

Signs of the times

Redistribution, income rhetoric and perceived radicalism in Limpopo

What are the roots of the perceived radicalism in Limpopo. Is the province worse off than the others? **Francois de Wet** and **Ian Liebenberg** explain.

INTRODUCTION

During August 2011 the African National Congress (ANC) faced a stand-off with the then leader of the ANC Youth league (ANCYL), Julius Malema. The ANC leadership hovered between taking strong action and postponing action – presumably because it had too much that could be lost in the process. Not only was Mangaung coming up (ANC's 53rd National Conference), but service delivery protests were the order of the day. More problematic were the tensions that were building on the minefields at the time. Reading the signs some even speculated that South Africa then was nearing the equivalent of the 1913 and 1921 miners' strikes. Since then a lot has happened.

Malema and his lieutenants left the ANC, willingly or less so, and established the Economic Freedom Fighters (EFF), the Marikana massacre evolved into more than just a memory but a beacon of (future) resistance. Corruption seemingly became so pervasive that newspapers do not have to report on it and service delivery complaints – if not protests – are undiminished. The question is whether these socio-dynamics are

related to the activities and public discourse of political leaders or the concrete manifestation of political economic trends? Perhaps a look at the economic situation in one South African province may provide some insights.

Of the nine provinces in South Africa, Limpopo, in terms of redistributive economic demands, seemed for a while to be the most radical in its rhetoric. Verbalised by Julius Malema over the years, calls for the nationalisation of the South African mines and calls for land grabs were often heard. To what extent did economic lack or political ideology give rise to the ANCYL's radical economic utterances? Did the government among others fail in its redistributive policies towards that province and/or were these utterances by Malema and others simply a revivalist dream for a National Democratic Revolution along the lines of the Freedom Charter?

To put the government's 'neglect of the Limpopo province' in economic context an old style welfare analyses of the province may provide insights. Welfare can be defined as 'the quantity of goods and services that are at the

disposal of the economic subject or the inhabitants of a province,' write Stapelberg & Steyn. A household's welfare in terms of their consumption of goods and services depends not only upon the personal incomes members earn, but also on the taxation and the spending of government in Limpopo. Income inequalities in South Africa accentuate the role of the budget in inducing a redistribution of income.

Can an analysis of welfare assist us to understand the current calls for more radical socio-economic policies – at least in one province?

CLOSER LOOK

According to the Bureau of Market Research primary personal income is defined as current income in cash and in kind earned or received from all sources by the inhabitants of an area, including transfers from government bodies and businesses and net transfers from persons living in other areas. Of all the provinces measured in 1994, 2002 and 2007 Limpopo and the Eastern Cape earned the least (compare the data on South African provinces in the tables that follow).

TABLE 1: REAL PRIMARY PERSONAL INCOME PER CAPITA BY POPULATION GROUP AND BY PROVINCE FOR THE YEARS 1994, 2002 AND 2007

	EASTERN CAPE			
	AFRICANS	ASIANS	COLOUREDS	WHITES
REAL PER CAPITA INCOME*	2 049	19 911	5 828	24 164
1994	1	10	3	12
REAL PER CAPITA INCOME**	6 245	44 588	11 304	61 159
2002	1	7	2	10
REAL PER CAPITA INCOME***	10 161	67 268	17 045	88 624
2007	1	6	2	8
	FREE STATE			
	AFRICANS	ASIANS	COLOUREDS	WHITES
REAL PER CAPITA INCOME*	3 939	24 570	5 797	28 782
1994	1	6	1,5	7
REAL PER CAPITA INCOME**	8 880	46 136	12 023	60 423
2002	1	5	1,5	7
REAL PER CAPITA INCOME***	13 515	71 842	17 856	88 697
2007	1	5	1,5	6
	GAUTENG			
	AFRICANS	ASIANS	COLOUREDS	WHITES
REAL PER CAPITA INCOME*	8 813	19 282	14 004	36 851
1994	1	2	1,5	4
REAL PER CAPITA INCOME**	17 948	49 912	27 416	80 551
2002	1	3	1,5	4
REAL PER CAPITA INCOME***	25 762	74 682	40 828	116 132
2007	1	3	1,5	4,5
	KWAZULU-NATAL			
	AFRICANS	ASIANS	COLOUREDS	WHITES
REAL PER CAPITA INCOME*	2 614	9 656	12 840	30 310
1994	1	4	5	11
REAL PER CAPITA INCOME**	7 368	28 928	22 451	72 641
2002	1	4	3	10
REAL PER CAPITA INCOME***	11 103	43 709	33 618	104 344
2007	1	4	3	9
	LIMPOPO			
	AFRICANS	ASIANS	COLOUREDS	WHITES
REAL PER CAPITA INCOME*	3 343	17 812	13 626	26 315
1994	1	5	4	8
REAL PER CAPITA INCOME**	6 707	45 774	15 168	59 625
2002	1	7	2	7
REAL PER CAPITA INCOME***	10 877	71 002	23 638	77 016
2007	1	7	2	7

	MPUMALANGA			
	AFRICANS	ASIANS	COLOUREDS	WHITES
REAL PER CAPITA INCOME*	3 343	17 812	13 626	26 315
1994	1	5	4	8
REAL PER CAPITA INCOME**	9 163	46 817	21 373	61 156
2002	1	5	2	7
REAL PER CAPITA INCOME***	12 985	68 016	31 586	95 489
2007	1	5	2	7
	NORTH WEST			
	AFRICANS	ASIANS	COLOUREDS	WHITES
REAL PER CAPITA INCOME*	2 746	15 524	7 521	24 513
1994	1	6	3	9
REAL PER CAPITA INCOME**	10014	39040	9556	61156
2002	1	4	1	6
REAL PER CAPITA INCOME***	16 808	64 751	14 163	90 706
2007	1	4	0,8	5
	NORTHERN CAPE			
	AFRICANS	ASIANS	COLOUREDS	WHITES
REAL PER CAPITA INCOME*	5 030	12 942	3 630	24 960
1994	1	2	0,8	4
REAL PER CAPITA INCOME**	9 450	56 880	12 608	58 853
2002	1	6	1,2	6
REAL PER CAPITA INCOME***	11 807	61 934	18 882	83 579
2007	1	5	1,6	7
	WESTERN CAPE			
	AFRICANS	ASIANS	COLOUREDS	WHITES
REAL PER CAPITA INCOME*	6 224	12 594	7 445	31 378
1994	1	2	1	5
REAL PER CAPITA INCOME**	11 993	41 774	15 579	71 940
2002	1	3	1,3	6
REAL PER CAPITA INCOME***	18 560	64 062	23 337	106 082
2007	1	3,5	1,3	6

The figures are calculated from different sources.

The above accentuates the large differences between the high-income provinces and the low-income provinces. Gauteng's real primary per capita income in 1994 was almost five times higher than that of Limpopo and more than three times higher than that of the Eastern Cape. In 2002 and 2007 Gauteng earned nearly three times more than the Eastern Cape and four to 3.5 times more than the Limpopo province. Taking a look at personal income per province is another indicator. Limpopo's real personal per capita income tax payments was the smallest of all provinces for the years 1994, 2002 and 2007. The real per capita consumption of services, for the years 1994, 2002 and 2007 are set out in Table 2.

In 1994 Limpopo's real personal per capita income was the lowest and their real per capita consumption of government services was also the least. By 2002 the situation changed. Limpopo's relative consumption of government services increased to third highest, notwithstanding the fact that the province's contributions to the national Treasury were the smallest. In 2007 it was the fourth highest.

TABLE 2: REAL PER CAPITA CONSUMPTION OF GOVERNMENT SERVICES FOR THE FISCAL YEARS 1994, 2002 AND 2007

1994				
PROVINCE	REAL NATIONAL TRANSFERS PER CAPITA In Rand (1)	REAL PROVINCIAL TRANSFERS PER CAPITA In Rand (1)	REAL MUNISIPAL TRANSFERS PER CAPITA In Rand (2)	REAL CONSUMPTION PER CAPITA In Rand
Eastern Cape	1991	2 013	8	4 012 (4)
Free State	1991	1 945	0	3 936 (5)
Gauteng	1991	2 165	5	4 161 (3)
Kwazulu/Natal	1991	1 897	5	3 893 (6)
Mpumalanga	1991	1 683	0	3 674 (8)
North West	1991	1 799	0	3 790 (7)
Northern Cape	1991	2 360	0	4 351 (2)
Limpopo	1991	1 600	56	3 647 (9)
Western Cape	1991	2 718	0	4 709 (1)
2002				
PROVINCE	NATIONAL TRANSFERS R(million) (3)	PROVINCIAL TRANSFERS R(million) (3)	MUNISIPAL TRANSFERS R(million) (3)	REAL CONSUMPTION PER CAPITA In Rand
Eastern Cape	22 486	22 020	1 941	6 697 (3)
Free State	9 480	8 966	856	1 174 (8)
Gauteng	27 596	21 712	880	8 880 (2)
Kwazulu/Natal	30 583	26 477	1 663	11 516 (1)
Mpumalanga	10 205	9 122	1 321	1 351 (6)
North West	12 088	3 153	563	1 225 (7)
Northern Cape	2 850	17 401	313	376 (9)
Limpopo	17 874	10 680	612	3 343 (4)
Western Cape	13 748	12 889	432	2 386 (5)
Total	146 910	132 420	8 581	5951
2007				
PROVINCE	NATIONAL TRANSFERS R(million) (4)	PROVINCIAL TRANSFERS R(million) (4)	MUNISIPAL TRANSFERS R(million) (5)	REAL CONSUMPTION PER CAPITA In Rand
Eastern Cape	37 658	30 857	6 517	10 819 (3)
Free State	15 352	13 196	2 555	1 828 (8)
Gauteng	46 367	39 841	6 208	16 407 (2)
Kwazulu/Natal	50 325	43 223	7 359	19 444 (1)
Mpumalanga	18 640	16 169	6 322	2 936 (6)
North West	17 551	14 568	2 665	2 337 (7)
Northern Cape	5 748	5 933	905	277 (9)
Limpopo	27 927	25 253	2 864	5 993 (4)
Western Cape	23 064	19 629	1 926	3 940 (5)
Total	242 632	208 669	37 321	9 568

CONCLUSION

Governmental transfers to provinces influence the real welfare of the citizens of a province. Due to these such fiscal transfers between the richer or 'stronger' provinces to the poorer or 'weaker' provinces with the a-symmetric provincial relations in South Africa, Limpopo's real welfare increased by 62% in 1994 and 68.7% in 2002. These percentage increases were the highest amongst all the provinces. The province that gained the second most from such transfers, was the Eastern Cape, with a 51.6% increase in 1994 and 54.5% in 2002. Limpopo maintained the position of third highest in 2007 with a 38% increase in welfare (Table 3).

TABLE 3: CHANGES IN THE REAL WELFARE OF PROVINCES FOR THE YEARS 1994, 2002 AND 2007

1994 (1)						
Province	(1) Real per capita taxes (T)	(2) Real per capita consumption (G)	(3) (3) = (2) - (1) Real net per capita consumption (G-T)	(4) Real primary personal per capita income (Y)	(5) (5) = (4) + (3) Real net per capita income Y + (G-T)	(6) [(5)-(4)]/(4) %
Eastern Cape	172	4 012	3 840	7 578	11 418	51(2)
Free State	345	3 936	3 591	11 958	15 549	30 (7)
Gauteng	2 656	4 161	1 505	25 052	26 557	6 (9)
Kwazulu/Natal	377	3 893	3 516	10 347	13 863	34 (4)
Mpumalanga	311	3 674	3 363	10 654	14 017	32 (5)
North West	158	3 790	3 632	9 355	12 987	39 (3)
Northern Cape	350	4 351	4 001	12 386	16 387	32 (5)
Limpopo	50	3 647	3 597	5 716	9 313	63 (1)
Western Cape	1 381	4 709	3 328	20 580	23 908	16 (8)
2002 (2)						
Eastern Cape	1 072	6 697	5 625	9 970	15 595	56 (2)
Free State	1 636	1 174	-462	15 262	14 800	-3 (8)
Gauteng	3 542	8 880	5 338	32 466	37 804	16 (4)
Kwazulu/Natal	1 467	11 516	10 049	13 698	23 747	73 (1)
Mpumalanga	1 520	1 351	-169	13 339	13 170	-1 (5)
North West	1 444	1 225	-219	15 030	14 811	-2 (6)
Northern Cape	1 944	376	-1 568	16 116	14 548	-10 (9)
Limpopo	868	3 343	2 475	8 171	10 646	30 (3)
Western Cape	2 961	2 386	-575	27 548	26 973	-2 (6)
2007 (3)						
Eastern Cape	1 616	10 819	9 203	14 892	24 095	62 (2)
Free State	2 953	1 828	-1 125	22 639	21 514	-5 (7)
Gauteng	7 682	16 407	8 725	47 296	56 021	19 (4)
Kwazulu/Natal	2 739	19 444	16 705	20 471	37 176	82 (1)
Mpumalanga	2 608	2 936	328	19 673	20 001	2 (5)
North West	2 997	2 337	-660	22 980	22 320	-3 (6)
Northern Cape	2 934	277	-2 657	22 682	20 025	-12 (9)
Limpopo	1 160	5 993	4 833	12 707	17 540	38 (3)
Western Cape	5 765	3 940	-1 825	40 313	38 488	-5 (7)

It seems as if the Limpopo province, the Eastern Cape and KwaZulu-Natal benefited the most from government expenditure in those provinces. The Northern Cape and the Free State demonstrated the smallest increase over the three periods. Keeping the financial redress of the provincial a-symmetry in mind, South Africans saw a substantial redistribution of funds from the relatively 'more wealthy' provinces to the 'less wealthy'.

Should this be true the issue is not real deprivation, but perhaps rather relative deprivation that contributes to more radical rhetoric. But the debate on real and relative deprivation is immensely complicated. Are there other reasons? Taking a look at the three provinces that gained the most, it seems that past rhetoric about fundamental change has more to do with the discourse of leaders

and the advocacy of their political ideals. Obviously this is only a provisional conjecture. Keeping in mind that South Africa saw recently a downgrading from A- to BBB+ in terms of increased political risk and that there are warnings that unless the economy is run with great prudence, payment of debts may become an increasing challenge, which in turn will negatively impact on other fields at home.

It seems at the moment that the increasingly radical rhetoric of leaders does strike a cord with some voters, as the EFF has demonstrated by gaining 6.35% of the national vote and thus 25 seats in parliament (more than any other party except the DA). On the other hand, in a province where service delivery over the past four years increased seemingly in quality and quantity, one party (the DA) gained significantly in support, admittedly power struggles among the ANC opposition and thoughtless utterances by the opposition leaders in the Western Cape have also alienated voters.

Either way, given concrete economic challenges, the limitations of the current macro-economic policy (which among other things puts limitations on the National Development Plan) and between vocal leaders and a critical citizenry with an eye on service delivery the current government is in for a tough ride towards the 2019 elections. And perhaps, very belatedly, a split between the liberal-capitalist stream and the workers-orientated stream may enter the picture. Way back in 1973 with the onset of apartheid's first economic and financial rumblings an economist, Butlitsky, wrote about the 'contradictions of apartheid'. Could it be that the 'contradictions of post-apartheid' is catching up with us? Taking a look at one case study as we did here, there definitely seem to be more contradictions than explanations. ■

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Youth unemployment in SA

Learning from statistics

South African government economic policies such as Gear have led to job losses and those most affected have been the youth, writes **Mario Jacobs**, arguing that economics alone without sound politics cannot create jobs.

INTRODUCTION

On 16 June each year South Africans celebrate national youth day. It is on this day, in 1976, when black South African students protested the use of Afrikaans as the medium of language at school. The basis of their protest was to demand that they too, like white South Africans, be taught in English as the medium language at school. Afrikaans was also viewed as the 'language of the oppressor' and a means to enslave blacks by only educating them to become ordinary wage workers. To quote the chief architect of the Bantu Education Act, and later prime minister of South Africa: 'There is no place for [the African] in the European community above the level of certain forms of labour. It is of no avail for him to receive a training which has as its aim, absorption in the European community.' Sadly, hundreds of students were massacred by the apartheid police for protesting against what they considered the perpetual enslavement of ideas through the means of inferior education.

You may ask: what is the relevance of the above introduction? Well, simply put, this article will reflect on whether the 1976 student uprising achieved the results it hoped for, that is, for them to receive a better education and, by extension, better employment opportunities? This is argued as the language of education, at least for black South Africans, as stated above, was for them to become 'ordinary wage workers'. And, if they did not attain that objective, what could be the major reasons for that?

Some commentators argue that the high youth unemployment in South Africa is due to skills shortages, that is, the unemployed youth do not have the necessary skills to meet the demands of the labour market. Others argue that the rate of youth unemployment is due to labour laws being too rigid thus not fostering job creation, particularly for the youth. Still, others argue that there is not enough capital investment in the economy partly due to reasons related to labour rigidity and union rights and, on