

The background image shows a city street scene. On the left is a modern building with a curved facade and a glass-enclosed tower. To the right is a multi-story brick building with a 'SARIS' sign. In the foreground, a pedestrian bridge with a metal railing runs across the frame. Two people are walking on the bridge: one in a red sweater and blue cap, and another in a dark jacket. A small white van is visible in the distance on the street.

SA Reconciliation Barometer 2015

BRIEFING PAPER 2 • FEBRUARY 2016

**PERCEPTIONS OF
ECONOMIC SECURITY
AND WELL-BEING**

PERCEPTIONS OF ECONOMIC SECURITY AND WELL-BEING

South African Reconciliation Barometer Briefing Paper 2
February 2016

Jan Hofmeyr and Rajen Govender



Jan Hofmeyr heads up the IJR's Policy and Analysis Unit.

Rajen Govender is an Associate Professor at the UCT Department of Sociology and a Senior Research Fellow at the Centre for Social Science Research (CSSR) at UCT.

Published by the Institute for Justice and Reconciliation
105 Hatfield Street, Gardens, 8001, Cape Town, South Africa
www.ijr.org.za

© Institute for Justice and Reconciliation, 2016

First published 2016.

All rights reserved.

Designed and typeset by COMPRESS.dsl

Cover image © Jan Hofmeyr

Contents

List of figures	iv
List of tables	iv
About the IJR	v
About the South African Reconciliation Barometer Survey	vi
Summary	1
Key findings	1
Background	1
The financial situation of ordinary South Africans	3
Subjective comparisons of financial security	6
Poverty and experiences of deprivation	8
Changes in respondents' personal economic situation	10
Conclusion	12

List of figures

Figure 1: Comparison of financial situation 12 months ago	4
Figure 2: Comparison of financial situation 12 months ago by LSM	4
Figure 3: Comparison of financial situation 12 months ago by employment status	4
Figure 4: Projection of financial situation over the next 12 months	5
Figure 5: Projection of financial situation over next 12 months by LSM	6
Figure 6: Projection of financial situation over the next 12 months	6
Figure 7: Comparison of personal financial situation in relation to the rest of South Africa	7
Figure 8: Comparison of financial situation with the rest of South Africa by LSM	7
Figure 9: Respondents who have, at some time or another, gone without access to basic needs over the past year	9
Figure 10: Change in family's economic situation since 1994	11
Figure 11: Change in income inequality since 1994	12

List of tables

Table 1: Lived Poverty Index scores: Current, past and future	10
---	----

About the IJR

The Institute for Justice and Reconciliation (IJR) was launched in 2000, in the aftermath of South Africa's Truth and Reconciliation Commission. The aim was to ensure that lessons learnt from South Africa's transition from apartheid to democracy were taken into account as the nation moved ahead. Today, the Institute's vision is to build fair, democratic and inclusive societies in Africa through carefully selected engagements and interventions. The IJR's mission strives to shape national approaches to transitional justice and reconciliation in African countries by drawing on community intelligence, as well as macro-trend research and comparative analysis.

About the South African Reconciliation Barometer Survey

The South African Reconciliation Barometer (SARB) is an annual public opinion survey conducted by the IJR. Since its launch in 2003, the SARB has provided a nationally representative measure of citizens' attitudes to national reconciliation, social cohesion, transformation and democratic governance. The SARB is the only survey dedicated to critical measurement of reconciliation and the broader processes of social cohesion, and is the largest longitudinal data source of its kind globally. The SARB survey was conducted annually between 2003 and 2013 through face-to-face interviews and using a structured questionnaire. In 2013 and 2014, the SARB survey instrument underwent extensive review in order to improve the survey questionnaire in both its conceptualisation and measurement. This process was concluded in 2015 and the new survey was fielded during August and September 2015 by international market research company TNS. The survey employed a multi stage cluster design, whereby enumerator areas (EAs) were randomly selected and, within each of these, households were randomly selected for visitation. At each household a systematic grid system was employed to select the specific respondent for an interview. The final obtained sample of 2 219 respondents was then weighted to represent the adult population of South Africa adequately.

Summary

In the first set of results that were released from the 2015 South African Reconciliation Barometer (SARB) Survey, it was reported that more than two thirds of respondents felt that they have little to no trust in South Africans of racial groups other than their own. Furthermore, the survey found that a majority of respondents identified the gap between rich and poor as the most divisive aspect of society, which continues to keep us apart. This briefing reports on ordinary South Africans' sense of economic security, their sense of deprivation, how they view their own financial situation in relation to others, and whether they feel that progress has been made in addressing the economic backlogs caused by apartheid. Our findings point to a persistence of racialised responses and experiences in terms of the economic security of ordinary citizens. Against the backdrop of a tough economic environment in 2016, social relations are likely to be put under further strain.

Key findings

- Just over two thirds (67.4%) of South Africans feel that their personal financial situation either stayed the same or deteriorated in the year prior to the survey.
- Just over half (54%) feel that this would remain unchanged in the 12 months following the survey.
- Significant proportions within each of the racial and LSM categories feel that their financial situation is more or less the same as that of most other South Africans.
- 30% indicated that at some point during the previous year they did not have food to eat, while 41% noted that they did not have access to clean running water.
- 61% indicated that the economic situation of their families has either deteriorated or stayed the same since 1994.
- 67% feel that income inequality has either worsened or stayed the same since 1994.
- In general, Indian respondents were the most optimistic about their economic security, while coloured respondents were the most pessimistic.

Background

At the time of this briefing's release in February 2016, South Africa was facing a confluence of adverse and reinforcing economic, social and political challenges, which will test the resourcefulness of this young democracy in ways that it has not experienced in the 22 years of its existence.

As was the case with many other emerging economies in the wake of the global economic crisis of 2008/2009, South Africa never managed to regain the momentum with which its economy expanded during the first half of the previous decade. While it grew at an average annual rate of 4.8% from 2000 to 2008, with concomitant real GDP per capita growth of 3.5% over the same period, average growth for 2009 to 2014 stood at a disappointing 2.4% per annum, with per capita growth barely averaging one full percentage point – at 0.8% – over these five years.¹ These statistics fall discouragingly short of the 5% annual growth rate that the country's National Development Plan deems necessary for the achievement of what are becoming increasingly ambitious targets to address the triple challenges of unemployment, poverty and inequality.

At the start of 2016, this picture looks even bleaker. After having grown by only 1.3% (est.) in 2015, growth estimates for 2016 have been radically revised downwards from the 2015 Medium Term Budget Statement's (MTBS) 1.7% to as low as the World Bank's early February prediction of 0.8%.² Economists agree that this may be one of the most challenging years for the country's economy since the country's political transition in 1994. Higher inflation, interest rate hikes and inevitable job losses will without doubt affect the livelihoods of the poor, and – maybe for the first time over the past two decades – many within the country's middle and upper middle class will also feel the pain.

Much of the current gloom can be attributed to external factors. The end of the Chinese-driven commodity boom has put resource exporters like South Africa on the back foot. Intermittent stock-market tremors in the Middle Kingdom since the second half of 2015, precipitated by investor fears that the execution of its 'soft landing' in transforming a manufacturing economy into a consuming one might be bumpier than originally expected, sent their currencies further into a tailspin. To add insult to injury, the American Federal Reserve raised its interest rate in December 2015 for the first time in nine years by a quarter percentage point, which added impetus to the stream of portfolio flows that have left developing economies over the past year.

Yet, a significant portion of our pain has been self-inflicted. The South African economy could arguably have been in a more resilient position to weather the global headwinds had it not been for several instances of political incongruity and critical lapses in governance. Ideological and factional battles that have played themselves out behind the scenes within the tripartite alliance have manifested publicly as inconsistency. Within the private sector, uncertainty in key industries such as mining, agriculture and tourism has discouraged investment and job creation. In the public sector, poor management of state-owned enterprises (SOEs), once designated by the ANC-led government as the main drivers of a developmental state, is slowing the economy down rather than cranking it up. Amid fears that some of these have fallen victim to state capture, many are fighting for survival rather than serving the interests of the state at large. But amongst the series of own goals scored in recent years, few have been as spectacular as President Zuma's disastrous decision in December 2015 to fire former Finance Minister Nhlanhla Nene, replacing him with failed former small-town mayor David van Rooyen and then reinstating Nene's predecessor, Pravin Gordhan, days later after the rand plummeted to historic lows and billions of dollars left the country along with panicked investors. While the monetary damage can be calculated in rands and cents, the reputational harm that was done to the National Treasury – an institution that should be (and, until December, was) known for its independence and transparency – has been immeasurable. After downward revisions of the country's investment rating in the course of 2015, ratings agencies were unanimous in their view that one of the few things that stood between it and a revocation of its investment status is policy consistency and predictability. The president's unfortunate lapse in judgement has deepened fears in this regard and edged

1 The World Bank. 2015. *South Africa Economic Update: Jobs and South Africa's Changing Demographics*. Accessed online: http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2015/08/14/090224b08307421f/1_0/Rendered/PDF/South0Africa0e0hanging0demographics.pdf, 6 February 2016.

2 Maswanganyi, N. 2016. 'World Bank downgrades SA's growth prospects'. *Business Day*. Accessed online: <http://www.bdlive.co.za/economy/2016/02/02/world-bank-downgrades-sas-growth-prospects>, 6 February 2016.

the country even closer to junk status. Should this materialise, increased borrowing costs will have profound long-term repercussions for South Africa's developmental agenda to push back the boundaries of poverty and inequality. Importantly, also, it will have far-reaching implications for the creation of greater social cohesion in a deeply divided country.

In December 2015, the IJR released the first set of results from the latest South African Reconciliation Barometer (SARB) Survey, which was conducted in August and September of that year. Its findings showed, amongst other things, that more than two thirds of respondents felt that they have little to no trust in South Africans of racial groups other than their own. It furthermore found that when asked about the most significant source of social division in the country, the largest group of respondents (30.3%) singled out the gap between rich and poor as the defining South African phenomenon that keeps us apart. When first and second options were combined, more than half of respondents selected this category. It was therefore not surprising that 61% noted that any attempt at national reconciliation will remain futile for as long as those who were disadvantaged under apartheid remain poor. These findings underscore the fact that perceptions about economic security and the distribution of wealth continue to play a critical role in deciding our success or failure in creating a united South African nation.

This briefing paper, the second in a series in which we release selected findings from the 2015 SA Reconciliation Barometer Survey, reports on ordinary citizens' sentiments about their quality of life and material well-being in the current economic climate, how they believe this to have changed from the recent past and whether it is likely to change in the near future, and how they view their own position in relation to that of other South Africans. While it serves to give us an idea of the extent to which people view their own positions and prospects, readers need to be cautioned that in the short period that has lapsed since the completion of the survey and the publication of this paper, there has been a substantial deterioration in the country's economic situation. As such, these findings may be understating some of the current negative sentiment.

The financial situation of ordinary South Africans

Against this background, it is necessary to understand how ordinary South Africans perceive their current financial situation compared to 12 months ago and whether they feel that there is an opportunity for it to improve during the 12 months to follow. Taking into account that the survey was conducted in August and September 2015, it may be useful to look at some key comparative indicators a year earlier in order to provide some context to these findings.

In September 2015, the national unemployment rate stood at 25.5%, compared to 25.4% a year earlier. The inflation rate stood at 4.6%, compared to 5.9% a year earlier, and the Reserve Bank's repo rate in September 2015 was pegged at 6%, unchanged from a year earlier. In mid-September 2015, the rand traded at R13.27 to the US\$, compared to R11.22 to the US\$ a year earlier. Although its impact on headline indicators may not be immediately obvious, the Fees Must Fall movement attracted much attention to the financial plight of young people during this period.

Figures 1 to 3 show how respondents to the 2015 SARB Survey rated their financial situation at the time against that of the preceding 12 months. Figure 1 provides a breakdown of overall responses in terms of the country's historical racial categorisations, Figure 2 looks at the same question through the prism of living standard measurement categories (LSMs) and, given the critical role that employment plays in social outcomes in South Africa, Figure 3 provides a breakdown in terms of employment status.³

The findings reported in the three figures overleaf show that, on average, more than two thirds (67.4%) of South Africans felt that their personal financial situation has either stayed

³ Note that 'unemployed' in this context denotes the narrow definition also employed by Statistics South Africa, namely unemployed people actively looking for employment. It excludes categories such as discouraged job-seekers, pensioners and students.

Figure 1: Comparison of financial situation 12 months ago

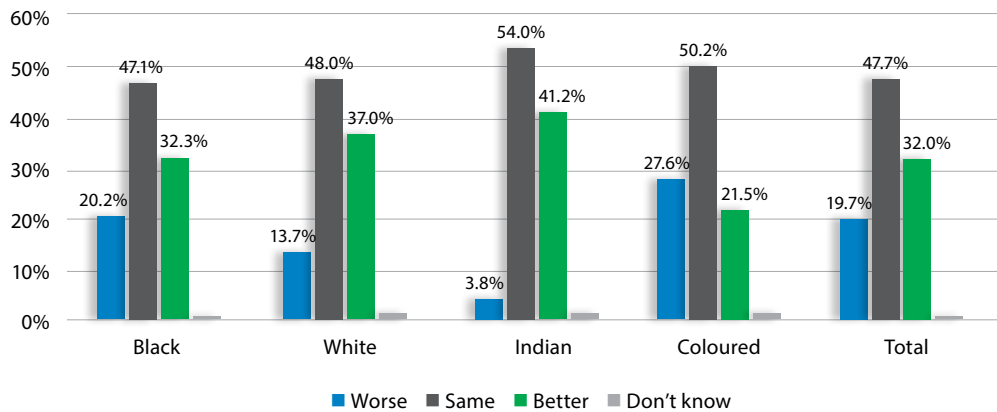


Figure 2: Comparison of financial situation 12 months ago by LSM

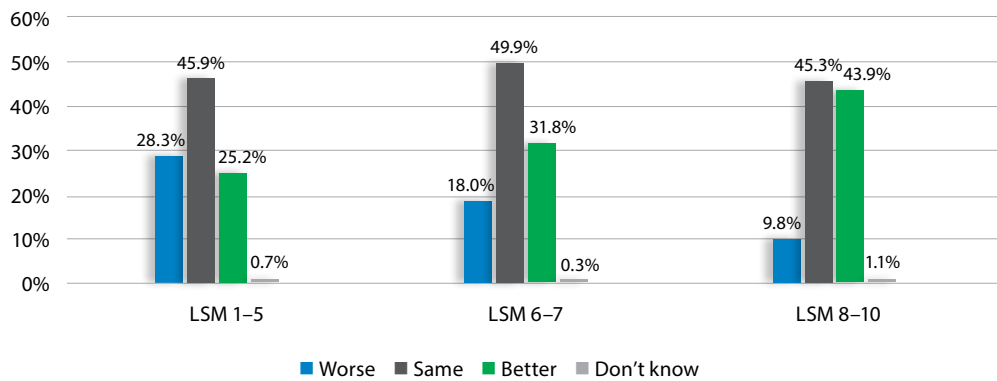
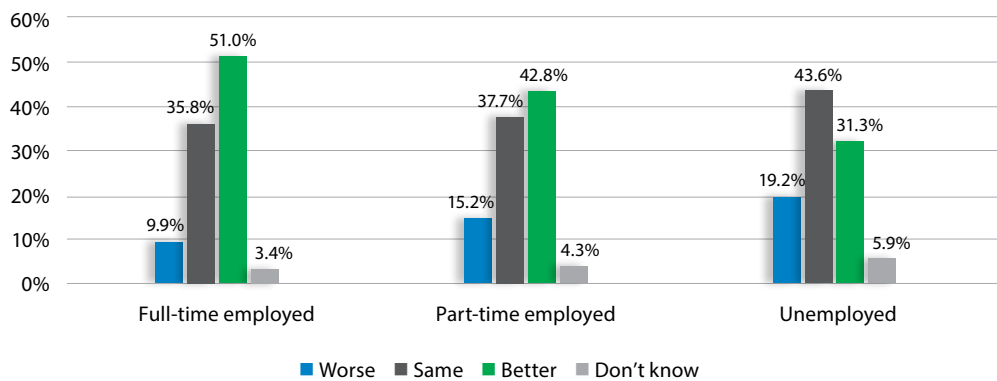


Figure 3: Comparison of financial situation 12 months ago by employment status



the same or deteriorated. Figure 1 also shows that Indian respondents were the most likely to report an improvement in their circumstances (41.2%), while coloured respondents recorded the highest percentage of responses that indicate a deterioration in their financial position. When viewed through an LSM perspective, the lowest categories in LSM 1-5 were the most likely to indicate that their situation has either worsened or remained unchanged (74.2%) and, as expected, those in the highest categories from LSM 8-10 (55.1%) were least inclined to do so. The inverse is also true. The higher the LSM category, the more respondents were

likely to report an improvement in their financial situation, compared to a year ago. This clearly indicates the variable negative impact of the current economic situation as a function of household wealth. Only a quarter of respondents (25.2%) in LSMs 1–5 reported better financial circumstances, while almost double the amount in LSMs 8–10 (43.9%) did so. Lastly, those respondents in full-time employment were the most positive about their financial gains over the preceding year, with 51% indicating an improvement of this period. This stands in contrast to the 31.3% in the unemployed category who responded in this way.

Based on respondents' perceptions of their current financial situation, how do they see their prospects over the next 12 months? Given their relatively pessimistic view of their current position, is there a sense that matters may improve over the next twelve months? Since the September 2015 measurement, the latest unemployment statistics for the fourth quarter of 2015 are yet to be released, while the inflation rate has edged up slightly to 5.2%. Interest rates, however, have been hiked twice by an accumulated 75 basis points, which has raised the repo rate to 6.75%. At the time of writing, economists appear to be unanimous in their prognosis that the latest 50 basis point rise in February will not be the last for 2016, with speculation ranging from a further cumulative increase of 50 basis points to a full percentage point by the end of the year. This, alongside a slowing economy that is likely to shed jobs and upward inflation pressures – particularly relating to foodstuffs that affect poor people disproportionately – will put many South Africans under severe financial strain. In Figures 4–6, we look at how SARB respondents rated their financial prospects for the coming 12 months through the same lenses that were used for the preceding three graphs.

Figure 4 indicates that more than half of South Africans felt that their personal financial situation was likely to deteriorate in the 12 months that followed the measurement in August and September 2015. Again, Indian respondents were the most optimistic about their prospects, with close to half of those in this category (48.6%) noting that that they expect an improvement, while coloured participants in the survey were the most downbeat about their position over the next year, with almost a quarter (23.6%) expecting a deterioration. The responses reported in Figure 5 show that the highest levels of optimism reside in the highest LSM category at 8–10 (48.1%), while the lowest, not surprisingly, is to be found in the lowest categories of 1–5 (32.3%). As could have been expected under the currently depressed economic circumstances, the results in Figure 6 confirm that unemployed respondents were far more negative about their financial prospects over the next year, with 76.3% indicating that they expect it either to deteriorate or stay the same. On the other end of the spectrum, full-time employees were somewhat less pessimistic, although close to six out of 10 people in this category (59.7%) indicated that their situation would worsen or stay the same.

Figure 4: Projection of financial situation over the next 12 months

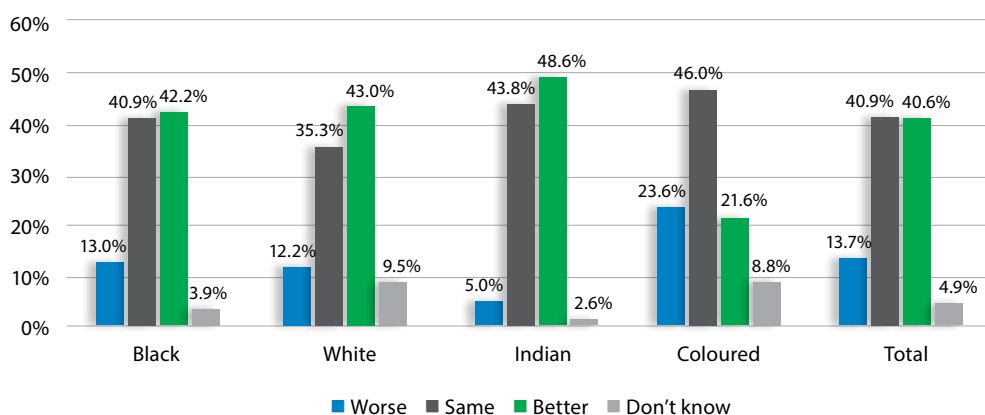


Figure 5: Projection of financial situation over next 12 months by LSM

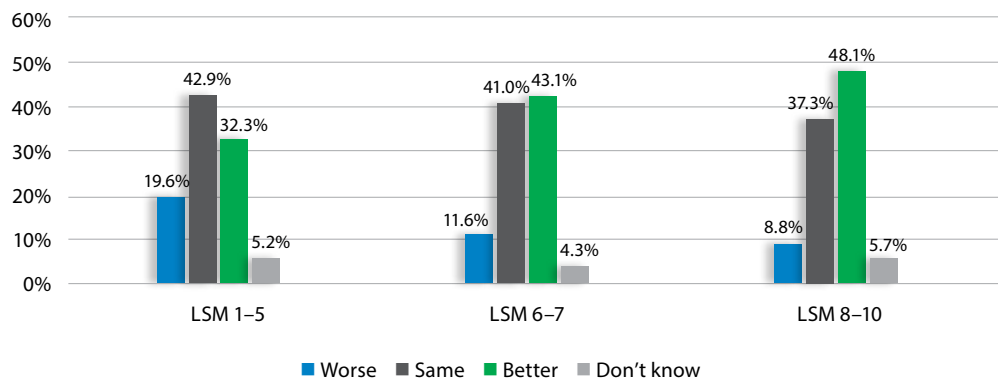
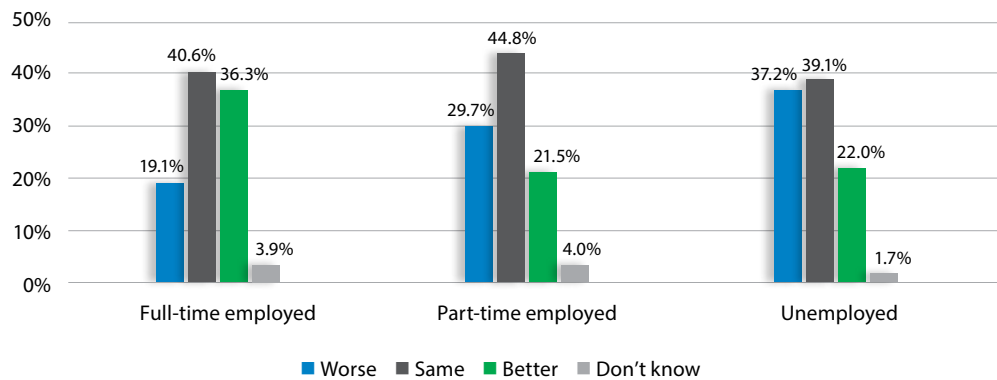


Figure 6: Projection of financial situation over the next 12 months



Subjective comparisons of financial security

Against the backdrop of the SARB Survey’s findings on the divisive influence of inequality on South African society (the division between rich and poor was rated as the most important source of social division), and the related finding that a majority of South Africans regard its undoing as a critical prerequisite for reconciliation, it is important not only to understand how South Africans view their own material circumstances, but also how they view their personal situation in relation to that of others. Figure 7 represents the 2015 SARB Survey’s results on whether South Africans regard their personal financial situation to be better or worse than, or the same as, that of most other South Africans. Figure 8 reports on responses to the same question through the lens of the LSM categories.

The findings reported in Figure 7 show that, on average, the single largest proportion of South Africans (39.1%) view their own financial situation as being more or less the same as that of their fellow citizens. Close to three out of 10 respondents (28.3%) said that their current situation is worse than that of their compatriots, while a similar proportion, albeit slightly less (27.9%), feel that they are better off than most other citizens. As far as the results for the respective racial categories are concerned, the responses for black survey participants largely mirror that of the national picture, given their proportional dominance in terms of the country’s population composition. Amongst the different racial categories, white South Africans were the only group in which a majority of respondents (37%) felt that they were financially better off than most other South Africans. Responses in this category were, however, only fractionally more than those who felt that their situation was more or less the same as that of most other South Africans. The responses from coloured respondents, again,

calls for closer attention. This group recorded the largest proportion of respondents (44.3%) who indicated that they regard their financial position to be worse than that of most other South Africans. When read alongside the previous set of findings regarding the retrospective and prospective views on the state of their finances, it becomes apparent that respondents in this category are not only the least optimistic about their financial prospects, but that there also seems to be a more profound sense of economic marginalisation within this grouping as compared to other race groups.

When viewed through the LSM lens in Figure 8, most responses follow a predictable pattern. The higher the LSM category, the more likely survey participants were to respond that they are better off than most other South Africans. Amongst respondents in LSM 8-10, almost four out of 10 (39%) of respondents noted that they regarded their financial situation to be better than the majority of their compatriots. Amongst those in LSMs 1-5, only two out of 10 participants (21.8%) responded in this way. The converse is also true. Almost four out of 10 (38.9%) in this latter category responded that they were worse off than the rest of their compatriots, while the corresponding figure for LSMs 8-10 was fractionally more than one in 10 (13.1%). The only somewhat surprising findings in Figures 7 and 8 may have been the high percentages of respondents who noted that their financial circumstances were more or less the same as that of other South Africans. When taking into account the country's high levels of poverty and inequality, as measured in household income and expenditure, these subjective findings may not necessarily correlate with reality. Yet, if we consider the continued patterns of segregated settlement, association and interaction, as referred to in the first briefing paper of this series, it could be argued that many respondents may have used those with whom they most frequently interact as their primary reference group. In other words, for many respondents, the frame of reference may not have been all South Africans, but rather all South Africans in their cultural and economic proximity.

Figure 7: Comparison of personal financial situation in relation to the rest of SA

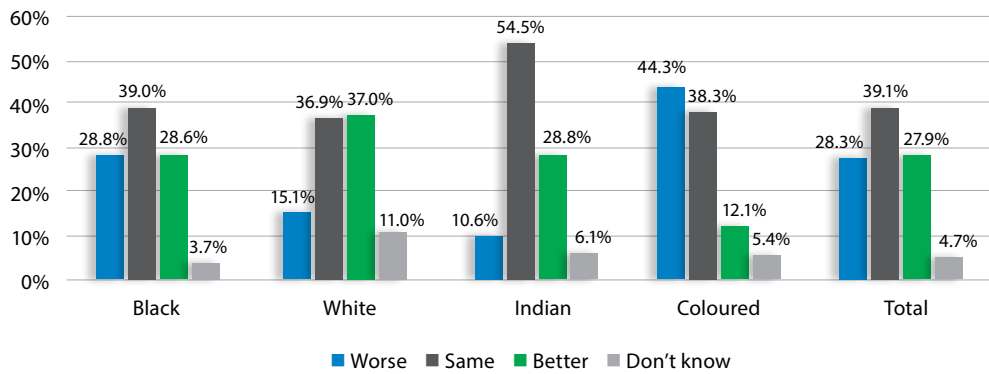
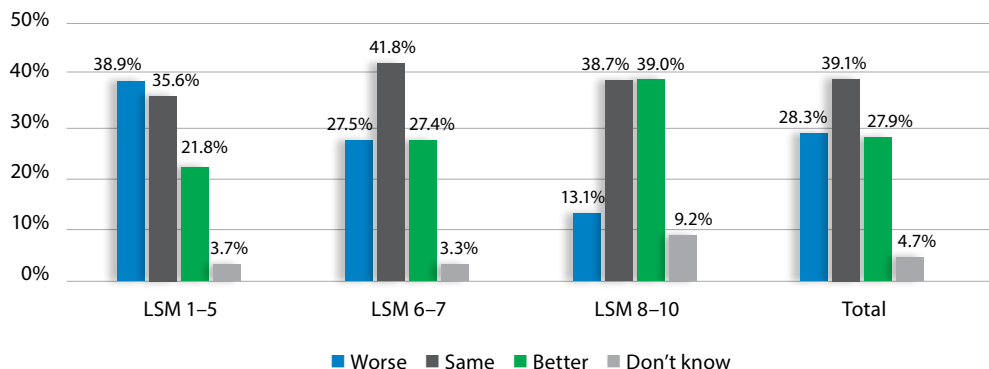


Figure 8: Projection of financial situation over next 12 months by LSM



Poverty and experiences of deprivation

In 2014, Statistics South Africa released a study, titled *Poverty Trends in South Africa: An examination of absolute poverty between 2006 and 2011*.⁴ This study found that the percentage of South Africans who live below the upper bound poverty line of R431/month (in 2006 rands) decreased from 57.2% in 2006 to 45.5% in 2011. According to the report, ‘this was driven by a combination of factors ranging from a growing social safety net, income growth, above inflation wage increases, decelerating inflationary pressure and an expansion of credit’.⁵ It does, however, also note that although the incidence of poverty may have fallen, the severity of those who experienced poverty increased substantially between 2006 and 2009 as the country entered its first recession in close to two decades. At a time when the country’s growth prospects can be described as anaemic at best, with a real possibility of it entering another recession, a similar deterioration in the living conditions of the poor is almost certain to occur. But if we look at the factors forwarded by Statistics South Africa for the decrease in the poverty rate between 2006 and 2011, there may be cause for concern that not only the severity of poverty, but also its incidence, may increase. It is, for example, unthinkable that under current circumstances the country’s social security net will expand at the same rate as it did during most of the previous decade. Neither is it conceivable that above-inflation wage increases, particularly within the public sector, can persist with an inflation rate that is set to break through the Reserve Bank-set upper bound of 6% this year without employers having to consider retrenchments. Needless to say, within the current environment, banks are also going to be less than keen to expand credit lines to borrowers.

The Lived Poverty Index

Under these conditions, which potentially spell severe economic hardship for millions of South Africans in the coming year, it is necessary for us to understand the extent to which respondents experience various material and other pressures in their daily life. For the purposes of this paper, we have chosen to make use of the Lived Poverty Index (LPI), a measure developed by the Afrobarometer network that focuses on the question of access to the most basic necessities that are needed to survive.⁶ Pure income measures often distort our picture of the access that people have to certain necessities, because in contexts with large informal sectors, such as South Africa, they frequently discount non-monetary means of exchange. Hence, the LPI is a measure of poverty as it is experienced and reported by ordinary South Africans. It is measured in the survey using six items that gauge the extent to which individuals and their families have gone without:

- Enough food to eat;
- Enough clean water for home use;
- Medicines or medical treatment;
- Enough fuel to cook their food;
- A cash income; or
- Electricity in their home (excluding load shedding).

4 Statistics South Africa. 2014. *Poverty Trends in South Africa: An examination of absolute poverty between 2006 and 2011*. Accessed online: <http://www.statssa.gov.za/publications/Report-03-10-06/Report-03-10-06March2014.pdf>, 7 February 2016.

5 Ibid.

6 Mattes, R. 2008. The material and political bases of lived poverty in Africa: Insights from the Afrobarometer. CCR Working Paper No. 2016. Accessed online: <http://www.cssr.uct.ac.za/sites/cssr.uct.ac.za/files/pubs/WP216.pdf>, 8 February 2016.

Before presenting the composite index findings, we first provide a breakdown of the current levels of access – as reported for the 12 months preceding the survey – for each of these six items separately. The results in Figure 9 convey the percentages of respondents who reported one or more occasion over the past year on which they have gone without any of these basic necessities. Of course, the inverse of these results represents the percentage of South Africans who, over the past year, have *never* been deprived of any of these items.

The results presented in Figure 9 suggest that although South Africa is regarded as a middle-income country, significant proportions of its population still experience intermittent shortages of access to basic necessities such as food, clean water and basic medicines. Although much has been achieved in terms of providing the most vulnerable with access to basic services and a social security net, many continue to fall through the cracks. Almost 30% indicated that, at some point during the past year, they have not had access to food; just over 41% said that this was the case for access to clean water; and a further 42.4% noted that they could not get access to basic medicines. In the light of the country’s high unemployment levels, it is also striking to see that six out of every 10 respondents have, at some time or another during the preceding 12 months, gone without a cash income. There is also a strong racial pattern in the responses. Black South Africans report the highest incidences of deprivation on all scores, while white respondents – with the exception of access to electricity and a cash income – report the lowest. This shows that the racial character of vulnerability continues to exist and is likely to be exacerbated in the context of an ailing national economy.

We now proceed to presenting the combined indicator, the LPI score, for the extent of deprivation suffered by South Africans over the 12 months preceding the survey. The six items that we reported on in Figure 9 have been used to develop a composite variable that indicates the overall extent of deprivation experienced. This index, reported in the ‘LPI current’ column in Table 1, is scaled and ranges from 0 (no deprivation at all) to 4 (maximum deprivation). Put differently, a score of 0 means that a respondent was never deprived of access, while 4 denotes a consistent lack of access. In addition, we added two further dimensions that allowed respondents to put their LPI scores in comparative perspective. The ‘LPI recent past’ column examines how respondents rate their current situation with regard to the same items a year ago. The ‘LPI near future’ column does the same, but provides a forward projection to 12 months ahead. For both the ‘LPI recent past’ and ‘LPI near future’ columns, scores range from 1 to 5, with 1 indicating ‘much worse’, 3 indicating ‘no change’ and 5 indicating ‘much better’.

Figure 9: Respondents who have, at some time or another, gone without access to basic needs over the past year

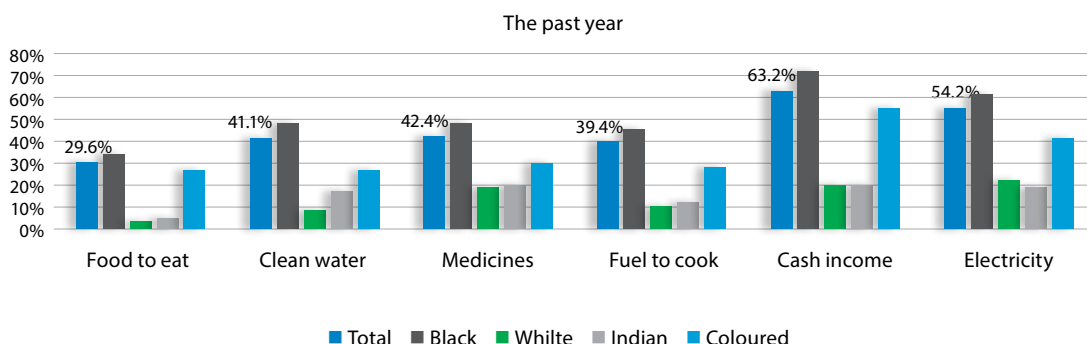


Table 1: Lived Poverty Index scores: Current, past and future

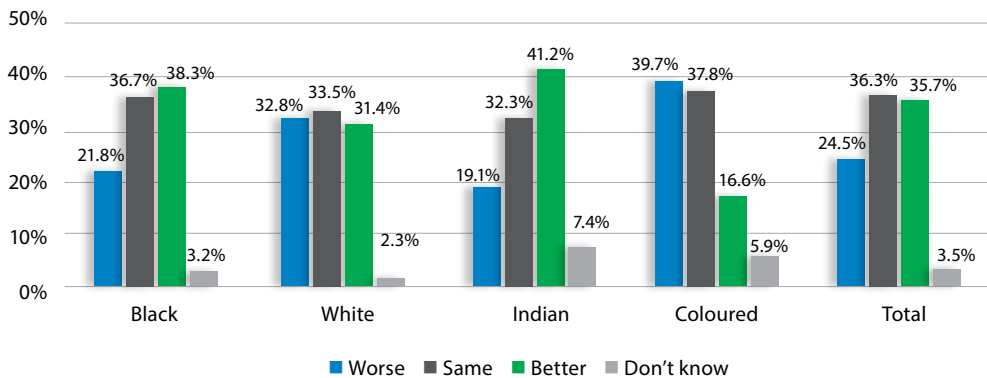
	<i>LPI current (higher scores imply more poverty)</i>	<i>LPI recent past (higher scores imply less poverty)</i>	<i>LPI near future (higher scores imply less poverty)</i>
Black	1.03	3.25	3.41
White	0.26	3.27	3.32
Indian	0.25	3.46	3.56
Coloured	0.62	3.09	3.14
Total	0.89	3.24	3.38

The results reported in Table 1 show that the LPI mean for all South Africans, on a scale ranging from 1 (no deprivation) to 4 (maximum deprivation), is 0.89. There is, however, significant variance between the scores of Indian (0.25) and white (0.26) respondents at the bottom end of the scale, who registered significantly less than the national mean, and the score for black respondents (1.03), which is markedly higher than the mean. These findings underscore how inequality (and vulnerability) not only manifests in racial terms as far as real incomes are concerned, but also in terms of self-reported access to basic necessities for living a dignified life. These differences and their stark visibility exacerbate social tensions along South Africa's historical fault lines. In times of economic hardship, this is likely to intensify. For this reason, it would also be helpful to understand how respondents see their current situation in comparative terms. Does it represent a deterioration or an improvement from the recent past, and do they have hope that there will be an improvement in their circumstances in the short- to medium-term future? A review of the last two columns of Table 1 point to mean scores in the range of 3 to 4 for all population groups for both the 'LPI recent past' and 'LPI near future'. This suggests that, on average, none of the groups have experienced a significant change in terms of their general access to basic necessities, compared to a year ago, and none of them expected a material difference in their situation in a year from the time that the survey was conducted. Indian respondents recorded a slightly more positive view than other groups in relation to their assessment of their current circumstances in comparison with the recent past, and were also marginally more positive about their prospects for a year from now. Coloured respondents, on the other hand, recorded the lowest mean scores on both counts.

Changes in respondents' personal economic situation

Apart from evaluations applicable to the immediate past, present and future, the 2015 SARB Survey requested that respondents share their views on the overall changes that they have perceived within their own families' economic situation since the country's political transition in 1994. Additionally, it also examined their evaluation of progress since 1994 on the more general question of income inequality, given its broader national significance for reconciliation and the building of social cohesion. In this instance, 1994 is used as a baseline to signify the point at which a post-apartheid government was elected with the mandate to ensure a more equitable society characterised by equal opportunity and a fairer distribution of the country's resources.

The results reported in Figure 10 show that although just more than a third of South Africans (35.7%) feel that their families are economically better off than they were in 1994, almost a quarter (24.5%) indicated that their situation has deteriorated, while another third (36.3%) noted that their economic circumstances have remained unchanged. In practice, this means that overall, 60.8% of all respondents have noted no improvement. This sentiment cuts across all racial groups, but was particularly strong amongst coloured respondents,

Figure 10: Change in family's economic situation since 1994

where close to 40% (39.7%) reported a deterioration in their circumstances, and another 37.8% noted that their economic situation has stayed largely the same for the past 21 years. Indian respondents were the most likely to agree that their fortunes have changed for the better, with 41.2% reporting a positive change, followed with black respondents, with 38.3%. Responses amongst white respondents show an interesting distribution, with an almost equal spread amongst the three response categories. Of white respondents, 32.8% said that the economic situation of their family had deteriorated, 33.5% felt that it had stayed the same, and a further 31.4% noted an improvement. Some may find it surprising that two thirds of white respondents, who still have the largest average household income of the four population groups (R387 011, compared to the R69 632 of the black population),⁷ report no improvement in their family's economic circumstances. When trying to make sense of findings like these, it is worth remembering that such evaluations are being made in relative terms. In a country with such high inequality levels, the baselines from which respective groups measure their progress are diverse. A comparison with the results of the 2010/2011 Income and Expenditure Survey show that between 2006 and 2011, the average annual income of the heads of Indian households increased by 36.8%, for black heads of households by 34.5%, for coloured heads of households by 27.7%, whereas that of white heads of households only expanded by 0.4%.⁸ With the exception of coloured responses, these figures largely seem to back up sentiment, at least for the period between 2006 and 2011.

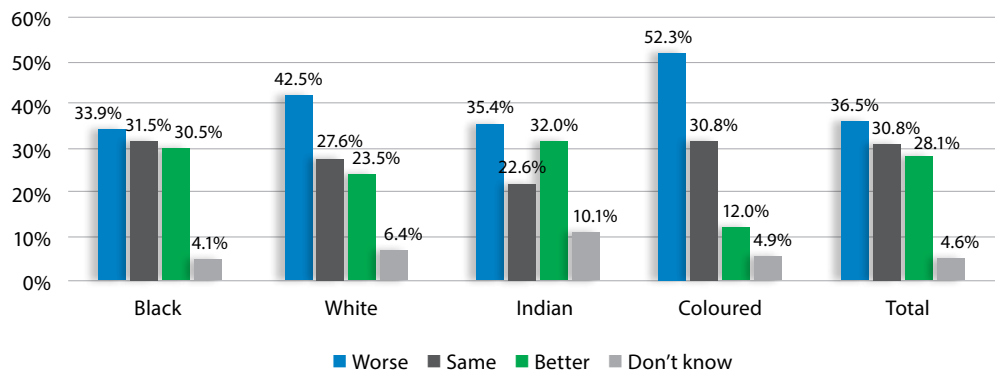
If South Africans regard success in addressing the country's high inequality levels as a critical determinant for the realisation of a more reconciled and unified society, then it is also important to establish the degree to which they believe that progress has, indeed, been made in this regard. Figure 11 conveys the responses of survey participants to the question of whether there has been an improvement or deterioration in the gap between the rich and the poor since 1994.

The results conveyed show that just over two thirds of the total survey sample feel that there has been no improvement in addressing income inequality since 1994. More than a third (36.5%) was, in fact, of the opinion that it had deteriorated over this period. Once again, this sentiment is strongest amongst coloured respondents, of whom 52.3% indicated that there has been a deterioration as far as income distribution is concerned. A further 30.8% responded that there has been no change in this regard. White respondents were the second-most likely to report a deterioration, with 42.5% doing so, while just over a third of Indian (35.4%) and black (33.9%) respondents responded in this way. The distribution of responses by black respondents is also interesting, with the three main response categories drawing

7 Statistics South Africa. 2012. *Statistical Release PO100: Income and Expenditure of Households 2010/11*. Accessed online: <http://www.statssa.gov.za/publications/PO100/PO1002011.pdf>, 8 February 2016.

8 Ibid.

Figure 11: Change in economic inequality since 1994



almost equal percentages. In trying to explain this, it may be worth bearing in mind that, despite the base being low, black respondents have seen a significant percentage increase in their household income between 2006 and 2011, as indicated above. At the same time, calculations for the Institute for Justice and Reconciliation’s 2011 Transformation Audit show that as far as intra-race inequalities are concerned, income inequality has become most pronounced within the black community.⁹ While some have, therefore, seen significant improvements in their financial well-being, others continue to be marginalised and this divergence may be partially visible in the split response.

Conclusion

The apartheid system was not only about racist politics, but also about racist economic exploitation. The politics and economics of apartheid, therefore, were – and remain – two sides of the same coin. While the political component was undone in the early 1990s, the economic legacy remains in the shape of a deeply unequal society in which extreme poverty and affluence co-exist uncomfortably in close proximity. The promotion of national reconciliation and, by implication, the reduction of racial polarisation has little chance of succeeding under conditions that sustain these economic inequities. The findings in this briefing point to a continuation of racialised responses and experiences in terms of the economic security of ordinary citizens. As such, social relations are likely to be put under further strain as the country is set to enter a tough economic environment in 2016.

⁹ Institute for Justice and Reconciliation. 2011. *Transformation Audit 2011: From inequality to inclusive growth*. Accessed online at: <http://transformationaudit.org/blog/wp-content/uploads/2012/02/Chapter-4.pdf>, 8 February 2016.

The Institute for Justice and Reconciliation (IJR) is an independent, non-governmental organisation, which was established in 2000 in the wake of the Truth and Reconciliation Commission (TRC) with the aim of ensuring that the lessons of South Africa's successful transition to democracy remain fundamental principles central to government and society as the country moves forward. Today, the IJR works to build fair, democratic and inclusive societies across Africa after conflict.

Since 2003, the IJR's Policy and Analysis programme has conducted the South African Reconciliation Barometer survey: an annual national public opinion poll that measures citizen attitudes towards reconciliation, transformation and national unity in post-apartheid South Africa. As one of the few dedicated social surveys on reconciliation in Africa and worldwide, the Barometer has become an important resource for encouraging national debate, informing decision-makers, developing policy and provoking new analysis and theory on reconciliation in post-conflict societies.

For more information, visit the IJR website at www.ijr.org.za, the Reconciliation Barometer blog at www.reconciliationbarometer.org, or follow us on Twitter at [@SABarometer](https://twitter.com/SABarometer).

