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HOW PARTISANSHIP AND RACIAL TRUST TRANSLATE INTO INEQUALITY IN POST-
APARTHEID SOUTH AFRICA

An Honors Thesis

Submitted in Partial Fulfillment of the

Requirements for Graduation with

Undergraduate Research Honors

Georgia State University

[2013]

by

Ryan Arbuckle

Committee:

Dr. Daniel Young, Honors Thesis Director

Dr. Sarah Cook, Honors College Associate Dean

Date

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APARTHEID SOUTH AFRICA

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Ryan Arbuckle

Under the Direction of Dr. Daniel Young

ABSTRACT

With the downfall of the authoritarian Apartheid government in 1994, South Africa has begun to establish itself as a more democratic nation. This paper examines levels of interpersonal trust in post-Apartheid South Africa by using data from “trust games” that were conducted using students from South African universities. Given the large amount of racial, linguistic and cultural diversity that is prevalent in South Africa and that the sample population has spent most of their lives living under the new multiparty democracy, we hypothesize that old racial and social factors that in the past had influenced interpersonal trust will have diminished leaving only partisanship as the predictor of interpersonal trust. Furthermore, we examine what impact the income inequality that was a result of the apartheid era will have on the future of politics in South Africa. The results of the study show that while race still matters, partisanship matters more when determining trust and that inequality among blacks remains high even after the fall of apartheid.

INDEX WORDS: Apartheid, South Africa, Democracy, Trust Games, Racial, Partisanship, Diversity, Post-Apartheid, Interpersonal trust, Inequality

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An Honors Thesis Submitted in Partial Fulfillment of the Requirements for the Degree of

Bachelor of Arts in Economics

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Honors College Associate Dean: Dr. Sarah Cook

Electronic Version Approved:

GSU Honors College
Georgia State University
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I. Introduction

Since 1994 South Africa has begun to shake off the bonds of apartheid and has begun to embrace democracy. This transition has been especially challenging for South Africa given its long history of apartheid. Now, nearly 20 years later, it is important to see if the racial trust that was damaged during apartheid has begun to be repaired or if the lingering effects of apartheid are still present today. As South Africa continues to become more experienced with democracy and further distances itself from apartheid, it offers a chance for the people of South Africa to put racial intolerance behind them. The purpose of this paper is to determine if partisanship is more important than race or social class in determining trust. We make several important contributions to the literature. First we examine if racial tensions have been replaced by partisanship using individuals who never lived under the apartheid government. This is important because these individuals, aside from what is passed on through their parents, never fully experienced the racial intolerance that was so prevalent under the apartheid government. Given that racial intolerance under the apartheid government contributed greatly to the levels of income inequality that exist within South Africa during the apartheid era and that continue to exist today we also examine what impact the levels of inequality within South Africa will have on the transition to democracy and what continued inequality could mean for the ANC and the future of South African politics. Both of these contributions are important in determining how well South Africa is transitioning from apartheid to democracy. It also provides a good estimate for the future of South African democracy as well as how well the South African economy has adjusted to the transition to democracy.

In order to understand why the transition to democracy is so important for South Africa one must first understand what apartheid was and how it impacted the country. Section II outlines a brief history of apartheid with the intention of not providing a full detailed history but rather focusing on a general overview of what apartheid was. Section III provides a literature review of the previous research that pertains to the impact of apartheid on the South African economy (Faulkner and Loewald 2008), how trust is impacted by race (Haile and Verbon 2008, Burns 2004, Burns 2006, Dunning 2010), socioeconomic status (Haile and Verbon 2008), and how social groups impact tolerance and trust (Gibson 2006, Gibson and Gouws 2000). Section IV provides the research methodology as well as the data that was used. Section V reviews the results of the data and examines what impact continued inequality would have on South African politics. Section VI concludes.

II. Overview of apartheid

In order to understand politics in South Africa a basic understanding of apartheid is needed. South Africa's experience with apartheid has shaped the way the country is today. The policy of apartheid began in 1948 and remained the dominant political policy within South Africa until 1994. The goal of apartheid was to create a minority ruled government that sought to completely divide the Afrikaans (native South Africans of European decent) from the black Africans. The policy of apartheid was accomplished by creating separate business areas, urban areas and establishing separate education guidelines as well as enacting laws that banned sexual relations between races (Malan 2008). In 1955, under the Race Classification Act, all racial groups within South Africa were classified into one of the following categories; black, white, and colored (individuals from African tribes and later Asians, Indians and Pakistanis individuals). During the 1950's black South Africans

had their homes stripped away from them as well as their citizenship when the government enacted the Bantu Homelands Act, which forced black Africans to obtain passports in order to enter into South Africa. In short, all of the policies and laws that were enacted from 1948 until the fall of apartheid in 1994 were designed to isolate the native black South African population. This discrimination and alienation was met with several violent acts such as; the 1960 Sharpeville Massacre, the Soweto uprising in 1976, the 1983 Church Street bombing and the St. James Church Massacre in 1993. The violence didn't stop after apartheid was abolished, as mentioned in Gibson and Gouws (2003), political violence was prevalent even as the negotiations took place for the drafting of the constitution that would safe guard individual rights. While there are many possible reasons for why the violence occurred, it eventually became political as individuals began to associate themselves with political groups (Gibson 2003). The political violence soon turned into political intolerance, which is evident by the creation of the "no-go zones" during the 1994 elections. These "no-go zones" prevented rival parties from campaigning, holding rallies or demonstrating in. Gibson outlines in further detail the extent to which the "no-go zones" impacted the political transition and how they would lead to an increase in political intolerance even after the 1994 elections. Even after the transition from apartheid to democracy, the people of South Africa were left with the vivid reminder of apartheid. In order to help with the transition process the Truth and Reconciliation Commission was created in 1995 with the hopes of trying to help deal with some of the more grievous human rights violations that occurred under apartheid however, a large number of individuals were granted amnesty as part of the transition negotiations. While it may have been in the best

interest of the country as a whole to grant some people amnesty, it also could make it harder for the black South Africans to move past the treatment that they received during apartheid.

III. Literature Review

This section reviews the research that has previously been conducted and provides a brief summary of the findings. To begin it is important to understand how trust games work and how they are able to predict trust. Cox, Sadiraj and Sadiraj (2008) look at the effects of within-subjects vs. across-subjects, single-blind vs. double-blind payoffs, random vs. dictator first mover control treatments and strategy responses vs. sequential play. Cox et al. uses three treatments, one central game (the moonlighting game) and two control games, which provide control treatments for the first and second mover motivation in the moonlighting game. Their findings support the conclusion that a player's behavior is based on trust and reciprocity. The conclusion about trust was found to be robust with within-subjects vs. across-subjects designs and single blind vs. double-blind payoffs. Reciprocity was shown to be robust in random vs. dictator games where the first mover had control and strategy responses vs. sequential plays as well as the within-subjects vs. across-subjects designs and single-blind vs. double-blind payoffs. Cox et al. conclude that reactions to other's intentional actions matter as well as anticipations of those reactions

To first fully understand why it is so important to repair trust we must first look at ways that trust can be repaired. Kramer and Lewicki (2010) look at what is needed in order to repair trust after internal or external events impact trust. They review the most common ways that trust is broken and then look at three approaches that have been studied regarding trust-repair as well as ways to enhance and create a more durable and stable trust once it is

repaired. Kramer and Lewicki conclude that if trust is to be considered “social capital” that the lack of trust is disruptive and costly to the society as a whole citing Frankel (2006) who argues “dishonesty and mistrust are not free...[they] can destroy the foundation of our economy and prosperity”

In order for South Africa’s economy to continue to grow, Faulkner and Loewald (2008) examine the very issue that Frankel talked about. They look at how South Africa’s transition into democracy impacts their economic recovery and growth. They find that the Apartheid government was directly responsible for a slow in growth due to political instability, trade sanctions, higher inflation, and slower investment. Faulkner and Loewald conclude that in order for South Africa to continue to grow and improve its economy it needs to increase its investment from the private sector, improve teacher quality, increase education, improve research and development and improve the infrastructure. The introduction of democracy brought about with it an increase in economic growth by improving property rights and ensuring political stability. However, in order for their growth to continue political stability needs to be maintained and repairing inter-racial trust is essential for political stability.

Political participation is also another way to ensure that political stability is maintained. Fowler and Kam (2007) look at reasons, aside from self-interest, that people contribute to political participation. They find that altruists, individuals who demonstrate a high amount of selflessness when dealing with others as well as show a great deal of concern for the welfare of others, participate more than those who are motivated solely by self-interest and only when the political outcome will benefit everyone. However, social identifiers gain the most from participation when politics is distributive, which allows their in-groups to gain

more benefit especially when it is at the cost of the out-group. Their results showed that people are more willing to support the group that they identify with more than the out-group. Similar to the study conducted by Carlin, Love and Young (2013), Fowler and Kam utilized college students to gather their research.

Gibson and Gouws (2000) look at Social Identity Theory and how positive in-group identities can generate negative out-group identities and what impact this can have on Democracy. They surveyed people two years after the fall of apartheid to determine what impact strong group identities has on the tolerance of other groups. Given that strong in-groups tend to see out-groups as threatening and given that the perception of threats from a group is the strongest predictor of intolerance, strong identities can lead to intolerance. Gibson and Gouws find that social identity is a multidimensional concept and thus group identities do not automatically lead to intolerance of outside groups. They conclude by stating that there are specific aspects to social identity that can lead to intolerance, such as the attitudes that arise from social identities that are needed for democratic values. One of their more important findings is that intolerance is the result of a social process rather than an individual psychological reaction and that might be subject to transformation as South Africa develops a greater national identity. For a review of Social Identity Theory see Messick and Mackie (1989).

Gibson (2006) furthers his research on social identity theory and how it applies to South Africa and finds that within South Africa, group identities are not useful predictors of intolerance. Neither the black majority nor the white minorities demonstrate intolerance based on group identity. The data was collected via face-to-face surveys and represents the entire South African population. He finds that the best indicator of racial tolerance is the

amount of interracial contact where those individuals who have higher levels of interracial contact are more likely to demonstrate beneficial reactions when dealing with a member of a different race. His findings suggest that this is especially true among whites. He finds that while blacks and whites are more attached to their in-groups, they are no less tolerant of people of the opposite race. His findings suggest that just because a person identifies with their in-group does not mean that they necessarily have negative views of those of the out-group or support the need to repress their political opponents.

Burns (2004) finds that race does in fact impact the interactions between in-groups and out-groups. Burns examines the impact that race plays on trust games played by white, black and coloured high school students in South Africa. Burns work is similar to that of Ashraf, Bohnet and Piabkov (2004), which supports the idea brought up by Alesina and La Ferrara (2000), that those who were previously disadvantaged in a society are less likely to be trusting. Similarly to what is found in Ashraf et al., Burns finds that black participants offer significantly lower amounts to white or coloured students during the trust games. Burns states however, that the reason for this wasn't due to the fact that the blacks thought they would get less back as was found in Hoff and Pandey's (2003) findings but rather black participants expected that on average to receive a larger proportion of the tripled endowment back than what other students would receive. Burns also finds that black participants on average receive lower offers than white and coloured participants and that while the race of their partner does not have a significant impact on the amount that white participants offer; coloured participants make significantly lower offers to black participants and tend to favor coloured participants. These results suggest that racial identity remains a salient cue for decision making when limited information is provided.

One possible reason that blacks were given less was the expectation that they would return less, which given the socio-economic situation of most blacks and whites might be a rational assumption. However, the results show that this expectation is false and in fact blacks, despite their socio-economic status, are at least as trustworthy as participants of the other races.

Burns (2006) offers another counter to the assumption that in-groups will tend to favor members of their same group over out-group members. Burns conducts trust games using high school students who have spent most of their lives after the abolishment of apartheid and finds that there is a systematic pattern of distrust towards black responders, despite the fact that black responders don't demonstrate any significantly different behavior in their returns. Burns notes that while the returns to black participants were small it is important to note that some amount was returned. It is important to note that a return of zero would have signaled a complete unwillingness to engage in any interaction with their partner. Burns concludes the following: black participants are both less trusting and less trustworthy of blacks, which contradicts the prediction that in-groups will favor members of their same group over others; coloured students behave similarly to black students with the exception that they make higher returns to other coloured students; white students behave differently, either choosing to not interact with black students at all or to interact with black students no differently than they would interact with other participants. In general, white students did not treat black students any differently than they treated other students.

Using students from two universities, one of which was predominantly made up of white individuals and the other was predominantly made up of black individuals, Haile and Verbon (2008) add to the research by looking at the levels of trust that individuals have

when facing someone that is not of their race or does not share the same socio-economic status. When information about their socio-economic status is not shared they find that there are no major behavioral differences between participants. When socio-economic status is known, low-income participants from both racial groups give significantly less to individuals of the other race with high-income levels. They contribute this to cross-racial envy, in which an envious person suffers from the knowledge that another person has a larger share of the economic resources, therefore envious individuals may take actions to decrease the other person's resources, even if it comes at a cost to them. Haile and Verbon also look for cases of charity, which entails returning more money than one expects to receive back or returning more money than was received. The only time they observed this was when a high-income white individual was paired with a low-income black individual.

Dunning (2010) takes the research one step further and, in addition to race and socio-economic status, examines what impact language has political perception by showing the same political speech given by different actors who represented different social, racial and economic classes. Dunning points out that demographically only blacks that spoke Zulu or Xhosa have been dominant within politics and in regards to social class even the poorest white was better off than the wealthiest black during the apartheid period. While during post-apartheid the social gap has lessened, it has only lessened for select blacks. Dunning finds that when combined, race and language impacted the participants' perception of the candidates. When evaluated independently Dunning found that race was slightly more important than language and that there is a strong in-group preference for whites but finds no such in-group preference for blacks. When looking at the impact of social class, Dunning's results were counterintuitive; overall rich candidates are preferred to poor

candidates with the most significant findings seen with whites. Dunning concludes that this is mainly because rich candidates are seen as being more intelligent, competent, as well as being more likely to keep their promises.

Carlin and Love (2011) switch from focusing on race, socio-economic status or language and examine if trust and reciprocity are determined based on political partisanship. Using a series of trust games Carlin and Love find that levels of trust only changes when trust is compared between co-partisans, rival partisans and anonymous players. Looking deeper at the relationship between partisans, Carlin and Love find that on average Democrats give less to Republicans than to fellow Democrats and that Republicans give less to Democrats than to fellow Republicans. They find that the difference due to party affiliation is greater than what women send to other women versus what they send to men and the amount that people over the age of 50 send to others in their age bracket versus those under 25. They also find that the level of the participants' partisanship also impacts the amount of tickets that were sent to their co-partisans, with the largest increase found in those who identify as being strong partisans. In regards to reciprocity, Carlin and Love find that there is no significant difference between partisan affiliation and the amount of tickets returned. Their findings help support the fact that knowledge of a participant's party identity creates in-group and out-group effect that changes the willingness to trust. They conclude by stating that awareness of partisan differences is likely to hinder trust in the absences of other information.

While directly looking at the impact that race has on political participation, trust and reciprocity it is also important to see how well reconciliation has been applied in South Africa. Gibson (2002) looks at the judgments of fairness on the amnesty that was granted

to individuals after the fall of apartheid in South Africa. Gibson finds that providing individuals with compensation helps to increase the perception that amnesty is fair. While most South Africans oppose amnesty for individuals that committed gross human rights violations, Gibson states that amnesty was necessary in order to transition out of apartheid even if this failure to achieve justice is very unpopular among half of the South African population. Gibson points out that while monetary compensation has the largest impact on the perception of fairness, other forms of justice matter as well, including but are not limited to; sincere apologies and the ability for victims to share their stories. Gibson concludes by stating that the new South African regime needs to understand that people want more than just economic stability that there is also a need for fairness and that a failure to provide a sense of fairness can lead to a lack of faith in the current regime and could undermine the democratic transition. This sentiment is echoed in the 2010 Reconciliation Barometer Survey Report (2011), stating that there is still a need for reconciliation especially between whites and blacks who still might hold great resentment towards each other.

IV. Data

The data was gathered via an online survey from Carlin, Love and Young and consisted of 1,624 students from two South African Universities. While the use of students may not fully represent the population of South Africa, the use of students helps to isolate any residual prejudices that might have been carried over during the transition period. Similar to Burns (2004, 2006) the use of students helps to capture the current impact that race plays

on trust. Of the 1,624 participants half were designated as Player 1 and the other half as Player 2. The Player 1 breakdown was as follows; 103 African National Convention (ANC), 235 Democratic Alliance (DA), 203 Black, 197 White and 105 Indian, Coloured or Other. The trust games were setup up as follows; the participant was told that there would be two players and that they would be playing as Player 1. Both players would receive an initial amount (10 tickets) of tickets that could be used to enter into the lottery, which awarded approximately R500. After receiving the initial 10 tickets, Player 1 has the option to send some, none or all of their tickets to Player 2. Any amount of tickets that is sent to Player 2 from Player 1 will be tripled. Player 2 then has the same options, to send some, none or all of their 10 tickets to Player 1. The tickets that are sent to Player 1 from Player 2 are not tripled. Figure 1 is one of the tables from Carlin, Love and Young, which are presented to the participant before each game.

Figure 1: Example of ticket combinations and the outcomes

If you send:	Player 7 receives:	Player 7 might return:	You receive: (10 - # sent + # returned)	Player 7 receives: (10 + # received - # returned)
1 ticket	3 tickets	1 ticket	$10 - 1 + 1 = \mathbf{10 \text{ tickets}}$	$10 + 3 - 1 = \mathbf{12 \text{ tickets}}$
5 tickets	15 tickets	2 tickets	$10 - 5 + 2 = \mathbf{7 \text{ tickets}}$	$10 + 15 - 2 = \mathbf{23 \text{ tickets}}$
5 tickets	15 tickets	10 tickets	$10 - 5 + 10 = \mathbf{15 \text{ tickets}}$	$10 + 15 - 10 = \mathbf{15 \text{ tickets}}$
10 tickets	30 tickets	10 tickets	$10 - 10 + 10 = \mathbf{10 \text{ tickets}}$	$10 + 30 - 10 = \mathbf{30 \text{ tickets}}$
0 tickets	0 tickets	0 tickets	$10 - 0 + 0 = \mathbf{10 \text{ tickets}}$	$10 + 0 - 0 = \mathbf{10 \text{ tickets}}$

The participants play seven versions of the same game and each time a different piece of information is given to them about Player 2. The first game nothing is given to Player 1 about Player 2. In the second and third game Player 1 is told that the person they are playing with (Player 3 and Player 4 respectively) associate with the ANC and DC parties respectively. In the fourth and fifth game Player 1 is told that the person they are playing

with (Player 5 and Player 6 respectively) consider themselves to be Black and White respectively. In the sixth and seventh game (Player 7 and Player 8 respectively) Player 1 is told that the person they are playing against has an income that is $> R100.000$ and an income that is $< R100.000$ respectively. In addition to the amount of income that is told to Player 1, they are also informed that only 15% of homes in South Africa have an income $> R100.000$.

Figure 2 shows the differences between partisan trust and racial trust. Carlin, Love and Young find that the trust gap between partisans and non-partisans is larger than the trust gap between races. Figure 3 shows the trust gap for partisanship is more than double the trust gap for race. Table 1 shows the standard deviation; mean number of tickets sent, as well as the difference between the gaps. Table 2 shows the partisanship and race trust gaps within both the ANC and the DA, listing the mean tickets sent, standard deviation, and the difference between the gaps. Within the political parties, Carlin, Love and Young find that for the DA the partisan gap is 4.5 times that of the racial gap. This leads them to conclude that DA identifiers are shaped to a greater extent by partisanship rather than race. While there is still a racial trust gap present both in general and within political parties, the gap generated by political party is much larger. This leads to the conclusion that while race matters it matters to a much lesser extent than partisanship. These findings support the ideas found in Gibson and Gouws (2000), and Burns (2004) that a strong group identity can lead to intolerance.

Figure 2: Number of tickets sent by Player 1

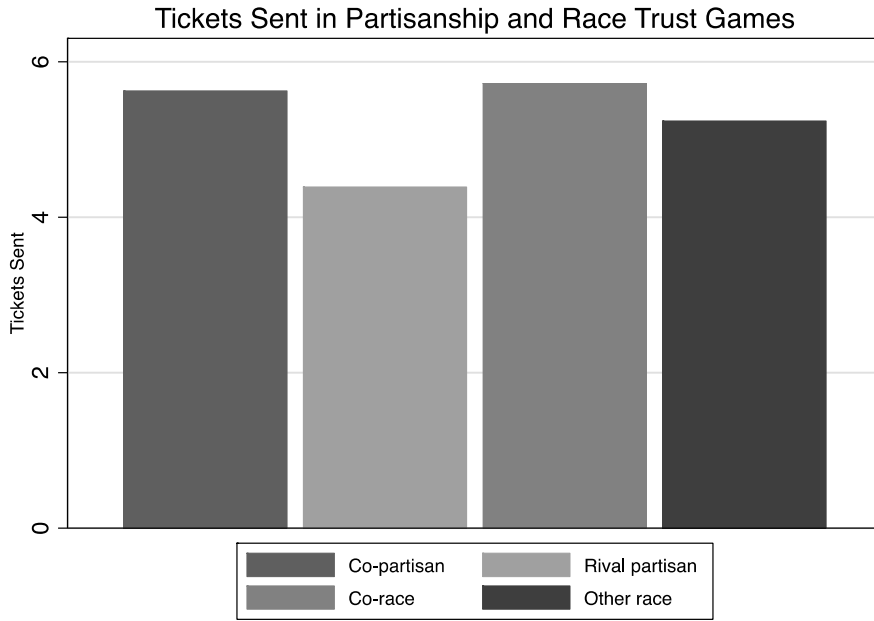


Figure 3: Partisan and Racial Trust Gap

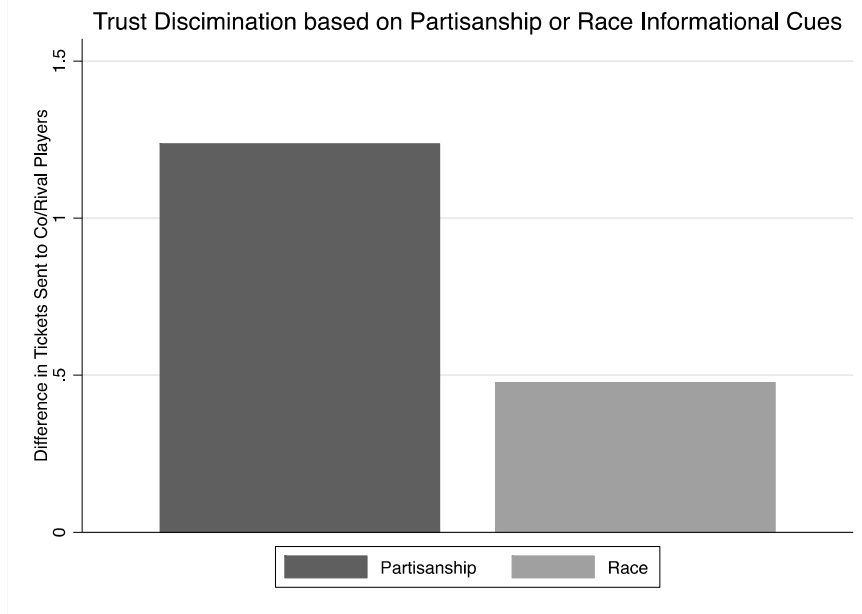


Table 1: Partisan trust and Racial trust

	Mean Tickets Sent	Std. Error
Co-Partisan	5.62	0.15**
Rival Partisan	4.39	0.16**
Gap	1.23	0.14**
Co-Race	5.72	0.17**
Rival Race	5.24	0.18**
Gap	0.48	0.12**
Partisan Gap-Race Gap	0.77	0.18**

**= $p < .001$ (two-tailed test)

Table 2: Partisan trust and Racial trust within parties

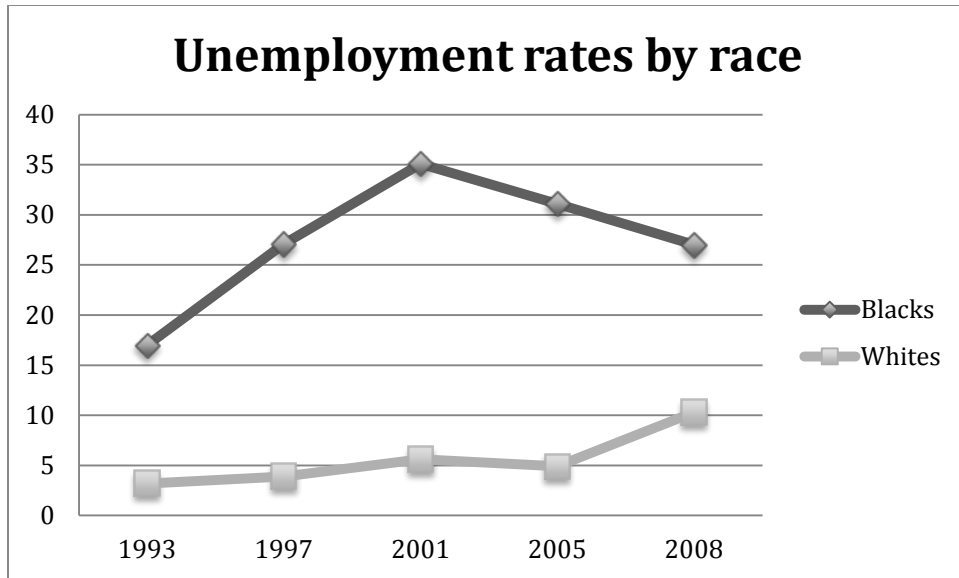
	Mean Tickets Sent	Std. Error
Democratic Alliance Identifiers		
Partisan Gap	1.52	0.19**
Racial Gap	0.34	0.12**
Gap	1.18	0.20**
ANC Identifiers		
Partisan Gap	0.68	0.31**
Racial Gap	0.76	0.31**
Gap	-0.08	0.33
DA Partisan Gap-ANC Partisan Gap	0.84	.36*
DA Racial Gap-ANC Racial Gap	0.42	0.33

* $p < .05$, ** $p < .001$ (two-tailed tests)

V. Results

The findings from Carlin, Love and Young suggest that South Africa has begun to replace racial discrimination with political discovery. However, this discovery has come at the cost of creating “winners” and “losers”. Since the fall of apartheid the ANC has won every election and has maintained power thus enabling them to be the “winners” in South African politics while the DA has become the “losers”. This idea of “winners” and “losers” spreads further than the political groups and who actually wins the elections and includes the individuals who consider the political parties as their in-group. Shortly after the fall of apartheid the income inequality within South Africa was large, with 40% of households earning 11% of the total income and the wealthiest 20% (7% of households) earning 40% of the total income (May 1998). Mays notes that the largest concentration of poverty and inequality can be seen within Africans and is between 29% and 49% depending on the measures used. Given the nature of apartheid these figures aren’t too surprising however, 12 years after the fall of apartheid the inequality does not look any better. Martins (2007) looked at household spending as a measure of income inequality and finds that Africans represent 95.1% of the poorest 20% as well as represent nearly 40% of the wealthiest 20% while whites represent .6% of the poorest 20% and nearly 6% of the wealthiest 20%. Given that the ANC had been in control of the South African government for 12 years at the time of Martins research, one would expect that the gap between Africans would have been reduced. However, these numbers help to show that income inequality still exists within South Africa. In addition to the large income inequality that exists among blacks, the unemployment rate, shown in Figure 4, for blacks has sharply increased after the fall of apartheid, while the unemployment rate for whites has only changed slightly.

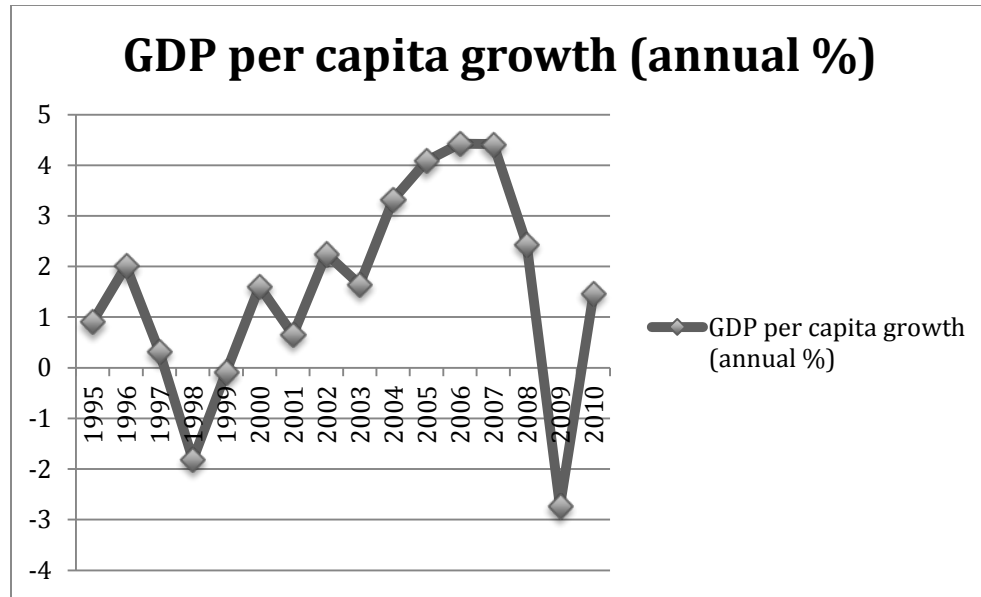
Figure 4: Unemployment rates for blacks and whites



Source: Leibbrandt, Woolard, McEwen, and Koep (2012)

Given the large income inequality and high unemployment rate for blacks one would assume that South Africa's GDP growth rate would suffer, especially since the black population makes up the majority of South Africa's population. However, as Figure 5 shows, the GDP per capita growth rate for South Africa has steadily been rising.

Figure 5: South Africa's GDP growth rate 1995-2010.



Source: Gapminder.org

While South Africa has experienced an average increase in their GDP growth rate since the fall of apartheid (keeping in mind that the large declines in the mid 1990's and 2007 correspond to recessions) the total inequality has increased. Van Der Westhuizen (2012) states that while the GDP growth rate has been increasing, the income inequality (as measured by the Gini index) has risen from 0.64 in 1995 to 0.69 in 1995. Van Der Westhuizen cautions that this rise in inequality could lead to an increase in crime, corruption, social exclusion and more importantly political destabilization similar to what has recently evidenced in Arab countries. Given that the largest income gap exists within the black population, failure to decrease the income gap could lead to inner racial trust issues being developed based upon socio-economic status rather than based upon political affiliation. The income inequality could create a sub group within the political parties based upon socio-economic status that could lead to a political divide or even increased support of the DA. While this political fracture, in the long run, could create additional political parties which could lead to a more stable South African democracy in the short run the

political divide could hinder the economic growth of the country which would only increase the income gap. In order to avoid this from happening the ANC should focus on policies that bring the lowest 95% of blacks out of poverty, decrease the high rate of unemployment for blacks and policies that reduce the income gap for blacks. By doing so the ANC will ensure that the future generations who did not experience the racial cleavage of apartheid will remain as supporters for the ANC.

VI. Conclusion

Now that partisanship has replaced race as the primary indicator of trust in South Africa it is important that the South African government improves inequality, especially among the black population. The creation of “winners” and “losers” due to the transition from racially driven society to a politically driven society is evident by the inequality that faces much of the black population. In order for the ANC and South Africa to remain political and economically stable policy makers need to reduce the inequality and transition from a policy of GDP growth through social program and focus more on sustainable economic growth. South Africa needs to attract more foreign investors and improve its rural infrastructure so that the social programs that are in place can reach the large rural population, most of who are black. Failure to address the inequality issues could lead to a number of problems to include social exclusion and political unrest. Given South Africa’s history with social exclusion, in the form of apartheid, and its relatively recent transition to democracy, it is important for South Africa to take the necessary actions to improve inequality.

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