

ADDING INJURY TO INSULT

HOW EXCLUSION AND INEQUALITY DRIVE
SOUTH AFRICA'S PROBLEM OF VIOLENCE



Report on Component 4 of a study conducted by the Centre for the Study of Violence and Reconciliation (CSVr) for the Justice, Crime Prevention and Security (JCPS) cluster

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BACKGROUND TO THIS REPORT

South Africa is currently experiencing very high levels of violent crime. In 2006 the Justice, Crime Prevention and Security (JCPS) Cabinet committee decided to contract the Centre for the Study of Violence and Reconciliation (CSVR) to carry out research aimed at enhancing understanding of the nature of violence in South Africa with a view to strengthening government's response to this problem. As a result, in February 2007 the CSVR was contracted by the Department of Safety and Security to carry out a project with the following six components:

- A concept paper on the violent nature of crime (completed June 2007).
- A study of the circumstances of the occurrence of murder in areas with a high rate of murder in South Africa (completed June 2008).
- A study of the nature and causes of sexual violence.
- An analysis of the socioeconomic factors that contribute to violence.
- Case studies on perpetrators of violent crime.
- A summary report on key findings and recommendations.

This document, then, is the report on the fourth component of the study. Components 3, 5 and 6 of the project are due to be completed during November 2008.

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EXECUTIVE SUMMARY

While it is common cause that the principal causes of crime are socioeconomic, that term is too broad for unproblematic operationalisation. As a result, this paper focuses more narrowly on economic factors that drive crime, in particular inequality and exclusion. This is because a wide consensus exists that South Africa's crime problems – especially its extraordinarily high levels of violent crime – are related to, and in part caused by, the country's equally high levels of inequality.

After briefly reviewing the international evidence, the report focuses on the characteristics of inequality in South Africa in order to provide a basis for a discussion of how and why inequality in South Africa translates into violence. Its central argument is that inequality in South Africa is deeply connected to structural processes that exclude large sections of the population from meaningful participation in the economy. In the context of a society that promises equality, both implicitly and explicitly, this feeds into dynamics that contribute to violent crime.

Before proceeding, however, we note that most violence in South Africa generates little if any material reward, making inadequate any explanation of the link between violence and inequality that relies too heavily on the idea that perpetrators of violence are doing so in response to a rational calculation of how to enrich themselves. In this regard, we argue that there are important psychosocial consequences of high levels of inequality, consequences that include feelings of insecurity and inadequacy as well as frustration, hopelessness and anger.

In making the case that the roots of the crime problem lie in inequality, the paper relies in part on quantitative work by international economists and criminologists. The conclusions of that research are that inequality is correlated with violent crimes such as murder and robbery. However, those conclusions, while supporting the general argument that inequality is important, do not and cannot show that differences in the level of inequality are decisive in explaining differences in levels of violent crime. Indeed, studies that show the importance of inequality also show the relevance of other factors such as the level of per capita income, the extent of democratisation and the quality of policing. A number of studies, for instance, indicate that economic growth also matters, and that, everything else being equal, economic growth will tend to reduce violence. This, it appears, is because the faster economic growth, the faster

will be the creation of economic opportunities and the expansion of participation in the economy as employment grows.

The international studies, in other words, do not lend unambiguous support to the argument of this report, which is that, in South Africa, inequality is of singular importance in explaining our levels of violent crime. Nevertheless, it is clear from the literature that inequality matters, and that, as a consequence, increasing the rate of poverty reduction (something that is achieved through a combination of faster growth and/or increased redistribution) is a potentially powerful tool in the state's crime-fighting armoury. It does not follow, however, that changes in inequality will necessarily lead to changes in crime rates: if, for instance, inequality increases but policing improves (or vice versa), it may be that the change in the second variable will offset the impact of the change in the first. Similarly, although economic growth tends to reduce crime, if it leads to increasing inequality the impact of growth on levels of violence may be ambiguous.

The report examines the characteristics of inequality in South Africa in some detail in aid of understanding its special significance. Inequality is generally described by means of the Gini coefficient, in terms of which South Africa is consistently judged to be among the most unequal societies in the world. Other statistics cited in the report that illustrate the nature and extent of inequality in South Africa are that:

- While the poorest 20% of the population in South Africa earns less than 4% of GDP, the richest 10% earns nearly 45%.
- The 10% of households with the highest incomes earn more than three times the incomes earned by the next richest 10% of households.
- The richest 10% of households earned nearly 18 times as much as the median household, and six times more than the average household.
- The income of the richest 10% of households is not much less than 90 times greater than the average for the poorest 50% of households.
- As of 2005–06, the richest 10% of households earned something like 220 times more than the poorest 10% from salaries and self-employment, a differential that is only slightly reduced by social grants.

Not only is South Africa characterised by high levels of inequality but, reflecting the legacy of apart-

heid, inequality is highly racialised, with poverty massively concentrated among black people. The latest Statistics South Africa income and expenditure survey shows the average household income of households headed by an African was less than one-sixth that of White-headed households. However, while the trend in recent years has been for interracial inequality to decrease, intraracial inequality among Africans is increasing.

It is true that increasing inequality is a characteristic of economic development in many countries, but South Africa is more unequal than its level of development would lead one to expect. This has a lot to do with the growth path of the economy under apartheid, which was guided by the desire to increase the incomes of a minority, compounded by increasing capital intensification of the economy from the 1970s onwards.

Following Seekings and Nattrass (2006), the report argues that the exclusionary legacy of apartheid is reinforced by the current growth path of the economy, which is premised on a quest for high-paying jobs that tend to be both capital- and skill-intensive. Because educational outcomes are so poor for so many, millions of people simply cannot compete for these jobs. At the same time, since the 1970s, changes in the structure of the economy and the collapse of subsistence agriculture have meant a rapidly widening gap between the demand for unskilled labour and its supply. The result is widespread unemployment as well as unemployability in relation to the kinds of skill-intensive jobs economic policy has sought to create. The consequence is that many millions of people are structurally excluded from meaningful participation in the formal economy.

The declining demand for unskilled workers in South Africa also needs to be understood against the background of the deepening of globalisation, one of the effects of which has been to increase competition from workers in low-wage economies. Simultaneously, the creation of a global labour market for skilled employees has sometimes meant increased pay for the highly skilled. In other words, at the same time that globalisation has increased pressures on semi-skilled and unskilled workers, it has also created new opportunities for skilled South Africans, in turn further widening inequality.

A key reason, then, why inequality is so great is the enormous mismatch between the skills of the population and the needs of an economy seeking to follow the growth path we have adopted. These problems

are reinforced by problems that lie inside and outside the education system, which result in the children of poor and poorly educated parents usually being less successful learners and students than the children of parents with better educations (and, therefore, better jobs). Levels of educational attainment of one generation, in other words, affect the education and other attainments of the next.

Another factor feeding into large-scale unemployment, exclusion and inequality is that, for historical reasons related to the manner in which apartheid shaped the country's spatial economy, millions of people live in areas in which they or their forebears were dumped. These tend to be areas with little economic potential, with the result that the poor in the rural areas often have very little, if any, meaningful opportunity. In addition, employment and unemployment are also not distributed randomly across the population – even within demographically similar groups. Thus, unemployed people living in households in which someone already has a job find it easier to secure employment than demographically and educationally similar people living in households in which no one has a job.

The upshot of all this is that inequality is intertwined with the fact that millions of people are structurally excluded from meaningful participation in the economy, and it is the fact of their exclusion, combined with its psychosocial consequences, that, the report argues, drives the link between inequality and violence.

As noted, a critical issue in demonstrating the link between inequality and violent crime in South Africa is that most violent crime is not committed for material gain. In fact, apart from robberies, the vast bulk of violent crime is committed for non-pecuniary reasons. Related to this, while some violent crime (notably robbery) involves people who are (relatively) poor seeking to steal from those who are richer than they are, much violent crime does not conform to this description and involves violence between people who are roughly equivalent in wealth and social status.

The report, therefore, argues that inequality is transformed into violence through a diversity of mechanisms. Some may choose violent crime on the basis of an apparently rational assessment of the opportunities open to them, and the belief that the gains from crime are likely to be greater than the potential gains from legitimate employment. The report, however, argues that the principal link between inequality and violence is to be found in the psychosocial consequences of inequality and the structural

exclusion that drives it. These include the effects on the individual, who may develop feelings of inadequacy and resentment, as well as on the society as a whole, whose 'national mood' may be affected by the resentments and grievances that arise from high levels of inequality and exclusion. Indeed, in a society premised on the ideals of equality – ideals that are themselves constituted in opposition to the gross injustices of the past – inequality at the level generated by the South African economy is a kind of broken promise. This is made worse in a materialistic culture where one's level of income plays a very important role in shaping individuals' self-images, with the gap between expectations and reality sometimes feeding into feelings of humiliation, frustration and anger. These, in turn, sometimes manifest in violence.

It therefore appears self-evident that South Africa should prioritise policy measures that increase equality and create far more opportunity for the excluded to participate meaningfully in the economy. The report concludes with a discussion of some of the options in this regard, emphasising the formidable difficulties involved in creating a less unequal and more inclusionary economic order.

1. INTRODUCTION

This paper seeks to explain the link between South Africa's peculiar socioeconomic profile and the extent of violent crime. As readers will quickly see, however, the paper looks almost exclusively at the relationship between inequality and violence, rather than at any of the many other socioeconomic variables that might have been examined. The reason for this is explained in the next section. Suffice it to say, however, that it is our view that of all the various socioeconomic factors that may be deemed to be causes of crime and violence, it is inequality that we believe is by far the most significant. As we will argue below, this is because the peculiar characteristic of inequality in South Africa is that it is the result of the extraordinary degree to which many millions of people are, for all intents and purposes, locked out of meaningful participation in the economy for reasons – to be described later – that are largely beyond their control.

There are, we believe, two principal transmission mechanisms through which inequality and exclusion create violence. The first is what may be called rational calculation: for some who are excluded from the economy, it may be that some forms of crime – including violent crime – seem to be the most promising (realistic) avenues to a better life. Another mechanism, however, lies at the level of the psychosocial consequences of high levels of inequality and of exclusion. This, we believe, operates in a number of ways. One is that, at the level of the individual, living in a highly unequal society (particularly one with a relatively materialistic culture) may generate feelings of insecurity and inadequacy that, in the right circumstances, could translate into violence. Another is that, at the level of the national mood, where the brute fact of inequality could generate a sense of frustration and discontent, of hopelessness and grievance that could also translate easily into anger and violence. These factors, we believe, must supplement any analysis of the relationship between inequality and violence because most violence generates little if any material reward, making any explanation relying on a rational calculation of the expected rewards of committing crime (relative to the rewards for staying straight) inadequate. In order to make this case, we devote a large proportion of this paper to showing the extent to which large sections of the population really do stand little chance of meaningful participation in the economy, and we argue

that, in the context of a society that promises equality both implicitly and explicitly, this has created an atmosphere in which violence is an all too common occurrence.

All of this will be set out in more detail below. Before proceeding, however, it is worth pausing for a moment to reflect on the profile of violence in South Africa. To be clear, a number of crimes can be characterised as violent. These include murder, attempted murder, rape, assault with the intent to cause grievous bodily harm, common assault and robbery (aggravated and common). According to the SAPS, something like 550 000 individual incidents of these crimes were recorded in 2007–08, down somewhat from the 620 000 five years earlier. There are, of course, serious problems with the police figures, not the least of which is that, with the exception of murder, the rates of reporting and recording these crimes are known to be a long way below 100%. The true number of incidents, in other words, is far in excess of these figures. This is an important issue but, in examining the link between inequality and violence in South Africa, this paper focuses on the way it affects the levels of murder and robbery. In doing so, we take it for granted that the levels of these crimes are very high and that, at least in the case of robbery, police figures understate the true level, perhaps by a large margin.

Murder and robbery are, of course, different kinds of crime: robbery is a form of property crime and is motivated by the pursuit of material gain, while all the available evidence is that murder, though sometimes linked to robberies, is more frequently linked to various types of arguments and disputes between people. These disputes manifest more frequently in non-fatal incidents of violence and are, therefore, reflected in the high levels of assault and attempted murder. We believe inequality – though it is itself an economic variable – helps to drive these crimes by creating and sustaining feelings such as anger and inadequacy. It is also likely that inequality feeds into other forms of violence, such as sexual violence, in this way, but, partly because the international evidence is clearest on the link between inequality, on the one hand, and robbery or murder on the other, this argument is not taken very far in this paper.

A second point that is worth making here is that, in absolute terms, most incidents of violence involve poor or relatively poor people as both victims and offenders. It is true, of course, that rich people commit some crimes of violence and that rich people are also the victims of some crimes of violence. Despite this, there can be little doubt that, in absolute terms (and almost certainly in per capita terms, too), the bulk of violence is poor-on-poor. It is not, however, necessarily the case that the very poorest

of the poor (who tend to live in rural areas) are responsible for a disproportionate amount of crime. Indeed, it is our impression, based in part on the docket analysis we have conducted of murder cases, that a great deal of violence is committed by and on people who, while poor, occupy a somewhat precarious social position on the margins of the urban working class. This, too, is something that an account of the relationship between inequality and violence must address, and, once again, we think that the argument presented here does that.

As will quickly become apparent, the argument of this paper rests exclusively on desk research, which has focused on the international literature about the relationship between violent crime and inequality, as well as literature pertaining to the nature and level of inequality in South Africa. In this we rely heavily on Seekings and Nattrass (2006), our debt to whom we would like to acknowledge here.

Before we set out to make this case, however, it is necessary to make a final preliminary point, this time about something that is not discussed again in what follows: the extent to which crime and violence may actually worsen inequality. Because we have focused on the impact of inequality on levels of violence, we have not explored this question. A plausible case could be made, however, that the existence of high levels of violent crime worsens inequality. There are a number of reasons for this. One is that the poor tend to be more frequently victimised than the rich, and so their incomes are more frequently affected by criminality. A second is that it is plausible that the poor, who are uninsured and who have access to medical services of inferior quality, probably suffer proportionately larger financial losses as a direct result of an individual crime than do rich households that suffer similar attacks. In addition, because high levels of crime often result in the rich seeking to barricade themselves from the poor, crime makes it even harder for the poor to find their way into the formal economy. We are not suggesting, of course, that the causality of the inequality-crime relationship runs from crime to inequality. What we do believe, however, is that the challenge of redressing inequality is probably far harder in the context of a society in which violent crime is common than it would be if violence were less common.

Having said that, we can now turn to the question of why it is that we have chosen to focus on inequality as the key socioeconomic variable that explains the level of violent crime in South Africa.

2. WHY FOCUS ON INEQUALITY?

One of the problems confronting anyone who seeks to draw a link between socioeconomic variables and the incidence of violent crime is that it is far from clear what the term 'socioeconomic' means. While anyone might agree that some variables (such as income, employment and inequality levels) are indisputably 'socioeconomic', the roots of the most important phenomena in a society are always both social and economic, so it is often unclear what this term would exclude. Interpreted literally, in other words, it could include everything from family structure to religious affiliations, from levels of poverty and income to male attitudes about women, from access to education and housing to spatial patterns of work and settlement, from diet to access to entertainment. Each and every one of these – to say nothing of the myriad variables that affect individual behaviour and social relations – has roots in social and economic factors. Each, in other words, may reasonably be dubbed a 'socioeconomic variable'.

Given the inherent broadness of the term, any attempt to link crime to socioeconomic factors could, conceivably, incorporate work exploring the impact of almost anything on crime levels. To demonstrate the absurd levels to which this can descend, consider a peer-reviewed study released by the National Bureau of Economic Research in the US, one of the premier clearing-houses of economic research in the world. The research in question (Kendall 2006) suggests that as access to the Internet (and, therefore, pornography) has increased in the US, there has been a commensurate drop in rape. Studying the spread of access to the Internet in each of the 50 states, Kendall finds that for every 10% increase in access, there is a 7,3% decline in rape. Now, because there is no relationship between connectivity and other forms of crime, and because the biggest declines in rape appear to be among the people most likely to have access to the Internet and to be using that access to visit porn sites, Kendall suggests that this implies that Internet porn and rape are, to some extent at least, substitutes for each other.

This is, of course, controversial stuff and, even if we accept the results on their own terms, a crucial question that the study cannot answer is what the longer-term consequences of widespread access to (and use of) pornography are for men's attitudes to women and about the impact that changes there could have on the level of patriarchal violence in the future. Still, one could make the case based on this study that

the lack of access to digital pornography — a socioeconomic variable, but a rather obscure one — was associated with a violent crime.

The point about this is not that we believe that lack of connectivity explains rape in South Africa, but that the term ‘socioeconomic’ could include an all-but-infinite range of phenomena. It is necessary, therefore, to find ways to limit this enquiry, and one way of doing so is to ask what kinds of variables affecting the level of crime may one define as *not* being socioeconomic in character.

One plausible answer to this question is that the socioeconomic causes of crime could be said to be all of those causes that are not rooted in the criminal justice system itself. Thus, to the extent that policing and incarceration have an effect on levels of crime, these may be excluded from consideration when one looks to understand the socioeconomic causes of crime. So, even though there are a significant number of studies that have found positive relationships between the level of policing, the conviction rate and/or the level of incarceration with the level of crime and violence in a society (for example, Fleisher; Ehrlich; Levitt), any consideration of the socioeconomic roots of crime would have to put these issues to one side.

Another issue that could be excluded when considering only the socioeconomic causes of crime is the finding of some empirical research that demonstrates that inertia is often an important variable in determining the level of crime (Fajnzylber, et al. 1998; 2000). What is meant by this is that levels of crime in a society at any given point in time are determined, in part, by levels of crime at previous times. Countries with high levels of crime today, in other words, will tend to have high levels of crime tomorrow. There are a number of reasons that may explain this, but the bottom line appears to be that when some people enter a life of crime they will remain in it even when social and economic variables change. In addition, it seems that their criminal activities will sometimes also have the effect either of pulling other people into those activities (Glaeser, et al.) or of lowering the moral prohibitions against crime (Sah). Finally, it may also be that high levels of crime, by overloading the criminal justice system, will also make that system less effective in reducing crime (Fajnzylber, et al. 2000: 18).

Even if we exclude from a consideration of the socioeconomic causes of crime the impact of the criminal justice system on crime levels as well as the impact of past levels of crime on current levels, we are still left with an enormous range of potentially important socioeconomic factors that must be consid-

ered. For this reason, it is necessary to restrict the meaning of the term 'socioeconomic' to some extent if it is to serve as a useful framework for looking at the roots of crime. One productive way to do so is to confine the discussion to variables that are more 'economic' than 'socioeconomic', variables that are, in other words, directly related to the economic sphere of activity in a society. Here too, however, there remains a relatively wide range of variables that may attract attention. These include issues relating to employment and poverty, per capita income levels and the spread of income across society.

One of the great differences between these economic variables and a more comprehensive list of all socioeconomic variables, however, is that, relative to the (possibly unending) variables on the second list (that may include something like Internet access), the variables on the first list are both fewer in number and more easily defined and quantified. Crucially, the relationships between these variables are also relatively clearly defined. Thus, while we have no real idea how access to the Internet relates to family structure or how religious faith relates to home ownership, we have a reasonably clear idea about how unemployment, poverty and inequality are related. We know, in other words, that high levels of unemployment can lead to high levels of poverty, and that high levels of poverty are often associated with high levels of inequality. One implication of this is that any comprehensive account of the economic determinants of crime cannot fail to touch on all the crucial issues. It is not certain that this is as true of any account of the socioeconomic causes of crime.

These practical issues are one reason why we have chosen to focus the bulk of this report on the relationship between South Africa's high levels of inequality and its high levels of violence. There is, however, a second, equally important reason: in the international literature about the economics of crime, quantitative research has frequently found a positive correlation between the level of inequality and the level of violent crime.

2.1 The international literature about violent crime and inequality

There are enormous difficulties associated with conducting high-quality studies into the socioeconomic causes of violence. These difficulties, enumerated in more detail in an appendix to this report, arise largely from questions about the accuracy and availability of data – both in relation to crime and in

relation to inequality. The result is that there are good reasons to approach these studies with some degree of scepticism.

Having said that, it is important to point out that all of the studies that have been done appear to have shown that inequality does matter, that it helps to explain differences in the level of violence in different countries. Indeed, a wide range of high-quality studies seem to demonstrate precisely this: that inequality plays an important role in determining the level of violent crime in a society (Fajnzylber, et al., Collier and Hoeffler, Demombynes and Özlerin). In all of these studies, in other words, the level of inequality has been found to have a statistically significant impact on rates of murder and robbery. It seems, then, that the more unequal a society, the more violent crime it is likely to have. It also seems, if Fajnzylber, et al. (2000) is anything to go by, that the quantitative size of the coefficient is large, meaning that the impact of changing levels of inequality on changing levels of crime is relatively large. Thus, Fajnzylber, et al. estimate that, everything else being equal, a 1% decline in inequality should lead to a 1,5% decline in murder rates.¹

This finding is rendered in the following two graphs drawn from Fajnzylber, et al. (2001) that chart the simple inequality-crime relationship for murder and robbery.

¹ Note that in subsequent studies by the same authors, the precise size of this coefficient changes.

Figure 1: Income distribution and intentional homicide rates, 1965–94 (5-year averages)

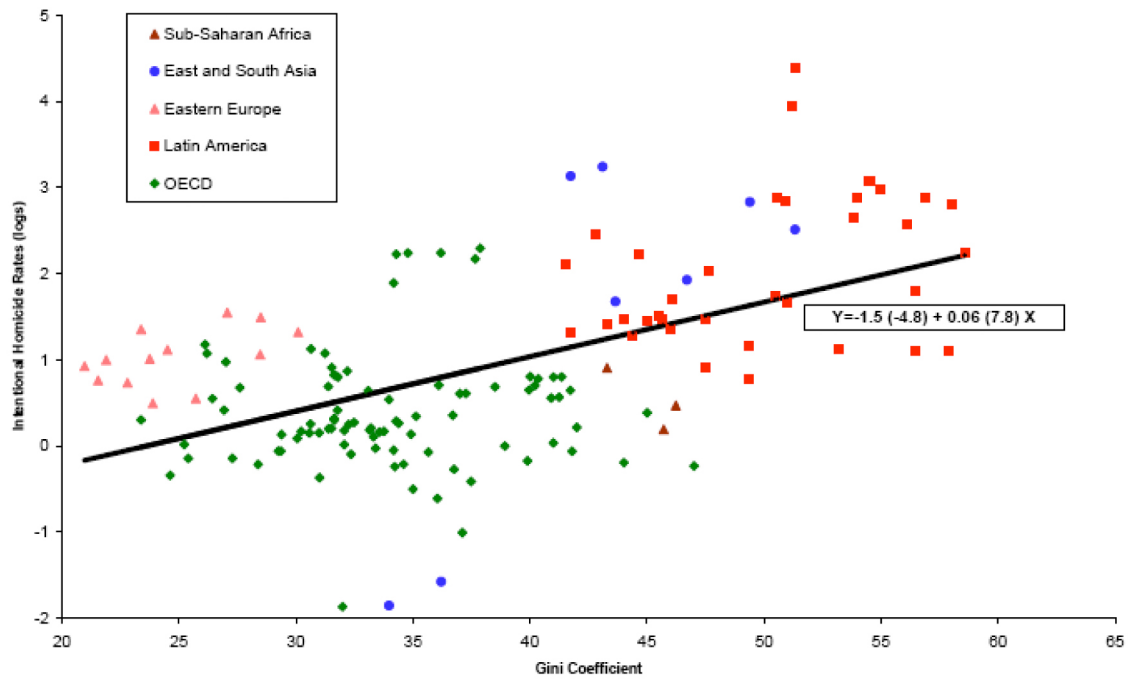
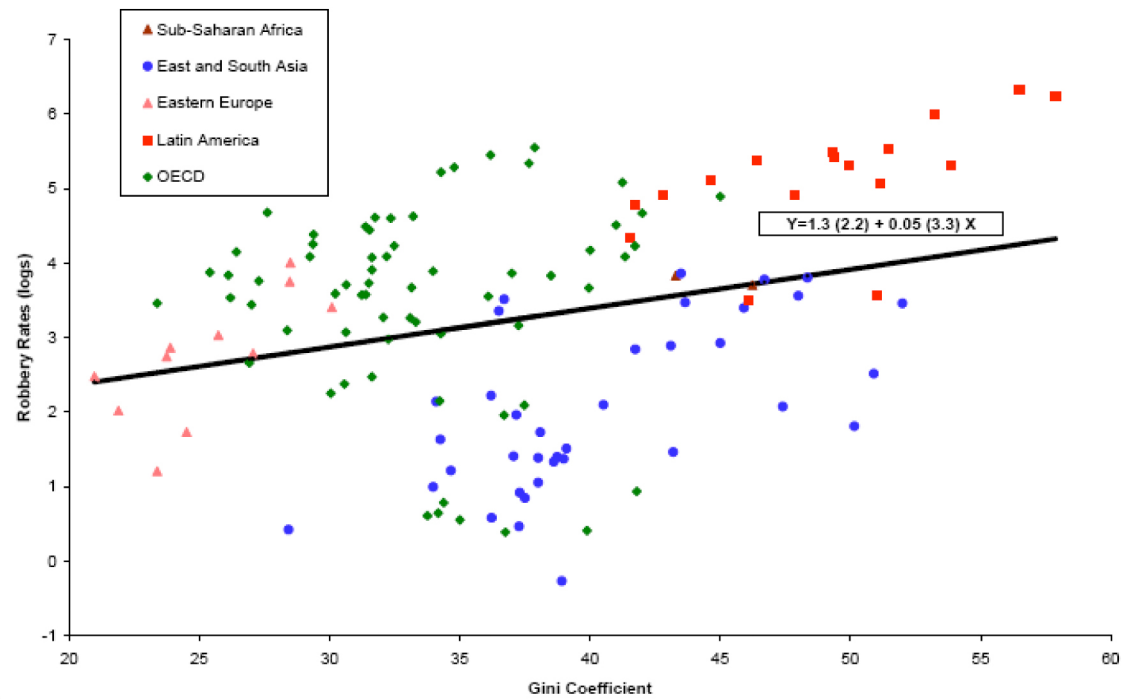


Figure 2: Income distribution and robbery rates, 1970–94 (5-year averages)



There is in the international literature some debate about some of the nuances of this finding. Some authors have found, for instance, that differences in the absolute level of per capita income between

different societies (that is, whether a society is, on average, rich or poor) do not help explain differences in the level of murder, even though changes in the level of per capita income (that is, whether it is getting richer and how quickly) do make a difference (Fajnzylber, et al. 2000). If this is so, then violence is not related to the level of per capita income in a society, but rather to the level of inequality. This is the conclusion also of Daly, et al. (2001) who use Canadian and American data to argue that the level of inequality is a far better predictor of homicide rates than is the level of per capita income. Other researchers, on the other hand, argue that their analysis of the data using slightly different method suggests, on the contrary, that, on average, the poorer a society, the more violent it is (Collier and Hoeffler).

It is hard to explain this inconsistency, and it may simply reflect the different econometric techniques used, the differences in the specification of the underlying equations and differences between data sets. The bottom line, though, is that all studies seem to agree that inequality matters. They also tend to agree, however, that, whatever the level of inequality and the level of per capita income, economic growth also matters, and that, everything else being equal, economic growth will tend to reduce violence. This, so it appears, is because the faster the economy grows, the faster will be the creation of economic opportunities, and the faster employment will grow, increasing participation in the economy.

In addition to the issues described above, it is important to bear a couple of points in mind about these studies. As already described, one of these is that none of them suggests that inequality is the *only* explanatory variable that matters. Precisely the same studies that find that inequality helps to explain differences in crime rates between different jurisdictions, for instance, find that the same can be said of the extent of democratisation and the proportion of the population that is made up by young males (Collier and Hoeffler), as well as the historical levels of crime, the presence of a significant narcoeconomy, the per capita level of policing and the conviction rate for homicide and robbery (Fajnzylber, et al. 1998 and 2000), as well as the level of ‘ethno-linguistic fractionalisation’ (Fajnzylber, et al., 2001: 16).

Given the importance of these other variables, it does not follow that the only appropriate response to reducing high levels of crime is to focus on reducing inequality. Nevertheless, it is clear from the literature that inequality matters, and that, as a consequence, increasing the rate of poverty reduction (something that is achieved through a combination of faster growth and/or increased redistribution) is a potentially powerful crime-fighting tool in the state’s armoury. It does not follow, however, that

changes in inequality will necessarily lead to changes in crime rates: if, for instance, inequality increases but policing improves (or vice versa), it may be that the change in the second variable will offset the impact of the change in the first. Similarly, if economic growth tends to reduce crime but is also associated with increasing inequality, the impact of growth on levels of violence may be ambiguous.

These issues are one of the consequences of the nature of the results of econometric studies, the only reasonable interpretation of the findings of which is that the impact of any individual variable will be of the predicted size and direction only if everything else remains equal. In practice, of course, this is seldom the case.

2.2 Why does inequality lead to violence? The international literature

Explaining why inequality matters — why it is, in other words, that differences in the distribution of income may play themselves out in higher levels of murder and/or robbery — is not always handled especially adeptly in these cross-country studies. Fajnzylber, et al., for instance, theorise that there are two different kinds of link between rising inequality and increasing crime. The one is that, as the income of the rich rises, the gains that the poor may accrue from committing crime rise relative to the gain they may accrue from trying to find legitimate incomes. The result is that the incentive to engage in crime, rather than seek legal employment rises and, as a consequence, more people turn to crime in more unequal societies than in less unequal societies. The second link they postulate is that widening inequality can create an ‘envy effect’ that lowers any moral resistance to the temptations of crime (Fajnzylber, et al., 2000: 6).

By their own admission, these links do not seem sufficiently robust to account for the relatively strong link between inequality and crime that they had found. Besides, they are both based on an assumption that most crime is committed by the relatively poor against the relatively rich. This is obviously not the case, so an alternative explanation must be proffered.

One possibility is that inequality may increase crime rates because unequal societies may tend to deploy their crime-prevention resources unequally, whether these are publicly or privately funded. If that is so,

the more unequal the society, the more concentrated are its crime-prevention resources (police, private security, target-hardening technology, etc.) in rich neighbourhoods, and the wider the social space that is relatively un- or under-policed in poor neighbourhoods. This, so the argument goes, could result in increased crime among the poor.

Another – and, in our view, much more promising – link between inequality and crime is also suggested. This is that in highly unequal societies, the poor may have very limited expectations of being able to improve the quality of their lives, and that the consequence of this is a lower moral threshold against illegal activity than may have existed had the prospects of the poor to rise out of poverty been greater. The transmission mechanism between inequality and lower inhibitions to criminality, in other words, is the effect inequality has on discrediting the social institutions that should regulate life: since these offer unequal opportunities to people, they command unequal respect. The absence of a stake in these institutions, then, may mean that their moral hold over an individual's behaviour is weaker than it would otherwise be (Fajnzylber, et al., 2000: 16–17). Though they do not point it out themselves, this argument could be reinforced by their finding that, although the absolute level of per capita income does not appear to impact on crime rates, the rate of economic growth has a very strong effect, with a one point increase in the growth rate being associated with a 2,4% decline in the murder rate and a whopping 14% decline in robbery rates.² This, it could be argued, suggests that slow economic growth, by reinforcing the sense that a society is not producing opportunities, will tend to raise levels of violence in much the same way that high levels of inequality raise levels of violence.

We will have reason to return to this issue below.

2.3 Provisional conclusions: inequality and crime in SA

It is apparent from the international literature that, while there are some significant methodological constraints on conducting these kinds of studies, one reasonably robust conclusion is that there is a positive relationship between the level of inequality and the level of violent crime (in the sense that more inequality produces more violence, and vice versa), that the relationship is statistically significant

² See note 1.

(in the sense that confidence levels in this conclusion are in excess of 95%), and that the effect of inequality on violence is quantitatively large (so that any decline in measured inequality is associated with reasonably large declines in levels of violence).

At the same time, because the same studies that produce evidence of the link between inequality and crime also produce evidence of links between other factors (such as the level of policing and the conviction rates for crime, the rate of growth of the economy, the proportion of young men in the population, the degree of 'ethno-linguistic fractionalisation', etc.) it can hardly be claimed that these studies show that inequality is the single most significant cause of crime in any society. In fact, these studies show no such thing. Indeed, if one were to plug South Africa's Gini coefficient into the results of the equations depicted in figures 1 and 2, we'd find that the actual murder rate in South Africa is about 90% higher than what the equation predicts it should be for a country with our level of inequality. In the case of robbery, the differential is smaller – 45% – but hardly insignificant. We are, in other words, a much more violent country than these equations would predict. As a result, it is hard not to conclude that these studies offer only limited support for the view that we hold – and which is held by most commentators and analysts – that South Africa's levels of inequality is among the most important reasons for our extraordinarily high levels of violent crime.

How, then, can this widely shared belief be justified?

Perhaps the most important element in the answer to that question is that the impact of inequality on society is not like a chemical reaction whose processes can be measured and quantified and whose impact is always and everywhere the same. Instead, the effect of inequality on the way people behave is mediated – socially, culturally and politically – before it has an impact on behaviour. It may be, therefore, that the fact of inequality is not always and everywhere interpreted by people in exactly the same way. In this regard, we think that the emphasis in some of the literature on the way that inequality might breed 'envy' that results in crime is misplaced. While it is, of course, true that inequality could generate envy and that envy could generate crime, in our view the extent to which a given level of inequality will generate crime may have less to do with the generation of envy than with the fact that that inequality may be interpreted as a marker of the injustices of a society and, therefore, of a source of frustration and discontent. If this is so, inequality drives crime in South Africa not just because it creates envy but

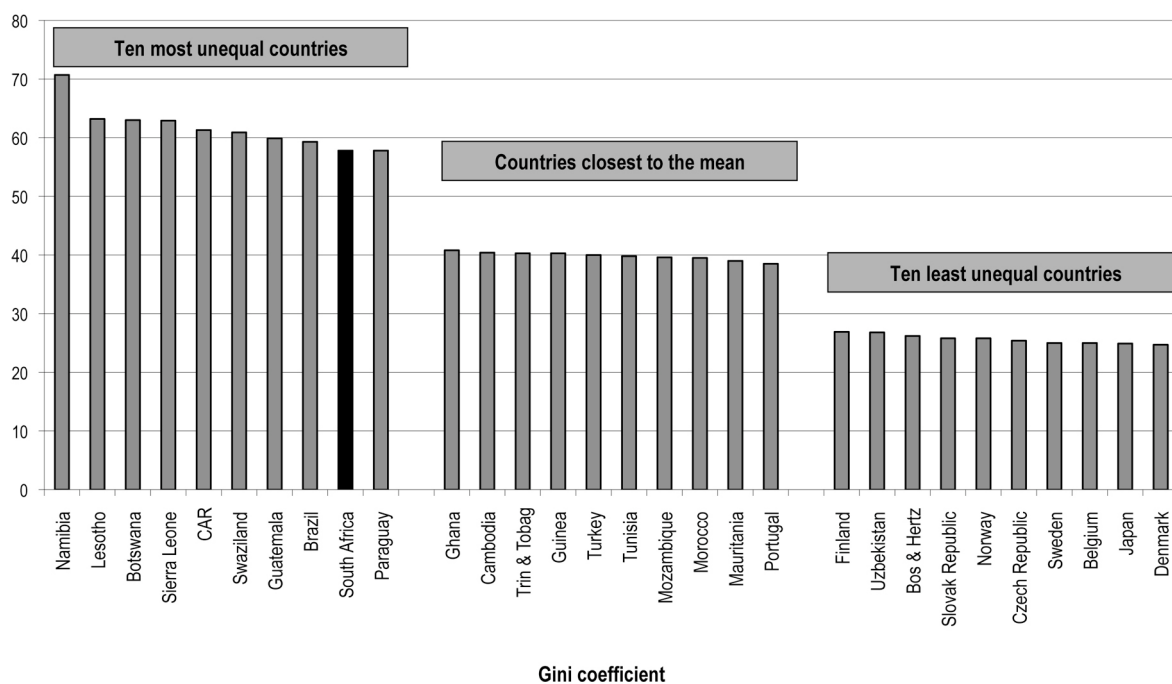
because it generates widespread dissatisfaction with the social order, a dissatisfaction that expresses itself sometimes in acts of violence and rage. In order to understand the source of this dissatisfaction, however, we need to look a little more closely at the nature of inequality in South Africa.

3. THE LEVEL OF INEQUALITY IN SOUTH AFRICA

South Africa, as everyone knows, is one of the most unequal societies in the world. Given the extent of the difficulties in making precise comparisons (as described in the methodological appendix), it is not possible to be certain precisely how close the country sits to the top (bottom?) of global measures of inequality. Indeed, precisely because of the difficulties, different approaches to measuring inequality often result in different results. Thus, while the authoritative text on inequality in South Africa pegs the Gini coefficient at about 0,69 in 2000 (Seekings and Nattrass, 2006: 307),³ a World Bank database on inequality says that the country's Gini coefficient in that year was 0,59. While the former figure, if accurate, would have placed South Africa as the second most unequal society in the world (after Namibia), the latter puts it at ninth most unequal (http://devdata.worldbank.org/wdi2005/Table2_7.htm, last accessed 22 August 2008).

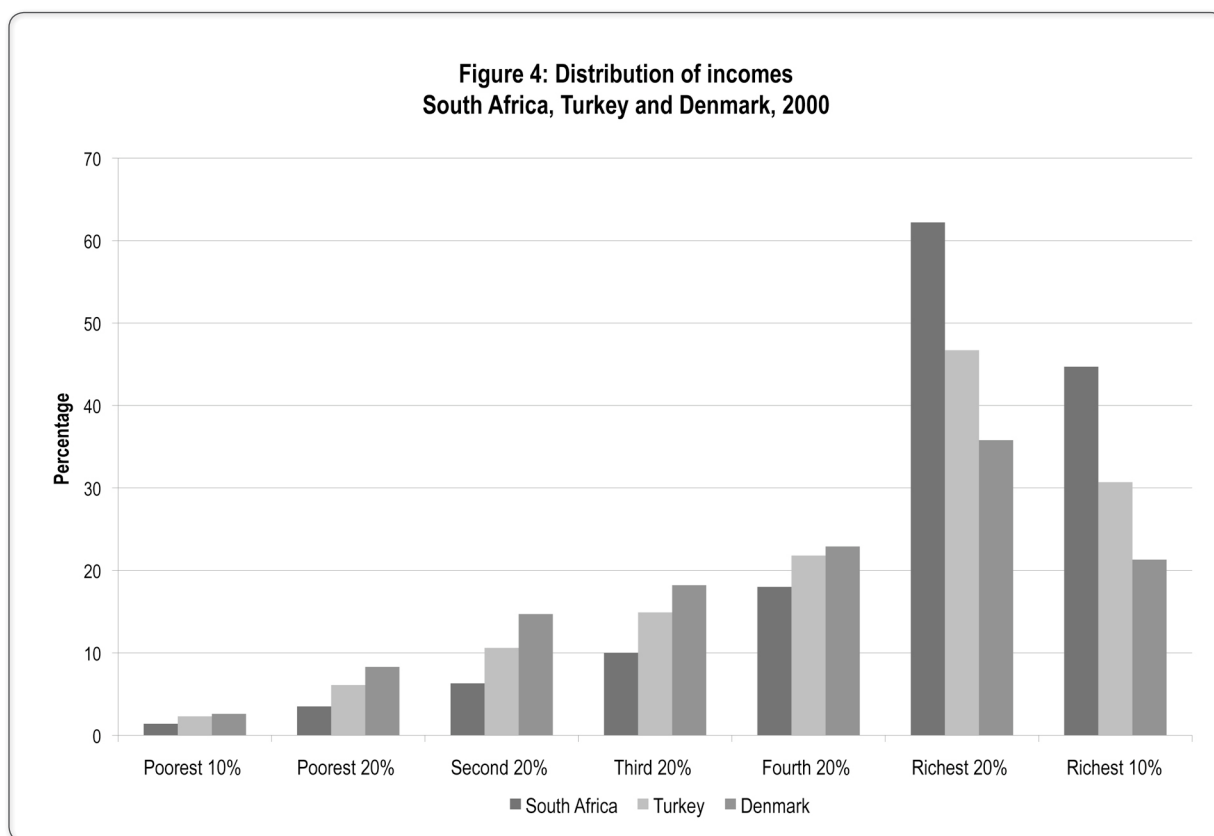
³ Official measures for 2000 placed the Gini coefficient at 0,69, marginally higher than the 0,66 measured for 2007 (SAG, 2008: 25).

Figure 3: Countries with Gini coefficients that are highest, lowest and closest to the global mean, 2000



As can be seen from the above graph, there is a broad relationship between levels of development and inequality, with poorer countries – especially those in sub-Saharan Africa and Latin America – dominating the list of the most unequal, while wealthier countries – especially those in Europe – tend to be more equal. This is reflected in the following graph that shows how much smaller a share of national income goes to the poorest sectors of the population (and how much larger a share goes to the richest) in countries like Namibia and South Africa (with very high Gini coefficients) compared to Turkey (whose Gini coefficient is the world's average) and Denmark (the least unequal society in the world).

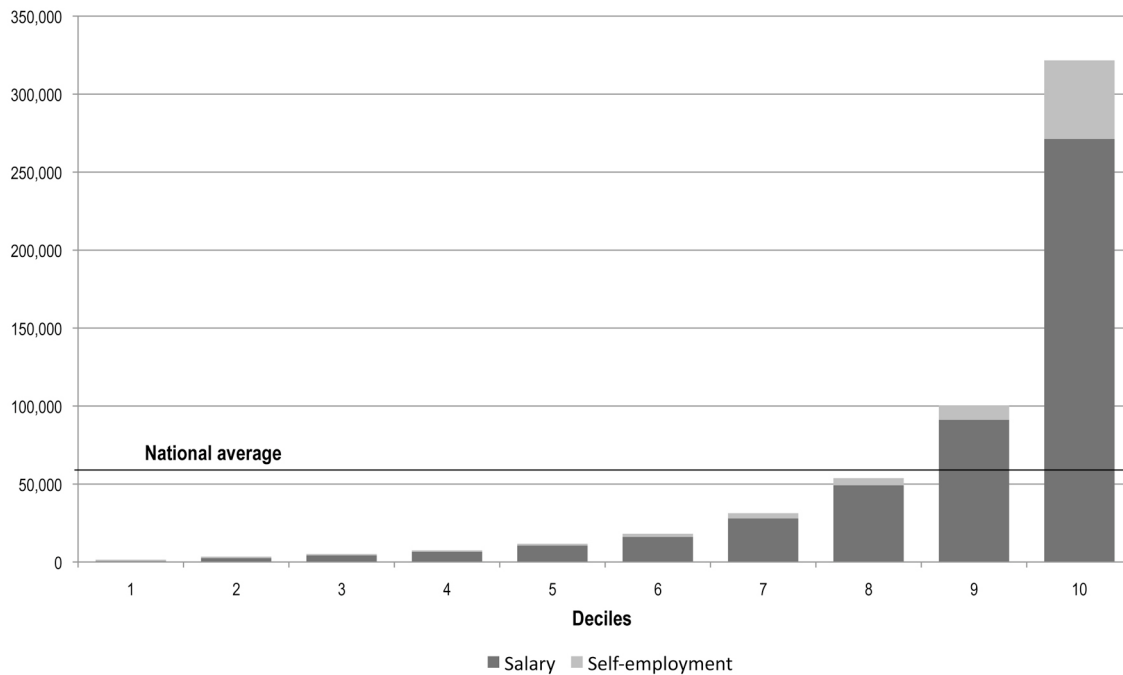
It appears from the data that while the poorest 20% of the population in South Africa earns less than 4% of GDP, the richest 10% earns nearly 45%. In Turkey the respective figures are 6% and 31%, while in Denmark they were 8% and 21% (http://devdata.worldbank.org/wdi2005/Table2_7.htm, last accessed 22 August 2008). So unequal is South Africa, in fact, that the poorest 60% of the population earn less than 15% of the national income.



Another way of making the same point about the skewed distribution of income in South Africa is to look at incomes from salaries and self-employment, as we have done in the following graph. This shows that, as of 2005–06, the richest 10% of households earned something like 220 times more than the poorest 10% from salaries and self-employment. Indeed, the richest 10% earned nearly 18 times as much as the median household, and six times more than the average household.⁴

⁴ Adapted from Seekings and Nattrass (2006: 214).

Figure 5: Annual household income from employment and self-employment per decile, 2005-06



There is an important problem with the preceding graph: it neglects the effects of social grants. Still, even if these were included, because the volume of grants being paid means that their value is low, they make only a small difference to levels of inequality. Indeed, even with the inclusion of all the redistribution effected by the budget – something that has risen dramatically since 1994 – levels of inequality remain staggeringly high. In this, it is worth making the point – as Seekings and Nattrass do – that in most of the developing world, ‘because public expenditure is generally captured by non-poor groups, Gini coefficients are not reduced [in this way] by anywhere near as much as they are in the industrialised democracies of the North’. In relation to this generalisation, South Africa is ‘a glaring exception’ (Seekings and Nattrass 2006: 11). Nevertheless, inequality remains high, largely because our growth path – which has focused on trying to create high-paying/high-productivity jobs and has constructed wage and labour policies on that basis – has done little to overcome the marginalisation of the poor.

3. WHY IS INCOME IN SOUTH AFRICA SO UNEQUALLY DISTRIBUTED?

Economists have long suggested that economic development, especially in its earliest phases, may well increase levels of inequality before causing inequality to fall. This is the result of one of the most significant changes in a developing economy: the transition from subsistence agriculture to industrial production, a process that draws some people off the land and into comparatively high-paying industrial and commercial jobs. Because the numbers obtaining jobs in the modern sector are small relative to the number of people subsisting in the countryside, and because the presence of those masses of unemployed people in the countryside tends to hold down formal-sector wages, levels of inequality are high. Indeed, in terms of this story, inequality actually worsens as the economy grows until such time as a large fraction of the population has been drawn into the modern economy. At that point, with a relatively large proportion of the population already employed and with wages no longer held down by the availability of large numbers of unemployed people, continued economic growth will begin to reduce inequality.

It is a neat and, in its own terms, illuminating account of the relationship between economic development and inequality. It is, however, a poor explanation for the dynamics that have driven high levels of inequality in South Africa, which ought to have long since passed the point in its economic development where inequality levels would be expected to be as high as they are. Indeed, apart from Brazil, none of the other countries on the list of most unequal countries has an economy that is remotely as developed as South Africa's. It is apparent, in other words, that inequality in South Africa has roots in social and economic phenomena other than those identified by the standard narrative of the relationship between development and inequality. Nor is it too difficult to guess where one might look for an explanation for why South Africa is more unequal than its level of development alone would lead one to expect it to be: apartheid.

There are ways in which the development of the South African economy over the past 100 years have been analogous to the basic story of the early stages of development that sees people moving off the land

and into jobs in the formal economy. The one crucial difference, of course, was that this movement was much more stringently controlled by the state, and that this has been done in a way that was intended to ensure that even those who did find their way into the formal economy remained bound to the rural economy in which their families were obliged to remain. This had the result of depressing wages in the formal economy below the level to which they might otherwise have risen (because the families of workers on the mines and in the cities were subsisting in the countryside).

Important as this was for creating an unequal society, a far more important fact about the way apartheid led to high levels of inequality is in the way it structured an economic growth path that was based almost exclusively on the desire to make white South Africans richer. This objective, as Seekings and Nattrass (2006) painstakingly document,⁵ was achieved through a variety of policies that reserved some forms of economic activity for white South Africans. In addition, even as the colour bar collapsed, the apartheid state ensured that white South Africans, in whose education far more resources had been and continued to be invested, were placed in a much more favourable position to compete for good jobs than their black compatriots. Combined with an industrial and economic policy that sought to increase the capital intensity of production – which has the effect of increasing the wages of those workers who do get jobs – this growth path meant that economic policy was guided by the desire to increase the incomes of a minority. The country and its economy, in effect, were being built as if its population were a tenth of the real number.

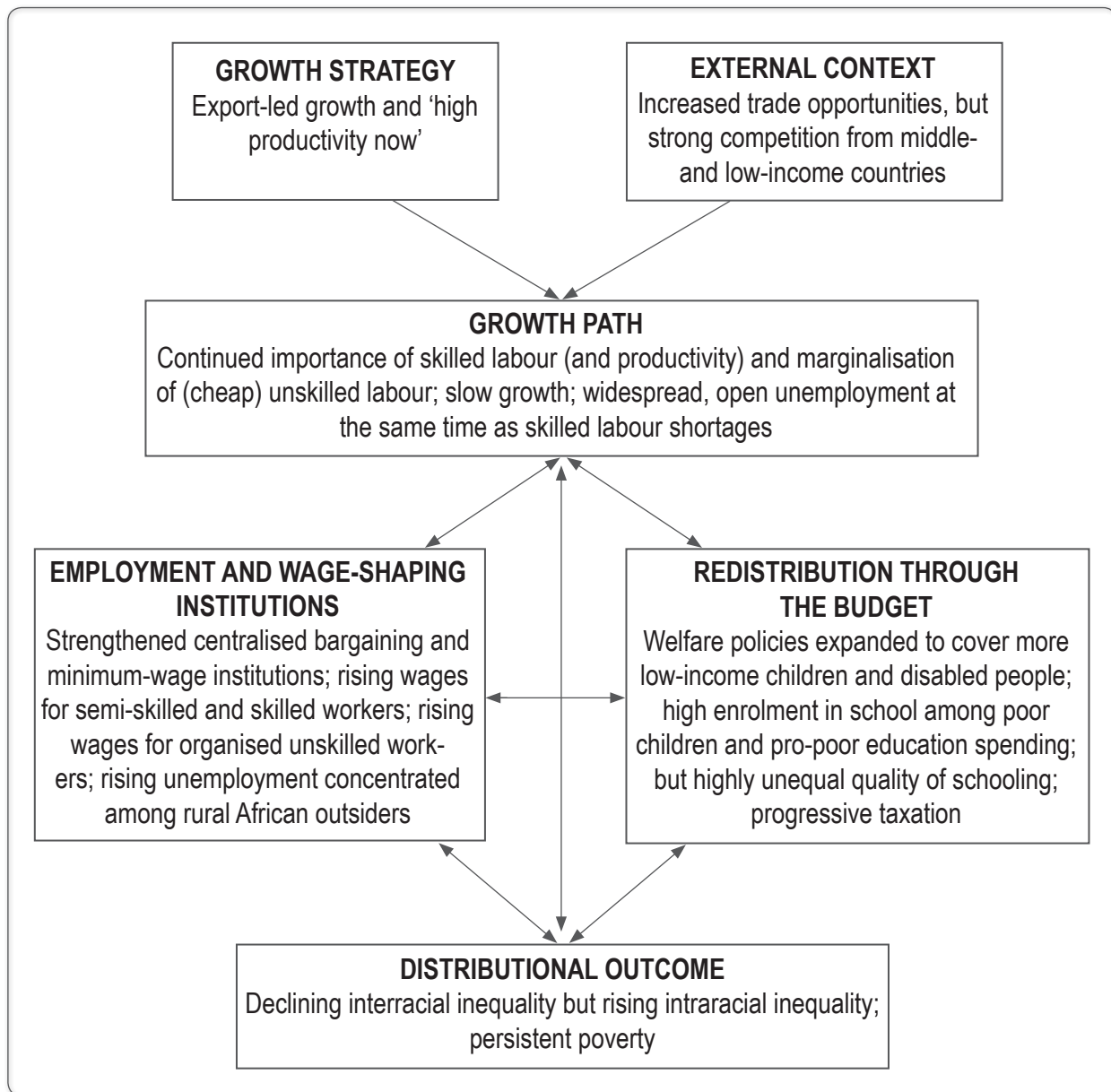
At least until the 1970s, this economic model, while viciously unequal, was one that was able to create jobs for pretty much everyone who wanted one. Of course, given the nature of the economy and of apartheid, almost all of the jobs available for black workers were at the very bottom of the income ladder, starting with subsistence agriculture in the Bantustans, but including numerous forms of manual labour in factories and mines and on commercial farms. Beginning in the 1970s, though, a rapid decline in the demand for unskilled labour began. This was the result of increasing population pressures in the Bantustans and increasing capital intensification in the rest of the economy. And, for the first time in its history, South Africa began to suffer serious unemployment problems – in the sense that

⁵ This section draws heavily on Seekings and Nattrass (2006).

more and more people who wanted to work could not find employment. Since then, this is a problem that has gotten worse with every passing decade.

Since the 1970s, many things have changed in the South African economy, of course. Structurally, mining and agriculture have been responsible for ever-shrinking shares of GDP, while the shares contributed by manufacturing and services have increased. After decades of increasing isolation, the forces of globalisation have opened up the economy to opportunities provided by a global economy (such as the resources boom) and, less happily, to unrelenting competition from the low-wage economies in Asia. These are massive and dislocating changes, but perhaps the most important fact about the economy over the past three decades is that it has remained on a growth path built around the pursuit of high-paying jobs, a strategy that, inevitably, focuses on capital- and skill-intensive industries. For those who have those skills and who are part of the economy (pretty much all white workers and a substantial minority of black workers), this approach has been relatively successful. The tragedy is that many millions of South Africans do not have these skills. And, for the unskilled, demand for labour began shrinking decades ago.

The result is a distributional regime summarised by Seekings and Nattrass (2006: 369), using the following chart.



As the previous chart shows, Seekings and Nattrass have concluded that the principal outcomes of the post-apartheid distributional regime are (a) declining interracial inequality but (b) rising intraracial inequality and (c) persistent poverty. We will return to some of these issues in a moment, but before that we need to add a few thoughts and some data to this conclusion. The first issue relates to post-apartheid job creation.

According to national surveys of income and employment, the South African economy created something like 2,2 million jobs between 1995 and 2003. Because of a decline in employment in commercial agriculture, however, the net effect, much trumpeted by government, was an increase of about two million jobs over that period. It is, on the face of it, a not inconsiderable achievement. It does, however, have to be qualified, both because over the period 1995 to 2003, the definition of employment in the

surveys used to justify this calculation was widened, and because the data also show that most of the new ‘jobs’ created were in the informal sector. Indeed, a careful review of the data concluded that ‘less than half the new jobs were in the formal sector’ (Casale, et al. 2004: 987), with large contributions to the net new employment figure coming from increased employment in informal commerce and in domestic work.

In addition, as Casale et al. point out, even if the full two million jobs were good-quality, high-paying jobs, there is still the small matter of the fact that in the same period (1995 to 2003), the labour force grew by between 5,3 million and 6,7 million people (depending on what definition of employment one uses). Worse still, over the same period, in real terms, average income for all employees actually fell by 20%. Since incomes in the formal economy did not fall (and in some cases grew), the large average decline for all people with work was a reflection of declining incomes in the informal sector. As a consequence, after 1994, South Africa has seen an increase in the number of the so-called ‘working poor’ – people with work who still earn less than a poverty datum line.

It has not helped that this has occurred at the same time as the deepening of globalisation, one of the effects of which has been to increase competition from workers in low-wage economies. Simultaneously, of course, at the opposite end of the income spectrum, the creation of a global labour market for skilled employees has sometimes meant increased pay for high-level managers and many professionals, including engineers, doctors and scientists. The result is that, at precisely the same time that globalisation has increased pressures on semi-skilled and unskilled workers, it has also created new opportunities for skilled South Africans. This, too, has helped widen inequality.

A second issue that must be raised in relation to recent developments relates to the rapid deracialisation of the middle classes in South Africa. This is an issue that, while clearly important in explaining some of the dynamics of inequality in post-apartheid South Africa, is sometimes treated in a manner that overstates its import. It is true, of course, that growing inequality among African South Africans (as opposed to the shrinking inequality between the races) is the principal source of the increase in inequality since 1994. The increase in inequality among Africans, however, is driven by precisely the factors described so far: the high incomes enjoyed by people in the formal economy and in possession of quality educations (whether black or white) and the low (or non-existent) incomes of those locked out of the economy and

in possession of very limited education. Though there may be social and political consequences associated with increased income differentiation among Africans — a point to which we will return — from the point of view of the account of the dynamics and contours of inequality in South Africa, the increase in inequality among Africans is just one manifestation of the wider tale.

Having said that, one aspect of the impact of growing inequality among Africans is worth mentioning: that according to Bhorat (2004), inequality among Africans is a good deal worse than within any other racial category. Thus, while the Gini coefficients for white, Coloured and Indian communities vary between 0,4 and 0,48, the figure for Africans is 0,53.⁶

5. THE CONTOURS OF EXCLUSION IN SOUTH AFRICA

The bottom line about the past decade and a half is that, despite progressive taxation and expenditure policies, the South African economy has left millions of people behind. These millions tend to be unskilled and, for historical reasons, that means they are also predominantly African. They are also, however, characterised by their physical and social marginalisation from the circuits of the modern economy. Stated simply, they have been locked out of the economy. Three factors have driven this process: the lack of skills among the poor, their physical distribution in the spatial economy, and their lack of social networks.

5.1 Skills and education

One of the crucial facts about the unemployed is that they tend to have had a good deal less formal education than those who do find jobs (Seekings and Nattrass 2006: 332). This is, in some senses, obvious: employers looking to fill positions are more likely to employ someone with more education than less.

⁶ Bhorat reports a national Gini coefficient of 0,60. On the face of it, it may seem odd that the national average exceeds the Gini coefficients for each racial group, but this is possible because of the wide differences in average income between racial groups. He also reports that inequality among female-headed households is a good deal higher than inequality among male-headed households.

This may be because he or she has more skills, but it may simply be because a longer education suggests that they either come from more stable social circumstances (which is a good thing in itself) or because the fact that they have completed more schooling suggests that they have some degree of endurance. This explains why Bhorat (2004) reports that between 1995 and 2003, 64% of people graduating with tertiary qualifications found employment, while the figures for those who either matriculated in this period or who left school without completing matric were 35% and 14%, respectively (2004: 951). The problem of the employability of those with less education was also, of course, a reflection of changes in the demand for skills in the economy. Thus, between 1995 and 2003, the proportion of skilled workers in the economy as a whole rose from 9% to 11%, and the proportion of semi-skilled workers rose from 60% to 62%, while the proportion of unskilled fell from 31% to 27% (Bhorat, 2004: 954).

In addition to the manner in which skills affect employment, it is also obvious that levels of education help determine what salary an employee is likely to command: the more education someone obtains, the higher their earnings potential.

From the point of view of inequality, this issue, as important as it is, becomes even more critical because the quality of individual educational outcomes tend to run in families. It appears, for instance, that the children of people who are themselves employed (and who would, on average, have had more education than their unemployed peers), tend to complete more years of schooling, and do so in shorter periods, than the children of unemployed people. Thus, for example, the average 15-year-old whose parents have high-quality jobs will have completed seven years of schooling. Children of parents who are industrial workers, on the other hand, will tend to have completed six years of schooling, and children whose parents are unemployed or are employed in marginal jobs will have completed only five. As Seekings and Nattrass note, this suggests that ‘given the importance of education in determining earnings, children from marginal working class backgrounds were much more likely to end up in marginal working class occupations, and children from upper-class backgrounds were much more likely to end up in upper-class occupations. *Inequality was thus being reproduced over time*’ (Seekings and Nattrass, 2006: 265, emphasis added).

It is easy to imagine why this is so. One reason would be sheer affordability: parents earning more money are better able to afford to send their children to school and to keep them in school. A second reason

is that parents with more education themselves are better equipped to assist their learner children and are more likely to be able to create the kind of supportive environment and to engage effectively with the teachers and principals at their children's schools.

If one's education (and, therefore, the education of one's parents) is a key determinant of whether one has a job or not and of the wage one earns, two other factors also play a role: geography and access to appropriate social networks.

5.2 Geography

Poverty in South Africa, though a feature of every geographic zone, is concentrated in the rural areas, particularly those that were Bantustans under apartheid. Consider, in this regard, the differences between Gauteng and Western Cape, on the one hand, and Limpopo and Eastern Cape, on the other.

According to data from the 2001 national census, of the 28,4 million people in South Africa who were between the ages of 15 and 65 at the time, 34% had a job, 24% had no job and were looking for one (that is, were unemployed) and 42% had no job and were not looking for one (that is, were not considered economically active). Within this, however, the differences between the two most developed provinces and the two least developed were stark. In Gauteng and Western Cape, nearly 50% of adults had work, 25% were unemployed and about 30% were not looking for a job. In Limpopo and Eastern Cape, on the other hand, only about 20% of adults were employed, 25% were unemployed and a staggering 55% had no job and were not looking for one. It appears, in other words, that adults in Gauteng and Western Cape were more than twice as likely to have work than adults in the other two provinces, while adults in Limpopo and Eastern Cape were twice as likely as those in the more developed provinces to have stopped even looking for work.⁷

⁷ Data from Statistics South Africa (2002).

PROVINCE	POPULATION (15–65)	EMPLOYED	UNEMPLOYED	NOT ECONOMICALLY ACTIVE
RSA	28 427 127	34%	24%	42%
Gauteng	6 432 053	45%	26%	29%
Western Cape	3 074 287	49%	17%	34%
Limpopo	2 924 558	22%	22%	56%
Eastern Cape	3 697 692	20%	25%	55%

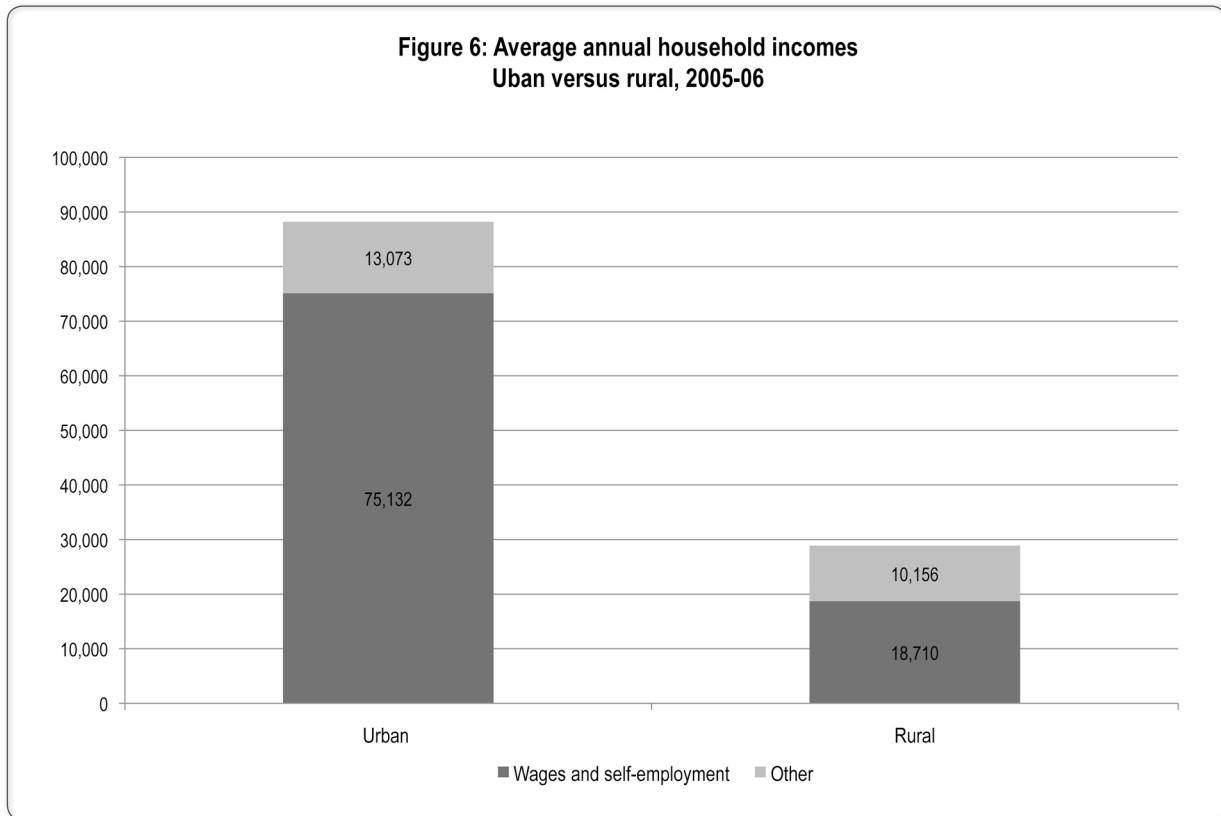
Naturally, the differences in employment between the different provinces have consequences for household income in different provinces, with a far higher proportion of households in Limpopo and Eastern Cape earning less than R800 per month (and a far lower proportion earning more than R6 400 per month), than is the case in the more developed provinces.⁸

PROVINCE	PROPORTION OF HOUSEHOLDS EARNING LESS THAN R800 PER MONTH	PROPORTION OF HOUSEHOLDS EARNING MORE THAN R6 400 PER MONTH
RSA	33%	12%
Gauteng	21%	18%
Western Cape	26%	13%
Limpopo	50%	6%
Eastern Cape	39%	9%

As with education, it is easy to understand why spatial inequalities in employment are so stark: because the apartheid government dumped millions of people in the Bantustans, and because the Bantustans were selected to be Bantustans in part because they were not areas with particularly rich prospects for economic development. Add to this the fact that nothing was invested in improving the developmental prospects of these areas, and one can explain why millions of people now live in areas where there is virtually no economic activity other than subsistence agriculture, petty commerce and the public service. Given that schooling in the former Bantustan areas also tends to be poorer than elsewhere (and that parents tend to have less education than parents in the cities), the poor who live in these areas are doubly disadvantaged: there are no economic opportunities in their immediate vicinity and there are few opportunities to obtain the education needed to progress.

⁸ Data from Statistics South Africa (2002).

Another way in which these spatial disparities are reflected is in the profound differences in household incomes between urban and rural households, which, in 2005–06, saw urban households enjoying incomes that were about three times higher than those in the rural areas.⁹



Nor are these spatial inequalities confined to interprovincial and urban-rural differences: there are also vast differences within South African cities in the accessibility of work and decent education. Consider, in this regard, the difference between Khayelitsha, on the one hand, and even as depressed an area as Mitchell's Plain. According to the 2001 census, of the 228 400 adults in Khayelitsha, 35% had jobs, 36% were unemployed and 30% were not economically active. In Mitchell's Plain, with 271 700 adults, the figures were 43%, 24% and 33% – ratios that were not much different than for the city as a whole. Bad as these differences were, it also seems that the quality of employment differs, with the employed in Mitchell's Plain tending to earn more than those in Khayalitsha. In the latter, it seems that about 35% of households had incomes of less than R800 per month, and only 1% had incomes over R6 400, while the comparative figures for Mitchell's Plain were 18% and 4%.

⁹ Statistics South Africa (2008).

5.3 Social networks

Another factor that governs the distribution of income and, therefore, inequality in South Africa is the extraordinary finding to the effect that access to jobs is not distributed evenly among people with similar race, class, geographic and educational characteristics. Thus, while the principal divisions between those who do and do not have jobs depend on questions of education (which is itself linked to issues of race and class) and, to a lesser extent, geography, within the broad working classes, there is yet another division: between those who come from families in which at least one person has a job and those who come from families in which no one has a job. The bottom line is that among the working class and the unemployed, one's chances of remaining unemployed are much higher if no one in one's family has a job and, conversely, that one's prospects of finding a job are much higher if someone else in one's family already has one (Wittenberg 1999).

There are essentially two reasons why this is the case. The first is that, from the point of view of the person who is looking for work, there is an obvious advantage to knowing people who work already because they have far more information about the availability of job opportunities than people who do not work. The second reason, not unrelated to the first, is that employers' recruitment strategies often involve using existing employees to source new employees. This is the case for a number of reasons. One is that it is a kind of perk for existing employees, a way of increasing the household/family wage even as the employer keeps down unit labour costs. A second is that, because there is often no way employers can assess the likely success or otherwise of a prospective employee on the basis of existing qualifications, using current employees to 'vet' recruits helps ensure some 'quality control' in recruitment. A third reason is that, if an employer recruits a future employee using existing staff, he sets the 'recruiter' up as someone who will help ensure that the new employee works hard. Finally, and linked to the foregoing, in the context of high levels of crime, using existing employees as referees helps an employer manage the risk of employing someone who may turn out to have criminal intentions.

The effect of these patterns of employee recruitment, of course, is to help structure a labour market in which some people are more locked out of the prospects of obtaining employment than others.

6. HOW DOES SOUTH AFRICA'S INEQUALITY GENERATE VIOLENCE?

In the opening sections of this paper, we established that the empirical evidence on the relationship between inequality and violent crime is reasonably clear: while it would be incorrect to argue that differences between the level of income inequality among communities and countries are the sole cause of different levels of violence within and between them, there is strong statistical evidence that levels of inequality are an important factor in explaining why one society/community has more violence than another. This conclusion, however, was not so overwhelmingly supported by the evidence as to suggest that one needs to look no further than the Gini coefficient in seeking to explain our extraordinary levels of violent crime. Obviously, matters are more complex than this. Despite this, we promised that we would try to make the case that, whatever the relationship between inequality and violence in the rest of the world, in South Africa inequality as a factor in explaining levels of violence is a problem of singular significance. And it is for this reason that we have dwelt for so long and in such detail on the character of inequality in South Africa, for it is, we believe, in the fact that millions of people are locked out of the circuits of the modern economy that one can begin to explain why inequality causes so much violence in South Africa.

To understand the transmission mechanism between South Africa's patterns of inequality and its high levels of violent crime, however, it is necessary first to make the obvious point that inequality doesn't translate itself directly into violent crime, but does so by the way that it shapes people's behaviour. Precisely how inequality does this is subject to some debate, with different researchers offering sometimes dramatically different approaches.

One possibility – perhaps the most economic and probably the least compelling – is that the greater the level of inequality in a society, the greater the prospective gains from crime for someone at the lower end of the socioeconomic spectrum relative to the rewards from whatever legitimate economic activity may be available. The twin facts, in other words, that someone is poor and that he lives in an unequal society may mean that he is both very unlikely to find a well-paid job and reasonably likely to find a

high-value target. For this reason, so the argument goes, he is more likely to choose to commit crime than someone who is equally poor but who lives in a less unequal society.

This approach to the problem of how inequality causes crime and violence – associated with the neo-classical economists Gary Becker and Isaac Ehrlich – suggests, in effect, that the principal consequence of inequality is the way that it affects the differential between the return a prospective criminal faces when choosing whether to engage in crime or to stay ‘straight’. Inequality, in other words, shapes the incentives he faces in ways that increase crime and violence.

While this dynamic may play some role in linking inequality and violence, it suffers the obvious drawback that most violent crime in unequal societies is committed by relatively poor people against other relatively poor people. As importantly, very little of that crime produces much by way of material reward for the offender – most forms of violence, whether lethal or not, occur in circumstances in which the offender does not gain material reward. That being so, it seems implausible to think that the differential rewards of crime and honest labour could fully explain the link between inequality and violence. For this reason, a possible supplement to the basic argument has been offered to the effect that one of the consequences of economic inequality is that it is reflected in the unequal distribution of police resources (public and private). This results in the pattern of poor-on-poor violence in unequal societies, something that may be a reflection of the undesirable incentives created by inequality, combined with the unequal distribution of policing that serves to protect the rich and, in that way, ‘encourage’ criminal attacks on the poor.

Linked to the logic of this approach to understanding the relationship between inequality and crime is the argument of Demombynes and Özlerin (2002) in which they examined the way in which crime patterns in South Africa seemed to be shaped, in part, by the level of inequality in and around individual police precincts. One conclusion was that local-level inequality played a very large role in explaining differences in crime rates, especially in relation to property crimes like residential burglary. This, they argued, had something to do with the manner in which would-be offenders in more unequal areas were more able to find more attractive targets.

There is plausibility to the logic of this, of course, but, as an account of South Africa's peculiar problems, it is far from compelling. One problem is that the data – the 1996 census on the crime figures for that year – is less than ideal. More serious, though, is that while it may be true that criminals would tend to seek to commit property crimes in richer areas where the returns are higher, this would be true anywhere and, for precisely that reason, it cannot explain what is unique about the South African crime problem. The crucial point is that South Africa's problem is not that crime is unequally distributed with areas that are relatively richer than their neighbours attracting more than their fair share of crime, but that crime (especially violent crime) happens at extraordinarily high levels. Nothing in Demombynes and Özlerin (2002) can explain this and, worse still, they are compelled to disown – because of its regressive (and potentially racist) implications – a not implausible policy response to their own findings: that of increasing the policing of richer neighbourhoods.

From our point of view, a much more intriguing outcome of Demombynes and Özlerin's research is that, though patterns of violent crime in South Africa were less strongly driven by local-level inequality than patterns of property crime, the effect of local-level inequality was nonetheless apparent even when there were no pecuniary motives. That meant, they suggest, that the transmission mechanism between inequality and crime (especially violent crime) was not fully explained by economic models, and that other factors had also to be at play. The question, of course, is what are those other factors and how might they account for the link we believe exists between South Africa's level of inequality and its levels of violent crime? This is a question that Demombynes and Özlerin do not answer, offering only that there must be 'sociological' links between inequality and violence in South Africa. The rest of this section is devoted to addressing what we believe those links to be, and how they drive not just the spatial distribution of crime between rich neighbourhoods and poor, but explain also the sheer volume of violent criminality. To our minds, the essential mechanism is that inequality – especially of the kind prevalent in South Africa – seems almost custom-designed to produce levels of discontent and frustration that could translate into violence. Bluntly stated, the level of inequality and exclusion helps explain the fact that South Africans exhibit high levels of stress and aggression.

6.1 Exclusion and hopelessness

The crucial point about South African inequality is one we have not made very central to the argument so far: that its dimensions and its patterns are a direct consequence of apartheid. It is true, of course, that post-apartheid South Africa has seen the rise of a black middle class and a black financial elite, and that, as a consequence, there has been a degree of deracialisation at the top of the social hierarchy. It is also true, however, that, despite massive expenditure growth on public services for the poor, South Africa remains more or less as unequal a society as it has ever been and, as we have already argued, much of that is because millions and millions of people remain systematically locked out of the economy. It is the psychosocial consequences of this, we believe, that are at the core of our crime problem.

It has been nearly a decade and a half since the inauguration of democracy. It is, obviously, no longer true that the mechanisms through which people are systematically excluded from getting good jobs in the formal economy are the gross injustices of apartheid when the colour bar ensured that only whites had the opportunity to earn decent salaries or obtain a decent education. At the same time, as Seekings and Nattrass show, it is also clear that by the 1980s that particular model of job allocation had begun to crumble both because the economy grew faster than the population of white workers that could supply the necessary skills and because of the successful campaigns of unions on the shop-floors and mass organisations in society. Still, even as the formal, legislative barriers to black economic advance came down over the past 30 years, the massive inequalities in educational spending between black and white has meant that members of the white community continued to enjoy huge advantages in the search for employment. The majority, whose educations were historically neglected and whose families' educations were neglected and who live in areas in which schools continue to under-perform, remain unprepared to secure good jobs and to advance their careers.

Nor is it just at the levels of education and jobs that many are excluded. Many, lacking the requisite knowledge and language skills, as well as the self-confidence that comes with these, are much less proficient than the better-educated at navigating their way through the complex institutions of modern life, whether these are state institutions (police stations and courts, schools and hospitals, welfare departments and the Road Accident Fund) or private institutions (banks and micro-lenders, credit-based

retailers, etc.). The result is that, even when these kinds of services are physically accessible, there are often good reasons why the poor are unable to use them optimally. Add to that the spatial marginalisation of the poor, and poverty is no longer 'just' about the inability to find and hold a decent job, but it is about exclusion from a vast range of social and economic life.

So, one of the principal features of life for the poor in South Africa is their exclusion from key social and economic institutions. This is both reflected in and is the cause of the high levels of inequality that our Gini coefficient measures. It is also something that must have real psychosocial consequences, creating a range of negative emotions, including deep insecurity, frustration and anger.

In other societies and in other times it may have been the case that the emotional impact of the injustice inherent in patterns of exclusion as rigid and defined as ours would have been diluted by an ideology that explained and justified these inequalities in ways that rendered them more palatable. The inequalities of feudal societies, for instance, might have felt less demeaning and offensive because they were seen to be part of the natural or divine order. Similarly, the social and psychological consequences of inequalities in the contemporary US may be muted, to some extent, by the widespread faith in the 'American Dream' – the idea that anyone who works hard can get rich – even when all the best data suggests that levels of social mobility are not very high. In South Africa in the 21st century, by contrast, the fact of exclusion and inequality is unmediated by any broadly accepted legitimating ideology of this kind, making the experience of inequality that much rawer. Indeed, there is widespread (and appropriate) conviction that these inequalities are based on policies and practices that are irredeemably unjust.

Worse still, given the recent performance of the labour market, it may well be that the experience is not much mediated either by the hope and expectation that conditions will improve. That experience, as we have seen, is that between 1995 and 2003 barely a million formal-sector jobs were created in South Africa, while the labour force grew by something like six times that number. It is hard to see how anyone at the bottom of the labour market could draw much comfort from this kind of economic performance or come to the conclusion that the marginalisation of the marginalised will end soon. It is true, of course, that the degree to which people do and do not feel hope for the future is not something that is governed exclusively by their recent experience of the economy: political developments, questions of leadership, the expanded provision of social services and some identity-related factors may raise or lower hopes irre-

spective of what has gone on in the economy. At the same time, it is hard not to think that the fact that there are so many more people in poor communities who have left school but have not been able to find work, must have tended to reduce confidence about the likelihood that their economic circumstances would improve dramatically. Nor would this encourage one to think that their children's conditions would improve. Why is this important? Because the expectation that things will get better is something that increases an individual's capacity to tolerate poverty.

Thus far we have established two key psychosocial consequences of the depth and pattern of inequality in South Africa. The first is a profound sense of exclusion from the circuits of the formal economy. The second is an absence of a hope that one will find a job. While we have not cited survey evidence in this respect, it is our view that these responses to the experience of poverty in a society such as ours are entirely plausible because they are entirely realistic: as we have shown, the structure of the economy really does exclude people and its growth path really has failed to produce sufficient jobs to begin to reverse the growth of the number of unemployed. So, two of the psychosocial consequences of South Africa's inequality are a sense of exclusion and a lack of hope. A third is a sense of deprivation.

6.2 Relative deprivation

Although the principal reason why South Africa is so unequal is that millions of people earn next to nothing, with 60% of the population earning less than 15% of the national income, a secondary factor is that high levels of inequality prevail even among those with incomes from the formal sector. The result is that national income is very, very highly concentrated, with the richest 10% of households commanding something like 54% of all wages and salaries, while even families in the third-richest decile earned less than the national average (Statistics South Africa: 2008).

This is, of course, nothing more than a restatement of the implications of the Gini coefficient. But the implications of this pattern of income distribution are that a very, very large proportion of the population lives in circumstances in which individuals are likely to experience a profound sense of relative deprivation; a sense, in other words, that, *in comparison with others*, theirs are existences characterised by deprivation. It is not, then, 'just' that they are poor, but that they are poor while others are not.

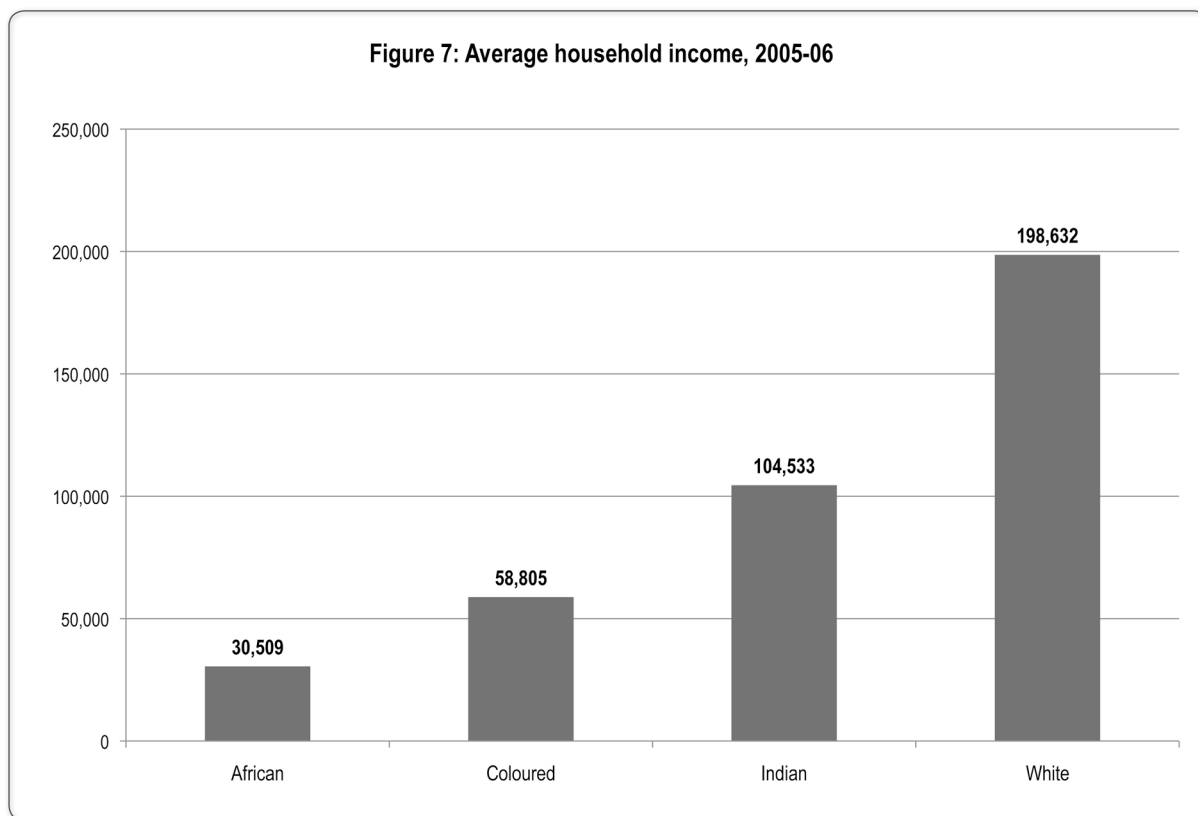
By itself, a sense of relative deprivation, if widely shared, may well be a more potent source of discontent and resentment than the 'mere' experience of poverty. The principal reasons for this relate to the manner in which personal identities and assessments of self-worth are so often the result of conscious and unconscious processes of comparing oneself to others. Thus, a very poor society that is not unequal may have lower levels of discontent than a richer one that is very unequal. Indeed, one example of this is that there is evidence that growing inequality among the very rich in the US has led to increased stress, even though the incomes of those experiencing that stress have been rising rapidly. The reason for this is that, although those near the top of the income ladder are already rich and although they have been becoming richer, the incomes of those at the very top of the income ladder have been rising even faster. Thus, although all of the rich are getting richer, the richest have seen the fastest gains in income, leaving those just a little less rich feeling anxious and stressed (Conley 2008).

It is potentially undesirable to affirm and legitimate the sense of grievance that people feel when they compare themselves to others. This is certainly true of the stress and grievances of the rich arising from their incomes failing to rise quite as quickly as the incomes of those who are even richer than themselves. At the same time, it is absolutely legitimate to point out that inequality can reach a level at which it is experienced as an affront to human dignity. That is probably true in any circumstances, but it must be true when the principal reason for the poverty of the poor is their systematic exclusion from the opportunities and rewards of the formal economy — when, in other words, their exclusion is something about which poor people can do nothing. And, of course, much of the reason that there is nothing that the poor can or could do about their circumstances is because their poverty is linked to something else they cannot change: their race.

For the most part, we have written this account of the way in which inequality drives violent crime in South Africa with little reference to one of the most important facts about apartheid and its legacy: poverty is massively concentrated among black people.

The reasons for this are obvious. It is among black people, after all, that the education deficits are greatest, with all the consequences for technical skills as well as the softer skills needed to navigate oneself through the institutions of the formal economy. It is black people who have the fewest assets on which a new business might be built. It is black people who live in the areas with the least economic opportunity. It is black

people, therefore, whose incomes are, on average, lowest. In fact, according to Statistics South Africa's latest income and expenditure survey, the average household income of households headed by an African were less than one-sixth that of White-headed households (Statistics South Africa 2008).



It is important to think about the psychosocial consequences of the fact that income is so tightly linked to race. What, one has to ask, can it mean for members of the typical African-headed household to know that they live in a society in which one's life chances are as skewed as current levels of interracial inequality imply they are? Inevitably, there are many for whom this must be a source of huge discontent, frustration and anger. For others, these facts may also result in a profound sense of insecurity and self-doubt.

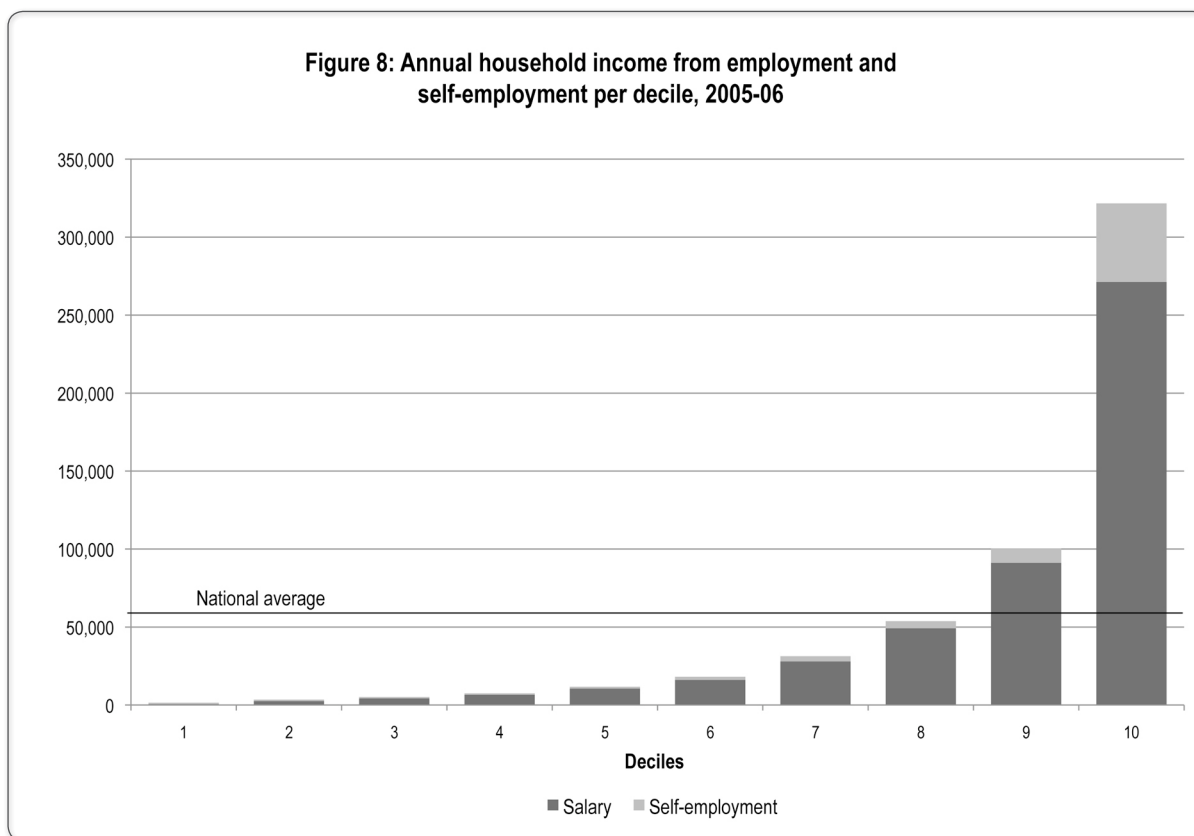
Nor are matters much helped in this regard by the fact that interracial inequality in South Africa is now less than it was, but that intraracial inequality (especially among African-headed households) is growing. Indeed, so fast is it growing among Africans that, according to Bhorat (2004), income distribution among African-headed households is much more unequal than it is for households of any other racial group. While it is true that this kind of inequality may lack the additional sting associated with the bitterness of apartheid, it is worth asking whether growing inequality among African households has meant that those left behind feel the insecurities and resentments that Conley (2008) suggests may exist

among the rich in the US. In this regard, consider this finding by Mattes (2002: 32):

Even in 1995, despite one of the highest rates of income inequality in the world, only 32% of South Africans said they were worse off than others. This was largely due to the fact that black South Africans tended to compare themselves with other blacks rather than to whites. By mid-2000, however, this figure had increased sharply to 50%. In the same survey, 31% of blacks said that their lives were worse now than under apartheid, up sharply from 13% in 1997.

The obvious point to make about this is that it does not follow that *all* black South Africans are made more satisfied with their conditions when *some* black South Africans have seen improvements in their socioeconomic circumstances. Indeed, it appears that the discrepancy between the relative success of the minority and the continued poverty of the majority has led to an increased sense of relative deprivation. This is hardly surprising, much less inexplicable.

There is, however, yet another issue to think about, and that is the manner in which income disparities of the scale measured in South Africa affect the way people see others and themselves. In this regard, consider a graph depicted earlier that reflects that the 10% of households with the highest incomes earn more than three times the incomes earned by the next richest 10% of households. That's bad enough, but the income of the richest 10% of households is not much less than 90 times greater than the average for the poorest 50% of households (and is over 220 times higher than the incomes of households in the poorest decile).



It hardly needs to be said that there is something obscene about this. It is made worse, however, by the fact that, in a materialistic culture in which wealth has been thoroughly aestheticised, one's level of income plays a very important role in shaping individuals' self-images. The result is that everyone outside of a tiny minority is denied a meaningful opportunity to enjoy all of the promises of the consumerist society in which they live.

6.3 Broken promises and the inequality-violence nexus

Perhaps the most striking thing about South African inequality and the vast differences this imply about income and the quality of life enjoyed by different people, is that, from the point of view of the poor, most of the factors that govern one's life chances are all but entirely beyond the control of an individual. If one is black, if one is born to a poor family with little education and in which few adults are employed, if one is born in an area in which schooling is poor and employment opportunities are scarce, then the odds that one will remain poor throughout one's life are extremely high. Tragically, this description applies to a very large number of families and, consequently, many millions of people

are denied meaningful opportunities to 'get ahead' – and all for reasons that are beyond the immediate power of the individual to change.

This is a crucial aspect of the South African reality: the brute fact is that many millions are poor for reasons that are all but entirely beyond their control. The experience of this cannot be anything but one of frustration at the arbitrariness of the universe and the relative powerlessness of the individual.

On one level – an important one – this is all deeply dehumanising. But the effect is greatly magnified by the way much of the economy promises much higher levels of income and consumption than the poor will ever be able to afford. It is a problem described well by Jock Young (2003: 394), who argues in relation to 'ghetto culture' in a US city that 'the problem [is] not so much the process of being simply excluded, but rather that one was all too strongly included in the culture but, then, systematically excluded from its realisation'.

Describing what he calls a 'bulimic society' – one in which people are included through the mechanisms of mass socialisation but then excluded because they cannot command the income necessary to enjoy the promises of that society – he writes about the profound chasm between the ideas that animate a society and its structural realities:

[T]his is [not] to suggest that considerable forces of exclusion do not occur but the process is not that of a society of simple exclusion. Rather it is one where both inclusion and exclusion occur concurrently – a *bulimic society* where massive cultural inclusion is accompanied by systematic structural exclusion. It is a society that has both strong centrifugal and centripetal currents: it absorbs and it rejects. Let us note first of all the array of institutions which impact the process of inclusion: the mass media, mass education, the consumer market, the labour market, the welfare state, the political system, the criminal justice system. Each of these carries with it a notion of universal values, of democratic notions of equality and reward and treatment according to circumstance and merit.

Then, he goes on to add:

Each of these institutions is not only a strong advocate of inclusive citizenship, it is also paradoxically the site of exclusion. The consumer markets propagate a citizenship of joyful consumption yet the

ability to spend is severely limited, the labour market incorporates more and more of the population (the entry of women into paid work being the prime example) yet, precisely at the time when work is seen as a prime virtue of citizenship, well paid, secure and meaningful work is restricted to a tiny minority (Young 2003: 397).

The essential point Young makes here is that there is often a large gap between the promises made – implicitly and explicitly – by social institutions and the realities that significant numbers of people face. In the societies of the developed world about which he writes, one might argue that the level of exclusion is not perhaps quite as severe as Young describes. But in our context, in a society founded on the idea of expanding opportunities and equality – an idea constructed in opposition to the ideas that animated social policy in the past – it is hard to exaggerate the extent to which the implicit and explicit promises of our social contract go unfulfilled for the majority of people. It is this, fundamentally, that the level and character of inequality in South Africa demonstrate, and it is here, we believe, that the link between inequality and violence is to be found.

Young's argument about these broken promises and the resort to criminality is not that the poor commit crimes because they want to consume more or because the incentive structure favours crime over the pursuit of legitimate income. Instead, his thesis is that the consequence of structurally excluding people to whom the promise of inclusion and equality has been made is the fostering of a sense of disrespect and humiliation so profound it might be called existential. 'The criminality of the underclass,' he writes,

is not simply a utilitarian affair involving the stealing of money or property. ... Violence is not just a simple instrument for persuading people to part with their cash nor a management technique in the corporate world of organized crime. ... Rather it involves all of these things, but above all it has a transgressive edge. For the transgressors are driven by the energies of humiliation – the utilitarian core is often there, but around it is constructed a frequent delight in excess, a glee in breaking the rules, a reassertion of dignity and identity (Young 2003: 408).

Violence, in other words, is not a response to economic inequality as much as it is a response to the de-humanisation and humiliation that economic and social exclusion create. That is also why the violence of

the excluded underclass is more often directed at other members of the underclass than at people who are richer than they: these are acts that are not exclusively economic in character but are, instead, responses to the experience of living in a society animated by the idea of equality but which fundamentally fails to meet that promise. They are, one might even say, reactions to the crisis of legitimacy surrounding all our social institutions, each of which promises equality and opportunity, but all of which fail to deliver.

Quite obviously, not all acts of violence have their origins in the discontent that arises because of the great gap between our society's promises to its members and the realities of social and economic exclusion. And it is not our argument that all of our crime can be explained in this way. What we do insist, however, is that the fact that our society's promises go unfulfilled means that a great many people go through their lives with a sense of grievance at the arbitrary inequities which hem them in. It is, we would suggest, the prevalence of this sense of discontent that helps explain the fact that violent anger seems so often to be implicated in otherwise ordinary human interactions. Nor does this imply that only the poor and the excluded commit crimes. Rather, it is our sense that the national 'mood' — if one can talk of such a thing — is driven, in part, by this sense of grievance and discontent, and that this can translate into undesirable acts and attitudes, whether the individual in question is himself a member of the excluded majority or not, or is subject to all the forms of exclusion that exist.

Fundamentally, then, inequality, as an effect and reflection of the failure of society to live up to the promise of equality, has become a source of violence not because the poor envy and steal from the rich, but because millions of people legitimately feel themselves excluded from full participation in society. It is this, we believe, that provides the emotional fuel for much of the violence in South Africa.

7. CONCLUSION

The essence of our argument is that, despite the fact that the international evidence doesn't offer unambiguous support for the thesis that inequality is at the root of South Africa's crime problems, we believe that this is, in fact, the case. This, we believe, is not just because the extent of the inequalities is as great as that of any country in the world, but because the character of inequality in South Africa — which is driven

by the systematic exclusion of millions of people from participation in the labour market – has important effects on the way many millions of people interpret the gap between the implicit and explicit promise of equality, on the one hand, and the reality of deeply entrenched inequality on the other. This, we believe, drives crime in part by creating a set of incentives that lead some relatively poor people to choose a life of crime over the hard slog of trying to ‘stay straight’. More importantly, however, it drives crime through the psychosocial fallout of inequality. Obviously, the frustrations and grievances that result are magnified by the fact that they are based on exclusions, the roots of which lie in the injustices of the past and, for that reason, are even more likely to be seen as an affront to the human dignity of the poor.

If there is merit in this argument, one obvious and compelling conclusion is that much more needs to be done to help break down the rigidities that keep so many people out of the economy and which raise the level of inequality in South Africa. It must be recognised, however, that it is far, far easier to call for a reduction in inequality than it is to make it happen. There are many reasons for this, among the most important being that the factors keeping people out of the labour market are not the sort of thing that can be wished (or legislated) away: while it may be possible to find ways to help those who lack access to information about jobs to access that information, it is not as easy to make sure that they have the skills they need or even that they live in places in which job opportunities exist.

Equally important, it is far from obvious that rapid economic growth – a precondition for producing the resources needed to lift South Africans out of poverty – can be secured without also widening inequalities. Economists are divided about this matter, and there are decent arguments on both sides. Unfortunately, the experience of the past half-century seems to be that fast-growing developing countries have tended to become more unequal as the premium on skills rises.

A third factor is that – despite the obvious desire to do more – there are real obstacles to using the budget to achieve more redistribution. Part of the reason for this is that fiscal policy is already progressive in the sense that taxes, paid overwhelmingly by companies and the relatively well-off, are used principally to finance service delivery (most of which is targeted at the poor already), direct financial transfers through welfare payments and spending on developmental infrastructure. It is true that much of this expenditure is in the form of salaries paid to public servants – nurses, teachers, police officers, etc. – rather than finding its way directly into the pockets of the poor. Unfortunately, however, that is in the

nature of the kinds of services that government offers. One possibility, of course, is to make fiscal policies more progressive by raising taxes further or increasing expenditure. This is not the place to review the arguments for and against this. Suffice it to say that it is not at all certain that this is sustainable or that its costs and risks would be outweighed by its benefits.

Finally, and probably most importantly, it remains true that the single most important vehicle for reducing inequality would be the dramatic expansion of employment, especially for the unskilled. It is, to say the least, not at all certain how this may be effected and, as importantly, whether the political will exists to create the economic and labour market policies needed to create hundreds of thousands of jobs that would, inevitably, be poorly paid. Worse still, it is also not obvious that if the political will did exist to effect these changes, that this would have the effect of dramatically increasing employment, especially of the unskilled.

It is necessary to recognise these difficulties, we believe, because it is all too easy to say inequality is awful and that something must be done about it. The fact is that the difficulties confronting policy-makers are formidable. What does seem clear, however, is that raising growth rates (so that more jobs are created) and ensuring that as much poverty-alleviation work as possible is done would be enormously helpful in reducing levels of violence.

Having said that, it is essential that we reiterate a point made earlier: though inequality clearly matters in determining how much crime and violence a society suffers, there are also other factors at play. One of the key ones is the finding, reported earlier, that one of the determinants of levels of crime and violence at any given moment is the level of crime and violence in preceding times. This means that even if it were possible to make South Africa more equal rapidly, there is likely to be a significant time-lag between the reduction in inequality and the consequent reduction in violence. Similarly, there is also ample evidence that another factor that determines the level of crime and violence is the extent to which a society is properly policed and its laws are properly enforced. These two factors suggest that it would be naïve to think that a drive to reduce inequality – even if that could be done quickly – would be a sufficient condition for reducing crime levels. It suggests, in other words, that addressing the socio-economic causes of crime – among which inequality is by far the most important – should not be the only arrow in government's crime-fighting strategy.

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APPENDIX: Comments on the methodology of comparative studies of the relationship between inequality and crime

Perhaps the biggest of these is that one of the principal ways of determining which factors drive crime rates and which do not is through comparative studies. These studies are conducted by first constructing equations based on a range of quantifiable variables thought to affect crime rates — such as per capita income, levels of inequality, per capita police strength, etc. — and, then, using sophisticated econometric techniques to assess how variations in these variables are associated with variations in the level of violent crime.¹

There are many difficulties that arise in conducting these studies, difficulties that explain why so few exist. As already suggested, one of these is that there is a very, very large number of factors that might plausibly be linked to crime, with the result that it is not easy to be sure what to include and what to exclude.

Obviously, the effect of any variable which has an impact but which is excluded from the analysis will not be measured. This could suggest that the analyst should throw in as many variables as possible, but, for unavoidable technical reasons, the inclusion of more variables (even ones that seem to have no significant impact) always affects the ability of quantitative techniques to identify those issues that really do matter and to assess their impact. Frustratingly, in other words, the number of variables included in an equation tested using econometric techniques will have an impact on the outcome of those tests.

This is largely a problem of model specification and is, therefore, a question of theory since it is one's theory about the causes of crime that should dictate what is and is not included in one's model. Since there is no universally recognised theory of the causes of crime, each model specifies its equations differently, making the comparison of results quite difficult.

¹ As far as we are aware, studies on the relationship between inequality and crime have always focused on murder, robbery and some forms of non-violent property crime. We know of no studies that have sought to identify a link between inequality and rape, or, indeed, between inequality and other forms of non-lethal violence.

A second, and probably more serious, problem is that the data on which these studies depend tends to be very, very unreliable. This is certainly true about cross-jurisdictional crime figures, where differences in the definition of crimes, in reporting and recording practices, and in the quality and accuracy of final statistics produced, are all factors that undermine comparison. This is bad enough, but the same general problem also often applies to data about socioeconomic variables. There is, for instance, a huge literature on the difficulties of making cross-country comparisons of per capita income – problems that arise out of the fact that different countries have different currencies and, more seriously, that nominal exchange rates almost never capture the full differences in purchasing power of a given level of dollar-denominated income in different countries. Worse still, there are vast differences in the quality of the underlying data about economic activity in different countries, especially when the sizes of the informal and subsistence sectors of the economy are relatively large.

If there are problems associated with measuring the volume and value of economic activity, these problems multiply when researchers seek to use data relating to the distribution of income and, therefore, of levels of inequality. It is, in other words, enormously difficult to know just how unequal any society is.² Because the quality of this data will vary more widely across different societies, it may be that comparisons across countries of the link between crime and inequality are even more treacherous than inter-country comparisons of crime and per capita income. Nor is this just a practical question of whether accurate data exist, but of what should be in that data in the first place.

In this regard, consider a practical question: how should the provision of free basic education be counted in calculating household income and, therefore, inequality? Should the value of that education be added to the income of households that benefit from it, or should inequality measures focus only on monetary income? In practice, different societies answer this question differently. Thus the official data from some countries focus only on monetary income while the official statistics from others include the value of public services delivered. This can have big implications for the measurement of a society's Gini coefficient, differences that in practice could affect the findings of econometric studies. An example:

² Or, as a note to the latest data available on the World Bank website notes, 'Because the underlying household surveys differ in method and type of data collected, the distribution [that is, inequality] data are not strictly comparable across countries.' Available at http://devdata.worldbank.org/wdi2005/Table2_7.htm; last accessed 22 August 2008.

it appears that official US data on inequality ignores the in-kind income that people get from public services, while those of France include public services as a form of income. This has the effect of making the US appear even more unequal than it is when compared to France. Because the US has more homicides than France, this would have the effect of skewing the results of research into the relationship between inequality and murder, making inequality seem more important than it really is.

This is a problem that has important consequences for South Africa because South Africa is almost unique in the developing world in that fiscal policies and public expenditure significantly reduce inequality. It thus makes a very big difference whether we choose to include public services in the calculation of household incomes when we compare ourselves to other developing countries.

A second important problem, also with significant implications for South Africa, is that the calculation of inequality is usually done on the basis of household income rather than individual income. The crucial problem here is that defining a household in a society where migrant labour is an important component of the economy is no easy task. Should a husband working in Johannesburg of a wife living in KwaZulu-Natal be counted as one household or two? The implications for measuring inequality are huge because, if the former solution is chosen, we are left with two households, one of which has a working-class income and one of which has no income; in the other, we only have one household with a single working-class income. While the measurement of per capita income is completely unaffected by this, measured inequality is much higher if the first approach is taken.

These are extremely difficult questions for which there are no *a priori* answers, and the result is that different researchers solve them in different ways. This, in turn, creates new difficulties, since comparison of different research becomes much more difficult.

