

Review

Jeremy Seekings and Nicoli Nattrass (2006) *Class, Race, and Inequality in South Africa.* Durban: UKZN Press

James Heintz

Originally published in 2005 by Yale University Press, *Class, Race, and Inequality in South Africa* presents a compelling analysis of the trends, patterns, and determinants of income distribution in South Africa over a period spanning approximately seven decades. In so doing, the authors draw together an impressive array of empirical research, including their own scholarship in this area. The result of these efforts is a significant work of synthesis that charts the continuities and turning points in the history of economic inequality in South Africa before, during, and after apartheid. This volume will certainly become a much-referenced sourcebook for future scholarly research in the field. The book's primary contribution is empirical, assembling data analysis, survey-based evidence, and case studies to explain where South Africa has been and where it may be heading in the future. In this respect, Seekings and Nattrass have produced a study that is, in several respects, unprecedented. However, the volume's contributions to policy debates and to the theory of race, class, and income distribution are more uneven.

Seekings and Nattrass organise their study around the idea of a 'distributional regime', and examine changes that have occurred in South Africa's distributional regime over time. The distributional regime encompasses the direct and indirect ways in which the state influences income distribution – through transfer payments, labour market interventions, growth strategies, social service provision (eg health and education), and public institutions. Of the different components of the distributional regime, the interactions between labour markets, education, and transfer payments (eg direct grants) receive particular attention. The authors argue that South

Africa, over much of the 20th century, has relied heavily on labour-market interventions to shape distributive outcomes. Therefore, documenting the changing nature of these labour markets is essential for understanding shifts in the distributional regime.

Within the broad context of a distributional regime, Seekings and Nattrass pay particular attention to income distribution within and between racial groups and between different economic classes. Again, labour markets are central to the analysis. Class positions are mostly defined in terms of occupational groupings and employment status. In this framework, economic mobility between class positions is largely synonymous with the extent of labour-market mobility. Highly segmented labour markets, therefore, produce more rigid class structures. When labour markets are segmented along racial lines – as occurred during apartheid – class and race are closely correlated. When the nature of labour-market segmentation changes, so does the relationship between class and race.

A central argument of the book is that, from the 1940s to the present, income inequalities can be observed along the lines of both class and race. However, the relative importance of class and racial distinctions changed over time. For example, in the years immediately prior to the apartheid state coming to power in the late 1940s, the distributive importance of race appears to have weakened somewhat, particularly during the labour shortages and modest welfare reforms of that decade. During the apartheid years, institutional changes, the displacement of blacks from rural farms, and unequal access to educational and employment opportunities entrenched racial differences in income distribution. A policy of full-employment for whites and differential access to employment opportunities among blacks fundamentally shaped the racial distribution of income. Although intra-racial inequalities were evident during the period of high apartheid, Seekings and Nattrass present evidence showing that interracial inequalities were significantly larger. The distributional regime shifted once again during the final years of apartheid as intra-racial inequality grew more pronounced. In the post-apartheid years, overall levels of inequality remained high because, as the authors argue, ‘race had given way to class’ (377).

Seekings and Nattrass document institutional changes in the distributional regime itself, not simply changes in distributional outcomes. They point out that much of the research on income distribution during apartheid focused primarily on residential and labour-market segmentation. The extent of redistribution through the budget (eg through grants and social services)

has received much less attention. Under apartheid, social spending was racially discriminatory. However, Seekings and Natrass convincingly demonstrate that the extent of redistribution through social spending was far greater than is generally recognised. Poor blacks may not have benefited as much as others, but they did benefit from redistributive policies. The existence of such redistributive policies may seem counter-intuitive, since apartheid labour-market policies intentionally exacerbated income inequalities. The authors suggest that redistributive social spending was necessary to maintain social stability. In this way, redistributive income support indirectly subsidised the cheap labour regime of the apartheid era.

Seekings and Natrass show that the racial gap in social spending fell during the final years of apartheid. The authors argue that, as social spending became increasingly redistributive and racial biases became less pronounced, privatisation of social protections, specifically health care and pensions, increased in importance. These shifts represent an important aspect of the distributional regime that emerged in the post-apartheid period.

Seekings and Natrass show that the labour market is of paramount importance for understanding distributive outcomes and the nature of the distributional regimes in South Africa. Differential access to employment and access to employment on differential terms have been the primary sources of inequality. As the authors document in detail, forced removals, the colour bar, pass laws, and insecure tenancy and residential rights constituted a set of labour market institutions that maintained a supply of relatively inexpensive, well-disciplined unskilled labour to key sectors of the apartheid economy. High returns to education further entrenched inequalities, since opportunities to accumulate human capital were unequally distributed. The effectiveness of apartheid labour-market institutions depended, in part, on the rationing of employment opportunities, which made the threat of a job loss a credible and costly sanction. The authors argue that the rationing of opportunities under apartheid created a set of labour-market 'insiders' and 'outsiders' which fundamentally shaped the post-apartheid distributional regime.

The rationing of relatively decent employment opportunities under apartheid is reflected in the emergence of mass unemployment, beginning as early as the 1960s, depending on how unemployment is measured. According to Seekings and Natrass, mass unemployment was an outcome of the capital-intensive growth path followed by the apartheid economy. In one of the most compelling chapters of the book, they argue convincingly

that the long-term unemployed in South Africa constitute a true underclass. They face significant structural barriers to mobility into paid employment, based on such factors as social networks, human capital, and insufficient financial resources to actively participate in labour markets – particularly if searching for employment is not costless. The analysis which Seekings and Natrass present suggests that that large-scale unemployment, combined with structural barriers to labour-market mobility, was the primary reason behind sustained income inequality in recent decades.

The persistence of very high rates of open unemployment is the most critical component of the post-apartheid distributive regime. The democratic state in the post-apartheid period has not been able to address the problem of unemployment. Seekings and Natrass argue that the growth strategy (GEAR) adopted by the ANC-led government in 1996 was not effective, in part because labour-market policies were not made sufficiently flexible. Interestingly, they go on to present evidence suggesting that one of the primary goals of the GEAR strategy with regard to labour-market outcomes – that wage growth should not exceed the growth of productivity – had been achieved. Although labour-market outcomes contributed to sustaining inequality, redistribution through social spending was more successful. Specifically, old-age pensions and child maintenance grants (particularly after take-up rates increased beginning in 2002) helped to mitigate the unequal distribution of income. Nevertheless, these social grant programs did not specifically target the working-aged population which frequently fell through the cracks – specifically, those individuals and households constituting the unemployed underclass.

As mentioned earlier, Seekings and Natrass make an impressive contribution to documenting, based on available data, the changing nature of income distribution and the evolution of what they call the distributional regime. However, in other places, the book's arguments are underdeveloped and less convincing. Specifically, the contributions of the book to theories of class, race, and income distribution and to the policy debate in post-apartheid South Africa are uneven. For example, the authors provide a framework for classifying households by class in South Africa. They reject a traditional 'Marxian' classification, based on the ownership of productive assets, for a more 'Weberian' approach, which emphasises occupations, human capital, and employment status. However, the class system they propose seems ad hoc and the authors do not spend sufficient time to connect the proposed framework to the rich analysis of the rest of the book.

Although Seekings and Natrass are able to discuss barriers to economic mobility at different periods in South Africa's history, this analysis does not seem directly to inform their choice of class categories. Income inequality, by itself, does not indicate the existence of barriers to economic mobility. Similarly, the description of a class structure requires some explanations of its structural features – otherwise it simply becomes a set of occupational labels. These structural features of the South African labour market are extensively explored elsewhere in the book, but these insights are not directly applied in proposing their specific scheme for 'mapping class'. Instead, the authors speculatively offer the justification that 'each [class] category, it is hoped, combines occupations with similar economic power...' (247).

The authors pay practically no attention to theories of race. The classification of the population into four racial groups – White, African, Indian, and Coloured – corresponding to the administrative categories used under apartheid, is taken as fixed and exogenously defined. Unlike class, there is no parallel discussion of racial formation. The authors may be perfectly correct in assuming that these racial categories remain the most socially relevant and that racial identity continues to be entwined with the classification scheme enacted under apartheid. Nevertheless, such assumptions are not adequately discussed. In this context, similar social groupings – for example, those based on ethnicity or country of origin – are considered to be of less importance, and the authors do not dwell on them. It is unfortunate that the book lacks any discussion of racial formation in South Africa. The authors repeatedly stress that, in recent years, class has trumped apartheid-era racial divisions in determining income distribution, making it tempting to conclude that divisions along the lines of race, ethnicity, and nationality have been eroded more generally in the post-apartheid era. However, such a claim would represent an unwarranted extrapolation of the book's more limited findings.

In part, the limited attention paid to theories of race may be an unintended consequence of one of the book's main strengths. Seekings and Natrass use available survey evidence to track changes in income distribution over time. Racial classifications are often pre-defined by the surveys themselves, but class categories are not. This gives more scope for exploring the changing nature of class using available data relative to the changing nature of race.

Seekings and Natrass conclude their study with a chapter on economic

policy. It is disappointing, particularly given the high quality of the research and analysis up to that point. The authors advance a range of strategies for reducing inequality: a social accord (to reduce wages and lower unemployment), more education (to raise the returns to labour in the long-run), a cautious endorsement of a basic income grant (to help those who fall through the cracks), expansion of healthcare spending (to tackle HIV/AIDS), and potentially some asset-based redistribution (eg worker ownership and/or land reform). These policy proposals are not new and have been discussed elsewhere at some length. The final chapter reads more like a qualified endorsement of particular strategies that have been circulating in South Africa rather than a presentation of new suggestions building on the book's analysis.

With the possible exception of confronting the HIV/AIDS epidemic, the authors point to lowering unemployment as the single most important target of a more egalitarian distributional system in today's South Africa. According to the authors, the key to lowering unemployment is a social accord that would allow some form of wage restraint. The idea of such an accord is not new. A social accord was even proposed as part of the GEAR strategy but never successfully implemented (Seekings and Nattrass do not mention this aspect of GEAR which was never operationalised). Putting aside the extensive debate over whether wage restraint will actually produce an extremely large number of jobs, the more important question, which the authors do not attempt to answer, is: if a social accord is such a good idea and if the requisite institutions are in place, why has such an accord not been successfully implemented? Sustainable social accords are only a possibility when cooperative outcomes are at least as good as the alternative of non-cooperation for all stakeholders. It would have been useful if Seekings and Nattrass could have discussed what would constitute a sustainable accord that could benefit all parties. If a voluntary accord is impossible to sustain, then what are the alternatives (eg a strong state-directed distributional regime along the lines of many East Asian economies)?

Given the book's convincing arguments on the existence of an underclass in South Africa, it is surprising that Seekings and Nattrass do not discuss whether the two social accord success stories – the Netherlands and Ireland – have succeeded in incorporating economically marginal populations into their social contracts. For example, in the Netherlands, unemployment rates among many immigrant groups, such as Moroccans, Turks, and Surinamers, has been estimated to be between 15 and 30 per cent in 2004/5, and this

represents an upward trend.¹ Can such marginalised groups be accommodated by the type of social accord that Seekings and Natrass propose, and what are the implications for South Africa? Moreover, given the barriers to entry into employment that the authors identify that extend beyond high wages in the formal economy, is a more holistic approach to labour market restructuring warranted? These issues are not seriously taken on board.

Class, Race, and Inequality in South Africa is not primarily concerned about the theory of race and class and it is not a treatise on post-apartheid economic policies. Whatever shortcomings the book may have with regard to these topics should be balanced against its more significant contribution – documenting the changing nature of income distribution before, during, and after the apartheid period. In short, Seekings and Natrass have pulled together an impressive body of research on income inequality with a rigour, attention to detail, and critical eye that makes this volume an important contribution to the field. Anyone interested in economic inequality and social justice in South Africa would benefit from a careful, yet critical, reading of this book.

Note

1. Dagevos, J (2006) *Hoge (jeugd)werkloosheid onder etnische minderheden*. The Hague, Netherlands: Social and Cultural Planning Office (SCP – Sociaal en Cultureel Planbureau).