

Inequality during the Era of Democracy: Institutional and Economic Conflicts in the Post-Apartheid State

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Abstract

The post-Soviet era has seen dramatic structural shifts which have challenged Fukuyama's thesis regarding the end of history, the hegemony of democratic capitalism, and the solvency of the welfare state. Advances in technology have increased automation, causing economies to shed jobs, which has, in part increased structural inequality. During this period South Africa began its democratic transition. South Africa's persistent socio-structural inequality and high levels of unemployment present concerns regarding the country's ability to fulfill the social and economic commitments enumerated in its post-apartheid constitution and expand access to inclusive representation. Peter Evans argues that a central responsibility of the state, in regard to social and economic development, is that of arbiter of justice. Increased inequality has undermined the ability of the state to mete out justice, through inhibiting access to social and economic equity for the majority, as concentration of wealth and power is correlated with increased inequality. The inherent tension between the universal rights enshrined in South Africa's constitution and its neoliberal macroeconomic policies, then, also prevents the state from carrying out one of its central responsibilities to its citizens. South Africa's post-apartheid experience highlights the inability of neoliberalism and democracy to provide access to social and economic justice, which then prevents access to full citizenship. Because neoliberalism can be seen as antithetical to democracy, South Africa's institutions have been unable to provide equal access of opportunity, manifesting in unmet political expectations, which serves to impair social by-in, and thus, the stability of the state. This paper examines how the relationship between neoliberalism and inequality has played out in post-apartheid South Africa, arguing that failure to reform institutions has led to the reproduction of apartheid era patterns of structural inequality, which has ultimately stymied equitable growth and eroded the promises of democracy.

Key words: democracy, neoliberalism, inequality, equity.

Introduction

South Africa began its transition towards democracy during a period when the international community, writ large, was grappling with the sociopolitical and economic restructuring that followed the collapse of the Soviet Union. While, in 1992, Francis Fukuyama, proclaimed that the triumph of liberalism over communism, culminated in the end of history, the 1990s did not house the sociopolitical or economic stability he envisioned, but saw drastic changes to the international world order as well as within sovereign nation-states. The end of communism, as a viable political and economic alternative to capitalism, happened in tandem with a new era of globalization that required post-Soviet and other transitioning economies, including South Africa, to accept neoliberal economic restructuring as a condition of the receipt of development aid from the International Monetary Fund, the World Bank, or directly from donor countries. Under the neoliberal globalization regime, global nodes of employment and production began to shift as countries in the core, the periphery, and the semi-periphery entered into new trade agreements that diminished worker protections as well as environmental regulations. While jobs in the center were moved to the semi-periphery for cheaper production, manual labor jobs in the periphery became increasingly automatized. The unipolar world did not lead to unfettered economic growth, political freedom, and democratic stability, rather it led to the hegemony of economic policy and the coupling of capitalism and democracy. Further, structural changes adopted in the post-Soviet era undermined the capacity of the state through privatization of publically owned resources, the implementation of austerity policies, and as a welfare provider. The neoliberalization of this era also led to ideological shifts and the acceptance of the commodification of the provision of welfare.

The fall of the Soviet Union and the age of neoliberalized globalization, then, had a profound effect on South Africa's transition to democracy by playing a role in shaping the parameters of the negotiated political settlement, which led to the end of the apartheid regime and provided for the country's first democratic elections in 1994. The African National Congress (ANC), along with the majority of opposition movements were firmly situated to the left: they advocated for cohesive federalism to ensure individual rights, a social democratic welfare state, and frequently, for nationalization of South Africa's mineral resources. These political goals existed within a neoliberal global framework, in which the South African opposition movement no longer had a state partner, and thus, lost the economic support to adopt policies which would foster radical economic transformation. Further, the economic arraignments that resulted from neoliberal globalization decreased employment in the mining sector, at the same time as the country transitioned towards democracy, and the expansion of the welfare state to include all South Africans, regardless of race. South Africa then adopted a radical constitution, which guarantees access to social and economic rights, without engaging in sufficient institutional reform, which would have supported social and economic restructuring. This paper argues that the economic arrangements that South Africa's transition to democracy, coupled with changes in the global political economy created a dichotomy which prevented South Africa from achieving what Peter Evens posits is the central responsibility of the state: being an arbiter of social, economic, and political justice. As well as serving as the foundation for several Marxist critiques of the South African welfare state which posit that the post-apartheid political structure has espoused left leaning politics while enforcing neoliberal policy regimes¹. Further, according to the World Bank, South Africa is one of the most unequal countries in the world, with a gini coefficient of .64, which points to idea that political franchise, without social and economic

¹ Patrick Bond.

restructuring, fosters extremely inequality, and thus undermines democracy. Thus, while South Africa is a democracy, apartheid era patterns of social stratification persist. The following paper discusses the importance of the mining sector during the apartheid regime, job losses in the mining sector during the 1990's and its relationship to the countries chronic unemployment and economic commitments made during the negotiations to end apartheid, and how the promises of democracy have remained unfulfilled leading to a crisis of social buy-in and a deeply unequal society, which is antithetical to democracy. While, expanding the political franchise to all South Africans, regardless of race, while failing to change the oppressive economic system, which used race to exploit the black majority, has fulfilled what the late anti-apartheid activist, Steve Biko, feared: a changing of the guard without meaningful restructuring.

In 1978, Biko warned:

If we have a mere change of face of those in governing positions what it likely to happen is that black people will continue to be poor, and you will see a few blacks filtering through into the so-called bourgeoisie. Our society will be run almost as of yesterday. So far meaningful change to appear there needs to be an attempt at reorganizing the whole economic pattern and economic policies within this particular country.²

² Steve Biko (1978:169)

Colonialism, the Foundations of Apartheid, and Inequality

From the colonial conquest of South Africa through the apartheid era, South African economic development was based on the labor exploitation of the black majority through legal oppression in support of white supremacy and capitalist accumulation by the white minority. Post-1994, South Africa has maintained the economic disenfranchisement of the black majority through the implementation of the neoliberal economic model, thus, creating one of the most unequal countries in the world.³ The democratic era has failed to dismantle the previously established economic and social patterns, leaving about 50% of South Africans living in chronic poverty; if vulnerable populations and the transient poor are considered, 75% of South Africans live in economically precarious situations⁴. The condition of chronic poverty, experienced by the majority of South Africans, is the legacy of how the colonial economy was structured, and then reproduced and strengthened under the apartheid system.

The modern mining industry in South Africa shaped both the South African economy and the shape of racial relations in the country during the colonial period and created the economic structure that, then, provided the framework for the economic structure of the apartheid regime. Diamonds were discovered in Kimberley in 1869 and gold was discovered in the Witwatersrand, the area outside of Johannesburg, in 1886.⁵ The discovery of gold led to the rapid urbanization of Johannesburg, which went from being a small city to South Africa's largest within a 10 year period. The gold rush also changed South Africa from a primarily agricultural society to a more industrial and urban one⁶. The foundations of the apartheid system are in the development of the mining sector and early South African urbanization. As gold revenue increased, it became a

³ Heleta, 2019.

⁴ World Bank, 2018.

⁵ CJPME Foundation, 2014.

⁶ Ibid.

major source of government revenue as well as incentivized the government to encourage a migrant labor system. Mine owners sought to keep wages down as well as attract migrant black labor which was done by implementing a “hut tax” to incentivize black men to leave the rural areas in search of work in the mines as well as implemented a fine for labor desertion, which served to force migrant laborers to remain in jobs that paid low wages.⁷ In the migrant labor camps, which sprung up around the mines, migrant laborers of multiple races lived in the same communities. Mixed-race communities received opposition from Afrikaners, the Dutch and French Huguenots who had settled South Africa during the 17th century, as they had already adopted a system of white supremacy and feared that interracial labor solidarity would undermine their ability to keep wages low as well as weaken their control of the migrant labor economy⁸. Fear of the power to negotiate fair wages of organized interracial labor and an underlying belief in white supremacy lead to the implementation of a racialized legal system, which separated blacks, whites, and other races, as well as became the foundation of the apartheid system.

Before the Nationalist Party was elected in 1948, which marks the official beginning of apartheid legal structures were already in place to make black South Africans second class citizens. In addition to the work desertion policy and the “hut tax”, the Urban Areas Native Pass Act of 1909 issued black laborers passes to be in urban areas to search for work for a 6 day period. If they did not find work they were required to return to rural areas. It served to segregate South African cities, by keeping them white. Other urban segregation policies were passed along with the 1913 Native Lands Act which prevented blacks from owning or renting property outside of designated areas determined by a white-controlled government. The Native Lands Act allocated 7.3% of the

⁷ Ibid.

⁸ Ibid.

land to 70% of the population⁹. The Mines and Works Act of 1911 and its amendments, implemented in 1923 excluded black South Africans from occupying skilled labor positions in the mining industry and allocated coloreds to certain positions. This prevented black laborers from competing with white laborers for skilled positions as well as served to further entrench low wages for nonwhites. The Industrial Conciliation Act of 1924 excluded black labor participating in worker councils and excluded them from trade unions (until 1980) and the Civilized Labor policies, implemented from 1924 on, categorized professions, in general, as belonging to either “civilized” and “uncivilized” further relegating black laborers to low skilled and low paying professions. The policies outline above, of punitive taxes, restriction of freedom of movement, prevention of prevention of access to property rights, and other measures, served to restrict job mobility and induce black unemployment, thus, creating a supply of cheap labor for the mines. It also laid the foundation for apartheid system, and thus, the income inequality, wealth inequality, which, according to the World Bank, is more detrimental to social stability and democracy, and chronic unemployment that continues to destabilize South African society during the democratic era¹⁰. The apartheid government continued to implement social and economic policies that fostered inequality and prevented black South Africans from participating the in capitalist accumulation that has built the transgenerational wealth, which, despite efforts towards redistribution, continue to privilege white South Africans. Apartheid was not just a racist system, but a racist system that was designed to prevent economic competition between whites and nonwhites while exploiting the labor of the later for the benefit of the former.

⁹ Ibid.

¹⁰ World Bank, 2018.

Acemoglu and Robinson¹¹ and Sokoloff and Engerman¹² posit that historical institutional development shapes current patterns of social and economic stability. Acemoglu and Robinson argue that colonial institutions, often developed to be extractive, reproduce patterns of structural inequality. As related to South Africa, extractive institutions were developed to benefit the small white elite. Further, social and economic investments made by the state were done so to benefit the elite as opposed to the majority¹³. Sokoloff and Engerman theorize that initial levels of wealth and inequality in access to political power can also lead to the development of political and economic institutions that perpetuate social inequalities.¹⁴ The trajectory of inequality in post-apartheid South Africa supports the arguments of Acemoglu and Robinson and Sokoloff and Engerman in that the country's democratic institutions have largely remained extractive and failed to democratize access to social and economic institutions. In elite transition, Patrick Bond posits that part of the blame for the failure to democratize South African institutions lies in the economic arrangements negotiated to end the apartheid system as they failed to restructure the country's economy at the same time as the global political economy was in the process of being restructured to further benefit elites.¹⁵ Further, as a critical goal of the Apartheid system was to maximize economic growth and prosperity, through political repression and a racist legal structure, South Africa's economic models of development were designed to be exclusive, extractive and predatory, meaning that without intentional economic restructuring, institutions under democracy would likely reproduce the same patterns.

¹¹ Acemoglu and Robinson

¹² Sokoloff and Engerman

¹³ Acemoglu and Robinson

¹⁴ Sokoloff and Engerman

¹⁵ Patrick Bond

The End of Apartheid: A Negotiated Political Settlement

The legal structure of apartheid was dismantled using a series of reforms that culminated in the country's first democratic election in 1994. During the apartheid era, the National Party used the fear of a communist takeover as part of its justification for the use of force against black majority as many of the liberation movements were saturated in Marxist ideology as well as advocated for a substantial social democratic welfare state. What is ironic here is that while the National Party used the threat of communism to justify the maintenance of the apartheid system, under apartheid, the National Party led governments welfare policies can be viewed as a combination of conservative welfare state and a social democratic welfare state, using the typologies of welfare capitalism developed by Esping-Anderson. The state was heavily involved in ensuring adequate systems of social well-being for the white minority. The resistance to apartheid was weakened by the Soviet collapse for three extremely important reasons: it undermined the relationship between the ANC and the South African Communist Party, it discredited socialist ideology, and it weakened the bargaining power of the ANC as the Soviet Union had been a state patron of anti-apartheid liberation movements during the Cold War. The National Party also entered negotiations from a weakened position in that the sanctions movement of the 1980s severely affected the South African economy as did the civil unrest. The civil unrest of the 1980s was an extremely important factor in that it prompted white owned businesses to see the incentive of coming to a political agreement to end apartheid. The civil unrest of the 1980s disrupted relationship between capitalist accumulation and apartheid in that it diminished profits.¹⁶ Thus, sanctions and civil unrest led the South African business community to favorably view a negotiated settlement to end apartheid, which also put pressure on the National Party government to negotiate with the ANC, the South African Communist Party, and Congress of

¹⁶ Heleta

South African Trade Unions (COSATU), an integrated union which was founded in 1985, in part to put financial pressure on the apartheid government.¹⁷ Lemon posits that once South African capitalism realized the National Party could no longer maintain the status quo, due, in part to a changing international climate, businesses saw integration into the global economy, achieved via a political settlement as the only way forward.¹⁸ Ultimately, the negotiations that ended apartheid maintained the social and economic institutions, of segregation and unemployment, which were developed under the colonial system, and reproduced by the apartheid regime, while creating a democratic system of one person one vote as well as abolishing the draconian legal structure of the apartheid system. The nature of the negotiated settlement has had a profound influence on South Africa's post-apartheid socioeconomic and political development. First, during the negotiations to end apartheid, having been left without a state sponsor, the ANC moved from supporting socialist and more heavily redistributive policies towards accepting a neoliberal policy framework.¹⁹ Further, the involvement of white business elite in the negotiations as well as multilateral donor organizations, including the International Monetary Fund and the World Bank, prevented the nationalization of South African resources and limited the possibilities of state control of the economy. The International Monetary Fund and the World Bank were very closely involved with the top level of the ANC, in order to shape the economic policy outcomes of South Africa's transition as well as to steer the ANC towards a Western and neoliberal approach to economics and globalization. Lastly, due to the crisis of civil unrest in the 1980s, the sanctions levied against apartheid South Africa, and the economic policies of the apartheid regime, which favored high unemployment, democratic South Africa inherited a fiscal crisis and

¹⁷ COSATU

¹⁸ Lemon, 2004.

¹⁹ Spreen and Vally, 2012: 140

a substantial amount of debt owed to key payers in the international community.²⁰ After the first democratic elections, the ANC government began implementing macroeconomic policies shaped by the neoliberal paradigm, which, in turn, did not create the space for radical transformation of South Africa's economic and social institutions.²¹ Further, the pre-1994 commitments of economic egalitarianism, a developmentalist approach to economic policy, and the implementation of a social democratic welfare state to aid in the processes of development and reconstruction of an extremely unequal society were forgone in favor of market-driven policies that benefited business and did little in the way of radical economic transformation.

²⁰ Heleta.

²¹ Habib, Pillay and Desai, 1998

The Promises of the Democracy and a New Era of Transnational Capitalism

While the end of the apartheid regime did not create the space for radical economic transformation, it did manifest one of the most progressive constitutions in modern times.²² The Constitution of the Republic of South Africa enumerates a myriad of social, economic, and political rights which South African citizens are guaranteed access to. The constitutional enumeration of these rights stems from the recognition of the denial of basic rights to the majority of South Africans under colonialism and the apartheid regime. Further, it can be argued, that the South African constitution seeks to be socially and economically transformative where the negotiations to end apartheid failed to do so. South Africa's constitution is a document which aspires to achieve social justice and provide social welfare.²³ One aspect of South Africa's constitution, which distinguishes it from other constitutions, was the inclusion of extensive public participation in drafting the constitution. Citizens, civil society, and political parties favored the inclusion of social and economic rights in the constitution, while there was some debate among legal scholars regarding whether the inclusion of these rights as they can be viewed as political, may too vaguely defined, and would be costly to implement.²⁴ Including these rights, though, served to build the foundation of democracy in South Africa as they were guaranteed to all South Africans, regardless of race, thus providing a framework for equality. As related to dismantling the legacy of apartheid, the South African constitution ensures equal access to education, healthcare, and adequate housing as well as extensive labor rights, including the right to organize. By ensuring access to social and economic rights, the South African constitution provides an open policy window for the design and implementation of policies aimed to mitigate the structural legacy of apartheid. The South African constitution also laid the

²² Trilisch, 2009

²³ *ibid*

²⁴ *ibid*

groundwork for the development of South Africa's extensive social grant system, which is used to mitigate abject poverty. Under the South African constitution, three of the main policy instruments that were developed to redress the inequalities of apartheid, were the Integrated Development Plan (IDP), the Reconstruction and Development Program (RDP), and the Municipal Structures Act. The Reconstruction and Development Program was developed in consultation with the ANC, its alliance partners and civil society organizations to develop the framework for the socio-economic future of South Africa. The RDP's goal is to eradicate the legacy of Apartheid and build a society which meets the social and development needs of all citizens. The six principles of the RDP are integrated and sustainable programming, a people-driven process, peace and security for all, nation-building, linking reconstruction and development, and democratizing South Africa. The key programs of the RDP are meeting basic needs, developing human resources, building the economy, democratizing the state and society, and implementation.²⁵ As it relates to housing the important parts of RDP are the meeting basic needs clause which is concerned with providing adequate housing. Meeting basic needs also calls for the participation of people in decision making regarding needs based projects. The RDP also specifically calls for community participation in developing housing standards, housing legislation, and administration of housing projects as well as in the delivery of housing projects.²⁶ Further, community participation is part of the fundamental principles and objectives of the Reconstruction and Development Program as the ANC and its partners realized that because of the legacy of colonialism and Apartheid it would be impossible to build a functioning democracy with "the people" being incorporated into the articulation of their needs and allocation of those articulated services.

²⁵ Reconstruction and Development Programme

²⁶ *ibid*

In regard to policy and program implementation the Reconstruction and Development Program calls for community participation but it does not describe mechanisms to implement to ensure community participation in the provision of housing. The RDP also fails to mention participation in the policy implementation section but states the need for developing strategies to ensure community participation at all levels. This is where it strategically differs from the Integrated Development Plan, which clearly lays out the ways in which community voices will be incorporated into program planning processes. The Integrated Development Plan (IDP) is geared towards incorporating community needs and community participation into the development planning process. This is done by passing information from the community level to the Local and Provincial Government, ANC Chair-People, Community Development Workers, NGOs, Civil Society, and 10 Sectoral Ward Committees (Housing, Community Development, Infrastructure, Environment, Safety and Security, Health, Development Management and Planning, Transportation Cooperative Support – Administration, Economic Development).²⁷ All information regarding development agenda's is supposed to be cyclical and passed back and forth, up and down, between the community and the government, until decisions are made on how to meet a communities development needs. The IDP is built on the premise of community participation and is a possible tool that poor can use to make sure that their needs are met at the local and federal level because poor remain marginalized in South African society and are the ones who suffer most from lack of access to services. The IDP can be more effective if it implements holistic planning in the future and does not try to separate development issues from gender issues including gender empowerment, gender mainstreaming, gender sensitivity, and gender equity. If these issues were taken into account during the policy planning process these policies would be more successful at meeting and addressing the development concerns of

²⁷ Integrated Development Plan

women, who as mentioned before, are the most vulnerable to the problems associated with underdevelopment in South African society. Further, the Municipal Structures Act is another policy instrument that aims to create structures that force government to incorporate the people's needs and voices into the decision making processes and in development planning by requiring local government to be committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic, and material needs and improve the quality of their lives.

While South Africa was going through structural and political change, the fall of the Soviet Union and triumph of western liberalism altered the global political economy including changes in global nodes of production, labor protections and the shrinking power of labor. Further, in the former Soviet bloc countries, as well as in South Africa, and in post-industrial countries the implementation of austerity policies, liberalization of currency markets and trade, deregulation, decreasing taxation, and automation changed the capacity of the state as well as employment structures. This era of neoliberal globalization provided the foundation to increase both income and wealth inequality. Undermining the power of labor at the same time implementing austerity policies served to concentrate wealth among global elite as well as to concentrate poverty among a global poor.²⁸ The effect of automation in the mining sector and the legacy employment structures in South Africa's mining sector served to create a class of permanently unemployed black South Africans, who, due to the legacy of apartheid, are unlikely to find other employment in the formal sector. The structural barriers and inequalities created by colonialism and the apartheid system, and reproduced by the economic arrangements of the post-apartheid era, have manifested an economic model, where the country's economy has been able to grow at the same time as unemployment has increased. Thus, the economy is still providing for the few while the

²⁸ Bourguignon, 2015.

majority remains poor. The persistence of poverty and inequality in South Africa has created a system where many South Africans live on social grants. According to Statistics South Africa, 2018, 27.2% of South Africans are unemployed; if those who are discouraged from looking for employment are included that number skyrockets to 37.2% of the population.²⁹ Being employed does not exclude one from experiencing poverty as 50% of employed South Africans live on or below the poverty line. Further, out of 55 million South Africans, 17.7 million people rely solely on social grants for survival.³⁰ This level of poverty exists in a country where the traditional elite and international capital continue to make large profits. Despite the end of apartheid and the radical social and economic rights enumerated in the constitution, the majority of South Africans have not been able to access the promises of democracy.

²⁹ StatsSA, 2018

³⁰ South African Social Security Agency, 2018

Social buy-in, Inequality, and the Role of the State

Perceptions of the role of the state in South Africa are particularly relevant to the post-apartheid era. South Africa occupies an interesting space in that it is both a heavily developmental state and a neoliberal state. The developmentalism of the state can be viewed as path dependent in that it is a reproduction of the ways in which the formal state interacted with the mining industry and the business elite during both the colonial and apartheid eras. Further, one of the reasons that civil society and political organizations were so heavily involved in working to develop the new democratic constitution was to ensure public support and social buy-in. Peter Evans argues that one of the central responsibilities of the state is to be an arbiter of justice³¹. This means that the state is responsible for creating an environment in which citizens can access social, economic, and political justice. Through this lens, the post-apartheid government, is, in part, failing to carry one of its central responsibilities to its citizens. It harkens back to Steven Biko's warning issued in the late 1970s, before he was murdered by the apartheid regime. Biko worried that a partnership between South African business and international business with a liberation movement that had, in part, compromised, would lead to the current socioeconomic and political landscape in South Africa. It would lead to a country that might have gone through a negotiated political settlement, and extended some rights, including the franchise, to black South Africans, while failing to alter the institutional arrangements upon which the country was built. This dichotomy, of chronic poverty in a democratic state, prevents the state from carrying out its responsibility to its citizens as well as undermines social buy-in.

South Africa's chronic, and path dependent, unemployment, also serve to undermine the social buy-in. It is particularly relevant in that unemployment, and poverty, generally, still remain highly correlated with racial categorization; meaning that the coupling of capitalism and democracy

³¹ Peter Evens, 2011.

have failed to bring about the promised social transformation.³² The political challenges and negative critiques that the ANC have experienced since 2008 also indicate disillusionment with the state, writ large, due to persistent poverty and inequality as well as to public corruption. Low voter turnout in the 2019 parliamentary elections can also be interpreted as part of the erosion of social buy-in. South Africa's persistent poverty and inequality, which are both antithetical to democracy and social buy-in, stem from two categories: the institutional legacy of colonialism and apartheid and the implementation of neoliberal policies during the post-apartheid era. Without engaging in sufficient institutional reforms and implementing policies meant to shrink the involvement of the state in economic policy at the same time as ratifying a constitution, which promises the ideation of social and economic rights, creates conflicting policy narratives and makes it more difficult to achieve the lofty goals of equality and equity. As Biko posited in the 1970s, in order to reorganize society, it will be necessary to reorganize institutional structures, not just the faces of those in power.

Inequality is antithetical to democracy for a myriad of reasons. In the South African case, path dependent and grinding poverty have left the majority of citizens living on or below the poverty line. In terms of social outcomes, this indicates that the Constitution of the Republic of South African has been unable to extend the social rights and economic rights enumerated in its text. South Africa highlights one of the central contradictions of capitalism, what Piketty explained as when the rate of return on capital exceeds the rate of economic growth, inequality tends to rise.³³ If one examines this central contradiction of capitalism with neoliberalism, which views citizens as consumers, it becomes easy to understand why South Africans are frustrated. By adopting neoliberalism, which turns citizens, in a country that experiences path dependent inequality,

³² Woodward, 2002.

³³ Piketty, 2014.

citizens have been commodified, in a society, where they cannot afford commodities. Many people are pessimistic about the expansive welfare state that supports 17.7 million South Africans by way of social grants. The post-apartheid trajectory of unemployment and reliance on social grants can further be related to Marx's theory of surplus value and reproduction of the labor force. During a neoliberal world order, when citizens have been commodified and the capacity of the state has been diminished, through the implementation of policies which are counterproductive to achieving equality and equity, the provision of subsistence-level welfare can be viewed as a means of preventing structural change as opposed to as a means of providing a safety net. Looking at South Africa's post-apartheid trajectory through this lens, then, it is easy to see where the promises of democracy have failed.

Conclusion

It has been twenty five years since the end of the apartheid regime and South Africa is at a crossroads as the promises of the transition have not translated to substantive poverty reduction, access to decent employment, and at the most basic level, the fulfillment of constitutional commitments, which include the provision of social rights and economic rights. This paper argues that the failure to achieve more wide spread and far-reaching level of equality and equity is due, in part, to two things: the reproduction of colonial and apartheid era patterns of inequality, which privileged the promotion of capitalism and white supremacy over the fair labor competition. Economists now widely argue that historical institutional development provides one of the key explanations of continued societal income and wealth inequality.³⁴ The age of neoliberal globalization, also played a crucial role in South Africa's democratic transition. Without the sponsorship of the Soviet Union during the negotiations to end apartheid, the ANC as well as other liberation movements, had to transition from their former ideological positions and accept more political and economic compromise, which would lead to less social transformation. Neoliberal globalization also changed the capacity of the state by implementing policies, which would shrink its capacity. Further, the early 1990s saw a transition from labor-intensive mining towards automation, which further entrenched structural unemployment. These factors have served to undermine social buy-in and the capacity of the state during the post-apartheid era as well as to fulfill Steve Biko's 1978 prophecy, that a changing of the guard in South Africa would not bring equality to the county; only radical economic transformation can do that.

³⁴ Chang 2010; North, 2005.