

**Harris MADUKU<sup>1</sup>**  
**Julieth GUDO<sup>2</sup>**  
**Victor H. MLAMBO<sup>3</sup>**

## **UNPACKING THE ENIGMA OF DEMOCRACY, INTERGENERATIONAL INEQUALITY AND POVERTY IN SOUTH AFRICA**

This paper examines the role of democracy on poverty and intergenerational inequality in South Africa. The authors used secondary data and published literature to unpack the nexus of the problem, and to further broaden understanding of democracy, intergenerational inequality, and poverty in South Africa. The authors establish that unemployment, lack of property ownership and a poor educational system are the main contributors to poverty and intergenerational inequality in South Africa. However, we found that the government's pro-poor policies have not adequately addressed the problems. As recommendations, this paper submits that it is essential to increase the redistribution of assets, especially land, to allow land ownership by the poor, which will open many other economic opportunities, such as access to capital. Also, government policies need to be revisited for quality job creation, closing the unemployment gap in the market.

**Keywords:** Intergenerational Inequality, Poverty, Democracy, Apartheid.

### **1. INTRODUCTION**

This article attempts to address the existing link between democracy and socio-economic indicators in South Africa focusing on poverty, intergenerational inequality and unemployment. The central objective is to understand how democracy as a political system or a governance system has impacted poverty and intergenerational inequality in the Southern African country. South Africa like any other country in Africa was under colonisation through the apartheid regime that governed the country until it gained independence in 1994. The art of colonisation was almost similar across the world in the sense that it was premised on grabbing economic assets and opportunities from the

---

<sup>1</sup> Harris Maduku, Postdoctoral fellow, Faculty of Economics and Finance Tshwane University of Technology, Ga-Rankuwa Campus, Pretoria; e-mail: madhukuharris@gmail.com (corresponding author). ORCID: <https://orcid.org/0000-0003-2705-0430>.

<sup>2</sup> Julieth Gudo, Postdoctoral Research Fellow, Centre for Comparative Law in Africa University of Cape Town (Kapsztad), South Africa; e-mail: juliethgudo@gmail.com. ORCID: <https://orcid.org/0000-0001-8050-3924>.

<sup>3</sup> Victor H. Mlambo, School of Public Management, Governance and Public Policy University of Johannesburg, Soweto, South Africa; e-mail: halavico@yahoo.com. ORCID: <https://orcid.org/0000-0002-7705-8863>.

oppressed. That means colonialism was an art of looting, deprivation and dehumanisation (Boucher, 2019).

Although South Africa is one of the last if not the last country in the Southern African Development Community (SADC) to gain independence, it has been hailed as one of the countries in the region for running the best democracy (Wasserman and Garman 2014). President Abraham Lincoln defined democracy as a government of the people, by the people and for the people. This means democracy as a governing system should be able to run affairs as per the will of the people and for the benefit of the people. It should also then be correct to assume that, in a governance system where the people have the power over decisions, the people should be able to be living lives that are devoid suffering, societies that are equal and communities where the people have access to both economic assets and economic opportunities.

Over two decades with a democratic government system, South Africa still falls short on achieving improved quality of life for the majority of its citizens (Pretorius and Steyn, 2019). The country ranks as the most unequal country among all the countries in the world according to the GINI coefficient which is an inequality measure (De Maio, 2007). Also, the poverty rates in South Africa are and have been very high ranging between 50-60 percent of the citizens depending on the methodology that one would have used (Business Tech, 2021). It is concerning that South Africa is ranked high on democracy and rule of law whilst on the flip side presides over a highly unequal society. What will be the purpose of having a governance system premised on respecting the rule of law but does not respect the quality of human life? Also, what are the benefits of running one of the best democracies in the world when 72 percent of the nation's private farmland is owned by one race (White South Africans), who only make 9 percent of the population.? While these questions may seem rhetorical, they bring out the need for this paper on two aspects. Firstly, since the inception of the 1994 political transition, there was a need to address the injustices of apartheid (e.g., commercial Farmland was forcibly taken from black South Africans under apartheid), hence there were greater calls for the redistribution of land. Secondly, for the black population, a democratic South Africa governed by a majority black government meant inclusive socio-economic development. Also that meant equal opportunities for everyone and poverty free societies.

This paper will track down the success and failures of the democracy governance system as far as the socio-economic variables like poverty, intergenerational inequality and unemployment. Theoretically, democracy is expected to generate positive economic benefits through creating an economic environment which encourages economic growth and development (Nyamosor. 2013; Cheeseman. 2018). The problem our paper tries to address is simply why South Africa as a democracy is failing to improve the lives of its people more than two decades into its inception. Also, we are going to make recommendations to policy makers proposing solutions on the way forward so that the good democracy being enjoyed by South Africa can start bearing economic fruits enjoyable to all the citizens.

The rest of the paper is organised as follows; section 2.0 focuses on analysing existing literature as well as analysing the current trends of poverty, inequality and poverty. Section 3.0 deals with methodology issues whilst section 4.0 discusses key findings of the study. Lastly, section 5.0 concludes and presents proposed recommendations.

## 2. LITERATURE REVIEW

### 2.1. Poverty and Inequality Trends

Statistics South Africa announced on the 30<sup>th</sup> of November 2021 that the third quarter unemployment rate had increased from 32.6% in the first quarter to 34.9%. Despite the Covid-19 pandemic that forced lockdowns across the globe, the country's unemployment rate had been on the rise dating back the dawn of democracy in 1994. Since the number of people who are being shed off their employment opportunities have been rising yearly, that also translate to the increasing numbers of number of people exposed to poverty. Interestingly, when the unemployment and poverty data is disaggregated according to race, it brings out an uneven picture among the races. Unemployment amongst black South Africans rose from 24.7% in 1994 to 30.4% in 2018 before it continued to grow to 32.6% in 2020. Looking at the trends below, unemployment levels for other races also increased but at a lesser rate compared to black South Africans.

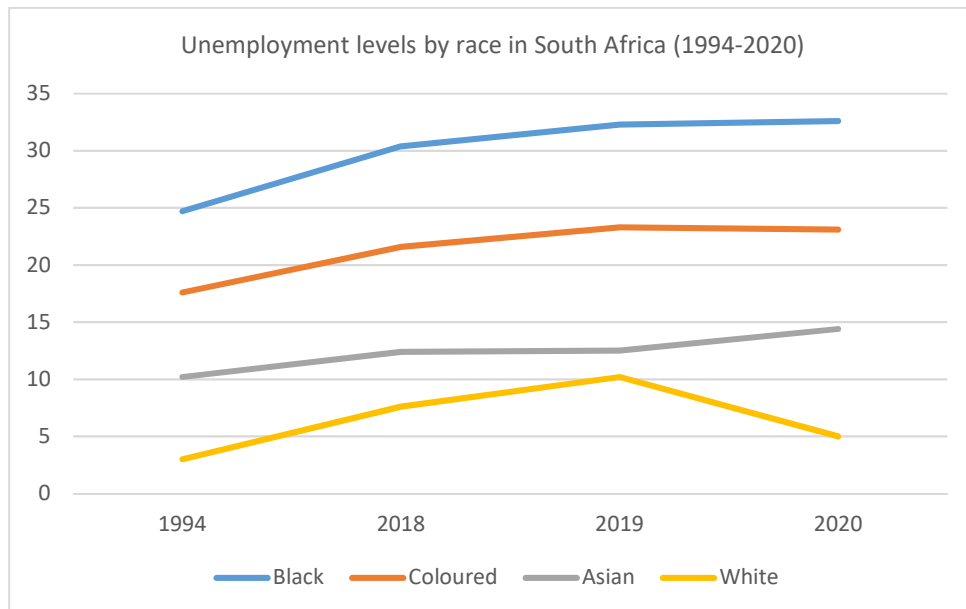


Figure 1. Unemployment by race in South Africa

Source: Author using STATS SA data.

Looking at inequality using the GINI coefficient as a measure, inequality has increased in South Africa since. The Gini coefficient is a statistical measure of economic inequality in a population. The coefficient measures the dispersion of income or distribution of wealth among the members of a population (De Maio, 2007). In 1994 when the country gained its independence, out of a score of 100 which is the perfectly unequal society, South Africa scored 59,3. The favourable position for a country is to have a GINI coefficient that is close to zero meaning perfectly equal. Looking at the data, it's clear that South Africa is moving away from zero, moving towards 100 meaning it is getting more unequal with time.

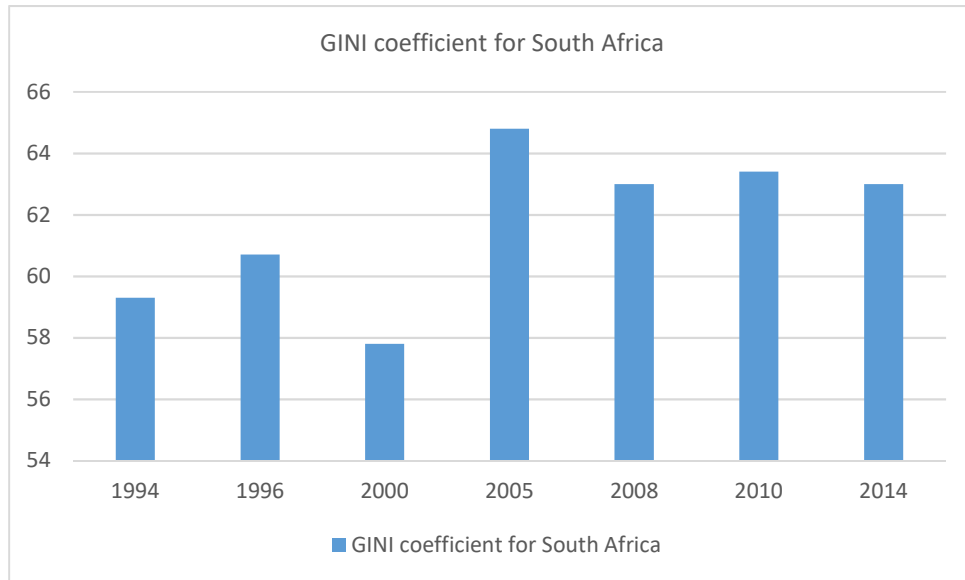


Figure 2. Inequality ratings for South Africa using the GINI coefficient (1994-2014)

Source: World Development Index (World Bank)

Figure 3 below focuses on poverty statistics in South Africa. The poverty headcount ratio at national poverty lines as a percentage of the population displays a picture that poverty has decreased overtime. With the available data which is scanty in nature, poverty decreased from 66.6% in 2005 to 55.5% in 2015 (Statistics South Africa, 2018). In as much as that is progress towards poverty reduction in the country, two decades after independence, more than half of the population in South Africa still live in poverty.

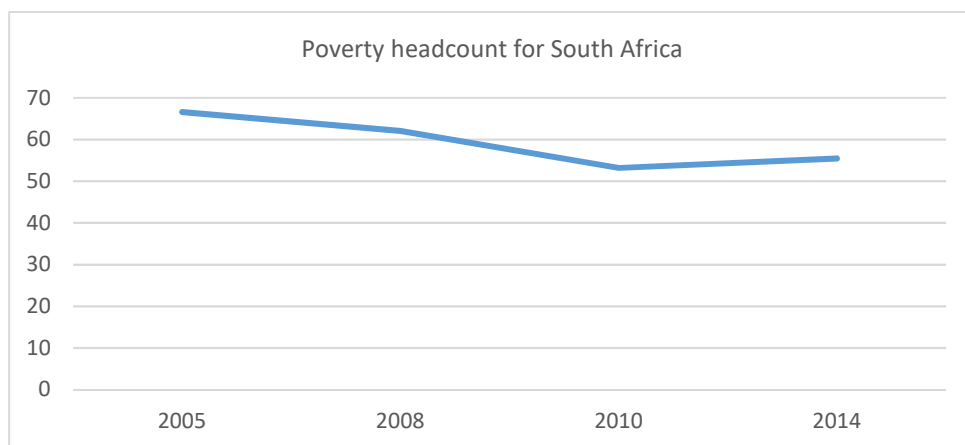


Figure 3. Poverty headcount as a percentage of the population (South Africa)

Source: Statistics South Africa.

## 2.2. The paradox of democracy, inequality and poverty

When South Africa attained political freedom, there was hope in the country since the country was to have its first democratic government (Von Holdt, 2013). Until today, South Africa is still being hailed after she had engaged in peaceful transition of power and until now the country prides itself for running a clean democratic state. In order for democracy to work, there are many aspects that are supposed to work hand in hand. One of those is the institutions of such a country. These institutions include the judiciary, the legislature, and the executive. The above-mentioned institutions must be allowed to run independently (Cheeseman, 2018). They are deemed an important part of any democratic government because they ensure that the governance system runs according to the law and not particularly by the whims of the rulers. These institutions have remained intact in South Africa; however, they have been confronted with challenges such as the inability to legally turn around the inequality in South Africa through the amendment of the constitution.

To deal with land inequality which is contributing to high levels of poverty mostly to black South Africans, the legislature was mandated to hold public hearings as it is a requirement of a democratic system (World Bank, 2022). The Joint Constitutional Review Committee (JCRC) recommended that Section 25 of the Constitution must be amended and be clear about the expropriation of land and property without compensation. Politicians and policy makers alike have argued that the amendment is intended to help address historic wrongs of land dispossession, ensure fair access to land and empower the majority of South Africans. The mandate to amend the constitution was given to the fifth democratic parliament in South Africa in 2018 and now the country has the sixth democratic parliament, but the country is not yet certain when it comes to the position of government concerning to expropriation of land without compensation.

This delay in the amendment of section 25 (as a result of the ANC's failure to muster a two-thirds majority to pass the amendment, the uncertainty of how the process was to be carried out and the supposed negative implications the process would have on property rights) of the South African constitution continues to side-line the majority citizens who were made vulnerable by the historical injustices of apartheid. It can then be argued that democracy (rule of law) protects inequality as it is difficult to achieve equitable distribution of land without amending the law. Arguably, in an autocratic state, such deliberation about laws and policies that need to be implemented needs little if no consultation. However, in a democratic country like South Africa, the drive to amend section 25 took much consultation, and in the end, the amendment could not be passed. Therefore, one would argue that black South Africans who were dispossessed of their land under apartheid are unlikely to see justice in the context of land redistribution, unless they can purchase the land, something which is economically unattainable for many black South Africans. Sections 25 (1), 25 (2) (b) and 25(3) are regarded as problematic as those provisions keep protecting property rights acquired during colonial and apartheid days.

Those that acquired land during the colonial period are able to create other opportunities using the land especially in real estate and agriculture (Ngam, 2021). Also, those who own land are able to use it as collateral to get loans to start businesses or to obtain other economic opportunities that can make them escape the jaws of poverty unlike those who live in low-cost houses offered by the government or living in informal squatter camps where the land they occupy has no value (Hendricks, 2003).

### 2.3. Success and failure of democracy to deal with poverty and inequality

When the democratically elected government came to power in 1994, apartheid ended leaving major inequalities across racial groups in South Africa. The economy was left in debt, under sanctions with high inflation and an educational system that discriminated against black people (Marais, 2011). The democratic administration inherited massive inequalities in education, health, and basic infrastructure including safe water, sanitation, and housing (Ozler, 2007). Starting on a fragile foundation riddled with severe socio-economic problems, meant that the new government had to find solutions to remedy these challenges and restore human dignity, respect for human life, decent jobs, provision of houses, universal access to education, and the provision of basic services as provided in the democratic constitution (Bill of Rights, RSA Constitution, 1996). While there is significant progress in many respects since 1994, the government's interventions in tackling poverty and inequality in South Africa have not been satisfying. This has been evident in increased protests throughout the country as a result of inequality, poor service delivery, corruption and lack of political will to find solutions (Bently, 2014). Corruption increases poverty and inequality through various channels such as biased tax systems, poor targeting on social programs and through its impact on asset ownership, educational opportunities and human capital development (Gupta, Davoodi, Alonso-Terme, 2002). In South Africa, persistent corruption and unaddressed apartheid inequalities mean inequality and poverty continue to worsen, and this was observed in the July 2021 unrest that engulfed South Africa. The lack of political will through the development and implementation of policy to address social ills in South Africa has also become another stumbling block in South Africa's quest to ensure inclusive development (Layden, 2021). The 2020 UN Human Development Index and Human Development Report shows that the country has made little to no progress in eradicating its inequalities (UNDP HDR, 2020).

The fact that South Africa is a powerhouse of Africa as a continent and is regarded as a middle-income country obscures the country's enormous inequalities. The reality that 18,9% of the black population are poor (UNDP HDR, 2020). According to the World Bank, South Africa's rating on the Gini index (Gini Scale) in 2021 was recorded as 63 (World Bank in 2021). This shows that South Africa is one of the countries with the greatest economic divide amongst its population and as a result, there is a rising concern for the long-term wellbeing of the country and its people (Bently, 2014). Although, the democratic government understood that political democracy could not survive when the people continue to live in poverty, upon getting to power, African National Congress (ANC) political vision lacked preparedness to run the economy, as a result, tackling poverty and inequality remains a challenge for the South African government because, among other things, achieving economic freedom necessitates the majority reclaiming access to and control over natural resources that were taken away during the colonial and racial apartheid system that existed in South Africa for centuries. (Schleiner, Mohapi, van Koppen, 2004).

According to Schreiner, Mohapi and van Koppen, democracy is built on the foundation of two complementary freedoms: political freedom and economic freedom. In South Africa, political freedom was mostly accomplished in 1994 while economic freedom is yet to be realized, particularly for the majority population (Schreiner, Mohapi, van Koppen, 2004). South Africa remains one of the most inequitable countries in the world as a result of lack of employment, wage scales and asset ownership (Makgetla, 2018). This is despite the different extensive programmes by the democratic government since 1994, aimed at

redressing poverty and inequality. These state interventions although heavily funded and relied on by the new government did not sufficiently deliver as promised.

First, the Reconstruction and Development Plan (RDP) was introduced in 1994 by the democratic government. It is a socio-economic policy framework that addressed challenges of poverty, inequality and unemployment and speed economic growth through government intervention in the economy (RDP, A Policy Framework, 1994). RDP set objectives such as creating jobs through a public works program, redistribution through land reform, and large infrastructure projects in housing, services, and social security (Ozler, 2007). Rapid delivery of social goods, education, health care, and housing were to be used as a foundation for stimulating economic activity and job creation through the RDP (Munslow and Fitzgerald, 1997). After RDP failed to produce the expected result as a major directive (Du Preez, 2013), it lost its grip. The RDP program was a vanguard for the ANC, it was meant to usher in a new era of social inclusion through the provision of affordable and decent housing. However, a lack of concrete economic reforms, its rushed implementation, and the lack of effective oversight greatly affected the implementation and continuity of the RDP. What was meant to be South Africa's most important program in a democratic era was confronted with considerable challenges, thus today South Africa is characterized by a high number of informal settlements and housing shortages.

Secondly, in 2009, the New Growth Path (NGP) was introduced to prioritize employment and strengthen economic policy. Setting a target of about 5 million new jobs to be created by 2020, NGP's goal was to eradicate poverty through employment (Department of Economic Development:15). Like the previous policies, the NGP failed to meet its goals mainly because of unrealistic presumption that the state had the capacity to initiate and administer large-scale structural changes in the economy, without taking its economic standing into the process. In essence, since 2008, South Africa economy has not been consistent in term of growth, hence initiating and administering large-scale structural changes was bound to be financially impossible. Thirdly, the National Development Plan (NDP) 2030 was introduced in 2012 by the government and seeks to alleviate poverty and minimise inequality by 2030 (National Planning Commission, National Development Plan, 2030) NDP views the challenges of poverty, inequality, and unemployment from a more multi-dimensional and inclusive perspective (National Planning Commission, National Development Plan) as it links economic growth with employment. The COVID-19 pandemic has caused major obstacles to the South African economy and employment sector, and there is no question that NDP will not achieve its goals by 2030. Economic stability and employment are essential for poverty reduction.

According to Nattrass and Seekings, unemployment is the heart of inequality and poverty in South Africa (Nattrass, Seekings, 2001). Poor households are poor because their members are not in the labour force, and jobs are unavailable due to high unemployment. (Nattrass, Seekings, 2001). Unemployment in South Africa currently sits at 34.4% (Statistics SA, 2021) and has been steadily increasing since 1995 making South Africa's unemployment one of the highest in the world (Ozler, 2007). This figure is still high despite the different policy initiatives, such as the Growth Employment and Reconstruction Plan (GEAR) that were introduced after attaining democracy to increase economic growth and stimulate job creation. Growth Employment and Reconstruction Plan (GEAR) was introduced in 1996. It is a microeconomic policy framework for economic growth which followed the RDP and aimed at boosting the economy and stimulating the creation of employment (Ozler, 2007). Gear sought to restore economic stability in the hopes of

attracting foreign investment, however, it failed to produce the promised benefits. Instead of a major worldwide investment, many jobs across industries in South Africa were lost due to the lack of accountability, bureaucracy, lack of strategic direction and the uncertainty in the economic direction the country was embarking on (Schleiner, Mohapi, Koppen, 2004). Government interventions focused not just on economic growth and jobs, but also on enhancing the quality of education in South Africa, as lack of skills is one of the factors contributing to poverty and inequality.

Access to education in South Africa remains unequal with itself providing inequality. The shortage of skills is one of the most significant challenges to the South African economy. (Loane Sharp, 2010). Workers' productivity improve as a result of their skills, which enhances wages, income, and living standards. (Loane Sharp, 2010). Many people in South Africa are poor and jobless because they lack necessary skills to secure employment. Education is critical for social mobility and equity (Makgetla 2018: 15). A person with a tertiary degree has a 25% higher chance of finding work than someone with only a Matric or less (Makgetla, 2018). Expanding quality education forms a critical step towards a more inclusive economy and a more equitable society (Makgetla, 2018). A more egalitarian educational system, broader access to employment through job creation, and welfare changes that allocate more resources to the poor, are all required to reduce inequality (Nattrass, Seekings, 2001). To address the lack of skills in South Africa, the government launched a slew of skill-development initiatives such as the Accelerated and Shared Growth Initiative for South Africa (AsgiSA, 2006). AsgiSA was implemented in 2006 and among many other responses to tackle poverty and inequality, AsgiSA aimed to introduce medium-term educational initiatives to enhance the level of skills in areas where the economy is lacking (AsgiSA, 2006).

South Africa has seen an increase of government corruption from abuse of state positions, maladministration of state resources for personal gain (Bently, 2014). When the resources that should be delivered to people through service delivery are unavailable, the beneficiaries receive nothing, exacerbating their socioeconomic difficulties. Corruption worsens when individuals in charge of holding wrongdoers accountable become corrupt themselves. As a result, wrongdoers are not held accountable for their unethical actions. Despite substantial policy effort and related initiatives, as noted above, the situation in terms of poverty, inequality, and unemployment in South Africa remains unsatisfactory. (Naude, 2014). Regardless, there have been some significant successes that democracy has brought in dealing with poverty and inequality that should be mentioned.

First, the extension of social security grants by the government has helped to alleviate poverty in South Africa. (Naude, 2014). The democratic government of South Africa's decision to prioritize social grants as an anti-poverty approach was a well-justified attempt to begin eradicating the apartheid-era's severe levels of poverty and inequities (Republic of South Africa (RSA) 2008). The country made significant progress towards the spread of extreme poverty, primarily through a vast network of social assistance programs (Naude, 2014), however, in the absence of initiatives to promote the growth and self-reliance of impoverished people, anti-poverty social grants are an important but insufficient intervention.

Secondly, the distribution of RDP houses across the country is considered as addressing the issue of shelter and infrastructure. Furthermore, the 'no-fee' school policy gives students more access to education. Improved access to electricity and improved roads and transport have permitted more access to health and education services, as well as transportation to



work and mobility in general. Most crucially, political freedom has increased (Maxine, 2009).

#### **2.4. The role of public safety nets in dealing with poverty and inequality in South Africa**

According to statistics South Africa, the 2021 third quarter unemployment level was 42.4% and that figure has been on the rise since the dawn of democracy in 1996. The country has numerous problems including governance and structural displacement of mostly the African people from economic opportunities (Economic Freedom Fighters, 2021). Looking at the poverty rates in the country, white people that live under the poverty line are below 2%, Indians below 5%, Coloureds below 20% and Africans are way above 50%. In then trying to arrest the situation, the South African government has extensively used the social grants for the elderly and disabled, have transformed the student loan system into grants for those with parents earning below the bench mark. Recently, because of COVID-19, the government in trying to ease the pandemic pressure on its citizens have also unveiled the unemployment grant.

These interventions by the government have however, shrank or constrained the fiscal space in productive investment to an extend of convincing the country's leadership that the central government has no direct responsibility of creating jobs. In as much as the private sector plays a huge role in creating jobs and reducing inequality, while economic challenges do exist, the central government is in a financial position and has the resources needed to contribute towards job creation and reduce poverty. In the case of South Africa, the budget allocation that goes towards safety nets has ballooned overtime and that has narrowed the investment options of the central government (The World Bank, 2021). Further, the country has not been growing at least looking at the last five years, which mean a decrease in revenues and even though the financial position of the country is stable, it makes it difficult for the government to address the many socio-economic issues that continue to hinder inclusive development (Smit, 2022)

The observation of this paper is that since the dawn of democracy in South Africa, the government inherited the poverty and inequality created by the apartheid system. The system before democracy was designed to segregate, displace and exclude the majority. Economic opportunities were not shared in line with the demographic picture of the country and that created institutionalised poverty and inequality. In trying to correct those historical injustices, the South African government in a democracy has used social spending as a tool to correct the scars of the apartheid system but that has made social grants to work as gate keepers of poverty and inequality because that has sustained the inequality in the county. As a result of the government mandate to help the marginalised, public debt has sky rocketed over the past decades (see figure 3 below), putting the economy at a much precarious position. Taxes have continued to be increased so that the government can afford to finance the safety nets.

Looking at the 2022 budget, most of the government's expenditure was allocated towards social spending which includes Department of Basic Education and Department of Social Development at R1.3 trillion until 2025. Further, there was also R3.33 trillion which was handed over towards the social wage over three years to support vulnerable and low-income households. In an effort to improve the lives of the much vulnerable citizens, treasury alluded that most non-interest spending will go towards the social wage, which includes health, education, housing, social protection, employment programmes, and local

amenities. As a result of such huge allocation towards the lives of the vulnerable, the budget cut off spending towards infrastructure and other productive sectors of the economy.

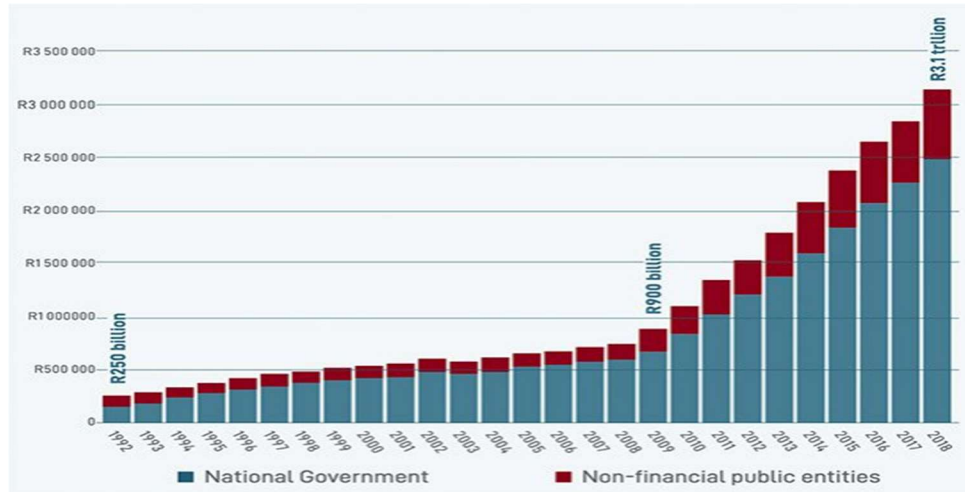


Figure 4. Public debt in South Africa

Source: South African Reserve Bank.

### 3. METHODOLOGY

The paper used secondary data published by different statistical houses in and out of the African region profiling poverty, democracy and inequality in South Africa. To buttress the secondary data used for graphs and tables included in the paper, the researchers also collected relevant and up to date publications in line with the objective of this paper.

### 4. DISCUSSION

#### 4.1. The future of poverty and inequality in South Africa under democracy

The demise of apartheid in South Africa was met with feelings of jubilation across the country. This was driven by the newfound freedoms that previously disadvantaged groups were not entitled to under the apartheid regime. Transitioning from apartheid to democratic rule in South Africa exerted tremendous pressure on the ANC led government. Firstly, there was a need to socio-economically uplift millions of people from poverty and create an inclusive economic system (Clarke and Bassett, 2016). Secondly, there was a need to consolidate a majority rule that was representative of societal demographics. Thirdly, there was a need to do away with apartheid-era policies, attract investments and reduce inequality. However, Francis and Webster (2019), reflect while policies such as Accelerated and Shared Growth Initiative for South Africa (AsgiSA), and Reconstruction and Development Programme (RDP) and to some extent Broad-based Black Economic Empowerment (BEE) have been to some extent able to promote economic inclusion, poverty and inequality continue to be persistent socio-economic challenges for south Africa. It is estimated that 8.9% of the population, about 11 million South Africans, live on less than R28 (\$1.90)

a day, which is around R800 (\$55) per month (Daniel, 2020). South Africa has been categorised as the most unequal country in the world, it has the highest Gini coefficient in the world, making it the most unequal society and the COVID-19 pandemic has deepened this crisis.

The COVID-19 pandemic has exposed how fractured South Africa's democracy is, and just how unequal the country is. There are a series of misconceptions that emanated post-1994. Firstly, it was assumed that a black led government understood the plight of the poor, and hence would be able to effectively address issues related to poverty and inequality. Borat and van der Westhuizen (2008) argue that even though the ANC promised to address these issues, it did not foresee the scale at which these challenges were consolidated within wider society. Secondly, Bek, Binns and Nel (2004) argue that when the ANC came into power, addressing these issues was undertaken from a top-down approach, thus this reduced room for community participation which resulted in policies not aligned to the needs of the people. Finally, even though a black-led government was in power, the financial power was still in the hands of the minority, hence South Africa today is battling issues of land redistribution and raging inequality (Anwar, 2017).

Notwithstanding the above, democracy is seen as a governance system that unites, fosters participation and ensures collective development, however, this is not always the case. For democracy to function and work for the people, there needs to be a plethora of elements. Firstly, there needs to be political adherence to the rule of law and good governance. Democracy needs to be protected from the undue influence that may undermine its functioning and finally, democracy needs to ensure equal representation and support for civil liberties. However, democracy as a system does not guarantee inclusive development, nor does it ensure good governance (Acemoglu et al., 2019). Be as it may, Modise (2017) argues that unlike other forms of governance systems, democracy is likely to foster participation and inclusion, however for it to play a role in socio-economic development, it is largely depends on the policies that are implemented by the governing party, that is, democracy while enabling people to partake in the governance process, ultimately the policies of the governing party determine whether democracy works for the people or not. SA. It has been more than 27 years since South Africa emerged from apartheid, seemingly policies aimed at reducing poverty and inequality have not produced the desired results. Addressing poverty and inequality cannot be seen as a democratic requirement, rather democracy should allow for leaders to work with the community and address issues as a collective. For example, China is not a democratic state yet the country has reduced its poverty from 97 percent in 1978 to 1.7 percent in late 2018. At the centre of this reduction was determination and dedication supported by policies and community outreach buoyed by economic growth (Schmidt, 2020). In Rwanda, Poverty has reduced by 19.8% while extreme poverty has reduced by 23.7% during 2001 and 2015 (Bizoza, Simons, 2019). The World Bank reflected that the proportion of the Ugandan population living below the national poverty line declined from 31.1% in 2006 to 19.7% in 2013 (The World Bank, 2016).

The above examples bear one similarity; these countries are not full democracies yet they have made considerable gains towards reducing poverty. In South Africa, inequality remains one of the biggest obstacles to development and driving this problem has been the inability of the government to redistribute the country's wealth. Omatjee (2020) reveals that despite significant economic growth, major social transformation and racial inclusiveness since the end of the apartheid regime, wealth inequality in South Africa has not reduced.

Attempts by the now-democratic government to wipe away the legacy of apartheid and colonialism have failed to narrow the imbalance between rich and poor, with 3,500 adults owning more than the poorest 32 million people in the country of 60 million (Sguazzin, 2021). Poverty and inequality have been and continue to affect black Africans adversely worst hit by inequality. Further argues that policies aimed at addressing these issues have failed to take into consideration the spatial dimension of poverty and inequality. Just less than half of the South African population lives in rural areas, as does 72 per cent of South Africa's poor. Everatt (2003) argues that poverty in South Africa has racial, gender and spatial dimensions, a direct result of the policies of the successive colonial, segregationist and apartheid regimes.

Poverty and inequality are the illegitimate twins inherited by democratic South Africa and sadly, it is Black South Africans that are at the mercy of these issues (Tshishonga, 2019). Undoubtedly, there is a need to accelerate the development and implementation of policies that will attract investments, consolidate local economic development and promote a culture of entrepreneurship amongst South Africa's youth (Steenekamp, Van der Merwe, Athayde, 2011). Local municipalities are key role players in creating a conducive environment for businesses to thrive, create employment and promote community participation. However local municipalities in South Africa are currently in tatters, corruption and administration have greatly affected the functioning and effectiveness of the local government sector. Therefore, one cannot expect a reduction in inequality and poverty if key elements of good governance which are vital for the functioning of a democratic system are not implemented and respected in all spheres of government.

#### **4.2. Enablers of poverty and inequality: What is the role of the Apartheid's legacy?**

South Africa is described as a country suffering from triple socio-economic problems (Poverty, Inequality and Unemployment) (Tshishonga, 2019). Those challenges have persisted from the apartheid era into the democratic South Africa. When the country transitioned from a minority government into a majority government guided by democratic principles, many foresaw the lives of the majority being aligned to the governance structure.

Many reasons have been brought afore and discussed but the real determinants or enablers of poverty and inequality remains exactly unknown at least in the academic space or we can say the findings are inconclusive. In an effort to deal with the problems, financial inclusion was adopted as part of the country's Black Economic Empowerment programme. The specific financial inclusion targets were set in the 2004 Financial Sector Charter. Social grants were also expanded to reach more poor households and those unbanked. In as much as those two main broad policies to reduce poverty and inequality were important for South Africa, many poor households remained without access to a formal bank account, which is generally seen as the first step towards broader financial inclusion. Having the majority of the population being financially included does have a poverty reducing impact, that is why the South African government was determined to expand that number.

The persistence of the triple socio-economic problems despite government intervention makes it important to understand the enablers of those problems. To unpack that nexus, it is important to look at government responses that have dealt with the symptoms of the problems but not the foundation or source of the problems. It has been argued in the literature that the socio-economic problems in South Africa, manifested during the colonisation era, passed through the apartheid system and they have been maintained during the democratic system. Layden (2021), argued that, the South African government has done

little to restructure the economy to benefit those that were previously disadvantaged. One of the things the lack of restructuring has caused is increases in wealthy inequality which is described as the main enabler of poverty by World Bank in 2019. The failure to redistribute wealth during democracy has led a few white capitalists and a new group of super rich blacks to be in control of over 90% of the entire wealth in South Africa. The bottom 40% of the population only controls 8% of the entire wealth in the country (Statistics South Africa, 2020).

Corruption is also a critical enabler of both inequality and poverty in South Africa (Maduku and Enaifoghe, 2019). As of 2021, the country ranks 70 out of 180 countries considered in the sample by Transparency International. Its rankings have increased scoring 44 points from 43 in 2012. Increased and persistent corruption combined with unresolved apartheid inequalities meant inequality and poverty would continue to worsen (Gumede, 2021). Furthermore, according to Mamdani (2019), the South African government suffers from lack of policy implementation and that has also become a huge enabler of inequality and poverty. He further argues that the constitution in South Africa is one of the best in the World but the government has failed to use it as a tool to dismantle the foot prints of apartheid which has had a long-run effects and proved to be very difficult to reverse. As a result of the failure to dismantle the legacy of apartheid, inequality in South Africa is very loud between races as opposed to within races since the year 1995 (Leibbrandt, 2007; Layden, 2021). The inequality across races is very loud in wealth. The Natives Land Act of 1913 appropriated 87 percent of all arable land for the whites and left a mere 13 percent for the black majority, who were herded into separate ethnic homelands (Modise 2013; Mamdani, 2019).

## 5. CONCLUSION AND RECOMMENDATIONS

The objective of this paper was to understand the relationship between democracy as a governance system and intergenerational inequality and poverty. The central question answered by the paper was why democracy in South Africa is failing to bear economic fruits to improve the lives of the majority. It has been established in the paper that unemployment, lack of property ownership and a poor education system are the main contributors to poverty and inequality in South Africa. The democratic government came into power aware of this dilemma and, as a result, introduced several policies to address the problems of poverty and inequality. However, there is no doubt that the government's pro-poor policies did not adequately address these problems. This failure is mainly a result of weak policies that lack vision and direction in comprehensively dealing with poverty and inequality (Triegaardt, 2006). There is a need for well-planned pro-poor policies supported by research evidence.

First, the market's inability to produce employment for those lacking skills is concerning. Public Works programmes addressing unemployment and poverty have proven temporary and ineffective (ODI 2004–2006). Unemployment in South Africa is a severe structural problem. Thus, a policy response that addresses the type of employment that prevails in the labour market must be implemented. Development policies need to consider quality job creation and close the lack of skilled workers gap in the market through ushering high quality education. There is need for stronger policies in education to ensure high quality output especially from government run high schools, colleges and universities. Quality output from those public run institutions will improve competitiveness of black people and other lagging races and help in closing the income gap in the economy.

Secondly, the expansion of social security grants in the past decade is a good thing and has positively contributed to poverty reduction (Chibba, Luiz, 2006). This paper argues that, grants are insufficient and are a temporary solution as it is unclear whether social grants will always be there due to fiscus restrictions. Another challenge is that social grants do not address the source of poverty and intergenerational inequality and are not designed to be a strategic anti-poverty plan. The government needs to think of long term pro-poor policies to reduce the dependency on social grants as this may lead to poor people being confined in a never-ending cycle of poverty or suffer from a dependency syndrome. Further, these social grants have also been contributing to high government debt which is a threat to future macroeconomic stability.

Lastly, it is essential to accelerate the redistribution of assets, especially land, to allow land ownership to the poor, which will open many other doors to economic empowerment, such as financial markets. We found that 9% of the population owns more than 80% of all the land in South Africa and that is sustaining intergenerational inequality. As a result, we recommend that the amendment of Section 25 of the constitution which speaks to land redistribution be expedited and the government has to be decisive in implementing the amendment. It is the belief of this paper that, if land is not redistributed to mirror the demographic representation of the country, those without the land will continue to lack access to financial markets and other opportunities that come with owning land. However, this paper further argues that while the need for policy adjustments as outlined above is important, there is also a need to consolidate accountability and transparency in the public sector

## REFERENCES

- Acemoglu, D., Naidu, S., Restrepo, P., Robinson, J.A. (2019). *Democracy does cause growth*. "Journal of political economy", 127(1).
- ANC (1994), *Reconstruction and Development Programme*. Johannesburg: Umyanyano Publication.
- Andreasson, S. (2006). *The African National Congress and its Critics: Predatory Liberalism, Black Empowerment and Intra-Alliance Tensions in Post-Apartheid South Africa*. "Democratization", 13(2).
- Anwar, M.A. (2017, April 24). *White people in South Africa still hold the lion's share of all forms of capital*. Access on the internet: <https://theconversation.com/white-people-in-south-africa-still-hold-the-lions-share-of-all-forms-of-capital-75510>
- Asgi, S.A. (2006). *Accelerated and Shared Growth Initiative for South Africa*. Access on the internet: <https://omalley.nelsonmandela.org/omalley/index.php/site/q/031v02409/041v02410/051v02415/061v02416.htm>
- Bek, D., Binns, T., Nel, E. (2004). 'Catching the development train': perspectives on 'top-down' and 'bottom-up' development in post-apartheid South Africa. "Progress in development Studies", 4(1).
- Bentley, W. (2014). *Methodism and transformation in South Africa: 20 years of constitutional democracy*. "Hervormde Teologiese Studies", 70(1).
- Berk, Ö. (2007). *Not separate, not equal: Poverty and inequality in post-apartheid South Africa*. "Economic development and cultural change", 55(3).

- Bhorat, H., van der Westhuizen, C. (2008, May). *Economic growth, poverty and inequality in South Africa: the first decade of democracy* [In:] Development Policy Research Unit Conference.
- Bhorat, H., Rashad C. (2004). *The challenge of growth, employment and poverty in the South African economy since democracy: an exploratory review of selected issues*. "Development Southern Africa", 21(1).
- Bizoza, A., Simons A. (2019, January 16). Access on the internet: <https://www.chronicpoverty.org/resources/2019/1/16/economic-growth-and-poverty-reduction-in-rwanda>
- Boucher, D. (2019). *Reclaiming history: dehumanization and the failure of decolonization*. "International Journal of Social Economics".
- BusinessTech (2021). *How much money the poorest in South Africa are living on each month*. [Access: 13.09.2021]. Access on the internet: <https://businesstech.co.za/news/finance/519958/how-much-money-the-poorest-in-south-africa-are-living-on-each-month/>.
- Cheeseman, N., ed., (2018). *Institutions and democracy in Africa*. Cambridge University Press.
- Chibba, M., Luiz, J.M. (2011). *Poverty, inequality and unemployment in South Africa: Context, issues and the way forward*. "Economic Papers: A journal of applied economics and policy", 30.3.
- Clarke, M., Bassett, C. (2016). *The struggle for transformation in South Africa: Unrealised dreams, persistent hopes*. "Journal of Contemporary African Studies", 34(2).
- Daniel, L. (2020, December 20). *One in five South Africans now lives on less than R28 a day, the UN finds*. Access on the internet: <https://www.businessinsider.co.za/heres-how-many-south-africans-live-on-less-than-r28-a-day-and-why-its-getting-worse-2020-12>
- De Maio, F.G. (2007). *Income inequality measures*. "Journal of Epidemiology & Community Health", 61(10).
- Department of Economic Development. *The New Growth Path 2011* (Pretoria: Department of Economic Development).
- Du Preez M. (2013). *A Rumour of Spring: South Africa After 20 Years of Democracy*. Cape Town: Zebra Press.
- Everatt, D. (2003). *The politics of poverty. The real state of the nation*. Johannesburg: Interfund. Access on the internet: [https://sarpn.org/documents/d0000613/P636\\_Politics-Poverty.pdf](https://sarpn.org/documents/d0000613/P636_Politics-Poverty.pdf)
- Francis, D., Webster, E. (2019). *Poverty and inequality in South Africa: critical reflections*. "Development Southern Africa", 36(6).
- Gronbach, L. (2019). *Financialising poverty: Social grants and financial inclusion in South Africa*. Socialprotection.org. Access on the internet: <https://socialprotection.org/discover/blog/financialising-poverty-social-grants-and-financial-inclusion-south-africa>
- Gupta, S., Davoodi, H., Alonso-Terme, R. (2002). *Does corruption affect income inequality and poverty?* "Economics of governance", 3(1).
- Hein, M. (2011). *South Africa Pushed to the Limit: The Political Economy of Change*. London: Zed Books.
- Hendricks, F.T. (2003). *Land inequality in democratic South Africa* [In:] *Walking Towards Justice: Democratization in Rural Life*. Emerald Group Publishing Limited.
- Lahiff, E. (2007). *'Willing buyer, willing seller': South Africa's failed experiment in market-led agrarian reform*. "Third World Quarterly", 28(8).
- Layden, C. (2021, December 21). *Unrest, Inequality and Poverty in South Africa*. Access on the internet: <https://www.borgenmagazine.com/inequality-and-poverty-in-south-africa/>

- Makgetla, N. (2018). Inequality in South Africa. “*New South African Review*” 6: *The Crisis of Inequality*, ed. by G.M. Khadiagala et al., Wits University Press.
- Mamdani, M. (2019). *Why South Africa Can't Avoid Land Reforms*. “New York Times”. Access on the internet: <https://www.nytimes.com/2019/06/17/opinion/south-africa-land-reform.html>
- Marais, L. (2011). *Local economic development and partnerships: critical reflections from South Africa*. “*Community Development Journal*”.
- Modise, L.J. (2017). *The notion of participatory democracy in relation to local ward committees: The distribution of power*. “*In die Skriflig*”, 51(1).
- National Planning Commission, National Development Plan 2030. Our Future – Make it Work (Pretoria: The Presidency, 2012).
- Nattrass, N., Seekings, J., (2001). *Two Nations? Race and Economic Inequality in South Africa Today*. “*Daedalus*”, Vol. 130, No. 1.
- Naudé, P.J. (2014). *Economic Policy and Theological Reflection in South Africa: An Overview and Assessment After Twenty Years of Democracy*. “*International Journal of Public theology*”, 8(4).
- Ngam, R.N. (2021). *Government-driven Land and Agrarian Reform Programmes in Post-Apartheid South Africa – A Brief History (1994–2021)*. *African Sociological Review/Revue Africaine de Sociologie*, 25(1).
- Omatjee, L. (2020, August 04). Wealthiest 1% in SA owns bigger share of wealth than the other 99% – just like during apartheid. Access on the internet: <https://www.news24.com/fin24/economy/wealthiest-1-in-sa-still-owns-more-than-the-other-99-just-like-during-apartheid-20210804>
- Overseas Development Institute (ODI) (2004). *Public Works as a Solution to Unemployment in South Africa?*, Briefing Paper No. 2, November.
- Overseas Development Institute (ODI) (2006). *Social Grants: South Africa*. Policy Brief 1, February.
- Pellicer, M., Ranchod, V., Sarr, M. and Wegner, E. (2011). *Inequality Traps in South Africa: An Overview and Research Agenda*, *Southern Africa Labour and Development Research Unit Working Paper No. 57*, SALDRU, University of Cape Town, Cape Town.
- Pretorius, C.J., Steyn, W.J. (2019). *Quality deterioration and loss of shelf life as a result of poor road conditions*. “*International Journal of Postharvest Technology and Innovation*”, 6(1).
- Pycroft, Ch. (1997). *Book Review: Managing Sustainable Development In South Africa*. Eds. P. FitzGerald, A. McLennan and B. Munslow. Oxford University Press.
- Reitzes, M. (2009). *The impact of democracy on development: The case of South Africa*.
- Republic of South Africa. (2008). *Towards an anti-poverty strategy for South Africa*. A discussion document. Access on the internet: <http://www.info.gov.za/view/DownloadfileAction?id=92543>
- Schmidt, L. (2020, March 12). *How China Reduced Its Poverty*. Access on the internet: <https://borgenproject.org/china-reduced-its-poverty/>
- Schreiner, B, Mohapi N, van Koppen, B. (2004). *Washing away poverty: Water, democracy and gendered poverty eradication in South Africa*. “*Natural Resources Forum*”, 28(3).
- Sguazzin, A. (2021, August 04). *Wealth gap unchanged since apartheid, study finds*. Access on the internet: <https://www.businesslive.co.za/bd/national/2021-08-04-wealth-gap-unchanged-since-apartheid-study-finds/>



- Sharp, L. (2010). *The failed skills experiment*. December. Access on the internet: Access on the internet: <https://mg.co.za/article/2010-12-23-the-failed-skills-experiment/>
- Smit, S. (2022, March 10). *SA is heading towards another lost decad*. Access on the internet: <https://mg.co.za/business/2022-03-10-sa-is-heading-towards-another-lost-decade/#:~:text=Growth%20slowed%20markedly%20after%20the,to%20just%201.7%25%20a%20year>
- Stats SA (Statistics South Africa 2021) Access on the internet: <http://www.statssa.gov.za/publications/P0211/P02112ndQuarter2021.pdf>
- Steenekamp, A.G., Van der Merwe, S.P., Athayde, R. (2011). *An investigation into youth entrepreneurship in selected South African secondary schools: An exploratory study*. "Southern African Business Review", 15(3).
- The World Bank (2016, September, 20). *Uganda Poverty Assessment 2016: Fact Sheet*. Access on the internet: <https://www.worldbank.org/en/country/uganda/brief/uganda-poverty-assessment-2016-fact-sheet>
- The World Bank (2021, October 07). *South Africa: A New Social Assistance Assessment Aims to Help Strengthen Policies and Programs for the Poor*. Access on the internet: <https://www.worldbank.org/en/news/press-release/2021/10/07/south-africa-a-new-social-assistance-assessment-aims-to-help-strengthen-policies-and-programs-for-the-poor>
- The World Bank (2022, March 09). *Inequality in Southern Africa: An Assessment of the Southern African Customs Union*. Access on the internet: <https://www.worldbank.org/en/news/press-release/2022/03/09/new-world-bank-report-assesses-sources-of-inequality-in-five-countries-in-southern-africa>
- Triegaardt, J.D. (2006). *Reflections on poverty and inequality in South Africa: Policy considerations in an emerging democracy*. Annual Association of South African Social Work Education Institutions Conference, Department of Social Work, University of Venda.
- Tshishonga, N. (2019). *The legacy of apartheid on democracy and citizenship in post-apartheid South Africa: An inclusionary and exclusionary binary?* "African Journal of Development Studies", 9(1).
- United Nations Development Programme, Human Development Report 2020. Access on the internet: Access on the internet: <http://hdr.undp.org/en/2020-report>
- Von Holdt, K. (2013). *South Africa: the transition to violent democracy*. "Review of African Political Economy", 40(138).
- Wasserman, H., Garman, A. (2014). *The meanings of citizenship: Media use and democracy in South Africa*. "Social Dynamics", 40(2).
- World Bank. Gini Coefficient by country 2021 Access on the internet: Access on the internet: <https://worldpopulationreview.com/country-rankings/gini-coefficient-by-country>

DOI: 10.7862/rz.2022.hss.20

*The text was submitted to the editorial office: April 2022.*

*The text was accepted for publication: September 2022.*

