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Empires of inequality

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BOOK REVIEW

Western empires: Christianity, and the inequalities between the west and the rest, 1500-2010, by Sampie Terreblanche, Johannesburg, Penguin Books, 2014, £24.99 (paperback), ISBN 978-0-14-353907-0

Capital in the twenty-first century, by Thomas Piketty, Cambridge, MA, The Bellnap Press of Harvard University Press, 2013, £25.46 (paperback), ISBN 978-0-674-43000

Two rather long and imposing books, one by a well-respected South African economic historian, the other by a French economist, addressing themes of capital(ism) and empire from long historical perspectives and both featuring the word 'inequality' in the title or sub-title, were bound to attract attention around the world today, where many countries and regions are still struggling to stem growing inequality and shake off the devastating effects of the global financial crisis, post-2008. The interest in Thomas Piketty's book has of course gone viral, and it has received massive critical attention among academics, commentators and even policy-makers all over the world since its publication. This is also true in South Africa, a country which, 21 years after the advent of a relatively peaceful and globally celebrated democratic transition, and after not insignificant fiscal policy interventions, remains one of the most unequal countries in the world by any measure. And so it has proved over the past 12 months or so, where Piketty seminars, and Piketty reading groups, have sprung up countrywide (see *yourlisten.com/humaneconomyblog/mitmows14-roundtable-the pikettyphenonomen).*

Sampie Terreblanche's equally impressive book has received less attention around the academic world, and surprisingly, even in his native South Africa. The book is a remarkably well organised and eloquent rendition of the institutional roots of global inequality, using mostly secondary literature. We hope to go some way to correcting this imbalance as we believe that Terreblanche's work is deserving of more critical attention.

Sampie Terreblanche appeared as a voluntary witness before South Africa's Truth and Reconciliation Commission, which had been set up as a part of the process of transition to democracy. The TRC was a (non-punitive) forum whose objectives were to openly address apartheid crimes, provide financial redress to victims and grant amnesty to those apartheid agents and perpetrators of apartheid crimes who made full disclosure. There, Terreblanche argued a case for a wealth tax as one way for the beneficiaries of apartheid (mainly whites) to make some financial contribution via the fiscus to victims and towards building trust in the new (non-racial) society that was being built. His proposal was vehemently criticised especially by business organisations and the business-friendly media (both still largely white at the time) and even by the democratic government.

That public criticism inspired him to write a book (*A History of Inequality in South Africa*) specifically devoted to the subject of inequality *within* South Africa (Terreblanche 2002). In *Western Empires* his focus turns to issues of global inequality, to a consideration of inequality between the core (the western world) and the periphery (what he terms the 'Restern' world). As a result there is little in his latest book on South Africa as such, except for references in the context of its Dominium status under the British Empire, and a short discussion of the economic causes of the Anglo-Boer (or South African) War. He tackles his subject through a very thorough, well organised and stimulating rendition, using mainly secondary sources, of the history of Western empire-building over the last 500 years, and he considers the cumulative impact this has had over time on people in the (colonised) periphery. A short final chapter examines inequalities in the domestic distribution of income and wealth in western countries, the principal subject of Thomas Piketty's monumental book *Capital in the Twenty-first Century*, on which more later.

This is not the first time, as if in some linear transition out of the ideological baggage of his past, that Terreblanche has reflected on global divisions and inequalities. His book *Die Wordings van die Westerse Ekonomie* (*The evolution of the western economy*) was published in 1980. Because it was published only in Afrikaans it received little attention outside Stellenbosch and parts of South African academia. Many of the issues he raises in *Western Empires* first appeared and were tested out in *Wordings*. There too he was concerned about the root causes of the development of the Western economies over the thousand years of the second millennium. He identified four distinct periods in the development of the world order and discussed the (largely negative) ways in which those developments impacted on the Third World (South). He spoke of an ideological and power struggle flaring up (*oplaai*) between the North and the South. He devoted a whole chapter there to South Africa where he characterised the country as a form of internal ethnic neo-colonialism (*interne ethiese neo-kolonialisme*) – terminology not far removed from the ANC/SACP theory of South Africa as representative of 'colonialism of a special kind' (first- and third-world economies existing in tension and struggle within one country).

Here he goes beyond the limits of *Wordings* and employs a far more sophisticated, more penetrating and richer narrative, using nearly all the most powerful academic analyses of empire. Even if some readers are not impressed by the absence of any first-hand archival research, they cannot fail to be struck by the brilliant and all-encompassing re-organisation and packaging of this body of secondary literature to make a powerful case for his principal arguments.

Sampie Terreblanche's main argument in *Western Empires*, running through 584 pages, is that 'we cannot understand the challenges of our time without understanding the ways in which 500 years of Western empire building, often with the complicity of the elites of the Restern world, have shaped our world into the deeply unequal and gratuitously unjust place that it is today' (p. 3).

This is a remarkable argument to make in such a powerful and sustained way, and a long journey to travel, for someone who was once a leading intellectual supporter of the apartheid regime and a member of the secret society, the Afrikaner Broederbond, which used nefarious means to control and influence the key institutions of the country during the apartheid era. Terreblanche first began to see the unimaginable damage created by apartheid through his work on the Theron Commission (1976) into the social, economic and political conditions of 'coloured' people. He broke publicly with the PW Botha Nationalists in 1989 by associating himself with a breakaway reformist group that opposed the Nats in the national elections of that year. He later became one of the key Stellenbosch University-based intellectuals who met the ANC in exile and paved the way to the negotiated settlement that led to full-blown democracy in 1994 (see Terreblanche 2012; Padayachee 2013b). Since then he has been a fierce critic of the (neo-liberal) policies of the ANC-led government whose economic policies (he has argued) have exacerbated the historic legacies of inequality (based on income, wealth, race, gender and space).

Terreblanche begins *Western Empires* by siding with scholars such as Jack Goody in rejecting the Eurocentric view that the rise of the West was almost exclusively the result of the 'superiority and exceptional nature' of European peoples (p. 8). According to Goody, the distinctiveness of Europe 'has been puffed up [by Eurocentrism] at the expense of the other, distorting not only the understanding of Orient but of the Occident too' (cited in Terreblanche, p. 37).

Terreblanche unpacks the powerfully positive influence of Islamic civilisation and its globalising tendencies on the rise of Western Europe. For 800 years or so the Moors occupied parts of the Iberian Peninsula and from there spread their intellectual and economic ideas and contacts. Splendid metropolitan centres such as Cordoba, Seville, Toledo, Madrid and Granada were developed. Schools and libraries where Muslim, Christian and Jewish scholars worked together were set up. He quotes David Lewis who refers to that period in Al-Andalus (Spain) as 'one of mankind's most fecund periods of cross-cultural intellectual and scientific production

… with Bagdad as its magnet and fulcrum from about 760–900' (p. 33), all this at the same time as many parts of Europe were engaged in the relentless Crusades against the Islamic empires in Asia Minor.

Later, as one enters the next millennium, new, different and more perverse religious influences emerge. The 'Christianity' in the sub-title derives from Terreblanche's claim that the inequality that developed throughout the second millennium (1095–2000) owed much to the influence of Christian civilisation and its many and powerful messages, including the superiority of its inhabitants of Europe-as-Christendom; the imperialistic and crusading drives of Christianity, including the Roman Catholic Church; the glorification of militarism; and the legitimation of inequality by the European/Christian elites. He argues, that 'the perpetuation and intensification of socio-economic inequality between the *elite* (i.e. the clerical and feudal elite supplemented by the capitalist bourgeoisie), on the one hand, and the large *underclasses* (i.e. the serfs, the slaves, the peasantry, the wandering poor and working classes) on the other, and the legitimation of this inequality by claiming that it was natural and in accordance God's will' (p. 31) underpinned intensifying inequality in Europe throughout those thousand or so years. By the end of the second millennium, this view remained largely uncontested.

Terreblanche identifies distinct patterns in the growth of western empires since 1500: first, the period of plunder, slavery and settlement colonialism (1530–1820); second, an era of formal and informal empires, rapid industrialisation in the West coupled with the repression and exploitation of labour everywhere (1820–1950); and third a period characterised by anti-colonial struggles, decolonisation, the Cold War and an American hegemony (1950 to date). However, for Terreblanche the pattern of post-war US domination has taken two forms: one, up until the ascendance of Reagan and Thatcher, and another after they took power in the US and Britain respectively. In the period 1945–1980, an American-led social democratic empire emerged during which the prevailing system of 'democratic capitalism succeeded in taming the capitalist elite for the first and only time in the history of western capitalism and brought about – also for the first and only time – an equalisation in the domestic distribution of income' (p. 532). It was a period where all of the economic and policy goals of social democracy were attained in the West: reasonably full employment, a high rate of economic growth, better education and health services and social security systems, price and exchange rate stability, and a more equal distribution of domestic property and income. From an economic, moral and political point of view, this post-War order succeeded in creating – after two world wars and the Great Depression, and the threats of both fascism and bolshevism – a more stable, just and humane world in the West. Looking back from the world we live in today, that era (International Keynesianism, we would call it) appears to be nirvana.

But the break-up of the global integument that held it all together (the Bretton Woods system) and a 'neo-liberal counter-revolution' (p. 533) led by Thatcher and Reagan to address the reality of stagflation both globally and domestically, brought the Golden Age to an end. It is not just coincidental, Terreblanche argues, that there has been since c1981 'a dramatic surge in the inequality of the domestic distribution of income in all countries in the world' (p. 534). Between 1979 and 2007, the after-tax income of the top 1% of Americans increased by a staggering 275%, while for the bottom 20% the increase was a mere 18%. By 2016 the top 1% will own 50% of global assets. He quotes a now well-known Oxfam Report to the effect that the world's 85 richest people have as much income as the poorest 3.5 billion people (p. 534).

These are for us the most powerful and crucial arguments that Terreblanche makes in his long treatise. Terreblanche reminds us that all great empires of whatever variety have become vulnerable and then end, usually for a combination of similar factors: imperial overstretch, the rigidity of core institutions, an inability to reform, and the costs of prolonged and debilitating wars. As Chalmers Johnson observed, those born before World War Two would have lived through the collapse of Nazi Germany, imperial Japan, Great Britain, France, the Netherlands, and the Soviet Union. Will the current American-led financial empire face a similar fate? Some have argued that US decline has already begun (see Michael Mann quoted in Terreblanche, p. 501). The impact of 9/11, the Great Recession, the costs of the continuing 'war on terror', etc. are taking their toll. As we write (February 2015) US growth and employment is on the way up, but the country's ability to maintain its global position (as a 'debtor empire', as Niall Ferguson notes, in Terreblanche, p. 499) is crucially dependent on Chinese and Indian savings. Maintaining in a coherent way, its four sources of imperial power (political, military, economic and ideological) will become increasingly difficult.

Western Empires is written in the tradition of a grand institutional narrative. Not one emphasising the usual rights-based institutional norms in the mould of Douglass North, but one instead focusing on how an elite in the West has conspired to use its institutions of political empire, economic power as well as legal and extra-legal instruments of coercion to entrench global inequality over 500 years.

Thomas Piketty is not a Western Marxist of the early post-war variety, but he has a quintessentially modern left-of-centre European outlook. By his own admission, he confirms that

> I belong to a generation that turned eighteen in 1989, which was not only the bicentenary of the French Revolution, but also the year when the Berlin Wall fell. I belong to a generation that came of age listening to the news of the collapse of the communist dictatorships and never felt the slightest affection or nostalgia for those regimes or for the Soviet Union. I was vaccinated for life against the conventional but lazy rhetoric of anti-Capitalism, some of which simply ignored the historic failure of communism and much of which turned its back on the intellectual means necessary to push beyond it. (p. 31)

Piketty may have been schooled amongst neo-classical economists, but his models, underpinned by intimidatingly impressive data sets, mined from tax records going back 300 years in some cases, reinforce certain basic Marxist analyses, essentially that accumulation is Central to understanding capitalists drive to accumulate is increasing economies of scale.

To date, data from the relatively short post-World War Two period up until the end of the twentieth century, has been read mostly in sympathy with a neo-classical interpretation. In this period, the hypothesis behind the Kuznets Curve was the dominant thinking about development and income inequality.

> The relationship between inequality and economic development has continued to fascinate economists ever since Nobel Laureate Simon Kuznets (1955) suggested that such a relationship may take the form of an inverted-U. This hypothesis predicts that inequality first increases in the early stages of development, reaches a maximum at an intermediate level of income, and then declines as the country achieves a high level of per capita income. As a poor country embarks on growth, the process of industrialization leads to greater inequality as a result of a shift of labour force from low-productivity agriculture to sectors of higher productivity. (Bhandari, Pradhan, and Upadhyay 2010:7)

Into this picture steps Piketty, demolishing, with his 300-year-old data sets, the Kuznets hypothesis, and showing instead that the turn away from inequality over time, and in the course of development and global integration, is not assured and that intervention in the market mechanism is required to arrest and reverse the increasing share of income that capital relentlessly claims over time.

Piketty shows that it was the *intervention* of the period 1914–1945 that arrested the trend towards greater and greater inequality. These interventions included taxation policies in the 1920s and 1930s, which were less favourable to the owners of capital. Piketty shows that patrimonial capital is the largest contingent of total capital, more so even than Schumpeter's 'heroes of enterprise'. That central to understanding capitalists drive to accumulate is increasing economies of scale. Whereas Marx focused on the increasing economies of scale of industry, Piketty shows how the same benefits of scale apply to investment performance of capital. Large fortunes enjoy better returns than smaller ones. His two fundamental laws of capital are worth noting. His first law determines capital share of total income:

$\alpha = r\beta$
where:
r is the rate of return on capital; and
β is the capital income ratio.
This, Piketty points out, is a 'pure accounting identity' (p. 52).

His second fundamental law of capital is more controversial in that it is not merely 'an accounting identity', but resuscitates the Harrod-Domar concerns about the investment/growth relationship. In Piketty it is expressed as:
$\beta = s/g$
where:
β is again the capital/income ratio;
s is the rate of savings as a percentage of total income; and
g is the growth rate (Piketty 2014, 166).

Piketty takes the market value of capital in determining its quantity. The virtual stability of the pure return on capital over the very long run (or more likely this slight decrease of about one quarter to one fifth, from 4–5% in the 18th and 19th centuries to 3–4% today) is a fact of major importance for Piketty's study (p. 206). Whether there is such a close connection between the valuation of capital and the income that it generates, as Piketty suggests, has been critically explored by James K. Galbraith in *Real–World Economics Review* (2014). This is an important question, as we need to know the extent to which the increase in the value of capital translates into it capturing a greater share of income.

Flowing from these laws, and crucial to the argument of the whole book, is his proposition that whenever $r > g$, there will be a tendency for inequality to widen. In other words, when the rate of return on capital (r) far exceeds the GDP growth rate (g), it follows that inherited wealth would grow faster than income/output. It would therefore take more than a few decades for large inequalities generated in earlier times to become less.

The renowned American Marxist philosopher, Bob Woolf makes this point:

> Piketty's central discovery, if we may call it that, is that contemporary capitalism is over the long run steadily transferring huge quantities of wealth from the poor to the rich, reconstituting thereby the inherited or patrimonial privilege and power characteristic of Europe in the eighteenth and nineteenth centuries. This fact may come as a surprise to professional economists, but it does not particularly startle those of us who have squandered our youth and idled away our maturity reading Karl Marx. *All* societies exist for the purpose of transferring wealth from those who create it – the poor – to those who do not – the rich. The academic professions exist for the purpose of rationalising this transfer, the churches exist for the purpose of blessing it, and the arts exist for the purpose of decorating the transfer so as to make it as charming as possible [even though this often comes to nothing more than putting lipstick on a pig]. (http://www.box.net/shared/n72u3p7pyj)

In contrast to the power of his method and his arguments, Piketty's policy prescriptions are not convincing. An international tax on capital is not likely to be implementable under current national or regional political models. Action is more likely to originate at a national, not international, level. Piketty does well setting out trends over time and explaining them; prescriptions for correcting these trends are not the focus of his work, another similarity with Marx.

Acemoglu and Robinson (2014), themselves highly respected institutionalist academics, fault Piketty for formulating 'general laws' for the economy, in the style of 'Thomas Malthus, David Ricardo and particularly Karl Marx' (Acemoglu and Robinson 2014, 1). These general laws, Acemoglu and Robinson claim, all fail because of a failure to appreciate the institutional environment in which economic history plays itself out. They undertake an impressive summary of the long twentieth century trajectory of the economies of Sweden and South Africa to show that it was the institutional framework of these two very different countries, rather than Piketty's or Marx's general laws of capital, that best explain performance, distribution and inequality.

However, in our view, the weakest point in Acemoglu and Robinson's narrative of inequality in South Africa lies in their treatment of the perpetuation of high levels of post-apartheid inequality. We are told:

> top 1 percent inequality shows a steep rise after 1994, coinciding with the overthrow of the formidable extractive institutions of South Africa collapsed. Though there is no consensus on why this is, the answer is likely related to the fact that after the end of apartheid, the artificially compressed income distribution among blacks started widening as some proportion of this population started to benefit from business opportunities, education and aggressive new affirmative action programmes such as black economic empowerment… Whatever the details, it is hard to see the post-1994 rise in top 1 percent share as the demise of egalitarian South Africa. (Acemoglu and Robinson 2014, 12)

While it is fair comment to say that black South African incomes were 'artificially compressed' under apartheid, can we really be satisfied that income inequality amongst black South Africans, now as bad as overall South African income inequality, is not a serious challenge to 'egalitarian South Africa'? Over the 21 years since the fall of apartheid, and the acceptance by the ANC government of an essentially Washington Consensus paradigm, we would suggest that both Piketty's 'general laws of capital' and institutional factors not raised by Acemoglu and Robinson (2014) may have contributed to growing income inequality amongst black South Africans.

The perpetuation of extremely high levels of income inequality amongst black South Africans is not just as a result of the 'business opportunities, education and aggressive new affirmative action programmes' suggested by Acemoglu and Robinson (2014, 12) but – as Terreblanche shows in his earlier book (2002) – this is also, in part, the outcome of the neat co-option of a (black) ruling elite into the upper echelons of South Africa's previously white capitalist formation. The fact that South Africa has focused on accommodating internationally mobile capital to the extent that it has done in the past 21 years, facilitates a comparison with the western countries studied in detail by Piketty. After all, these western countries have provided the blueprint of borderless capital which South Africa has largely copied. So when South African income inequality moves in the same direction as income inequality in Terreblanche's 'Restern world', who is to say that the coincidence of economic paradigm and income inequality trends have nothing to do with Piketty's 'general laws of capital'?

However, neither Terreblanche's *Western Empires* nor Piketty's *Capital* is focused on South Africa, although Piketty does famously and correctly start Part One of his book with a discussion of the inequalities underlying the massacre of striking workers at the Marikana platinum mine in South Africa in 2012 (pp. 39–40, which we comment on below). Here, by way of concluding this review, is our brief take on the subject of South African capitalism and inequality, drawing liberally from Hart and Padayachee (2013).

The great contradiction of world society at the end of the twentieth century is that humanity is growing closer together and more unequal at the same time. According to the United Nations *Human Development Report*, the world's 225 richest men own more than one trillion dollars, the equivalent of the annual income of the world's 47% of poorest people. In the 1990s, the incomes of American CEOs have risen from 40 to 400 times the average wage. The rich pollute the world 50 times more than the poor; but the latter are more likely to die from the pollution. World consumption has increased six times in the last 20 years; but the richest fifth account for 86% of it.

South Africa has some claim to being such a world in microcosm. The traditional method for dealing with inequality has been to inject as much distance as possible between rich and poor. This was, after all, the aim of apartheid. As internal and external barriers crumble, South Africa offers a crucial test of our ability in the twenty-first century to resolve the contradiction between reduced distance and escalating inequality.

After the Second World War, South Africa's ruling National Party set out to institute what they called *apartheid*. Despite the close integration of people of European and African origin in the country's economic system, they decided to separate the 'races'. Establishing and maintaining such a system required the systematic use of force, although collaborators were, as usual, not hard to find, a point that Terreblanche makes as early as page 3, where he talks of the complicity of the elites of the Restern world in the perpetuation of their own social and economic inequality. Internal resistance built up gradually and the rest of the world expressed variable degrees of outrage, eventually translated into an intermittent boycott. The South African experiment was ugly, but not the most extreme form of inhumanity known to the twentieth century. Stalin and Hitler between them were responsible for much worse.

The apartheid principle is to be found everywhere in local systems of discrimination, more or less blatantly. But there are also grounds for asserting that twentieth-century world society has been constructed along the same lines. Arthur Lewis makes a plausible case for this as follows. In the decades leading up to the First World War, 50 m Europeans left home to go to the lands of temperate zone new settlements and a similar number of Indians and Chinese ('coolies') were shipped to the colonies as indentured labourers. These two streams of migrants had to be kept apart since, although their work was often similar, whites were paid on average 9 shillings a day, and Asians 1 shilling a day. And in the areas where Asian workers were allowed to settle, the price of local wage labour was driven down to the same level.

Lewis goes on to argue that this division of the world by western imperialism into countries of dear and cheap labour had profound consequences for their subsequent economic development. This is because high wage economies sustain higher levels of demand than their low-wage counterparts. Moreover, world trade has been organised ever since in the interests of the better-paid, with tax-rich states subsidising their farmers to dump cheap food overseas at the expense of agricultural development there and preventing the imported manufactures of poor countries from undermining the wages of home industrial workers. South Africa and the United States were two countries that allowed heavy immigration of working class Europeans, while seeking to retain a reserve of poorly paid, mainly black labour. The resulting dualism is inscribed on their shared history of racist urbanisation.

South Africa's GINI coefficient (the international standard for measuring the distribution of income and wealth in a country), has been shown to be very high, at over 0.70, where 1.0 measures perfect inequality, i.e. one individual receiving total national income (Bosch et al. 2010, 3). Of course like most economic measures, this figure has been calculated for South Africa by many different researchers and organisations using different methodologies and has been the subject of fierce academic and policy debate (see Leibbrandt et al. 2012).

For a few years in the first decade of the twenty-first century, some modest growth in GDP did reduce unemployment numbers. This together with a steady growth in the numbers and rand value of social grants, now covering some 16 m people, contributed to a reduction in levels of absolute poverty and inequality, but the global financial crisis appears to have reversed these gains. Bosch et al. (2010) for example, argue that the figure would be around 0.59 if a number of forms of income including social grants, as well as free, state-provided services such as water, sanitation and electricity, are added to income. But even this figure remains high by international comparison, as a 2014 World Bank study shows. In their report 'Fiscal Policy and redistribution in an unequal society' the World Bank found that social grant expenditure by the South African state consisting of cash transfers and free basic services did succeed in lifting some 3.6 million people out of poverty and significantly reducing inequality from a Gini coefficient of 0.771 before redistribution to 0.569, but despite this major reduction in the coefficient, the initial gap between the rich and the poor was so high that South Africa still ended up with a higher inequality than the highest starting point of any country in the sample (in *Business Day*, 25 February 2015).

In modern, industrial South Africa, neither the English mining randlords such as Cecil John Rhodes, nor the Afrikaner capitalists after 1948, nor (black) African capitalists after 1994, appear to be beneficiaries of patrimonial capitalism. Rather, they all made money principally because of their intimate connections to political power in different eras, coupled with the perpetuation of the violence against and exploitation of (black) labour, in part through the migratory labour system. This is something that the Marikana tragedy of 2013 at Lonmin platinum mine demonstrated in a way that makes clear the remarkable continuities cutting across over 100 years that is to be found in South Africa. Piketty in fact refers directly to this tragedy (as early as pages 39–40 of his book) in relation to inherent conflicts over the distribution of income in South Africa since the minerals revolution (see also Padayachee 2013a, 10–17 for more on this). The Marikana tragedy and the network of connections between capital and the state is just the most glaring recent example of the continuing links between the use of violence and political power in South Africa's industrial development.

In other words, we argue that the roots of the South African current obscenely high inequality can be traced back to the early days of the mining revolution and to the income differentials between the (white) Randlords and (black) mineworkers and that these inequalities have been perpetuated into the democratic dispensation in part as an outcome of the perpetuation of the old structure of the economy and the orthodox policy framework chosen by the new government. Social grant expenditure may have marginally reduced income inequality as we have pointed out above, but inequality remains among the very top of the league table of comparable countries. Such social grants, while critical to the quality of life for its 16 million recipients, do little to mask the inequalities that are inherent in the nature of South African capitalist development, a trajectory of industrialisation and development that has remained largely intact since the fall of apartheid.

Terreblanche's (2002) summary of the continuing inequality in post-apartheid South Africa is worth repetition.

> The black elite and its inclination towards elitism are largely the creation of the two white elite groups that deliberately co-opted the black elite as a junior partner in order to perpetuate their own wealth and privilege, and legitimise their economic power in the 'new South Africa'. For this reason black elitism has acquired the same systematic character in the new South Africa as white elitism in the old. (Terreblanche 2002, 135)

The critical approach to the continuing inequality in post-apartheid South Africa that we see in Terreblanche (2002) is surely better than the throwaway argument that 'whatever the details, it is hard to see the post-1994 rise in top one percent share as the demise of egalitarian South Africa' (Acemoglu and Robinson 2014, 12).

We would argue that it is not so much a choice between 'general laws' of capital on the one hand and institutional economic histories on the other that better explain growing inequalities everywhere. Surely all of the great 'general laws of economics' theorists, from Malthus and Ricardo, to Marx and Piketty, have something to contribute. Rather, it is a question of getting right the 'colour combinations' in the tapestry. We would suggest in this spirit that a critical reading of Piketty (2014) and Terreblanche (1980) offers very satisfying complementary analytical frameworks for understanding the origins and perpetuation of global, regional and national inequalities. And that such approaches can also offer some insights into South African inequalities both before and after apartheid.

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