

THE REPRODUCTION OF SYSTEMIC EXCLUSION IN POST-APARTHEID AFRICA

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1. INTRODUCTION

Inequality and poverty remain the outstanding characteristics of the South African society ten years after the mercurious transition from apartheid to a representative democracy. To put the inequality and the poverty problems in their proper historical context, it is necessary to divide South Africa's history since the mining revolution in three distinct *systemic* periods. In each of these three periods the power constellation in place moulded the society in ways that have had far reaching implications for the inequality and poverty issues of today. The three systemic periods are, firstly, the period of extended colonialism from \pm 1890-1974 when *systemic exploitation* was introduced and perpetrated; secondly, the period of *transition* (from 1974 until 1994) when *systemic exploitation* was gradually replaced by *systemic exclusion*; and thirdly, the democratic period since 1994 when *systemic exclusion* was reproduced.

2. THE PERIOD OF EXTENDED COLONIALISM WHEN SYSTEMIC EXPLOITATION WAS INTRODUCED (1890 - 1974)

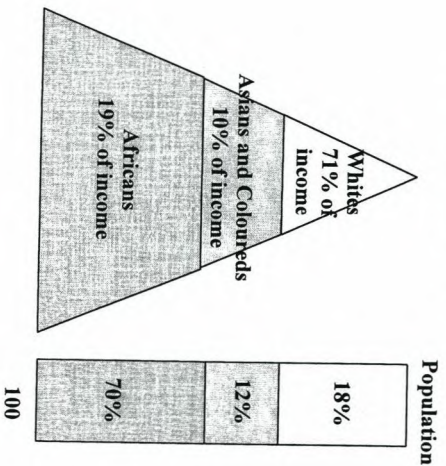
South Africa's economic "take-off" took place during the mining revolution at the end of the 19th century. The mining companies could only extract gold profitably and in large quantities (as was demanded by Great Britain) if a *politico-economic system* and a labour system could be institutionalised conducive to the profitable production of gold. The politico-economic system that was institutionalised – on request of the mining companies – in the 25 years from 1890 to 1915 was a political system of *White political dominance* and an economic system of *racial and colonial capitalism*. This politico-economic system remained virtually intact until the 1970s. In this system a very close symbiotic relationship existed between the whites that controlled South Africa politically, and the whites that controlled the South African economy. Both groups had a huge vested interest in *systemic exploitation* and profited hugely from it.

When gold was discovered the Africans were economically independent. They practised their traditional farming on the land still occupied by them. During the second half of the 19th century many Africans became successful sharecroppers in maize production on white farms or on crown land. The Land Act of 1913 restricted the native reserves to only 8% of the South African territory and outlawed all kinds of sharecropping. The purpose of the Land Act was to turn large numbers of Africans into an impoverished proletariat with no choice but to seek contract labour (at very low wages) on the mines and on white farms. The labour system introduced by the Land Act - and maintained until the 1970s - was a black labour repressive system. This labour system was the bedrock on which *systemic exploitation* was based for a period of at least 60 years.

Due to the deeply institutionalised *systemic exploitation*, the per capita income of Africans declined from 9,1% of white per capita income in 1917 to 6,8% in 1970. During the first 75 years of the 20th century the whites were always less than 20% of the total population, but they constantly received more than 70% of total income. The Africans were almost 70% of the total population, but they received consistently less than 20% of total income. On top of this almost all property was in the hands of the whites.

The politico-economic system in place in South Africa from \pm 1890 until 1974 was a highly *dysfunctional* system. It served the interests of the whites exceedingly well and enriched them undeservedly. But due to the exploitative nature of the system, the blacks – and especially the Africans – were impoverished undeservedly. This politico-economic system reached its zenith during the early 1970s. At that time a fault line was deeply embedded in South African society. Almost all the whites were economically in a privileged position as middle class (or bourgeois) people, while almost all the blacks were impoverished lower class people. The South African society was a deeply divided *racial* society in 1970. The whites were 18% of the population and received 71% of total income. The Coloureds and Asians were 12% of the population and received 10% of income. The Africans were 70% of the population and received only 19% of total income. (See Whiteford and McGrath, 1994: Table 5.1, and Whiteford and Van Seventer, 1999, Table 2.1 and Sadie, 1989, Table 1).

THE RACIALLY DIVIDED SOCIETY OF 1970 AND ITS UNEQUAL DISTRIBUTION OF INCOME



3. THE TRANSITIONAL PERIOD (1974-1994) AND THE REPLACEMENT OF SYSTEMIC EXPLOITATION BY SYSTEMIC EXCLUSION

A series of dramatic events in the mid-1970s plunged the white hegemonic order in a crisis of survival. This caused a profound paradigm shift in the ideological thinking of both whites and blacks, and started to change the power relations of political supremacy and racial capitalism. The period from 1974 until 1994 was a period of stagnation, creeping poverty and growing unemployment. It coincided with the liberation struggle when political bargaining power slowly shifted from the whites towards the blacks.

The 20 years from 1974 to 1994 was not only a crisis for the whites (mainly Afrikaners) that controlled South Africa politically, but also for the whites (mainly English speakers) that controlled South Africa economically. The Durban strikes of 1973 and the Soweto unrest of 1976 demonstrated the growing bargaining power of the blacks. Due to these events black (and especially the African) labour was no longer as cheap and as docile as during the preceding 60 years. The white controlled corporate sector started to take steps to protect their economic interest in this changing labour situation. This sector started replacing African labour by capital. In the 20 years from 1974 to 1994 the South African economy became much more capital intensive and a lot more modernised. During the same period

unemployment increased from 20% to 30%, while African unemployment increased from 25% to almost 40%.

The period from 1974 to 1994 can be regarded as the *transitional* period when white political dominance was slowly but certainly abolished. It was also the period when the economic system of racial and colonial capitalism was gradually transformed into a *first world capitalist enclave*. The labour reform acts of 1979-81 gave impetus to the trend towards enclavism. During this period *systemic exploitation* was gradually replaced by *systemic exclusion*. While 34% of the total African population was permanently employed in the formal sector in 1970, only 18% were thus unemployed in 1994. It is indeed a mighty irony that the white entrepreneurial class that had an insatiable demand for cheap and unskilled African labour for 80 years, started to declare unskilled African labour redundant from 1974. As *systemic exploitation* was replaced by *systemic exclusion* many of the Africans that were declared redundant were placed in an awkward position because they could not return to their pre-modern modes of production.

As the politico-economic system of white political dominance and racial capitalism (and the power constellation on which it was based) started to collapse during the struggle, all kinds of *distributional* shifts took place. The income of the top 25% of blacks increasing by more than 40% from 1974 to 1994. The NP government made several concessions to the leader core of the black population in a desperate attempt to convince them of the alleged merits of apartheid. The corporate sector, in their turn, also pampered to the top 25% of the blacks as part and parcel of their new capital-intensive production methods.

The income of the lower 60% of the Africans declined, however, by almost 50% between 1974 and 1994. This lower 60% of the blacks had no choice but to carry the brunt of the painful transitional process. Before 1974 they were the real victims of *systemic exploitation*. From 1974 to 1994 they became increasingly the victims of the struggle and of *systemic exclusion*. During the transitional period the income of the lower 60% of whites (mainly Afrikaners) also declined by $\pm 40\%$. Consequently they lost part of the higher income growth attained by them during the third quarter of the century. (See Whiteford & McGrath, 1994 and Whiteford and Van Seventer, 1999).

These distributional shifts that took place during the transitional period radically changed the composition of the South African society. The fault line shifted to include the top $\pm 25\%$ of the blacks in a privileged position as a middle-class-in-the-making. Together with the white middle class, the new unfolding black middle class comprised $\pm 30\%$ of the population in 1994.

But the fault line between the privileged and impoverished part of the population became much deeper during the transitional period. The poorest 60% of the blacks were considerably poorer in 1994 than in 1974. At the end of the transitional period $\pm 50\%$ of the population was living under the poverty line. Their poverty has already attained an endogenous dynamic of its own in 1994. Their poverty was already like a snowball rolling from a slope at its own momentum. In 1994 the poor was already exposed to several poverty traps that were not only perpetuating poverty spontaneously, but also augmenting it.

During the transitional period important *power shifts* took place. While the power and legitimacy of the NP was slowly but surely subverted, the corporate sector experienced a rather severe accumulation crisis. But in spite of this crisis, the corporate sector succeeded to consolidate its situation of power and influence. Very lucrative business opportunities became available as a result of the disinvestments drive of foreign corporations, while many corporations also profited from the NP government's high spending on defence and on Armcor. The English controlled corporations succeeded in convincing, firstly, the Afrikaner corporate sector, then the NP government of the (alleged) merits of their ideological approach of neoliberalism and free marketeering. During the latter part of the 1980s the corporate sector also started to negotiate with the ANC in exile. In these negotiations the corporate sector told the ANC that it did no benefited from apartheid and that it was always against it. These claims were, of course, untrue.¹

4. THE INSTITUTIONALISATION OF A NEW COMPACT OF POWER AND A NEW POLITICO-ECONOMIC SYSTEM DURING THE EARLY 1990s.

The first half of the 1990s was a remarkable period in the history of South Africa. It does not happen often in the history of a country that the politico-economic system disintegrates

¹ The discriminatory measures (to protect whites against black competition) were cost increasing and the corporate sector was understandably against these measures. But the black labour repressive measures (to force African labour into the modern sector) were cost decreasing and the corporate sector benefited enormously from these measures. Looking at the labour repressive measures from the point of view of the impoverished black majority, it is very unfortunate that the TRC was not authorized to investigate the phenomenon of systemic exploitation. (See Terreblanche, 2002: 124-132).

almost completely and that an institutional vacuum (or *tabula rasa*) is created before a new power constellation and a new politico-economic system could be institutionalised. Although it was not realised at the time, the corporate sector (and its global partners) were during the period of negotiations in such an extraordinary powerful position that it could moulded the negotiations to entrench its interests to a more significant extent than ever before. The fall of the Berlin Wall (1989) and the implosion of the Soviet Union (1991) created an opportunity for dogmatic protagonists of free market capitalism to claim a triumphant victory. This triumphalism was blown out of all proportions. In this ideological atmosphere, the corporate sector was an almost unstoppable negotiation partner.

Parallel to the formal negotiations on South Africa's future political system that took place at Kempton Park, secret and informal negotiations were conducted between a leader core of the ANC and the corporate sector. In these negotiations the corporate sector was strongly supported by global corporatism and International Monetary Institutions (like the World Bank and the International Monetary Fund). In these negotiations the ANC leader core became convinced about the alleged merits of a neoliberal, free market and globally orientated economic approach for South Africa.

The corporate sector and the ANC also agreed upon several Elite Compromises. Through these agreements a new compact of power was forged and a new politico-economic system became institutionalised. In the new power constellation the corporate sector (and its global partners) emerged as the senior partner, while the ANC was co-opted as the junior partner - on terms very lucrative for the emerging black elite and the emerging black middle class. The acceptance of a neoliberal, freemarket- and globalisation- orientated economic approach by the ANC was from the point of view of the impoverished half, a serious mistake. It was very unfortunate that this economic approach was "superimposed" on the socio-economic ash-heap of apartheid and the struggle. (See Marais, 2001: 150-160 and Bond, 1999).

An important repercussion of the Elite Compromise was that the corporate sector's role in *systemic exploitation* was not investigated by the TRC. A thorough investigation into the corporate sectors close involvement in the introduction and perpetuation of *systemic exploitation* would have been an embarrassment for the senior partner in the new compact of power. Consequently, the corporate sectors' legitimacy and its undeserved enrichment from *systemic exploitation* was not scrutinised as happened with the NP government's actions. These double standards are inexcusable, especially if we take the poverty of the poor into account. (See Mandani, 2000).

5. THE NEW POLITICO-ECONOMIC SYSTEM IN ACTION OVER THE PAST 10 YEARS AND THE REPRODUCTION OF SYSTEMIC EXCLUSION

During the past 10 years the South African economy became rather rapidly integrated into global capitalism. Permission was given to large corporations to shift their main share listings to foreign markets. Macro-economic stability and fiscal discipline was restored. An average growth rate of 2,7% was attained, but it was mainly jobless growth. Employment in the formal sector increased at best by only 300 000, while more than a million additional jobs were created in the informal sector, mainly as a result of the casualisation of job opportunities. Due to the sharp increase in the potential labour supply, unemployment increased (according to the broad definition) from 30% in 1994 to 42% presently, while 16% of the labour force are "employed" in the informal sector. (See Table 1).

TABLE 1 : FAULTLINE IN THE SOUTH AFRICAN ECONOMY

Employment in the formal and informal sectors				Situation if unemployment is reduced to 21% in 2014
	1970 million (%)	1995 million (%)	2003 million (%)	
Potential labour supply	± 9 million	± 14 million	± 20 million	± 23 million
Employment in the formal sector	6,5 million (72%)	8,1 million (50%)	8,4 million (42%)	13,4 million (58%)
Employment in the informal sector	0,7 million (8%)	1,7 million (12%)	3,2 million (16%)	4,8 million (21%)
Unemployment (wide definition)	1,8 million (20%)	4,2 million (30%)	8,4 million (42%)	4,8 million (21%)
	—	Additional job opportunities created from 1970 to 1995: 2,6 million	Additional job opportunities created from 1995 to 2003: 1,8 million	Additional job opportunities that must be created from 2003 to 2014: 6,6 million

Source: Compiled from Bhorati & Hodge, 1999 and Gelb, 2003 en SAHDR, (2003) Tabel 2.7.

The percentage of the total Africans with employment in the former sector declined from 34% in 1970 to 14% presently. The protagonists of neoliberalism and globalisation promised in 1994/95 that this policy approach would be conducive to invite foreign direct investment (FDI) equal to 5% of GDP. The actual annual inflow of FDI was, however, only 1% of GDP.

The economic growth attained over the past 10 years benefited mainly to top 15 million of the population. According to the South African Human Development Report (SAHDP), 2003, the percentage of the population that is living under the poverty line, decreased from 51,1% in 1995 to 48,5% in 2002. However, given that the population has grown during the same period, the total number of poor increased from 20,2 million in 1995 to 21,9 million in 2002. According to the UNDP more than half of all South African women (50,9%) is living under the poverty line compared to men (45,9%). (See Table 2). This means that women are bearing a heavier burden of poverty and inequality than men.

TABLE 2 : TRENDS IN ABSOLUTE POVERTY (1995 AND 2002)

	Population below poverty line		Population below \$2 a day		Population below \$1 a day	
	2002	1995	2002	1995	2002	1995
South Africa (%)	<R533 pm	<R345 pm	<\$2	<\$2	<\$1	<\$1
South Africa (millions)	48,5	51,1	23,8	24,2	10,5	9,4
Female %	50,9	53,4	24,9	25,8	11,1	10,1
Male %	45,9	48,9	22,6	22,5	9,9	8,7

SAHDP, 2003. Table 2.20

According to the UN report, poverty became deeper (i.e. more severe) and the human development index (HDI) declined from 0,730 in 1995 to 0,635 in 2002. In 1995 the GINI coefficient for South Africa was 0,596; it rose to 0,635 in 2001, suggesting that income inequality was worsening. It also continued to perpetuate South Africa's place in the ranks of the most unequal societies in the world. In view of this rising income inequality only 6% of all people who reached retirement age of 65 in 2000, can be regarded as financially independent. (See SAHDP, 2003; 40-50).

The South African population can, for all practical purposes, be divided in two equal halves that are the inhabitants of the *first* and the *second* economies of South Africa. The inhabitants of the first economy are relatively rich, prosperous, educated, organised in powerful pressure groups and employed in the modern sector. The inhabitants of the second economy are impoverished, rather uneducated, unorganised and mostly unemployed. Our new politico-economic system has served the top half quite excellently over the past 10 years, but has neglected the lower half rather conspicuously. While the poorer half of the population became

systemically excluded during the transitional period (1974-1994) our new politico-economic system is reproducing and perpetuating this exclusion.

The old politico-economic system (of white political dominance and racial capitalism) that reached its zenith in 1970 – was highly dysfunctional. It was responsible for the *systemic exploitation* of $\pm 70\%$ of the population. Our new politico-economic system is, unfortunately, also dysfunctional (although not as highly dysfunctional as the previous one). It is responsible for the *systemic exclusion* of the poor half of the population. It is likely that this *systemic exclusion* will be reproduced as long as the (new) compact of power (between the corporate sector and the ANC government) remains intact and as long as its neoliberal economic approach is perpetuated.

But why are the (new) politico-economic system – and the power relations and ideological orientation on which it is based – dysfunctional? Why is it excluding the poorer half of the population from the advantages of the new South Africa?

Both the *political* and the *economical* facets of our new politico-economic system contribute to the dysfunctionality of the new system. In our new democracy members of parliament are elected on a proportional basis. This election practice places extraordinary party political power in the hands of the ANC. The National Executive Council (NEC) of the ANC is elected at ANC conferences that are convened every five years. The ANC members that attend these conferences are largely (if not exclusively) middle class people with typical middle class ideological orientations. It is, therefore, not surprising that the ANC conferences and the NEC have regularly condoned the neoliberal, free market and global orientated economic approach of the leader core in spite of the growing unemployment. The new black elite and the new black middle class (bourgeoisie) (± 11 million people) have attained a vested interest in neoliberalism, in black economy empowerment (BEE) and in affirmative action (AA). It is, therefore, also not surprising that through the BEE and AA more resources and opportunities were transferred – over the past 10 years – from whites to the black middle class (11 million) than to the 22 million that are living below the poverty line. It is often alleged that many whites are critically orientated towards BEE and AA. But if one considers the high priority given to the promotion of the economic interests of the black middle class through BEE and AA, then it is the (mainly) black poor that have justifiable reasons to complain about the manner in which black middle class is pampered by the ANC-government to the detriment of the poor.

In spite of its rhetoric, the ANC government is a pro-middle class government and not a pro-poor government. This orientation will persist as long as the black middle class remains in control of the government. From a governance point of view, the ANC is not a strong government. It cannot stand its ground under pressure of local and global corporatism and the white and black civil society organisations in middle class circles.

It is true that the majority of the poor have voted in large numbers for the ANC in three successive elections. This voting pattern can largely be ascribed to loyalties that were forged during apartheid and in the trenches of the struggle. On top of this the Africanist factor also works in favour of the ANC. Professor Ben Turok was correct when he alleged that the ANC as government is standing to the right of the ideological centre, while the ANC as political party is positioned left of the ideological centre. (See Turok, 1999: 96). It would have been to the advantage of the poor if the ANC attained 55% in stead of 70% of the electoral vote in the April election. Then they would have realised that it can no longer take the electoral support of the poor for granted.

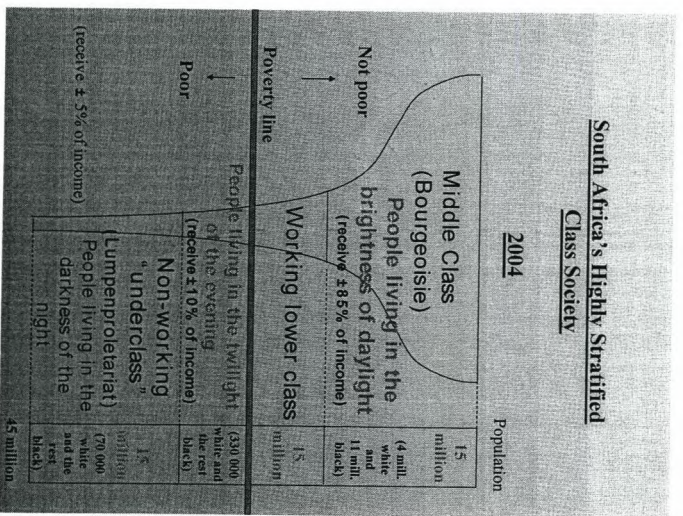
The economic (or capitalist) facet of our new politico-economic system also contributes to the reproduction of *systemic exclusion*. During the transitional period (1974-1994) the economic system was transformed from an economic system of racial and colonial capitalism into a *first world capitalist enclave* that disengaged itself from the employment of unskilled African labour. Over the past 10 years the ANC government's economic approach – an approach that was installed on request of the corporate sector – strongly stimulated the trend towards an *open first world capitalist enclave*. This capitalist enclave is based on modern technology, it is efficient, it is dynamic and it is smart, but it is increasingly marginalizing the poor from the formal sector of the economy. We have not experienced the large influx of FDI that was promised. If a larger influx of FDI can be attained, the economic growth rate will be higher, but will in all probability not increase employment to the necessary extent, while its trickle-down effect will also be rather small. The persistence of relative low growth rates in the capitalist enclave and the worsening of income distribution and unemployment – within the framework of global capitalism – indicate a growth path that falls short of sustainable development goals. (Mhone, 2000).

The distributional shifts that have taken place over the past 30 years transformed the SA society from a deeply divided *racial society* into a deeply divided *class society*. With the reproduction of *systemic exploitation* over the past 10 years, the fault line in the South African

society has shifted further, but also became deeper. Over the past 10 years the position of the emerging black middle class was very much consolidated, while the poor became poorer.

We can divide the total population of 45 million in three classes of 15 million each. The top 15 million is the multi-racial middle class or *bourgeoisie*² (± 4 million white and ± 11 million black), the next 15 million is the *working lower class* and the next 15 million is the *non-working underclass*. The middle class (*bourgeoisie*) receives $\pm 85\%$ of total income, the working lower class $\pm 10\%$ of income and the non-working underclass only $\pm 5\%$ of total income.

Scheme 1



The social and economic human rights of the middle class are more than satisfactory, but the lower we move along the "wine-glass" – that demonstrates our highly stratified class society – the more inadequate the human rights situation becomes. (See Scheme) The social and economic human rights of the *underclass* are in a dismal state of affairs. According to the

² The middle class or bourgeoisie includes the white and black elite (or haute bourgeoisie) the middle middle class (for bourgeoisie) and the lower middle class (or petite bourgeoisie).

UNDP report 37,7% of households (± 18 million people) were still deprived of "good" access to four to six of the following basic services in 2001: health, energy, sanitation, education, communication, housing and drinking water. (See SAHDR, 2003: 98).

The fact that the top one-third of the population receives $\pm 85\%$ of total income and the lower one-third only $\pm 5\%$ of income, is from a human rights point of view an unacceptable state of affairs. It is a reflection of how deeply social injustice is ingrained into the South African society after decades of *systemic exploitation* and *systemic exclusion*. It is also – from a stability point of view – a dangerous situation. It is indeed difficult to understand why the extravagant wealth of the old white and the new black elite can be condoned in a country in which the *underclass* of 15 million are living in such abject poverty and squalor.

The very "skewed" pattern" – with 48,5% under the poverty line – is a serious indictment against the privileged one-third of the population. We could have expected a much stronger commitment from the ANC government and from civil society organisations towards the improvement of the social and economic human rights of those that have been the real victims of systemic exploitation the struggle and systemic exclusion.

Social spending has increased from 51% of the non-interest spending in 1992 to 58,3% in 2004.³ The increased spending on social services is laudable, but by far not large enough to improve the social and economic human rights of the poorer half of the population to a satisfactory degree. The increased spending on social services has increased the "social wage" of the poor, but probably not enough to compensate for the pauperisation effect of the rolling snow ball or poverty traps.

In the new Constitution (Act 108 of 1996) several economic and social rights are recognised explicitly. According to the Constitution "the state must take reasonable legislative and other measures within its available resources to achieve the progressive realisation of each of these rights". But what is the meaning of "within its available resources"? Or, to put it differently, how many resources can become – or ought to become – available in a country in which the middle class (15 million people) receive $\pm 85\%$ of total income and the *underclass* only $\pm 5\%$. A huge responsibility rests on the shoulders of the Constitutional Court and on the Human

³ The government will spend in the financial year of 2004/5 R76 billion on education, R60 billion on social society and welfare services R42,6 billion on health services and R18 billion on housing and social development (Budget, 2004).

Rights Commission to give a concrete and pro-poor answer to those questions. But given the nature of the new power constellation in place in South Africa, we do not have reason to be optimistic that the problems of inequality or poverty will be addressed in a proper and humane manner in the foreseeable future. The additional public works and urban and rural development programmes announced by the government are laudable. They can lessen the unemployment and poverty problems, but are in all probability still too restricted (and often too capital intensive) to have the desired effect.

In its Election Manifest (2004) the ANC promised the electorate that both poverty and unemployment will be cut by half over the next 10 years. This implies that only 24% of the population will live below the poverty line in 2014 and that unemployment will be cut from 42% of the potential labour force presently to only 21% in 2014. Both these promises are completely unattainable – especially if the government is to stick to its economic approach of neoliberalism, freemarketeerism and globalisation. The poverty problem is too deep and too comprehensive to be cut by half in 10 years time. We must also take note of the fact that poverty has attained an endogenous dynamism through which it not only perpetuates itself, but also augmented itself. The solution of the poverty problem is of course closely link to the solution of the unemployment problem.

The potential labour force will increase from 20 million in 2003 to 23 million in 2014. To reduce unemployment from 42% in 2003 to 21% in 2014, almost 7 million additional jobs will have to be created in both the formal in informal sectors over the next 10 years. This is simply not attainable (see Table 1).

If we take account of South Africa's unsavoury history that enriched the majority of the whites and parts of the black middle class undeservedly and artificially, and impoverished the majority of the blacks undeservedly, we can put forward a strong case for a more comprehensive redistribution policy on behalf of the poor. A more comprehensive redistribution policy cannot solve the poverty problem, but it can improve the "quality" of the poverty of the poor. But as long as the "skewed" power constellation and the neo-liberal ideological approach remain in place, the social and economic human rights of the poor will remain unsatisfactory.

Looking at the inequality and poverty problem from a long-term perspective, the real problem is not the unequal distribution of income, but the unequal distribution of (institutionalised) power and the dysfunctionality of our new politico-economic system. In the old South Africa political and economic power were in the hands of a *white middle class* ($\pm 15\text{-}20\%$ of the

population). This middle class controlled the politico-economic system to its own advantage and maintained *systemic exploitation*. Over the past 10 years political and economic power is in the hands of the new *multi-racial middle class* (of $\pm 30\text{-}35\%$ of the population). This middle class controlled the new politico-economic system to its own advantage and is responsible for the reproduction of *systemic exclusion*. Against this background it ought to be clear to all that inequality and poverty - the unsatisfactory level of the social and economic human rights of the poorer half of the population – have become *systemic* problems that needs *systemic* solutions.

We must face the hard reality that as long as the present politico-economic system - and the power relations and ideological orientation on which it is based - remains in place, the system will remain *dysfunctional*, the fault line will become deeper and the rich will become richer and the poor poorer.

To change the present politico-economic system it will be necessary to renegotiate the elite compromises on which agreement were reached in the early 1990s. It is very unlikely that the corporate sector and its global partners will be prepared to enter into such renegotiations. Consequently, the compact of power that was institutionalised in the early 1990 will remain intact for the foreseeable future. The prospect of solving the problems of inequality and poverty to a satisfactory degree is, therefore, rather bleak.

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