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The Economic and Political Ramifications of Inequality in Post-Apartheid South Africa

Molefi Solomon Mohautse
University of South Africa, South Africa
mohaums@unisa.ac.za

Abstract: South Africa is regarded as one of the most unequal societies in the world. Apartheid engineered a population with vast inequalities across racial groups. The nature of this inequality was primarily racially based. The political and economic trajectory of the last twenty years has somewhat changed the nature and composition of this kind of inequality but fundamental continuity of deep inequality is still somehow maintained. The post-apartheid distributional regime continues to divide South Africans into insiders and outsiders. Although the political pattern is still largely racially based, a new political landscape is beginning to emerge which is based on the complexity of class and race entanglements. The rising inequality within the black community is becoming a cause for concern for the continuation of the present developmental trajectory. It has created a fertile ground for the rise of populist movements and demagogues that will seek to take advantage of those neglected by the state machinery. This paper will seek to explore the links between inequality and economic growth and political conflict by tracing the origins of income inequality in South Africa, its evolution after the democratic transition in 1994; and its economic and political implications.

Keywords: *Inequality, income distribution, economic growth, political stability, service delivery protests*

1. Introduction

South Africa is one of the most economically and socially polarised societies in the world. The transition to democracy in 1994 raised the hopes of the majority of the population for a better life. The democratic government had a mandate to transform the economic inequalities and social stratification according to race that were engineered by the apartheid government. After twenty years of democratic dispensation, the statistics are not impressive by any standard. Although huge strides have been made in terms of service delivery, such as housing, household electrification, health, water and sanitation, and the transformation of the public sector employment profile, there are still evident challenges in term of employment creation and access to education for the majority of those who were systematically excluded from the economic benefits by the apartheid government. The menaces that huge disparities of income and wealth pose on social and economic stability are well-documented. An extensive literature in economics and social sciences has explored the relationship between income inequality and economic growth, and a range of social phenomena. This paper will seek to explore the links between inequality and economic growth and political conflict by tracing the origins of income inequality in South Africa, its evolution after the democratic transition in 1994; and its economic and political implications. Section 2 gives a historical background of inequality in South Africa, beginning with the establishment of the shipping outpost by the Dutch in 1652. Section 3 explores the evolution of inequality after 1994. Section 4 and 5 tackle the economic implications of inequality and economic performance of South Africa since 1994 respectively. Section 6 analyses the relationship between income inequality and political stability. Finally, section 7 scrutinizes the phenomenon and rise of the so-called "service delivery protests," especially after the 2004 democratic elections.

Historical background of inequality in South Africa: Inequality in South Africa is entrenched in military defeat and political exclusion, which took a colonial and racial form, and was reinforced by continuing repression of political and social organisation (Gelb, 2003). Conquest began with the setting up of a Dutch shipping outpost on the southern tip of Africa in the 1650s, which developed into the city of Cape Town. In the next two centuries, there was gradual expansion inland by the Dutch and then the British (who took over in the early nineteenth century), and conquered indigenous groups were not fully integrated into colonial and settler societies, retaining considerable economic autonomy (de Kiewiet, 1957). The determination for political control of the region hastened sharply after mineral deposits were discovered – diamonds in 1867 and gold in 1887 – and demand for unskilled labour rose (Plaatjie, 1916; de Kiewiet, 1957; Carter, 1977). In the beginning of the twentieth century, contemporary South Africa and most of the neighbouring countries were consolidated under British imperial control. Conquest climaxed

in the defeat of the Boer settler republics in 1902 (Geen, 1946; Keppel-Jones, 1949). The peace settlement carved racial discrimination in the foundations of new South African state constituted in 1910 from the British colonies of the Cape and Natal and the Boer republics of Transvaal and Orange Free State (Tingsten, 1955).

According to Kirk (1929) conquest and political exclusion were the 'initial conditions' determining black peoples' unequal access to resources, their potential for asset accumulation, and the returns from their assets. Inequality was entrenched by the pattern of economic growth and development after the mineral discoveries. The forced labour regime in mining established the migrant system and provided the foundation for racial discrimination in the labour market and in the workplace as the secondary and tertiary sectors developed (Plaatjie, 1916; Tinley, 1942; Gibbs, 1954). MacMillan (1930) states that the mineral surpluses were increasingly funnelled to domestic industrial growth (rather than remitted abroad) from the First World War after manufacturing import substitution was boosted by shipping restrictions. In the 1920s, manufacturing development was the focus of policy: tariff barriers were introduced, large-scale iron and steel and energy works were established by the state to supply the mines, and foreign multinationals entered, seeking consumer goods markets amongst the white population (de Kiewiet, 1941). The domestic output of labour-intensive consumer goods hastened after 1933, when currency depreciation due to international gold standard's collapse, and shipping disruptions during the Second World War, each provided effective trade barriers (Gibb, 1954).

After 1945, growth was directed by the expansion of capital-intensive production for the domestic market of consumer durables (autos, electronics) and heavy intermediate goods. In contrast to the East Asian economies where labour-intensive export-promotion contributed to higher employment rates and greater equality, South Africa (like other primary commodity exporters like Brazil and Argentina) opted for a domestic market focus on reaching the end of the first 'easy' phase of import substitution (Gelb, 2003). According to de Kiewiet (1957) this strategy was concomitant with building domestic political support amongst the urban middle class and skilled industrial workers, that is, the urban white population. Raising white living standards implied a widening racial gap, aggravated by increasing capital-intensity and limited labour absorption, raising black unemployment from the late 1960s (Ross, 1999; Aliber, 2003; Kingdon & Knight, 2004).

The Native Land Act of 1913 restricted land ownership for Africans to certain demarcated areas mostly in the north and east, initially about 8% of the country's land area but extended to about 13% in the 1936 Native Land Act (de Kiewiet, 1941; Geen, 1946; Keppel-Jones, 1949; Marquad, 1950; Gibbs, 1954). The balkanised 'reserves' thus demarcated by the legislation laid the foundation for the 'bantustan' system, in which the rights of political representation for Africans were attached to these areas (Marquad, 1952). Many Africans continued to live in rural areas reserved for whites, as tenants and labourers on white farms but also on their own land. From the 1960s, the government accelerated forced removals, moving nearly half a million people, but the attempt to move all Africans into the 'bantustans' did not succeed. In the urban areas, the Group Areas Act of 1950 circumscribed property ownership rights to specified areas for Africans, as well as for Coloureds and Indians (Seekings & Nattrass, 2005). Together with the migrant labour system restricting Africans' movement into the urban areas, this contributed to severe housing shortages in the cities, and also prevented home ownership for Africans and curtailed collateral available for loans (Ross, 1999; Aliber, 2003).

2. The post-apartheid evolution of inequality in South Africa

Although the end of the apartheid regime is a turning point in South African history, it is challenging to study the differences in income inequality before and after apartheid due to the almost complete lack of comparable data sources. One of the few surveys that allow the calculation of inequality measures before the end of apartheid is the 1993 Living Standards Measurement Survey. Based on its data, the Gini index of South Africa's per capita income distribution was estimated to be 0.623 in 1993 (Leite, McKingley & Osorio 2006). Two years later, in 1995 another survey permits us to estimate that the Gini index was 0.648 (Seekings & Nattrass, 2005). This represents a 3.2 per cent increase in the Gini index over two years. Five years later, in 2000, the Gini was estimated to be 0.673, representing as overall increase of 8.1 per cent from 1993 to 2000 (Lam & Liebbrandt, 2004). Despite the likelihood of glitches in the data (since the data sources are not comparable and there are unavoidable measurement errors and biases), these statistics confirm, at least, that income inequality in South Africa is indisputably high.

In addition to the high level of income inequality in South Africa, there are also large inequalities in the non-economic dimensions of human development. This condition is highlighted by the Human Development Index of South Africa, which was 0.658 in 2003, ranking it 120th among the 177 countries for which the HDI was estimated (UNDP, 2005). In addition to this generalised and multi-dimensional inequality, one should highlight the large component of between-group inequality by race. Although poverty and inequality increased during the 1995-2000 period, South Africa has made remarkable progress since 1994 in other dimensions of human well-being (Carter & May, 2001; van der Berg, Burger, Louw, & Yu 2005). Many of the social indicators of the country have performed better than those related to income, particularly with regard to access to public services. This has been due mainly to reordering of budgetary resources to promote education, health, social security and housing in poorer areas, where most African households dwell (Seekings & Nattrass, 2005). The number of households with access to piped water, sanitation and electricity has increased substantially. However, such gains in well-being have not succeeded in alleviating the sharp differentials in income in the country (Leite et al., 2006).

Most of the earlier studies on economic inequality in South Africa have used the data on household income and expenditure provided by the 1995 and 2000 rounds of the Income and Expenditure Survey (IES). Some complementary sources of information have been have been deployed to overcome the limitations of the IES. By reviewing this literature (e.g., Lam and Liedbrandt, 2004; Liebbrandt, Levinsohn & McCrany, 2005; Bhorat & Kanbur, 2005; Hoogenveen & Ozler, 2006), one can highlight some of the major causes of the increase in inequality and poverty on which there is general agreement:

- Decline in income (mostly earnings) towards the bottom of the distribution;
- Labour market changes showing a drift towards a skill-biased labour demand;
- Increase in unemployment;
- Rise in rural-to-urban migration; and
- Negative effects of macroeconomic policies.

A brief review of the literature on income inequality in South Africa suggests that the changes in the labour market that happened in the post-apartheid era were the major drivers of the dynamics of income distribution. This is not unexpected because throughout the world earnings are a major component of total income and South Africa is no exception to this rule. In 1994 the average per capita income among the black population was one-tenth that of the white population; among people aged fourteen years or more, 90 percent of the white population had passed at least standard six in school, compared with 46 percent of the black population; among people aged eighteen years or more, 61 percent of the white population had passed at least matric, compared to just 11 percent of the black population; 36 percent of black households and 0 percent of the white population lived in shacks, traditional huts, or hostels; only 18 percent of black households had internal piped water, and only 37 percent had electricity - compared to 100 percent of white households (Nattrass & Seekings, 2001; Liebbrandt, Levisohn & McCrany, 2005). Predictably, given South Africa's history, there is still a strong correlation between race and household income. According to Seekings & Nattrass (2005) nine out of ten households in the bottom six deciles (the poorest 60 percent of the households) were black in 1993. By contrast, three-quarters of the top decile were white. This is an unmistakable evidence of interracial inequality. Rising income among better-off black households has enlarged intraracial inequality as well as reduced interracial inequality. By 2004, the average household income in the richest tenth of the black households was over two hundred and fifty times higher than the average income in the poorest tenth (Bhorat and Kanbur, 2005; Hoogenveen and Ozler, 2006). The richest tenth alone earned about one-sixth of the total national income, which is more than combined share of other nine-tenths of black households together (and about the same share as the top tenth of the white population) (Seekings & Nattrass, 2005; Leite et al., 2006). There are very few countries in the world where income inequality is higher than it is among the black population in South Africa. Whiteford & van Seventer (2000) estimate that the "within-group" inequality now accounts for over two-thirds of total inequality, whereas it only accounted for 38 percent in 1975.

According to Statistics South Africa (2014) poverty levels have declined since 2006, reaching a low of 45, 5% in 2011. This turns out into approximately 23 million people living below the poverty line. The number of people living below the poverty line increased to 15, 8 million in 2009 from 12, 6 million in 2006, before dropping to 10, 2 million people in 2011. This was motivated by a number of reasons such as the growing social safety net, income growth, above inflation wage increases, slowing inflationary pressures and an expansion of credit. However, while the poverty situation is improving, inequality in our society remains a serious concern. The Gini index is calculated to be roughly 0, 65 based on expenditure data (per capita excluding taxes) and 0, 69 based on income data (per capita including salaries, wages and

social grants) in 2011. The share of national consumption between the richest and poorest remains very consistent. The richest 20% of the population accounted for over 61% of consumption in 2011, down from 64% recorded in 2006. In the meantime, the bottom 20% see their share remain fairly consistent at below 4, 5% (Statistics South Africa, 2014).

3. The economic and political implications of inequality

According to Alesina (1997) excessive inequality leads to social pressure for redistributive fiscal policies, socio-political instability, unsustainable policy choices, and, possibly, low growth. The linkage running from income distribution to policy choices and economic outcomes is "highly complex and variable across time and countries" (Sachs, 1989: 7). Some channels suggest an inverse relationship beginning from the initial income inequality to growth. A fiscal channel suggests that income inequality generates a demand for redistributive fiscal policy. In the median voter model, the main measure of inequality is the level of income of the median voter relative to the average. The poorer the median voter compared to the average, the greater the amount of redistribution that a majority of voters will support. Usually, a large, impoverished fraction of the population creates political pressure for redistributive policies. This pressure may take different forms in different institutional contexts but is usually felt in both democracies and dictatorships. In fact, in order to continue to stay on power, even dictators cannot completely ignore popular demands.

Redistributive fiscal policies lead to high levels of taxation, which adversely affect economic growth. Hence, the chain of causation goes from high initial income inequality to high taxes, and from large redistribution to low growth. The other argument is that the rich in very unequal societies have the political and economic means to escape taxation by exiting the economy with capital flight or by tax evasion. Thus, the demand for redistributive policies together with a vanishing tax base may lead to huge budget deficits. Income inequality promotes social discontent and conflict. The related threats to property rights, policy volatility, and government fragility dampen productive investment, promote capital flight, and ultimately reduce growth. Alesina & Perotti (1996) and Perotti (1996) show that socio-political instability, measured by a composite index, increases with income inequality, and socio-political instability reduced private investment. An inverse relationship between political instability and growth is also recognized by Barro (1991) and Alesina, Ozler, Roubini & Swagel (1996). Since income inequality fosters socio-political instability, this suggests a linkage running from initial income inequality to macroeconomic imbalances. Alesina & Rodrik (1994) suggests that different levels of initial income inequality may assist in explaining the more efficacious experience of East Asian countries compared to Latin American countries in terms of growth and macroeconomic stability in the past three decades. In summary, the point is, in Sachs's (1989: 7) words, "high income inequality…contributes to intense political pressure for macroeconomic policies to raise the incomes of the lower income groups, which in turn contributes to bad policy choices and weak economic performance". The Latin American populism is a perfect example of this argument.

Psacharopoulos et al. (1995) demonstrate that inequality in Latin America was, like poverty, anti-cyclical with growth. Ravallion & Chen (1997) in their 42 countries studies study find no evidence that aggregate income growth aided in reducing inequality. The role of inequality in indirectly reducing the benefits of growth for poverty alleviation is an important issue. Ravallion (1997) analyses 41 spells in 23 countries to demonstrate that a higher initial inequality lowers the income elasticity, thus also protecting the poor during recessions. He estimates a relation $P = \beta(1 - G_o)GDPpc,$where P is the headcount ration, G_o the initial inequality index, and $\beta(1 - G_o)$ the income elasticity of poverty, showing that inequality reduces the poverty reduction effects of GDPpc growth. With higher inequality, the poor receive a lower share not only of total income but also of its increases through growth. Psacharopoulos et al. (1995) also find that high inequality reduces the poverty reduction effect of aggregate income growth. And, more specifically, Birdsall & Londono (1997) demonstrate that it is land and educational inequality that lead to lowering the income growth of the poor. The proposition that initial inequality appeared to be linked with lower growth rates was put forward by Persson & Tabellini (1994) and Alesina & Rodrik (1994). Using data sets available to them, both studies discovered that inequality variables had considerably negative coefficients in growth regressions, when controlling for a number of the usual right-hand side variables, such as initial income, schooling and physical capital investment. A survey conducted by Benabou (1996) recorded a number of other cross-country empirical investigations of this relationship, and found that the vast majority of them arrived at the same conclusion. One of the channels through which inequality was suggested to affect growth depended profoundly on political economy aspects. The models suggested by

Alesina & Rodrik (1994) and Persson & Tabellini (1994) were evidently examples of this part of the literature. There is another channel, noted by Ferreira (1999), which postulates that productive opportunities might differ along the wealth distribution. It postulates that poor people may not have the same chances in life as richer people, and may thus never quite achieve their full productive potential. The reason may be that they do not get as good an education as those afforded by richer families, or because they can't get loans to start up a business as easily, or because they can't afford the insurance they would need to undertake some risky but productive undertaking. In this case, a distribution with lots of people, or unevenly distributed opportunities, would under-utilise its aggregate productive potential to a larger degree than a distribution with relatively less poor people, or one where opportunities were more fairly distributed. In other words, it would be less efficient and have a lesser production possibility set.

The economic performance of South Africa since 1994: South Africa went through a significant change since the democratic transition in 1994, but economic growth and employment creation have been unsatisfactory. Most notably, unemployment is presently among the highest relative to other middle-income countries. While the dominant cause of high unemployment may be that prevalent wages levels are too high, the greater cause lies elsewhere and is closely related to the inability of South Africa to produce much growth impetus in the past decade. The democratic transition generated expectations of a substantial improvement in the economic performance of the country. Sanctions and internal opposition to the apartheid regime had led to the humblest ten-year growth performance, from 1984 to 1993, since the end of World War II and the removal of these restrictions was generally expected to improve the economic performance of the country (Du Plessis & Smit, 2006). It can also be argued that rising prosperity was required to maintain the political transition. There has been an enhanced growth performance in South Africa since 1994, especially relative to the ten years before the political transition. Nonetheless, the improvement was small, both by international and the standards of South Africa's own economic performance in the past.

South Africa has exceptionally high level of inequality relative to other countries at similar levels of average per capita income. The costs that inequality cause have been brought to the attention of the public by the hampering of economic recovery in part as a result of social exclusion, and by the pressures of social reaction as the distribution of the benefits from growth is judged to be excessively one-sided. The sensitivity of the public is aggravated by the fact that the grave losses in their purchasing power during the years of economic crisis and adjustments that had to be made have increased the impatience in sharing the benefits of growth and, as a result, leaving little space for further delay. Successful transition to democracy has given the marginalised new channels of access to the political process, and thereby making their demands for sharing the gains from growth more problematic to ignore. The power of these demands has been profoundly boosted by the rise of grassroots organisations and social movements which act as mouthpieces for the poor. In South Africa there are *Abahlali Base Mjondolo* and the Landless Peoples Movement that represent the squatters and the landless people respectively. The lessons learned from the East Asian experience (Stiglitz, 1996) and empirical studies of endogenous growth (Aghion & Howitt, 1998; Benabou, 1996) have made it widely well-known that income inequality can have a deleterious effect on income growth, thus opening to inquiry the economic sense of sustained high levels of inequality in South Africa. There is a prevalent recognition that the present levels of inequality in South Africa have to be reduced. The question of how effective will aggregate income growth is in reducing poverty and inequality is an essential matter for policy making. Can economic growth be relied upon to meaningfully reduce poverty and inequality or is it a tame force that needs to be accompanied by other policy interventions? This is the question that South Africa needs to deal with. Despite the overall perception that macroeconomic performance is closely related to poverty and inequality, there are very few quantitative estimates that are available in South Africa about the association of macroeconomic performance with income distribution.

The political implications of inequality: Economic inequality is associated with social tension between classes, religions, regions, generations, and the sexes; between educational and occupational levels; and between linguistic, ethnic, and communal groups (Lichbach, 1989). Therefore, it is rational to assume that any income distribution within a society will tend to provoke discontent from groups that are dissatisfied with it. Particularly referring to the size distributions of collective consumption and private consumption, a low proportion of collective consumption to private consumption will distress sections with somewhat little private consumption and groups that, in principle, are in favour of either more collective consumption or a more equal distribution of total consumption. Sections that are dissatisfied with a

perceived distribution will indicate their dissatisfaction in order to engender a rectification. The type of indication will depend upon the particular distribution experienced. This connotes a hypothetical relationship between the level of political discordance and a correlated measure of inequality in the income distribution.

Ad hoc arguments and evidence exists for all possible forms of correlation between economic inequality and political conflict. One of them is that economic inequality *increases* political dissent. The reasoning behind this argument is that with high inequality, (a) the poor are resentful, have nothing to lose, and hence see force as a recourse (e.g. political conflict) to achieve their demand for redistribution; (b) the rich are materialistic, have everything to lose, and have the means necessary to apply force (e.g. government suppression) to avoid catapulting to their redistributive demands; and (c) the middle class, which values property rights, is negligible (Russet, 1964; Tanter & Midlarsky, 1967; Prosterman, 1976; Nagel, 1976). Therefore, as inequality increases, the range of conflict participants, both rich and the poor, increases. Gurr (1968) has shown cross-nationally and Barrows (1976) has shown for Africa that economic discrimination is positively associated with strife. Muller (1985: 53) argues that "If the mobilisation of discontent is correlated with the extensiveness of inequality, such that when inequality is pervasive some mobilisation is almost bound to occur, then the relationship between inequality and political violence should be positive and curvilinear, i.e., *positively accelerated*". This will have a tendency to motivate the widespread and irresistible uprising of emancipatory movements among the dissatisfied.

The counterargument is that economic inequality decreases political dissent. The reasoning behind this argument is that a high level of inequality is associated with powerful elites. These "haves" will be eager and capable of using social, economic, and political power to repress, and hold down, political dissention. Moral outrage, in other words, is more likely to be suppressed than expressed. Another explanation for this position is found in the social comparison practices of human beings. As Samuel Johnson noted, quoted in Verba & Orren (1985: 21), "…it is better that some should be unhappy, than none should be happy, which would be the case in a general state of equality". In other words, under the conditions of moderate inequality, some are unhappy but under perfect equality everyone is unhappy. According to Nisbet (1968) this argument was popular to the nineteenth-century conservative political thought. They held that equality leads to conflict as part of the general social dislocations produced by modern society. These two arguments, that political violence will occur most regularly at either extremely low or extremely high levels of inequality and least frequently at intermediate levels are summed up by two economists, Thomas Havrilesky and Manoucher Parvin. Havrilesky (1980: 371) argues that "It is reasonable to assume that a discordance-minimising distribution of income exists at some positive level of discordance and that a perceived change in the distribution away from this minimum toward either of the extremes of equality or inequality will generate increased discordance". Similarly, Parvin (1973:281) states that it is "…reasonable to assume that an optimum level of income inequality exists for any level of per capita income. Subsequently, beyond this optimum level, the net effect of further redistribution of income toward more or less equality may imply increasing, not decreasing, political unrest." Kort (1952: 491) also gave an explanation is support of this kind of relationship between inequality and political unrest. He contends that "When a critically high concentration of income prevails in a society, a revolution (i.e., disturbance initiated by the underprivileged majority) is likely to occur….when income is dispersed beyond a certain critical minimum of concentration a civil war (i.e., disturbance initiated by a privileged minority) is likely to take place.

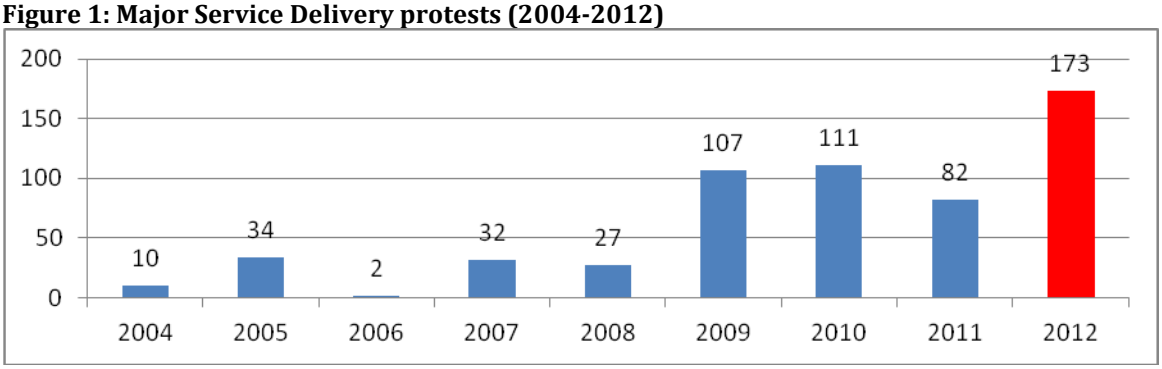
4. The political impact of inequality in post-apartheid South Africa

Taking into consideration the two arguments above, the current situation in South Africa makes for an interesting analysis. With a Gini coefficient of around 0.65 percent in 2011 (Stats SA, 2014), South Africa is a highly polarised society. If one takes the first argument above, that economic inequality *increases* political dissent, one would have to agree that South Africa is ripe for political strife. Every day there are reports from all corners of the country for what are labelled "service delivery protests" and they usually take a violent form. The destruction of property such as public schools, clinics, road signage and municipal buildings usually accompanies such "protests". In some cases, the response from government is also violent. However, the role of service delivery in the fermentation of these protests has so far not been studied thoroughly. Although several scholars, such as Habib (2010), Alexander (2010), Marais et al.,(2008), and , Booysen (2007, 2009) have attributed this protest wave in poor urban areas to failures in service delivery, the status of the service hypothesis as an explanatory variable for protests has, however, not been thoroughly studied empirically. Further studies need to be undertaken to understand the real

nature of such protests. The reason *why* such protests are accompanied by the destruction of property, if the communities are protesting for "services", needs a thorough empirical investigation.

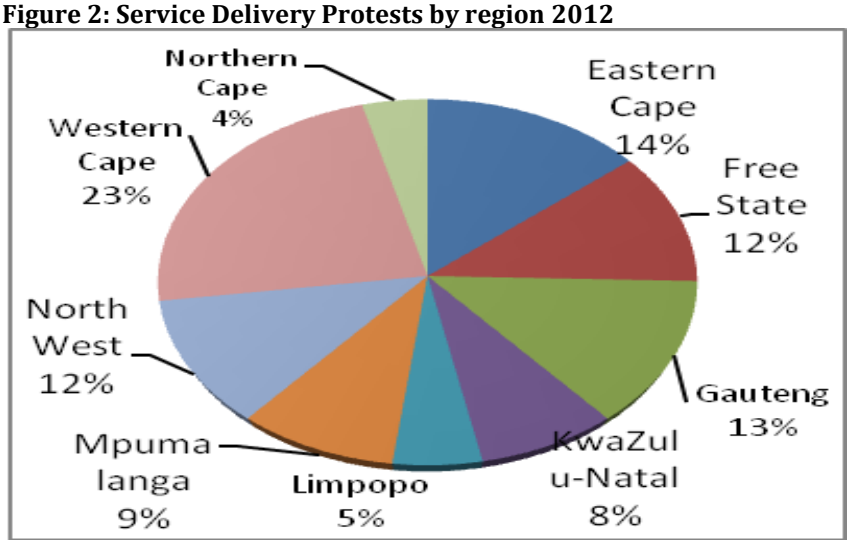
Marais et al. (2008) and Atkinson (2007) have given some qualitative analyses on the causes of protests. Both studies reported that the deficient delivery of services is at the centre of protests in South Africa. However, Alexander (2010: 25) notes that most previous studies avoided explicitly studying the role of service delivery in these protests apart from making reference to such a relationship. Actually, Booysen (2007: 24) contends… "It is sometimes disputed whether there is a direct causal link between services deficits…and protests". Can these protests be interpreted as a form of political "uprising" as a result of huge disparities of income that are prevalent in South Africa? Midlarsky & Roberts (1985) argue that high inequality leads to acute class polarisation which then tends to generate class-based, redistributive revolutionary movements. If this argument is correct then we should expect more protests in areas that are afflicted with huge disparities of income, even within a country. In South Africa the areas that exhibit high inequalities of income, such as Western Cape, Eastern Cape and Gauteng, are the one that are afflicted by what is termed "service delivery protests". According to Municipal IQ (2013), an independent local government data and intelligence service, the province of Western Cape was the most afflicted by protests in 2012, trailed by the Eastern Cape and Gauteng provinces. Research by Municipal IQ using the *Municipal Hotspots Monitor* index shows strong evidence that most protests occur in informal settlements in the major metropolitan areas. Municipal IQ has been using *Municipal Hotspots Monitor* to identify where "service delivery protests" have been occurring since 2004. Figure 1 below shows that there has been a steady increase in "service delivery protests" between 2004 and 2012, with some years recording more protests than others. Only 10 protests were recorded in 2004 compared to 173 in 2012, and, therefore, 30% of protests were recorded in 2012 since 2004. Metropolitan areas such as Cape Town, Johannesburg, and Ekurhuleni have experienced an escalation of protests since 2004, along with other provinces like Mpumalanga and North West which have also recorded a high number on protests in 2012 (see figure 2).

Figure 1: Major Service Delivery protests (2004-2012)



[*Source*: **Municipal IQ**, *Municipal Hotspots Monitor 2013*]

Figure 2: Service Delivery Protests by region 2012



[*Source*: **Municipal IQ**, *Municipal Hotspots Monitor 2013*]

If we take into consideration the large number of protests that have happened in recent years it is not surprising that there is an emergent discomfort amongst the members of the public about the reasons why such protests are happening and whether and where they will happen next. The rather ambiguous response by the government has not eased the public's fears. In reality, the explanation behind such protests is mostly poorly understood and this has driven speculation on why these protests happen and whether they are even about the delivery of services. However, Parvin (1973) warns us that there is a strong statistical relationship between high levels of inequality and protests. Midlarsky & Roberts (1985) argue that such conditions may lead to the rising and formation of radical class-based political movements that seek major changes in the structure of political authority and social system. The dismantling and reconstruction of state power would then be purpose of such "revolutionary" movements. Such conditions are also known to have given rise to political demagogues and opportunists who utilise people's genuine grievances and needs to pursue their own narrow, selfish interests (Tanter & Midlarsky, 1967; Muller, 1985). But will these protests in South Africa escalate into an overthrow of the ruling elite by the marginalised? Is there formation of 'radical' political parties such as the Economic Freedom Fighters something to be read along the lines of Tanter and Midlarsky? Are the events that occurred in Marikana also to be read in the same lines? These are pertinent questions that need careful analysis. The fact is, the number of "service delivery protests" in South Africa has been escalating every year since 2004 and, since 2009, more and more of them have become more violent.

5. Conclusion

Societies that have extreme inequalities have a tendency to develop larger populations that are excluded from opportunities privileged group/s enjoy – such as better education and access to financial resources – and, as a result, tend not to develop their full capabilities. Theory and empirical evidence point to the fact that these missing realisations of capabilities do not only concern those who are concerned equity for itself. They also distress overall economic potential of the society and, consequently, its aggregate output and economic growth. Inequality affects economic growth via its impact on distribution of income and political power. A society could descend into a vicious circle because of the collapse of social cohesion caused by extreme inequality that could also threaten democratic institutions. Extreme inequality could generate a lower level of democracy, policies that are geared towards rent-seeking and a greater likelihood of political conflict. Inequality can also diminish social capital, e.g., the level of mutual support and trust among individuals, within a society.

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