

Limpopo: Political Dynamics, Contemporary Economics, Perceived Potential Radicalism and Provincial Asymmetry

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Abstract

Of South Africa's nine provinces, Limpopo Province – in relation to the redistributive economic demands as reported by the media since 2011 – seems to harbour the most radicalising political elements. Verbalized by Julius Malema, among others, calls for the nationalisation of all South African mines and continual demands for radical redistribution of land spread through the country. In this context, the article investigates whether Limpopo Province, with its largely rural population, is on the verge of a swing towards the populist left and whether an imminent political change is likely. The role that the ruling government's failure (despite lip-service to transformation) to implement redistributive policies in Limpopo played in the forming of a political climate that may induce a swing to the left, is also considered. By utilising applicable economic data from various sources and incorporating the notion of perceived provincial asymmetry, the investigation centres on these circumstances during the period of 2011 to 2016, while logically sound reflections on the province's future complement the study.

Keywords: asymmetry; political economy; Limpopo; South African provinces; per capita income; provincial spending.

Introduction

Has the ANC government, amongst others, failed to implement its redistributive policies in Limpopo Province? Are we going to see radical shifts in political perceptions and party loyalties, away from the ruling government's former policies in the province?



These contentious questions are worthy of reflection and debate. Limpopo's inhabitants are largely rural and relatively poor, in comparison to other provinces in South Africa. Some observers argue that the rhetoric spread by younger politically-minded personalities such as Julius Malema – which appeals to poor communities – has the potential to significantly modify the political landscape in Limpopo Province.

While Julius Malema may be glibly perceived by some as the *enfant terrible* spawned by the ANC's own rhetoric and the party leaders' inability to discipline its youth wing, his influence doubtlessly prompted significant parliamentary changes in the wake of the 2014 national elections. Indeed, much has changed since 2011, when political commentators felt that “the ANC would be lenient on the ANCYL [ANC Youth League] over its comments on helping to bring about regime change in Botswana” and suggested that the ANC cannot benefit from any form of disciplinary action (Roberts 2011). At the time, some ANC leaders may have frowned on Malema's controversial statements, yet appeared to be indecisive in response. The situation eventually changed, and Malema was expelled from party ranks. By 2014, Malema's breakaway faction, the Economic Freedom Fighters (EFF), obtained 6.35 per cent of the national vote, gaining 25 seats in parliament. Their election performance overshadowed those of the Inkatha Freedom Party (IFP) with 2.4 per cent of counted votes (10 seats) and the United Democratic Front (UDM) with 1.0 per cent (4 seats). The Freedom Front Plus (FF+), Congress of the People (COPE) and Pan Africanist Congress (PAC) each succeeded in obtaining only a solitary parliamentary seat.

Nic Borain (2014a, 7), the renowned political analyst, then stated that “the EFF will become increasingly a noisy feature of South African politics”. Considering all of the above, we can focus our attention to this central question: Why is Limpopo one of the provinces where the political pot is brewing hotter (according to some observers) yet appears not to demonstrate a fundamental swing to the left?

The Limpopo Province in Economic Context

To explain the government's 'neglect of the Limpopo Province' in a broader economic context, we present here an analysis of the province's welfare. Welfare is defined as “the quantity of goods and services that are at the disposal of the economic subject or the inhabitants of a province” (Stapelberg and Steyn 1986, 27). A household's welfare in terms of their consumption of goods and services depends not only on members' personal incomes but also on rates of taxation and government spending in an area – in this case, Limpopo. Income inequalities in South Africa emphasise the role that the government's budget plays in redistributions of income. The construction of a provincial welfare budget for Limpopo measures, in this instance, the redistributive qualities of the revenue-sharing formula as applied by the National Treasury, as well as to what degree the formula has helped to bring about inter-provincial equity.

Real Primary Personal *Per Capita* Income of Citizens of Limpopo

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 (Bureau of Market Research, 2006). Of all the provinces measured in 1994, 2002 and 2007, Limpopo and Eastern Cape earned the least (Table 1).

Table 1: Real personal income *per capita* by province: 1994, 2002 and 2007

<i>Province</i>	<i>Real primary personal per capita income in rands</i>		
	1994	2002	2007
Eastern Cape	7 578	9 970	14 892
Free State	11 958	15 262	22 639
Gauteng	25 052	32 466	47 296
Kwazulu-Natal	10 347	13 698	20 471
Mpumalanga	10 654	13 339	19 673
North West	9 355	15 030	22 980
Northern Cape	12 386	16 116	22 682
Limpopo	5 716	8 171	12 707
Western Cape	20 580	27 548	40 313

Source: Appendix 1.

Table 1 reveals the vast differences between the high-income provinces and 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, Gauteng inhabitants, on average, earned near four times as much as Limpopo inhabitants and, still, more than three times as much as the inhabitants of the Eastern Cape Province.

In 2014, 19 million South Africans were living in rural South Africa. This number is projected to decrease slowly, with an estimated 14,3 million citizens living in rural areas by 2050 (Sithole 2014). The rate of urbanization amongst the provinces is highly uneven, with Limpopo reflecting the lowest urbanization rate at 17.9 per cent (Roux 2013). In rural areas, “communities remain far from infrastructure such as road and telecommunication services and are thus still mostly inaccessible and isolated” (Sithole 2014). In this respect, the Limpopo Province is a notable example – current data indicates that even the Eastern Cape Province is performing better financially (Roux 2013; Sithole 2014). The scale of the problem is such that urbanization may not serve as a solution. Atkinson (2007) points out that, in the instance of rapid migration of jobless persons – such as farm workers who have become redundant – the potential remains high for the growth of a significant segment of “lumpenproletariat in a hugely

unequal society” (compare with Sithole 2014, 2). Assuming that Atkinson and Sithole are correct, the implication for Limpopo is that “rural areas remain the most vulnerable and marginalized” (Sithole 2014). Like rural communities elsewhere, the rural citizens in Limpopo “remain greatly disadvantaged” (Sithole 2014). In addition, Mosoetsa (2014) have found, by using the Gini coefficient, that an overall steady rise in inequality had occurred from 1994 to 2010 in South Africa. These hard economic realities afford political campaigners with ample opportunities to mobilize support within discontented communities. This discontent springs from what Atkinson has referred to as ‘ideological blind spots of government’, exacerbated by the “inadvertent” channelling of the lion’s share of budgets to urban areas (Sithole 2014, 3).

Haldewang (2014) argues that life may be better for the 'average South African' (assuming that such an entity exists); however, by extrapolating the available data, that argument may well not be valid for the population of Limpopo Province. This situation is a central pillar in support of our presented argument.

Real Personal *Per Capita* Income Tax Paid by Citizens of Limpopo

The second step in measuring the government’s economic 'neglect' of Limpopo is to consider Limpopo’s personal *per capita* income tax payments. Income tax payments are generated within the boundaries of a province and collected by the central government. Funds collected by the provinces themselves are known as ‘own funds’ and originate from sources such as hospital services, gambling taxes and income generated by the Road Transport Act. Own funds represent between two and six per cent of the total funds generated by provinces. These funds are not paid over to the central government but are applied for own use (National Treasury 2000; 2001; Department of Finance 1994).

Table 2: Real personal income by province: 1994, 2002 and 2007

<i>Province</i>	<i>Real per capita taxes paid in rands</i>		
	1994	2002	2007
Eastern Cape	172	1 072	1 616
Free State	345	1 636	2 953
Gauteng	2 656	3 542	7 682
Kwazulu-Natal	377	1 467	2 739
Mpumalanga	311	1 520	2 608
North West	158	1 444	2 997
Northern Cape	350	1 944	2 934
Limpopo	50	868	1 160
Western Cape	1 381	2 961	5 765

Source: Appendix 2.

The data in Table 2 confirms that Limpopo's real personal *per capita* income tax payments were the smallest of all provinces for the years 1994, 2002 and 2007. Gauteng's inhabitants paid the most for each period.

The real personal *per capita* income tax payments for the periods 1994 and 2002 more or less correspond with the real primary *per capita* income of provinces, as the higher-income provinces paid on average a higher amount of tax per person than the lower-income provinces. For example, the real primary personal *per capita* income of the Western Cape was the second highest in 2002, with its real personal *per capita* income tax payments also the second highest. Limpopo's incomes, as well as its tax payments, were consistently the lowest.

Real Per Capita Consumption of Government Services by Citizens of Limpopo Province

The third step in the compilation of a welfare budget for Limpopo is the calculation of the consumption of government services by each province. The real *per capita* consumption of these services for the years 1994, 2002 and 2007 are displayed in Table 3. The central government largely finances the real *per capita* consumption of government services. As noted before, provinces generate only between two and six per cent of their own incomes. The consumption of all government services comprises the consumption of government services within the boundaries of a province as well as the consumption of government services by the central government in a province.

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 (Table 3). This situation had changed by 2002. Limpopo's relative consumption of government services had increased to the third highest overall, despite the fact that the province's contributions to the National Treasury were the lowest.

This occurrence is neither new nor extraordinary. The economics of inter-governmental relations function in the following way: Where an asymmetry between the economic capabilities of provinces exists, actions are taken to redress such inequalities. Such provinces are financially supported through the national budget, which partially derives its income from the tax revenues of the 'wealthier' provinces. In reality, such arrangements constitute a type of permanent inter-provincial subsidy from the affluent provinces to the less affluent provinces – an approach that, long ago, had been adopted by the state of Spain. Spain is renowned for its remarkable asymmetry between regions, and in order to redress the inequalities between regions with 'separate autonomies' (the term provinces is not used), the Spanish authorities had approved such an arrangement in the early stages (compare Agranoff in Solomon and Liebenberg 2000). Consult Table 3 for the particulars regarding Limpopo Province.

Table 3: Real *per capita* government expenditure by province: 1994, 2002 and 2007

<i>Province</i>	<i>Real per capita consumption</i>		
	1994	2002	2007
Eastern Cape	4 012	6 697	10 819
Free State	3 936	1 174	1 828
Gauteng	4 161	8 880	16 407
Kwazulu-Natal	3 893	11 516	19 444
Mpumalanga	3 674	1 351	2 936
North West	3 790	1 225	2 337
Northern Cape	4 351	376	277
Limpopo	3 647	3 343	5 993
Western Cape	4 709	2 386	3 940

Source: Appendix 3.

Implications of Provincial Funding on the Welfare of Citizens of Limpopo

Governmental transfers to provinces influence the real welfare of its citizens. Due to these transfers, Limpopo's real welfare had increased by 62.0 per cent in 1994 and 68.7 per cent in 2002. These percentage increases were the highest amongst all the provinces. The province with the second highest increase was the Eastern Cape, with increases of 51.6 per cent in 1994 and 54.5 per cent in 2002 respectively. Table 4 displays changes in real net income (welfare) of provinces, arranged from provinces that benefited the most to the least for the fiscal years 1994, 2002 and 2007.

Table 4: Changes in real net income (welfare) of provinces

<i>Province</i>	<i>1994</i>	<i>2002</i>	<i>2007</i>
Eastern Cape	2	2	2
Free State	7	-8	-7
Gauteng	9	4	4
Kwazulu-Natal	4	1	1
Mpumalanga	5	-5	5
North West	3	-6	-6
Northern Cape	5	-9	-9
Limpopo	1	3	3
Western Cape	8	-6	-7

Source: Appendix 4.

Despite provincial asymmetry, it appears that the provinces of Limpopo, Eastern Cape and Kwazulu-Natal had benefited the most from government expenditure. The Northern Cape and the Free State provinces demonstrated the lowest increases for all three periods. This indicates a substantial redistribution of funds from the relatively 'more wealthy' to the 'less wealthy' provinces.

The ranking of provinces in South Africa – in relation to a wide variety of socio-demographic indicators and based on the 2001 census results – reveals that Gauteng and the Western Cape are in the 'best' position with the highest urbanisation levels; lowest percentages of children; highest percentages of people aged 15–64 years; lowest age dependency ratios; highest median ages; lowest percentages of population aged 20 years and older without school education; highest percentages of population of 20 years and older with matric; and the lowest unemployment rates. The opposite situations are manifested in the Limpopo and Eastern Cape provinces, which are in the 'worst' positions.

Urbanization provides another relevant example: According to 2011 statistics, the Gauteng and Northern Cape provinces comprise urban populations of 97.2 and 75.0 per cent respectively. Mpumalanga, KwaZulu-Natal, Eastern Cape and North West have urbanisation percentages in the 40 per cent range, while Limpopo's percentage is only 17.9 per cent (Roux 2013).

Furthermore, Gauteng and the Western Cape provinces have the lowest percentages of households living in traditional dwellings; lowest average household sizes; highest percentages of households using electricity for cooking and heating; highest percentages of households with taps inside their dwellings; highest percentages of households with flush or chemical toilets; lowest percentages of households without toilet facilities and refuse removal services; highest percentages of households with telephone and/or cellular phones; and the highest percentages of households with radios, TVs, refrigerators and computers. Again, the opposite holds true for the Limpopo and Eastern Cape provinces, which are in the 'worst' positions amongst the provinces.

Arguably, all is not well in the province of Limpopo in comparison with the other provinces, and it is likely that its populace has taken or is taking note of this situation.

The Limpopo Province in Political Context

The close links between politics and economics are well known. Arguably, few developments exist in the material world that do not resort under the rubric of political economy or the politics of economy.

The information in the previous sections provides some context to the economics in Limpopo Province, and will be complemented here with some relevant notes on national

politics and its impact on the province. Pillay and Southall (2014, 1) describe South Africa as being “caught between celebrating the achievements of our democracy, and bemoaning the abject failure to eradicate poverty, unemployment and widening social inequality”. The same authors argue that South Africa remains a constitutional state and has a vibrant civil society, but simultaneously owns a slow economic growth, tendencies to centralization, and an inability to redistribute wealth (or at least prove that it is happening, even if piecemeal), coupled with factionalism and a blaming-the-other mentality within the ruling party, which is “exhausting the patience of poor South Africans” and “encouraging a drift to populism” (Pillay and Southall 2014, 5). Compare, once more, the rise of the EFF during the 2014 elections, having overtaken previously established parties such as the IFP, UDM, COPE and the African Christian Democratic Party (ACDP).

Despite a relatively optimistic (though qualified) perspective by Haldewang (2014) about the quality of life in South Africa after 20 years of democracy, Pillay and Southall (2014) reveal that life expectancy in South Africa has declined from 62.9 years in 1990 to 58.6 years in 2015. According to the United Nations Development Programme Human Development Index, the well-being of South Africans has increased at “a dismally slow rate” (0,615 in 1990 to 0,619 in 2011) – much slower than Ghana, for example. Moreover, the economic growth between 2000 and 2010 did not further job creation to the extent that unemployment was reduced (Chitiga-Mabugu 2013, 181). In June 2014, the Statistics SA quarterly labour force survey reported that, during only the first quarter of that year, 122 000 jobs had already been shed (Seale 2014). Mosoetsa (2014) reported that South Africa’s unemployment rate was 24.0 per cent in 2010 – an expanded definition even established the unemployment rate at 35.8 per cent. In addition, South Africa’s public debt-to-GDP had increased from 23.0 per cent in 2008 to more than 40.0 per cent in 2013 (Buthelezi 2014). Utilising the Gini coefficient (2014) as an indicator, clear evidence points to widening inequalities within the South African society. During the period of 1994 to 2011, inequality had actually increased. As Mosoetsa (2014, 252) notes: “High levels of poverty and inequality are threatening South Africa’s political democracy.”

Since 2012, unrest and labour action in the mining sector had further affected the economy. One notable example is the extended strike by Amcu (a rival union to Cosatu) that began in January 2014 at Lonmin, Impala and Anglo American Platinum mines. A deadlock in wage negotiations forced the government to intervene. The strike, however, continued unabated despite the involvement of the Minister of Resources, Ngoako Ramatlodi, in June 2014. The ministerial task team eventually withdrew, leaving the already tense situation to continue simmering.

Strikes have become an ever-present element of South Africa’s political landscape. An infamous low point was reached in 2012 during a clash between striking mineworkers and the police in Marikana. More than 30 mineworkers died in that incident, which called up memories of massacres in Mamelodi, Boipatong, Sharpeville and

Atteridgeville under apartheid rule. The situation was inflamed when Cyril Ramaphosa, as a symbol of the ANC, called for stronger police action shortly before the tragic incident unfolded (Borain 2014b). Consequently, the political commentator Buccus (2014) deemed South Africa as “the most protest-rich country in the world”, and added: “Our lowest point was the shocking images of the police shooting protesting miners at Marikana. The damage caused to the country by Marikana and other protest images that often look like a flashback to the 1980s is incalculable.” This unfortunate estimation of the political state of South Africa is illustrated by the fact that Lonmin’s share price declined by 21 per cent between the end of January 2014 and 26 June 2014 (Faku 2014). By June 2014, the Standard & Poor (S&P) long-term rating for South Africa declined from 'BBB' to 'BBB-'. Fitch had also revised their long-term outlook from 'stable' to 'negative' (Mdluli 2014, 1).

The rise of populism should be understood within the context of these situations. The province of Limpopo provides a fertile field for a study of this phenomenon. Steven Freedman (2014) offers an interesting perspective when he argues that sectors of the black middle class reflect some alienation from the current government – as demonstrated in frequent radio debates – while illuminating the fact that at least 400 000 people had eloped from the ANC to the EFF in Gauteng alone. The EFF, hence, rose to prominence within this context of socio-political and economic upheaval.

The ANCYL, ever since its beginnings, has experienced dissension whenever members become impatient. Malema, who was born in 1981, was elected president of the ANCYL in 2008. He was outspoken and controversial from the first moments of his tenure. Whether he is serious (given the contradictions between his lifestyle and his lip-service to radical economic transformation) or controversial (dubbed by some observers a demagogue), a fascist or an opportunist, it is clear that his rhetoric, given the circumstances, will appeal to a section of South African society. Even so, with or without Malema and the EFF, it is still possible to present this argument: “It is therefore unsurprising that the problems associated with the labour market [let alone the marginalized, unemployed, the poor and the rural poor] have contributed to sharp crises of production experienced by many poor people in South Africa” (Pons-Vignon and Di Paola 2014, 22). These two authors, perhaps not altogether tongue-in-cheek, titled their chapter to a book – that contains the above quote – as *The South African Labour Market after Eighteen Years: It’s Class Struggle, Stupid!*

Where real deprivation (even if it is declining) and relative deprivation (which in all likelihood is increasing in South Africa) intersect, impatience and alienation are likely to result. Such general dissatisfaction creates opportunities for populist leaders to mobilise support. This scenario is evident in Limpopo Province. Similar movements may follow in other provinces, such as North West, Mpumalanga and Eastern Cape. At the time of writing it seems that the ANC still holds some sway in these provinces, though it is likely to lose some political grip in the near future, with the Eastern Cape – the historical bastion of the ANC – as a possible exception.

Conclusion

This paper analysed the political economy of Limpopo Province, which appears to be a province fluid in socio-political dynamics and where populism can feasibly take root.

One of the objectives of the central government is an equitable distribution of funds among provinces. It is, therefore, *inter alia*, the wish of the government that, as a result of its funding, the problem of income inequality between provinces will be resolved. The government allocates its resources, among others, on the basis of needs per province and on an equal *per capita* funding basis. The government is, therefore, committed to improving the welfare of the lower-income provinces. In this article, we contributed a welfare analysis against the backdrop of the country's socio-political dynamics – and including the labour market – in an attempt to measure welfare changes in all the provinces, resulting from net government expenditure in each province.

This study, firstly, indicates that the so-called 'richer' provinces in South Africa receive proportionally less funding from the government than the so-called 'poorer' provinces. This means that, given the implementation constraints facing most of the provinces, the national government, by striving for inter-provincial equity, is, at the least, addressing the problem of inter-racial group inequality. This also holds true for Limpopo. Thus, in real terms, Limpopo is not neglected in the aspect of 'asymmetric financial or budgetary redressing'.

Secondly, the relative real personal primary *per capita* income of provinces has not changed significantly in a span of eight years. This is because the income differences among provinces remain deeply embedded and not much improvement has taken place since 1994 (Appendix 2).

Thirdly, and as a result of these deeply embedded income differences, the so-called 'poorer' provinces, like Limpopo, were and are still in need of sustained programmes of development. Those programmes should gradually diminish their dependency on government funding as their outputs increase.

Conclusively, implications remain in the present. An overview of the contextual economic and political dynamics of Limpopo reveals that significant potential for political mobilisation in the province remains. Unless good governance, accountable administration and the National Development Plan can, together, generate an increased perception of well-being and a rise in the quality of life for the average inhabitant, the potential for political mobilisation of political movements situated to the left of the ANC government will remain a distinct possibility.

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Appendix 1: Real Primary Personal Income *Per Capita* by Population Group and by Province for the Years 1994, 2002 and 2007

EASTERN CAPE

	<i>Africans</i>	<i>Asians</i>	<i>Coloureds</i>	<i>Whites</i>
Real <i>per capita</i> income*	2 049	19 911	5 828	24 164
1994	1	10	3	12
Real <i>per capita</i> income**	6245	44588	11304	61 159
2002	1	7	2	10
Real <i>per capita</i> income***	10161	67268	17045	88624
2007	1	6	2	8

FREE STATE

	<i>Africans</i>	<i>Asians</i>	<i>Coloureds</i>	<i>Whites</i>
Real <i>per capita</i> income*	3 939	24 570	5 797	28 782
1994	1	6	1,5	7
Real <i>per capita</i> income**	8 880	46 136	12 023	60 423
2002	1	5	1,5	7
Real <i>per capita</i> income***	13 515	71 842	17 856	88 697
2007	1	5	1,5	6

GAUTENG

	<i>Africans</i>	<i>Asians</i>	<i>Coloureds</i>	<i>Whites</i>
Real <i>per capita</i> income*	8 813	19 282	14 004	36 851
1994	1	2	1,5	4
Real <i>per capita</i> income**	17 948	49 912	27 416	80 551
2002	1	3	1,5	4
Real <i>per capita</i> income***	25 762	74 682	40 828	116 132
2007	1	3	1,5	4,5

KWAZULU-NATAL

	<i>Africans</i>	<i>Asians</i>	<i>Coloureds</i>	<i>Whites</i>
Real <i>per capita</i> income*	2 614	9 656	12 840	30 310
1994	1	4	5	11
Real <i>per capita</i> income**	7 368	28 928	22 451	72 641
2002	1	4	3	10

Real per capita income***	11 103	43 709	33 618	10 4344
2007	1	4	3	9

LIMPOPO

	<i>Africans</i>	<i>Asians</i>	<i>Coloureds</i>	<i>Whites</i>
Real per capita income*	3343	17812	13626	26315
1994	1	5	4	8
Real per capita income**	6707	45774	15168	59625
2002	1	7	2	7
Real per capita income***	10877	71002	23638	77016
2007	1	7	2	7

MPUMALANGA

	<i>Africans</i>	<i>Asians</i>	<i>Coloureds</i>	<i>Whites</i>
Real per capita income*	3343	17812	13626	26315
1994	1	5	4	8
Real per capita income**	9163	46817	21373	61156
2002	1	5	2	7
Real per capita income***	12985	68016	31586	95489
2007	1	5	2	7

NORTH WEST

	<i>Africans</i>	<i>Asians</i>	<i>Coloureds</i>	<i>Whites</i>
Real per capita income*	2746	15524	7521	24513
1994	1	6	3	9
Real per capita income**	10014	39040	9556	61156
2002	1	4	1	6
Real per capita income***	16808	64751	14163	90706
2007	1	4	0,8	5

NORTHERN CAPE

	<i>Africans</i>	<i>Asians</i>	<i>Coloureds</i>	<i>Whites</i>
Real per capita income*	5030	12942	3630	24960
1994	1	2	0,8	4
Real per capita income**	9450	56880	12608	58853
2002	1	6	1,2	6
Real per capita income***	11807	61934	18882	83579

2007	1	5	1,6	7
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WESTERN CAPE

	<i>Africans</i>	<i>Asians</i>	<i>Coloureds</i>	<i>Whites</i>
Real <i>per capita</i> income*	6224	12594	7445	31378
1994	1	2	1	5
Real <i>per capita</i> income**	11993	41774	15579	71940
2002	1	3	1,3	6
Real <i>per capita</i> income***	18560	64062	23337	106082
2007	1	3,5	1,3	6

Sources: (1) 1994 figures calculated with the aid of the Bureau of Market Research (2000). *Personal Disposable Income in South Africa by Population Group, Income Groups and District, 2000*. Research Report No 279 (Pretoria: University of South Africa).

(2) The 2002 and 2007 figures calculated with the aid of H. de J. van Wyk (2006). *Personal Income of South Africans at National and Provincial Levels by population groups, income groups, life stages and life planes, 2000-2007*. Report 361 (Pretoria: Bureau of Market Research), Table 2.4.

* 1994 figures deflated by a CPI of 9,0 per cent.

** 2002 figures deflated by a CPI of 5,8 per cent.

*** 2007 figures deflated by a CPI of 7,1 per cent.

Appendix 2: Personal Income Tax *Per Capita* in Rand by Population Group and by Province for the Years 1994, 2002 and 2007

1994*

EASTERN CAPE

	<i>Africans</i>	<i>Asians</i>	<i>Coloureds</i>	<i>Whites</i>
Personal income <i>per capita</i>	2 252	21 880	6 404	26 554
Personal income tax	464 000 000	43 000 000	191 000 000	1 694 000 000
Population	5 678 000	15 000	433 000	377 000
Personal income tax <i>per capita</i>	82	2 867	441	4 493
Real income tax <i>per capita</i>	75	2 609	401	4 089

FREE STATE

	<i>Africans</i>	<i>Asians</i>	<i>Coloureds</i>	<i>Whites</i>
Personal income <i>per capita</i>	4 329	27 000	6 370	31 628
Personal income tax	352 000 000	7 000 000	26 000 000	1 963 000 000
Population	2 325 000	1 000	73 000	368 000
Personal income tax <i>per capita</i>	151	7 000	356	5 334
Real income tax <i>per capita</i>	137	6 370	324	4 852

GAUTENG

	<i>Africans</i>	<i>Asians</i>	<i>Coloureds</i>	<i>Whites</i>
Personal income <i>per capita</i>	9 685	21 189	15 389	40 495
Personal income tax	1 332 000 000	399 000 000	393 000 000	19 722 000 000
Population	4 302 000	151 000	279 000	2 132 000
Personal income tax <i>per capita</i>	310	2 642	1 409	9 251
Real income tax <i>per capita</i>	282	2 404	1 282	8 418

KWAZULU-NATAL

	<i>Africans</i>	<i>Asians</i>	<i>Coloureds</i>	<i>Whites</i>
Personal income <i>per capita</i>	2 873	10 611	14 110	33 308
Personal income tax	686 000 000	892 000 000	149 000 000	3 989 000 000
Population	7 024 000	809 000	107 000	612 000
Personal income tax <i>per capita</i>	98	1 103	1 393	6 518
Real income tax <i>per capita</i>	89	1 004	1 268	5 931

LIMPOPO

	<i>Africans</i>	<i>Asians</i>	<i>Coloureds</i>	<i>Whites</i>
Personal income <i>per capita</i>	3 674	19 574	14 974	28 918
Personal income tax	333 000 000	33 000 000	14 000 000	1 569 000 000
Population	2 589 000	11 000	16 000	296 000
Personal income tax <i>per capita</i>	129	3 000	875	5 301
Real income tax <i>per capita</i>	117	2 730	796	4 824

MPUMALANGA

	<i>Africans</i>	<i>Asians</i>	<i>Coloureds</i>	<i>Whites</i>
Personal income <i>per capita</i>	1 611	22 750	11 333	24 859
Personal income tax	329 000 000	11 000 000	8 000 000	539 000 000
Population	4 863 000	4 000	6 000	140 000
Personal income tax	68	2 750	1 333	3 850
Real income tax <i>per capita</i>	62	2 503	1 213	3 504

NORTH WEST

	<i>Africans</i>	<i>Asians</i>	<i>Coloureds</i>	<i>Whites</i>
Personal income <i>per capita</i>	3 017	17 059	8 265	26 937
Personal income tax	316 000 000	19 000 000	22 000 000	1 193 000 000
Population	3 039 000	8 000	38 000	264 000
Personal income tax <i>per capita</i>	104	2 375	579	4 519
Real income tax <i>per capita</i>	95	2 161	527	4 112

NORTHERN CAPE

	<i>Africans</i>	<i>Asians</i>	<i>Coloureds</i>	<i>Whites</i>
Personal income <i>per capita</i>	5 527	14 222	3 989	27 428
Personal income tax	47 000 000	4 000 000	92 000 000	522 000 000
Population	237 000	2 000	389 000	121 000
Personal income tax <i>per capita</i>	198	2 000	237	4 314
Real income tax <i>per capita</i>	180	1 820	216	3 926

WESTERN CAPE

	<i>Africans</i>	<i>Asians</i>	<i>Coloureds</i>	<i>Whites</i>
Personal income <i>per capita</i>	6 840	13 840	8 181	34 481
Personal income tax	146 000 000	56 000 000	1 182 000 000	5 578 000 000

Population	632 000	30 000	2 101 000	872 000
Personal income tax <i>per capita</i>	231	1 867	563	6 397
Real income tax <i>per capita</i>	210	1 699	512	5 821

2002**

EASTERN CAPE

	<i>Africans</i>	<i>Asians</i>	<i>Coloureds</i>	<i>Whites</i>
Personal income	6 588	47 333	12 000	64 514
Personal income tax <i>per capita</i>	481	6 390	889	12 645
Real income tax <i>per capita</i>	453	6 019	837	11 912

FREE STATE

	<i>Africans</i>	<i>Asians</i>	<i>Coloureds</i>	<i>Whites</i>
Personal income <i>per capita</i>	9 367	48 667	12 683	63 737
Personal income tax <i>per capita</i>	684	6 570	940	12 493
Real income tax <i>per capita</i>	644	6 189	885	11 768

GAUTENG

	<i>Africans</i>	<i>Asians</i>	<i>Coloureds</i>	<i>Whites</i>
Personal income <i>per capita</i>	18 932	52 650	28 920	84 969
Personal income tax <i>per capita</i>	1 401	8 161	3 905	16 654
Real income tax <i>per capita</i>	1 320	7 688	3 678	15 688

KWAZULU-NATAL

	<i>Africans</i>	<i>Asians</i>	<i>Coloureds</i>	<i>Whites</i>
Personal income <i>per capita</i>	7 772	30 515	23 682	76 625
Personal income tax <i>per capita</i>	568	4 130	3 198	15 019
Real income tax <i>per capita</i>	555	3 881	3 012	14 148

LIMPOPO

	<i>Africans</i>	<i>Asians</i>	<i>Coloureds</i>	<i>Whites</i>
Personal income <i>per capita</i>	7 075	48 285	16 000	62 895
Personal income tax <i>per capita</i>	517	74 84	1 185	12 327
Real income tax <i>per capita</i>	487	7 050	1 116	11 612

MPUMALANGA

	<i>Africans</i>	<i>Asians</i>	<i>Coloureds</i>	<i>Whites</i>
Personal income <i>per capita</i>	9 666	49 385	22 545	64 510
Personal income tax <i>per capita</i>	706	7 655	2 953	12 644
Real income tax <i>per capita</i>	665	72 111	2 782	11 911

NORTH WEST

	<i>Africans</i>	<i>Asians</i>	<i>Coloureds</i>	<i>Whites</i>
Personal income <i>per capita</i>	10 563	41 181	10 080	64 510
Personal income tax <i>per capita</i>	771	6 383	736	12 644
Real income tax <i>per capita</i>	726	6 013	693	11 911

NORTHERN CAPE

	<i>Africans</i>	<i>Asians</i>	<i>Coloureds</i>	<i>Whites</i>
Personal income <i>per capita</i>	9 968	60 000	13 300	62 081
Personal income tax <i>per capita</i>	728	11 760	984	12 167
Real income tax <i>per capita</i>	686	11 078	927	11 462

WESTERN CAPE

	<i>Africans</i>	<i>Asians</i>	<i>Coloureds</i>	<i>Whites</i>
Personal income <i>per capita</i>	12 651	44 065	16 433	75 886
Personal income tax <i>per capita</i>	924	6 830	1 217	14 874
Real income tax <i>per capita</i>	870	6 434	1 146	14 011

2007*****EASTERN CAPE**

	<i>Africans</i>	<i>Asians</i>	<i>Coloureds</i>	<i>Whites</i>
Personal income <i>per capita</i>	10 938	72 409	19 221	95 476
Personal income tax <i>per capita</i>	742	14 879	1 781	18 980
Real income tax <i>per capita</i>	689	13 823	1 655	17 632

FREE STATE

	<i>Africans</i>	<i>Asians</i>	<i>Coloureds</i>	<i>Whites</i>
Personal income <i>per capita</i>	14 548	77 333	19 221	95 476
Personal income tax <i>per capita</i>	1 020	14 879	1 352	18 980
Real income tax <i>per capita</i>	948	13 823	1 256	17 632

GAUTENG

	<i>Africans</i>	<i>Asians</i>	<i>Coloureds</i>	<i>Whites</i>
Personal income <i>per capita</i>	27 731	80 390	43 948	125 007
Personal income tax <i>per capita</i>	3 818	15 610	7 413	22 263
Real income tax <i>per capita</i>	3 547	14 502	6 887	20 682

KWAZULU-NATAL

	<i>Africans</i>	<i>Asians</i>	<i>Coloureds</i>	<i>Whites</i>
Personal income <i>per capita</i>	11 951	47 049	36 187	112 319
Personal income tax <i>per capita</i>	810	8 390	4 207	22 263
Real income tax <i>per capita</i>	753	7 794	3 908	20 682

LIMPOPO

	<i>Africans</i>	<i>Asians</i>	<i>Coloureds</i>	<i>Whites</i>
Personal income <i>per capita</i>	11 708	76 429	25 444	82 902
Personal income tax <i>per capita</i>	843	14 879	1 824	15 610
Real income tax <i>per capita</i>	783	13 823	1 695	14 802

MPUMALANGA

	<i>Africans</i>	<i>Asians</i>	<i>Coloureds</i>	<i>Whites</i>
Personal income <i>per capita</i>	13 977	73 214	34 000	102 787
Personal income tax <i>per capita</i>	1 228	14 879	5 629	20 671
Real income tax <i>per capita</i>	1 141	13 823	1 695	14 502

NORTH WEST

	<i>Africans</i>	<i>Asians</i>	<i>Coloureds</i>	<i>Whites</i>
Personal income <i>per capita</i>	18 093	69 700	15 245	97 638
Personal income tax <i>per capita</i>	1 781	13 872	1 569	18 980
Real income tax <i>per capita</i>	1 655	12 887	1 458	17 632

NORTHERN CAPE

	<i>Africans</i>	<i>Asians</i>	<i>Coloureds</i>	<i>Whites</i>
Personal income <i>per capita</i>	12 709	66 667	20 325	89 967
Personal income tax <i>per capita</i>	861	13 872	2 099	17 003
Real income tax <i>per capita</i>	800	12 887	1 950	15 796

WESTERN CAPE

	<i>Africans</i>	<i>Asians</i>	<i>Coloureds</i>	<i>Whites</i>
Personal income <i>per capita</i>	19 978	68 958	25 121	114 189
Personal income tax <i>per capita</i>	1 352	13 872	1 824	22 263
Real income tax <i>per capita</i>	1 256	12887	1 695	20 682

Sources: H de J. van Wyk (2006). Personal Income of South Africans at National and Provincial Levels by Population Groups, Income Groups, Life Stages and Life Planes, 2000-2007. Research Report 361 (Pretoria: Bureau of Market Research), Tables 2.4 and Table C1; Martins et al. (1994). Socio-Economic Profile of the Nine Provinces in South Africa, 1994. Research Report 207 (Pretoria: Bureau of Market Research), Tables 4.2 and 4.4.

* 1994 figures deflated by a CPI of 9.0 per cent.

** 2002 figures deflated by a CPI of 5.8 per cent.

*** 2007 figures deflated by a CPI of 7.1 per cent.

Appendix 3: Real *Per Capita* Consumption of Government Services for the Fiscal Years 1994, 2002 and 2007 in Rands

1994

<i>Province</i>	<i>Real National Transfers Per Capita in Rands (1)</i>	<i>Real Provincial Transfers Per Capita in Rands (1)</i>	<i>Real Municipal Transfers Per Capita in Rands (2)</i>	<i>Real Consumption Per Capita in Rands</i>
Eastern Cape	1 991	2 013	8	4 012 (4)
Free State	1 991	1 945	0	3 936 (5)
Gauteng	1 991	2 165	5	4 161 (3)
Kwazulu-Natal	1 991	1 897	5	3 893 (6)
Mpumalanga	1 991	1 683	0	3 674 (8)
North West	1 991	1 799	0	3 790 (7)
Northern Cape	1 991	2 360	0	4 351 (2)
Limpopo	1 991	1 600	56	3 647 (9)
Western Cape	1 991	2 718	0	4 709 (1)

2002

<i>Province</i>	<i>National Transfers R(Million) (3)</i>	<i>Provincial Transfers R(Million) (3)</i>	<i>Municipal Transfers R(Million) (3)</i>	<i>Real Consumption Per Capita in Rands</i>
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	5 951

2007

<i>Province</i>	<i>National Transfers R(Million) (4)</i>	<i>Provincial Transfers R(Million) (4)</i>	<i>Municipal Transfers R(Million) (5)</i>	<i>Real Consumption Per Capita in Rands</i>
Eastern Cape	37 658	30 857	6 517	10819 (3)
Free State	15 352	13 196	2 555	1828 (8)
Gauteng	46 367	39 841	6 208	16407 (2)
Kwazulu-Natal	50 325	43 223	7 359	19444 (1)
Mpumalanga	18 640	16 169	6 322	2936 (6)
North West	17 551	14 568	2 665	2337 (7)
Northern Cape	5 748	5 933	905	277 (9)
Limpopo	27 927	25 253	2 864	5993 (4)
Western Cape	23 064	19 629	1 926	3940 (5)
total	242 632	208 669	37 321	9568

Sources: (1) Calculated with the aid of H.F. de Wet (2008). 'The Welfare Consequences of Provincial Financing in South Africa', *Journal of Public Administration*, 43 (4): 523–544.

(2) Calculated with the aid of H. Rode and T. Bosch (1993). *Munisipale Statistieke, 1992-1993* (Verwoerdburg: Munisipale Werkgewersorganisaie).

(3) Calculated with the aid of National Treasury (2002). *Budget Review* (Pretoria: Government Printers). National transfers were redistributed by province by provincial population calculated on a nation *per capita* basis.

(4) Calculated with the aid of National Treasury (2009). *Budget Review* (Pretoria: Government Printers), Table 8.1 and Table 8.2.

(5) Percentages used here (in brackets) were calculated with the aid of National Treasury (2004). *Budget Review* (Pretoria: Government Printers), Table E17 & Table E22.

(6) Population figures as in Appendix 2.

(7) Nominal *per capita* consumption figures deflated by using inflation figures used in Appendix 1 and 2.

Appendix 4: Changes in the Real Welfare of Provinces for the Years 1994, 2002 and 2007

1994 ⁽¹⁾						
<i>Province</i>	<i>(1)</i> <i>Real Per Capita Taxes (T)</i>	<i>(2)</i> <i>Real Per Capita Consumption (G)</i>	<i>(3)</i> <i>(3) = (2) - (1)</i> <i>Real Net Per Capita Consumption (G-T)</i>	<i>(4)</i> <i>Real Primary Personal Per Capita Income (Y)</i>	<i>(5)</i> <i>(5) = (4) + (3)</i> <i>Real Net Per Capita Income Y + (G-T)</i>	<i>(6)</i> <i>[(5)-(4)]/(4)</i> <i>%</i>
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	9970	15595	56 (2)
Free State	1 636	1 174	-462	15262	14800	-3 (8)
Gauteng	3 542	8 880	5 338	32466	37804	16 (4)
Kwazulu-Natal	1 467	11 516	10 049	13698	23747	73 (1)
Mpumalanga	1 520	1 351	-169	13339	13170	-1 (5)
North West	1 444	1 225	-219	15030	14811	-2 (6)
Northern Cape	1 944	376	-1 568	16116	14548	-10 (9)
Limpopo	868	3 343	2 475	8171	10646	30 (3)
Western Cape	2 961	2 386	-575	27548	26973	-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)

Sources: (1) Calculated with the aid of Table 3 in H.F. de Wet (2008). 'The Welfare Consequences of Provincial Financing in South Africa', *Journal of Public Administration*, 43 (4), 523–544. These figures include provincial as well as municipal expenditure calculated in Appendix 4.

(2) Calculated with the aid of H de J. van Wyk (2006). *Personal Income of South Africans at National and Provincial Levels by Population Groups, Income Groups, Life Stages and Life Planes, 2000-2007*. Report 361 (Pretoria: Bureau of Market Research), Table 2.4 and Table A2. Nominal figures deflated by 7,1 %.

(3) Calculated in Appendix 2.