation rather than an increase of revenue would provide the necessary means to facilitate improvements within previously disadvantaged schools. However, the neoliberal approach of fiscal austerity ultimately cemented inequality within the system, as it created an education system that acted as a free-market, in turn commodifying the quality of education for South African citizens.

The fiscal discipline necessary within the neoliberal strategy of GEAR resulted in the privatization of a number of public goods, including education, as well as water services, health and housing.\footnote{Marais 2011.} With tightened fiscal austerity, spending on education was limited; as a result, the government implemented the school fees within government schools as a source of public funds. Legislated in the South African Schools Act, this effectively transformed schooling into a commodified good, with prices set by parents and educators part of the school governing body. Yusef Sayed further explains this privatization of education:

> What the SASA proposes is the operation of the market by removing regulatory control over the raising of additional funds. It introduces nations of private in public education and consequently redefines the private versus public boundary in South Africa education.\footnote{Sayed 1999: 146.}

By allowing government schools to set their own school fees, the education system transformed into its own privatized, free market. In doing so, parents became the consumers within an education market, where “the state hovered in the background,
performing its regulatory duties.”

Market forces shaped the two-tiered system for this privatized, public good. Based on these forces, well-resourced, previously advantaged schools were able to float to the top of the market, while those previously disadvantaged became further marginalized and impoverished. In effect, these policies strengthened the legacy of apartheid into the education system, as this free-market education model inevitably privileged previously advantaged groups over the disadvantaged majority.

In addition, the neoliberal agenda fundamentally influenced the formation and implementation of the National Qualifications Framework. The consequences of this influence will be more thoroughly discussed in the next section.

**Causal Factor III: The Business-Political Alliance**

The business-political alliance strengthened inequality within the education system, as the business community directed education policy away from the needs of the South African school system and towards the labor market. As a result, many of the policy documents that emerged during this period centered on achieving goals of integrated educational and vocational skills training, culminating in an outcome-based education philosophy. However, the claims of these policy documents were not grounded in real development theories. Rather, this alliance skewed policies away from targeting disadvantaged learners towards overall goals of economic development. This inevitably strengthened inequalities within the education system, as education policy largely ignored changing structural inefficiencies of the system, defined by the apartheid legacy.

---

386 Marais 2011: 331.
387 Marais 2011: 331.
The National Qualifications Framework centered within outcomes-based learning best exemplifies the way in which this alliance has caused uneven development within the education system. During the latter end of apartheid, there was growing concern among the business community about the separation between education and training skills. At the time, education was the responsibility of the education system, while the development of work skills was the responsibility of employers. This community argued that this separation created a discrepancy in the skills needed within the labor market and the actual outcomes of the South African schooling system.\(^{388}\) When education reform was seriously considered during the democratic transition, representatives of the business sector and the COSATU influenced the discussions and proved to be crucial actors within the policymaking process.

The White Paper on Education and Training policy document and the National Qualifications Framework reflected this growing desire to better integrate educational and skill training. As Allais argues,

> The education and training policy which emerged was designed with the intention of preventing workers from getting stuck in unskilled or semi-skill jobs. It was linked to an argument that competency-based grading would be beneficial to workers. This argument stated that workers were discriminated against because of their lack of formal qualifications, but often they had the necessary skills and knowledge. They would therefore benefit from being tested on what they knew and could be paid accordingly.\(^{389}\)

Education policy during the post-apartheid period was thus created as a culmination of labor market needs between the ANC, COSATU and other representatives of the South African business sector. This was inherently problematic as education policy

\(^{388}\) Pretorius 2002.

\(^{389}\) Allais 2003: 308.
ignored the “educational needs of schools.”390 The business community argued that a reformed education system would produce better workers, which in turn, would result in higher economic growth; this reasoning was thus predicated on a “redistribution through growth” strategy embedded within the neoliberal agenda.391

Curriculum reform legislated through the NQF and OBE further highlights the influence of the business community in directing education policy in favor of labor market needs. Policymakers argued that changes in curriculum could necessitate national economic growth by better addressing labor needs. This is shown in a policy document by the Department of Education that stated that,

…the transformation of the Labor Market is seen as being a step in the creation of growth. This would require a clear change in the nature of the South African education system. Hence the move towards an outcomes-based approach to education.392

However, evidence indicates that these policy documents were based on false assumptions of curriculum and economic outcomes. No studies had predicted that curriculum directed towards labor needs could facilitate changes in the national economy.393 Despite the lack of evidence to support their claims, however, these policies were inherently linked to appeasing business interests. This indicates the way in which the business-political alliance was crucial during the policymaking process. As a result, education policy failed to facilitate the necessary mechanisms to redress education inefficiencies within the school system, thus reinstalling apartheid inequalities into the system.

391 Terreblanche 2002: 96.
393 Jansen 1998.
Causal factor IV: Unions

Teacher unions have played an important role in reestablishing inequality within the education system. The influence of unions during the policy formation process ensured that education reform inherently promoted social inequalities within the system. In addition, unions have been extremely influential in ensuring that educators within the South African Democratic Teachers’ Union (SADTU) remain within the system, despite inadequate skills or knowledge. This influence can often come at the expense of learners, as it can culminate into strikes in protest of stricter teacher evaluations or lack of salary increases, inevitably cutting time educators spend in the classroom with learners. Arguably, teacher unions have had a larger impact on inequality in education than unions had on the unemployment crisis. However, these were mostly indirect effects, magnifying the inequality established by the first three causal factors.

During the democratic transition, unions were crucial in promoting education reform that inevitably strengthened inequality within the system, highlighted in the push for school fees in government schools. During the creation of the South Africa Schools Act, two unions in particular were pivotal within its formulation: SADTU and the National Professional Teachers’ Organization of South Africa (NAPTOSA). These two unions were both formed in the 1990s and represented the first and second largest teachers unions within South Africa, respectively. The debate on charging school fees as a source for public funding highlighted the major difference between the two unions. While SADTU represented the black, working-class and advocated for redistribution efforts within the education system, NAPTOSA had much stronger
connections to white educators and teacher associations that “were intent on preserving the privileged status of white schools.”

These differences were particularly important as SADTU criticized the school fees funding strategy from the beginning, arguing that this would inherently reestablish inequalities within the system. However, foreign consultants and policy makers resonated with NAPTOSA. NAPTOSA argued that the school fee funding strategy would guarantee middle class support essential in keeping intact the public school system. The effects of charging school fees for inequality have already been thoroughly discussed earlier in the chapter, however, the importance of NAPTOSA within this debate highlights the way in which different union actors were central in education policymaking.

Unions have not only played a crucial role in policy formation but also evidence has shown that SADTU has consistently intervened in education policy on stricter teacher evaluations to protect its members, at the expense of learners. Representing 70% (260,000) of South Africa’s teachers, SADTU has significant influence not only in the greater education system but also with the ANC.

However, this relationship is often strained, as SADTU has consistently shut down attempted legislation that would introduce stricter teacher evaluations. For example, the introduction of the National Policy on Whole School Evaluation (WSE) in 2000, a system designed to evaluate the performance and needs of schools, was met with intense backlash from SADTU members. Although the policy was ensured to be “supportive and developmental rather than punitive and judgmental,” South Africa’s

---

schools faced mass protest from unions.\textsuperscript{396} In 2009, over hundreds of teachers missed more than two weeks of school to protest to the system. As a result, students were unable to take their mid-year examinations.\textsuperscript{397} This suggests that the powerful influence of teacher unions within South Africa can often come at the expense of the greater education system. Ironically, while SADTU prides itself as being an integral actor “strongly committed to overcoming the serious legacies of apartheid,” the actions of SADTU inevitably reinforced these patterns of inequality.\textsuperscript{398}

\textbf{Causal Factor V: Corruption}

Systematic corruption within the education system has contributed to uneven development in South African schools demonstrated through issues of budget delivery and mismanagement of resources. However, evidence suggests that systematic corruption has essentially worsened pre-existent inequalities from the first three causal factors, and therefore has played a much smaller, but supportive role. Historically black schools are much more prone to corruption, indicating that the apartheid legacy largely defines corruption patterns. This suggests that even if corruption did not exist, inequality would still persist.

The problem of resource delivery within the education system indicates the way in which previously disadvantaged schools systematically lack the resources necessary for learners to excel, inevitably worsening inequalities within the system. A study in 2007 found that only 45\% of grade 6 South African pupils had reading books

\textsuperscript{396} Letska, Bantwini and King-McKenzie 2012: 1199.
\textsuperscript{397} Letska, Bantwini and King-McKenzie 2012: 1199.
\textsuperscript{398} South African Democratic Teachers’ Union 2010.
and only 36.4% had math textbooks.\textsuperscript{399} This is particularly devastating compared to South Africa’s neighbors where 100% of pupils in Swaziland had math textbooks and 99% owned reading books.\textsuperscript{400} The 2012 textbook crisis in Limpopo illustrates the systematic issues of resources misallocation for historically black schools. With high poverty and unemployment levels, Limpopo’s education system is characterized as one that is in “a crisis” in which “many schools do not have access to key components of the right to basic education, such as toilets, drinking water, desks, paper, chalk and even classrooms, to ensure a conducive learning environment.”\textsuperscript{401} During the textbook crisis, the Limpopo education department failed to deliver textbooks for the 2012 school year, with some schools reporting never receiving the resources as late as October, ten months after the start of the school year. The Limpopo textbook crisis in 2012 was not unique nor was it new for the South African education system and “became a metaphor for how government conduct[ed] its business.”\textsuperscript{402} The crisis illustrated the systematic corruption within the system, and particularly the mismanagement and misallocation of resources that continues to plague the system and widen the inequalities within government schools.

Additionally, bottom tiered schools within the South African education system are more susceptible to issues of budget delivery. A 2010 Transparency International report found that budget delivery from the Department of Education was systematically late or less than what was budgeted for and only 18 percent of schools

\begin{flushright}
\textsuperscript{399} Veriava 2013: 5. \\
\textsuperscript{400} Veriava 2013: 5. \\
\textsuperscript{401} Section27 2014. \\
\textsuperscript{402} Chisholm in Corruption Watch 2012.
\end{flushright}
had actually received their full budget.\textsuperscript{403} Lateness in budget delivery has become the norm for primary schools as evidenced by the fact that when a principal was asked if the budget ever came late, he replied “Never!”\textsuperscript{404} It was later discovered that the school had consistently received their budget five months late, with the funds only being received in August. As the report argues, “The budget arrived every year at this time and therefore became the new on-time, a classic case of deviation from the norm that has become the norm.”\textsuperscript{405} This demonstrates that systematic corruption through issues of budget delivery as well resource misallocation, has also become a distinctive feature of historically black schools. Systematic corruption has therefore widened inequalities within the two-tiered education system, a system originally created through the first three causal factors.

**Education Specific Causal Factor: Teacher Quality**

Uneven distribution of teacher quality is both an outcome and main causal factor of South Africa’s two-tiered education system. Previous literature indicates that higher learner outcome is inherently linked to a teacher’s professional development and thus overall teacher quality. A report by the International Academy of Education states, “notwithstanding the influence of factors such as socio-economic status, home, and community, student learning is strongly influenced by what and how teachers teach.”\textsuperscript{406} Villegas-Reimers further underscores this point:

Currently in the world, most societies are engaged in some form of educational reform ... Regardless of the scope of the reform, the relationship between educational reform and teachers’ professional development is a two

\textsuperscript{403} Dessing, Mokeki and Weiderman 2011: 29.
\textsuperscript{404} Dessing, Mokeki and Weiderman 2011: 30.
\textsuperscript{405} Dessing, Mokeki and Weiderman 2011: 30.
\textsuperscript{406} Timperley 2008: 6.
way, or reciprocal, relationship ... educational reforms that do not include teachers and their professional development have not been successful.\textsuperscript{407}

This partially explains why the implementation of C2005 more severely failed historically black schools. Educators of previously all black schools were systemically underqualified and less knowledgeable on their subject matter than their white counterparts. These teachers were undertrained and ill prepared for implementing the radical change in curriculum. Because historically white schools already implemented a progressive curriculum structure of C2005 within their schooling, this lack of training for C2005 did not negatively impact the outcome for these learners.\textsuperscript{408} De Clercq finds that educators most likely to fail with C2005 taught in 80\% of South African schools.\textsuperscript{409} This indicates that the failures of C2005 widened inequalities within the education system, as these failures highlighted major discrepancies in teacher preparation and quality that inevitably hurt learner outcomes.

Moreover, inadequate training for programs has persisted throughout this period and has ensured underqualified teachers continue to plague the education system. Nick Taylor, head of the Initial Teacher Education Research Project stated, “the cause of poor performance, by and large, lies not with teachers but with the teacher education system that produced them.”\textsuperscript{410} Akiba, LeTendre and Scriber found that teachers with the necessary qualifications taught only 25\% of South African learners.\textsuperscript{411} Unions have played an important role in protecting unionized teachers, at the expense of learners. As previously discussed, teacher unions have

\textsuperscript{407} Villegas-Reimers 2003: 24.
\textsuperscript{408} Harley and Wedekind 2004.
\textsuperscript{409} De Clercq 2008: 9.
\textsuperscript{410} Taylor in Nkosi 2015.
\textsuperscript{411} Akiba, LeTendre and Scriber 2007: 376.
systematically prevented measures to improve teacher quality. Because higher teacher quality is correlated with higher learner outcomes, the persistence and protection of underqualified teachers has worsened inequalities within the education system.

**Conclusion**

Since the colonization of the Cape in the 17th century, the South African education system has consistently been defined by themes of separation and exclusion. While post-apartheid educational reform policies have systematically attempted to redress these patterns of marginalization, inequality has continued to shape the education system throughout this period. Today, the South African education system has become a two-tiered system, in which a number of schools benefit and prosper within the post-apartheid development. These schools are better resourced and funded, providing the necessary means for higher teacher quality and better facilities. As a result, only a handful of learners benefit from the South African education system. This is evidenced within the White Paper on Education and Training, the National Qualifications Framework and the South African Schools Act, all implemented during the wake of the transition. These policies implemented the charging of school fees, decentralization of the school governing body and curriculum reform that all inevitably reinforced inequality outcomes into the system.

The findings in this chapter suggest that the relationship between the apartheid legacy, the neoliberal agenda, and the business-political alliance embedded the racial and class inequalities of Bantu education into the current two-tiered education system.

---

412 Letska, Bantwini and King-McKenzie 2012.
During the transition, the business community largely geared education policies in the favor of the labor market. In doing so, they argued that social equity goals and economic development were inherently linked. The neoliberal agenda implemented during this time further underscores this point, as South Africa redirected their focus away from redistribution strategies in which the state became an active agent and towards privatization of social services. As a result, the education system resembled a free-market in which privileged groups could buy their way into higher quality education. The effects of these strategies inevitably cemented the inequalities of the apartheid legacy into the basic structure of South Africa’s education system. This reveals that the goals of social equity and economic development in education policy were diametrically opposed within the South African context.

Unions, corruption and low-teacher quality have further exacerbated inequalities within this system. However, teacher unions played a larger role within South Africa’s failing education system than trade unions in the unemployment crisis, demonstrating that the magnitude of causal factors varied within this case study. The result of these causal factors on their own as well as the relationships between them have thus perpetuated themes of separation and exclusion throughout the post-apartheid period.
CONCLUSION

“We will continue to run this government forever and ever.”
- President Jacob Zuma, January 2014

Before the national elections in May 2014, the ANC led an impromptu door-to-door campaign, with President Zuma personally urging ANC supporters to vote. While an ANC victory was expected, observers predicted that ANC support levels would drop, decreasing in nationwide polls to as low as 50% or below. Increasing criticism on the lack of change within South Africa, as well as the corruption among ANC government officials had many believe that this was the beginning of the end for this once highly respected liberation movement. However, voter results of the actual election showed a different story. The ANC won just over 62% of the vote, signifying that despite this growing frustration, ANC support had remained relatively unchanged since the 1994 election in which the party won 64% of the vote.

When the ANC came into office, both South Africans and the international community were enthusiastically optimistic about the promised transformation the liberation movement would bring to the country. However, trends over the past 20 years show that these promises have not been fulfilled. Despite the end of apartheid, inequality has persisted and in some cases, worsened within South Africa. The state’s macroeconomic and labor policies have helped very few black South Africans gain employment. South Africa’s school system continues to fail black South Africans.

---

413 Zuma in “We Will Continue to Run This Government Forever: Zuma” 2014.
measured by almost every indicator. Whites South Africans, on the other hand, are continuing to prosper.

In this conclusion, I reiterate my explanation for inequality in South Africa, and then briefly discuss its implications for democracy and for the development of new policy in South Africa.

**Explaining Inequality in South Africa**

This thesis analyzed the causes of inequality drawing on three levels of analysis: the global level, the state level and sector-specific level. On the global level, I used both Wallerstein and Gilpin as theoretical frames of reference, and argued that post-apartheid inequality exists due to South Africa’s position as a middle-income, semi periphery country within a Western-hegemonic world system. This suggested that South Africa was particularly vulnerable to global trends in development and inequality. For example, the 2008 integration economic crisis resulted in the loss of 870,000 jobs, suggesting that South Africa’s increasing integration within the globalized economy made it more susceptible to the economic recession.\(^{416}\) However, I also argue that while globalization is important, it does not explain the full picture. State agents have also played an important role in development policy and thus persistent inequality within South Africa. As has been shown in this project, state actors strongly promoted the initiation of a neoliberal strategy, as they believed it would induce economic growth and therefore promote state interests. In this way, while state actors promoted policy choices they believed to be in the interests of

---

\(^{416}\) Marais 2011: 178.
South Africa, the state’s position within the greater world system limited the extent of agency these actors could exercise.

On the state level, I examined five causal factors as mechanisms for persistent inequality: the apartheid legacy, the neoliberal agenda, the business-political alliance, unions and corruption. I argue that it is not just the factors on their own, but more importantly, the relationship between these factors that have most acutely contributed to uneven development. I have shown that the apartheid legacy, the neoliberal agenda and the business-political alliance are the most important factors for inequality, as these three factors have cemented the invisible mechanisms that perpetuate inequality into the social and economic structures of South Africa. Both the unemployment crisis and the education system evidence this. Neoliberal policies, pushed by the business and political elite, have stratified the labor market and the education system into a two-tiered system, defined by the apartheid legacy. Unions and corruption were important, but insufficient on their own to create these patterns of inequality. Arguably, teacher unions played a bigger role in the education system than trade unions played in the unemployment crisis. Nonetheless, both unions and corruption have primarily exacerbated inequalities embedded by the first three causal factors.

On the sector-specific level, while immigration is widely perceived as a major cause of inequality within employment, I argue that this belief is largely baseless and speaks more closely to a growing frustration by the South African lower black class on their continued stagnation. Finally, the impact of teacher quality was shown to be an important causal mechanism for wide gaps in education between races.
Implications for Democracy

My findings also suggest that the mechanisms of democracy have ultimately failed in enhancing development. Transformations within the political structures to democracy were not matched with transformations of the social and economic structures towards greater social equity. Amartya Sen provides a useful framework for thinking about the relationship between democracy and development. Sen argues that democracy is beneficial for citizens as it enhances individuals’ “political freedom,” stating,

we have to consider the political incentives that operate on governments and on the persons and groups that are in office. The rulers have the incentive to listen to what people want if they have to face their criticism and seek their support in elections.\footnote{Sen 2000: 152.}

Sen’s argument is rooted within the idea that a multiparty democracy ultimately increases development, as politicians have a political stake in enhancing the well-being of their citizens.

The problem within South Africa, however, is that its democracy has, in effect, evolved into a one-party, hegemonic system ruled by the ANC.\footnote{Schneider 2014.} The ANC has consistently won by a large majority over the past five national elections.\footnote{Schneider 2014.} This suggests that the benefits of democracy in enhancing citizens’ political freedoms were never realized. Despite failing to solve the problems of inequality, the ANC has continued to be voted into office. In my own research, despite a growing frustration with the ANC, every interviewee responded that they believed that the ANC would
remain in office for at least another 10 years. Some argued that the regime could last for another 20.\textsuperscript{420} As an op-ed piece in \textit{The Economist} stated,

Were [the ANC] to achieve less than 60\%, the scare might galvanize the party into reforms to tackle corruption and fix public schools, the police and the economy. But a party confident of a continuing majority despite a poor track-record is unlikely to do any of those things.\textsuperscript{421}

Increasingly, public opinion has been turning against the ANC. In the 2014 elections, the Democratic Alliance (DA), considered to be the ANC’s biggest competition, won just over 22\% of the vote.\textsuperscript{422} The DA’s victory of the Western Cape in 2009, the only province not in ANC control, further threatens ANC’s hegemonic power.\textsuperscript{423} The Economic Freedom Fighters (EFF), the third highest political party, won 6\% of the vote.\textsuperscript{424} While these numbers were considerably lower than the ANC’s, these two parties seem to be gaining support, particularly within the youth population.\textsuperscript{425} Although the DA and the EFF are unlikely to takeover from the ANC any time in the immediate future, these trends suggest the government may have to start changing its practices. When the ANC will begin to change and how much they will change will very much affect South Africa’s future. As James Schneider writes, “what we are now witnessing is challenging the very roots of the ANC’s long-held hegemony, as the conflicting interests that came together under its banner in the closing years of apartheid and first 20 years of majority rule unravel”.\textsuperscript{426}

\begin{footnotesize}
\begin{itemize}
\item[\textsuperscript{420}] Multiple Personal Interviews, South Africa, Summer 2015.
\item[\textsuperscript{421}] “Why the ANC Will Win South Africa's Election, despite Governing Poorly” 2014.
\item[\textsuperscript{422}] 2014 National and Provincial Elections Results” 2016
\item[\textsuperscript{423}] Onishi 2014.
\item[\textsuperscript{424}] 2014 National and Provincial Elections Results” 2016
\item[\textsuperscript{425}] Nandipha 2013.
\item[\textsuperscript{426}] Schneider 2014.
\end{itemize}
\end{footnotesize}
Implications for Future Policy

On April 16, 2016, the ANC will officially launch their election manifesto, kickstarting their 2016 campaign for the South African municipal elections. On the ANC website, it states,

 guided by the ANC’s 2016 theme, “Year of Advancing People’s Power: Local Government is in our Hands,” the manifesto will be…on how best to deal with our country’s most pressing challenges – unemployment, poverty and inequality.427

This vague rhetoric suggests that the ANC may be looking to South African citizens as a mechanism to better achieve social equity goals and increase support. If this new political-citizen alliance will help and if this alliance will even happen, is unclear. However, it does indicate a change in relationship between the state and its citizens, in which citizens are becoming stronger state agents within the now 20-year-old democratic society.

This project has analyzed five causal factors on the state level that have contributed to inequality. It argues that the inequality has become embedded into the social and economic structures of South Africa primarily due to the relationship between the first three: the apartheid legacy, the neoliberal agenda and the business-political alliance. These three factors have themselves become a legacy of inequality. This has serious policy implications for the South African government, as is it suggests that endemic social and economic disparity will not stop by dismantling just one of the causal factors. The intrinsic relationship between the three, and the importance of unions and corruptions in contributing to these factors, show that for

inequality to be addressed, the government will need to develop a strategy that targets at all fronts.

Nonetheless, increasing criticism of widespread corruption by the ANC and more specifically, the Zuma administration, signify that reducing corruption, or at least the face of it, may be a good place to start. The ANC has seemed to take this direction; in their more recent campaign posters for the 2016 elections, President Zuma was no where to be seen.\textsuperscript{428} However, if the ANC wants to remain in office, as Zuma suggests for “forever and ever,” the two-tiered system that has now come to define the social and economic structures of South Africa, must be entirely dismantled.\textsuperscript{429} South Africa’s government must finally act on its citizen’s demand for true equality.

\textsuperscript{428} Munusamy 2016.
\textsuperscript{429} Zuma in “We Will Continue to Run This Government Forever: Zuma” 2014.
WORKS CITED


156


Corruption Watch. *Youth Perceive Employment Opportunities to Be Threatened by Corruption, Survey Reveals*. Corruption Watch. 9 June 2014.


Freeman, Richard B. *Labor regulations, unions, and social protection in developing countries; market distortions or efficient institutions?*. No. w14789. National Bureau of Economic Research, 2009.


Gelb, Stephen. "Macroeconomic Policy in South Africa. From RDP through GEAR to ASGISA"* At the End of the Rainbow?: Social Identity and Welfare in the


Lipton, David. "Reflections on South Africa's Challenges and Opportunities for Reform." Speech. University of Cape Town, Cape Town. 05 Mar. 2015. *International Monetary Fund*.


Navarro, Vicente. "Neoliberalism as a class ideology; or, the political causes of the growth of inequalities." International Journal of Health Services 37.1 (2007): 47-62.


"South Africa's Matric Pass RateObscures Dropout Rate." Africa Check, 1 July 2015.

"South Africa's President Jacob Zuma - a Profile." BBC News. BBC, 1 Apr. 2016.

South African Democratic Teachers' Union. SADTU Constitution. October 2010.

"South African Education Still Fails Many 20 Years after Apartheid." The Conversation. The Conversation, 7 May 2014.


"We Will Continue to Run This Government Forever: Zuma." *Times LIVE*. Times Media Group, 8 Jan. 2014.


