

## APPENDIX

## INEQUALITY AND POVERTY IN SOUTH AFRICA

TABLE 1  
POPULATION OF SOUTH AFRICA

	African	White	Coloured	Asian
1910	67	22	9	2
1925	68	22	8	2
1946	69	21	8	2
1960	69	19	9	3
1970	70	18	9	3
1980	72	16	9	3
1991	74	14	9	3
1995	75,3	12,7	9,4	2,6

2017 79.2 8.9 8.9 2.5 Stats SA

TABLE 2  
RACIAL INCOME SHARES

	African	White	Coloured	Asian
1925	18	75	5	2
1946	22	71	5	2
1960	21	71	6	2
1970	19,5	71	7	2,5
1980	25	65	7	3
1991	27,5	61	7,5	4
1995	39	49	7,2	4,8

Source: Whiteford & McGrath, 1994, Table 5.1 and Lipton, 1986, Table 9.

TABLE 3  
RACIAL DISPARITY RATIO'S

	Whites to others		
	African	Coloured	Asian
1925	12,8	5,5	3,4
1946	10,6	6,3	4,3
1960	11,9	6,3	5,7
1970	15,0	6,0	5,1
1980	12,9	5,3	5,4
1991	12,3	5,4	3,0

Source: Whiteford & McGrath, 1994, Table 5.5

TABLE 4  
PER CAPITA INCOMES AND ABSOLUTE INCOME GAP AT CONSTANT 1990 PRICES

	1946/47	1960	1970	1980	1991
African	1 055	1 153	1 301	1 742	1 710
White	11 190	13 632	19 558	22 552	21 121
Coloured	1 791	2 147	3 252	4 295	3 885
Asian	2 626	2 380	3 828	5 742	6 945
Absolute gap between White and African	10 135	12 479	18 257	20 810	19 411

2012  
5445  
16 581  
7 058  
11 702  
X

Source: Whiteford & McGrath, 1994, Table 5.3

CONCLUSIONS:

Standard Bank 2016

13 - Same as 1991  
Apr

- (a) From 1910 until 1960 the white population group was  $\pm 1/5^{\text{th}}$  of the total population, but received more than  $7/10^{\text{th}}$  of total income (Table 1 and 2)
- (b) In 1946 the average income of Whites was 10,6 times higher than the average income of Africans (Table 3). (5 x more 2017 Stats SA)
- (c) In 1970 the average income of Whites was 15 times higher (Table 3).
- (d) From 1946 until 1970 the average income of Whites increased from R11 190 to R19 558 or with 3% per annum. During the same period the income of Africans increased from R1055 to R1301 or only 1% per annum (1990 prices).
- (e) While the absolute gap between the per capita incomes of Whites vis-à-vis Africans was R10 135 in 1946, it increased to R19 411 in 1991 (1990 prices).

According to Whiteford & McGrath 50 per cent of the total households' income is below the so-called "poverty line"<sup>12</sup>. It was estimated that 67 per cent of African households' income and 38 per cent of Coloured households' income were below the poverty line in 1991. Even if these estimates overstated the degree of poverty – as is sometimes alleged – it remains a rather shocking situation.

In a recent publication of *Statistics South Africa* a Lorenz curve<sup>13</sup> is given to demonstrate the large inequalities in the distribution of income<sup>14</sup>.

<sup>12</sup> Whiteford & McGrath, *The Distribution of Income in South Africa*, HSRC, 1994, Table 7.4.

<sup>13</sup> A Lorenz curve is a graph showing the cumulative income distribution in a given population. In the figure the cumulative percentage of households, arranged from poorest to most affluent (from 0 per cent to 100 per cent) has been plotted by *Central Statistics* on the horizontal axis, while the cumulative percentage of income, arranged from least to most (also from 0 per cent to 100 per cent) has been plotted on the vertical axis. See Fig. 7 in *Earnings and Spendings in South Africa*, Central Statistics, 1997.

The following conclusions can be drawn from the Lorenz curve:

- (a) The poorest 10 per cent of households (13 per cent of the population) received in 1995 as little as 1 per cent of all household income.
- (b) The poorest 20 per cent of households (26 per cent of the population) received only 3 per cent of income.
- (c) The poorest 30 per cent of households (or almost 40 per cent of the population) received only 5 per cent of income.
- (d) The poorest 40 per cent of households (i.e. 53 per cent of the population) received only 8 per cent of income.
- (e) The poorest 50 per cent of households (or 65 per cent of the population) received only 11 per cent of income.
- (f) The poorest 60 per cent of households (or  $\pm$  72 per cent of the population) received only 16 per cent of income.
- (g) The poorest 80 per cent of households received only 35 per cent of income.
- (h) While the richest 20 per cent of households (14 per cent of the population) received 65 per cent of income, the poorest 10 per cent ( $\pm$  14 per cent of the population) received only 3 per cent of income!
- (i) The top 10 per cent of households – and only 5,8 per cent of the population – received more than 40 per cent of income.

*Statistics South Africa* also give information about uneven distribution of income by race. From this the widespread poverty in the African community is also evident.

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<sup>14</sup> *Earnings and Spendings in South Africa*, Central Statistics, 1997.  
The Business Sector



- (a) 47 Per cent of African households are in the bottom two quintiles, compared to 30 per cent of Coloured and only 6 per cent of Indian and 5 per cent White households.
- (b) On the other hand 65 per cent of white households are found in the top income quintile, compared to 45 per cent of Indian, 17 per cent of Coloured and 10 per cent of African households.
- (c) 71 Per cent of African households (or  $\pm$  80 per cent of the African population) is in the bottom 60 per cent of income categories, compared to 13 per cent of white households (or  $\pm$  10 per cent of the white population).

Although the Commission gives the necessary attention to the fact that wealth and poverty are very largely defined in racial terms, the only attempt of the TRC to explain the widespread poverty among Africans is to give the following shortened version of the exposition I gave (in my submission) to demonstrate the "systemic" link between racial capitalism and African poverty.

- a "Africans were deprived of large parts of land on which they had conducted successful traditional farming for centuries;
- b For decades, millions of African people were paid exploitative wages in all sectors of the economy;
- c A great variety of discriminatory legislation not only deprived Africans of the opportunity to acquire skills, but also compelled them to do dreary, unskilled and humiliating work at very low wages;
- d The prevailing power structures deprived Africans of opportunities to 'accumulate' human capital;
- e Heavy restrictions on the legal right of Africans to own property and conduct business deprived them of the opportunity to accumulate property and develop entrepreneurial and professional capabilities;
- f While prevailing power structures impoverished the greater majority of Africans during the first three-quarters of the century, the liberation struggle and the state response to it had a devastating effect on the poorer 60 per cent of the African population;
- g African societies were impoverished and 'destroyed', while the system also prevented South Africans from building a united society" (par 154).

All seven these points are convincing examples of how *systemic exploitation* impoverished the Africans. The causive link between racial capitalism and white political dominance on the one hand and African poverty on the other hand should have been explored in much greater detail by the TRC.