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The gap between rich and poor: South African society's biggest divide depends on where you think you fit in

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Abstract

In this paper we consider social cohesion primarily in terms of its absence – "the nature and extent of social and economic divisions within society" (Easterly et al., 2006: 105). We use data from the Institute for Justice and Reconciliation's South African Reconciliation Barometer (SARB) to advance an understanding of what underpins individual perceptions of inequality as the biggest division in South Africa. In particular, our interest is in the relationship between perceived relative standing and registering the gap between rich and poor as the greatest divide in South Africa.

Introduction

Conceptualisations of the conditions required for cohesive societies considers the following aspects: 1) combatting social exclusion, inequality and marginalisation on the one hand; 2) and fostering shared norms, belonging, shared identities and relations on the other. Social cohesion is also often defined in negative terms - by its absence - as "the nature and extent of social and economic divisions within society" (Easterly et al., 2006: 105).

When considering progress in terms of social cohesion in the South African context, it has been attested that certain structural, socioeconomic legacies inherited from decades of colonial and apartheid rule - such as the marginalisation of the majority of its population in terms of access to financial resources, economic opportunity, quality education and political participation – remain as key challenges. In addition, after years of racial segregation under apartheid, challenges in terms of addressing racism experienced by citizens and the general distrust of other race groups persists in post-apartheid South Africa (Hofmeyr and Govender, 2015).

Such divisions - based on inequality and race - are evident in the SARB's public perception data, as they are identified as the primary sources of social division by the majority of respondents. Since SARB's inception in 2003, "inequality" ranked as the perceived biggest source of division in South Africa almost every year, with "race" frequently ranking second or third among a list of possible divisions.

The aim here is to further investigate the relationship between the identification of the gap between rich and poor being the biggest divide in society as a function of one's perceptions of where one fits in. Specifically, we look at individuals' perceived relative standing based on their relative financial situation, and how it relates to their perceptions of what the greatest source of social division is. A further aim is to identify the characteristics that make individuals more likely to indicate economic inequality is the greatest source of social division. This would allow us insight into relevant factors that have implications for the prospect of social cohesion.

The extent of societal division defines the lack of 'social cohesion'

Collectively, the literature on social cohesion refers to the aspects of social cohesion as "strength of social relations, shared values and communities of interpretation, feelings of a common identity and a sense of belonging to the same community, trust among societal members as well as the extent of inequality and disparities" (Berger-Schmitt, 2000:3). Social cohesion is a nebulous concept, with its conceptualisation largely dependent on the context within it is being investigated, the disciplinary lens from which it is being investigated, the political purpose or cause for investigation, and the data and methods available to investigate it. The different and divergent conceptualisations and definitions employed in the study of social cohesion often carry no more than what Wittgenstein (2009) calls a *family resemblance.*

An overview of the array of definitions of social cohesion available in the literature provides an important insight in social cohesion as a concept: that there exists “no single accepted definition of the term internationally” (OECD, 2012:53). Bernard (2000) suggests that the usefulness of social cohesion as a concept lay exactly in its broadness, as it becomes “a concept of convenience… flexible enough to allow the meandering and necessities of political action from day to day”. This conceptual flexibility is evident in the broad and diverse range of topics for which it has been used to discuss, ranging from indicators and warning systems for social conflict, crime, anti-social behaviour, anti-racism, nation-building, to economic inequality.

A commonality shared amongst all definitions of social cohesion is that they either explicitly refer to, or at least implicitly imply, a kind of connectedness amongst a group of people; the “phenomenon of togetherness which may work to keep the society united and harmonised” (Pervaiz et al., 2013:5). In line with dictionary definitions and everyday usage of the term *cohesion*, at the heart of social cohesion is that which makes a society *cohere* or *stick together* (Chan et al., 2006: 288-289). It conveys a sense of solidarity, shared loyalty and the realisation of interdependence between different people and groupings (Fenger, 2012:40). Essentially, social cohesion is the proverbial glue, cement or fabric that holds a society/group together (Beauvais and Jenson, 2002; Chan et al, 2006; Harell and Stolle, 2011; Kearns and Forrest, 2000; Putnam, 2000; Schmeets, 2012), be that group defined at a familial, communal, cultural, regional, nation state or any other level.

However, Chan et al (2006) highlight how many contemporary definitions of social cohesion go beyond capturing or identifying the “essence” of what social cohesion is, and instead list conditions that are presumed to be necessary for a society to be cohesive. These conceptualisations characterise cohesive societies, dealing with both that which holds societies together, and that which causes divisions within it. The conditions presumed necessary for cohesive societies can be categorised into two distinct elements: one dealing with shared norms, relations and ties (closely related to social capital theory), and the other concerned with how inequality, exclusions and relative deprivation causes division within a society. This distinction is clearly evident in the definitions of prominent international bodies below.

The UNDP Bureau for Crisis Prevention and Recovery[1] (2009:14) differentiates between two principal conditions necessary for a cohesive society:

(i) the reduction of inequalities, disparities and social exclusion; and

(ii) the strengthening of social relations and ties.

Similarly, in a background paper prepared for the World Bank's *World Development Report 2013*, Norton and de Haan (2013:9) distinguish between three conditions for social cohesion:

(i) shared values, identities and norms;

(ii) fairness and equity; and

(iii) security of access to livelihoods and basic services

Finally, the OECD (2012:52-53) defines a cohesive society as:

> *"(working) towards the well-being of all of its members, minimising disparities and avoiding marginalisation. It entails three major dimensions: fostering cohesion by building networks of relationships, trust and identity between different groups; fighting discrimination, exclusion and excessive inequalities; and enabling upward social mobility."*

All these conceptualisations of cohesive societies share similar distinctions, between combatting social exclusion, inequality and marginalisation on the one hand, and fostering shared norms, belonging, shared identities and relations on the other. Research predominantly concerned with either of these two distinctions has been referred to as the two approaches to social cohesion (Hooghe, 2012) - as the institution-driven ("European") and society-driven ("North American") approaches to social cohesion. The approach here aligns with the former, investigating the role that social exclusion, inequalities and marginalisation play in dividing a society and weakening social cohesion.

Invariably, social cohesion is something that is "easier to recognise by its absence than by any definition" (UNDP, 2009:14). Social cohesion can therefore also be defined in negative terms, by its absence, "as the nature and extent of social and economic divisions within society" (Easterly et al., 2006: 105). Divisions like economic inequalities represent the "vectors around which politically salient societal cleavages can (although not inevitably or 'naturally') develop" (Easterly et al., 2006: 105). It therefore makes sense to analyse the impediments to the establishment of cohesive societies; to investigate the nature and extent of societal divisions.

[1] The UNDP definition is based on the work of Berger-Schmitt (2000).

Primary sources of social division in South Africa

Particular to the South African context are certain structural legacies and socioeconomic inequalities inherited from decades of colonial and apartheid rule, as a result of the purposeful marginalisation of the majority black[2] population in terms of access to financial resources, economic opportunity, quality education, political participation, etc. In this respect, domestic discussions are predicated on experiences shared in other post-independence and post-conflict contexts in the Global South[3]. Debates on language, place, and identity; cooperation between historically distinctive groups in their competition for resources, land and ownership; and the role of political governance and developmental agendas are amongst the shared structural legacies that these societies face (King et al, 2010).

As per the remark that social cohesion is best identified in its absence, South Africa remains plagued by the constant recurrence of xenophobic attacks (like those in the first four months of 2015 [Patel, 2015]) and the associated lack of trust in foreigners revealed in public opinion data[4], the levels of racism experienced by citizens and the general lack of trust in other race groups (SARB, 2015)[5], the lack of social mobility experienced (Finn et al., 2016), and the very high levels of economic inequality, -insecurity and exclusion from opportunities and resources that persist in a post-apartheid South Africa (see for example Hofmeyr and Govender, 2016; Kerr, 2015; Orthofer, 2015; Potgieter, 2016; Statistics South Africa, 2017; and Schotte et al, 2017)[6]. Apart from being one of the

[2] The term "black", as used here, refers to Black African, Coloured and Indian people collectively- all those population groups who were classified as "non-white" under apartheid legislation and policies. For the purposes of this paper, the terms used to refer to South African population sub-groups are capitalised (Black, Coloured, Indian/Asian and White).

[3] The Global South, as used here, refers broadly to the regions of Latin America, Asia, Africa, and Oceania. As Dados and Connel (2010:12) highlight, it forms part "a family of terms, including 'Third World' and 'Periphery,' that denote regions outside Europe and North America, mostly (though not all) low-income and often politically or culturally marginalized." The concept's focus is on the shared "interconnected histories of colonialism, neo-imperialism, and differential economic and social change through which large inequalities in living standards, life expectancy, and access to resources are maintained" in these contexts.

[4] Among 33 African countries surveyed by Afrobarometer in 2014/2015, South Africa ranks near the top in levels of intolerance toward foreigners. About four-in-ten (42%) of respondents in this nationally representative sample indicated that foreigners should be barred from staying in South Africa on grounds that they outcompete nationals for jobs and benefits, whilst three-in-ten (32%) say they would dislike having a foreigner as a neighbour.

[5] According to the 2015 SARB survey, 60.2 % of South Africans are affected by racism in their daily lives, and 67.3% of South Africans have little or no trust in people of other racial groups.

[6] Important inequalities and exclusions in this regard, as highlighted by a summary of recent research by Leibbrandt and Green (2017), includes that (i) if your parents are poor, the chances of your being poor are about 90%, ii) about 10% of the population owns 95% of its wealth, iii) from those entering the public education system only 4% are likely to get a tertiary degree (with the majority of the successful students having attended former white Model C or private schools), and iv) those who live in urban areas and earn the least pay up to 40% of their incomes in transport costs because they live far from their work.

most economically unequal societies in the world (World Bank, 2016), horizontal inequalities[7] between race groups are evident in the composition of South African society's economic strata and the distribution of resources. This is especially true with regards to lower economic classes, which are in the large majority still Black, poor and without access to resources and opportunities.

Since the inception of the SARB survey in 2003, respondents have consistently ranked Inequality (between rich and poor) as the greatest source of social division in South Africa (with the only exception being in 2004 and 2010 when 'Political parties' were identified as the biggest source of division) (Potgieter, 2017:16). Also, in the 2015 and 2017 iterations of the survey, race was the second-most identified source of social division. Perceptions of economic inequality and race as the major sources of division clearly resonate with the state of economic disparities in the country. Although it is not the focus of this paper, it seems likely that there is much overlap between race and economic inequality in respondent's sentiments regarding the biggest source of divisions, given the persistence of extreme levels of inter-racial inequality and the country's apartheid legacy. Research on income inequality shows that aggregate national inequality has remained at a stubbornly high level, staying relatively stable at its pre-1994 -levels during the democratic era. Aggregate income inequality actually slightly increased over the period from 1993 to 2008 (Leibbrandt et al, 2010; and Van den Berg, 2011), followed by a decrease between 2008 and 2014 (Hundenborn et al., 2016). Income inequality between race groups has remained at extremely high, world-beating levels (especially if divided into white and 'non-white' groups- see Elbers et al, 2008). However, the between-race component of inequality has become a less important determinant of national-level income inequality (Leibbrandt et al, 2012). Increasing income inequality within race groups, and especially within the Black African group, has become the dominant driver of aggregate inequality (Leibbrandt et al, 2012). Importantly for considerations on sources of division, wealth is significantly more unequally distributed than incomes. The top ten percent of the population receive 55-60 percent of all labour incomes (Orthofer, 2016). Comparatively, best estimates from a combination of survey and personal income tax data shows that one percent of the South African population owns at least half of the wealth[8], with the top decile owning 90-95 percent of the wealth (Orthofer, 2016).

That economic inequality is identified as the primary source of social division by the majority of respondents to the SARB survey, closely relates to a critique of social cohesion discourses in official

[7] Horizontal inequalities refer to the political and economic inequalities between "culturally"-delineated groups (Stewart, 2000; 2002; 2008; Langer and Smedts, 2013). In this case, it is specifically used in reference to economic inequalities between racially delineated groupings in the South African context.

[8] The personal income tax data that Orthofer (2016) uses to estimate wealth inequality does not measure wealth (the total value of individuals' assets) directly, as wealth is not taxed in South Africa. Instead, wealth inequality is approximated through measuring the distribution of taxable income from investment.

South African governmental policy and related forums (such as by Abrahams, 2016). Some, like Abrahams (2016) and Barolsky (2013) argue that social cohesion in the South African context has become inextricably linked to governmental normative projects and often superficial discourses of unity, reconciliation (as forgiveness, peace and cooperation- not necessarily as restitution), and nation building. Issues regarding the intersectional effects of economic inequality and exclusion on those who make up “the nation” have remained peripheral and only received occasional acknowledgement. Barolsky (2013), through an interrogation of the evolution of the concept of social cohesion in the South African setting, argues that an over-emphasis on the issue of social cohesion as nation-building and creating certain unifying values can lead to a misrecognition that the problem of social cohesion lays solely in the realm of the immaterial (i.e. norms, values and building social relations).

Social inequalities and the impacts thereof on the lived-realities of citizens, the actual impact of inequality, exclusion and deprivation in terms of citizens’ capabilities for “self-making” and “self-empowerment” are not recognized within this construct (Ross, 2009). It becomes the case, as Jenson (1998) argues, that instead of forming a constituent part in the process of bringing about a more just, inclusive and equal society, social cohesion can become a notion employed to mask persistent deprivations and growing social inequalities as to subdue, or silence, the frustrations that arise from it.

Understanding the role of that inequality plays in dividing a society

We understand the gap between rich and poor to signify inequality, and our aim is to assess whether inequality being perceived as the biggest divide in society is contingent on perceptions of relative standing. Specifically, we look at individuals’ perceived relative standing based on their relative financial situation, and how it relates to their perceptions of inequality being identified as the greatest source of social division. A further aim is to identify the characteristics that make individuals more likely to indicate economic inequality as the greatest source of social division. This would allow us insight into relevant factors that have implications for the prospect of social cohesion.

However, before testing the relationship between relative standing and perceptions of what the greatest source of societal division is, it is necessary to conceptualise the individual- and group-level mechanisms by which economic inequality might cause division and undermine social cohesion. The explanations found in the literature delineate two major mechanisms by which inequality causes social division and undermines social cohesion. First, in the extent to which it creates social distances between individuals and groups within a society, undermining the sense of interdependence and community required for cohesion (Fenger, 2012:40). Second, the extent to which inequalities play a fundamental role in fostering a sense of injustice and unfairness in the distribution of power and material resources, especially amongst those who are relatively deprived and/or perceive themselves to be so (Langer and Smedts, 2013; Stewart, 2008).

There remains a lack of clarity on the nature of the causal relation, or sequencing, between inequality and social cohesion. On the one hand, social cohesion is often conceptualized as the means or process by which the various forms of inequalities, exclusion, and disparities (and the potential political and social instability that may result from them) can be addressed. On the other, it is also circumscribed as the ends or outcome of these self-same challenges being addressed. As Putnam (2000:359) puts it: “community and equality are mutually reinforcing”. The causality and relationship between a lack of social cohesion and exclusions, inequalities, and social fissures are presented in an ambiguous manner, and as having a circular, mutually reinforcing relationship where both are to some degree both the cause and consequence of the other. Subsequently, the question is one of the nature and extent of causal directions; of whether more cohesive societies do more to reduce inequalities and exclusion (through a recognition of interdependence and a sense of solidarity), or if more economically equal societies are first required to create the conditions necessary for social cohesion to take root, or a combination of both. To quote Putnam (2001:13) further:

> *“the causal arrows are likely to run in both directions, with citizens in high social capital states likely to do more to reduce inequalities, and inequalities themselves to be socially divisive.”*

However, until as recently as 2005, the potential impact of economic inequality on social cohesion had been an important omission in the literature on social cohesion and the closely related notions of social capital and societal trust (Rohstein and Uslaner, 2005:52). Whilst Putnam (2000) briefly referred to the importance of economic inequality in his research on the decline of social capital in the United States, he does not mention it in his conclusion about "what killed civic engagement”, and it is not referred to in any of his seven policy prescriptions for increasing social capital in the USA. This is also in lieu of economic inequality in the USA expanding substantially in the period under review (from the 1970’ onwards) (Neckerman, 2004 and Stocpol, 2003), and as the USA’s welfare state contracted (Hacker, 2004).

Rohstein and Uslaner (2005:52-53) highlight how none of the major studies on trust by political scientists and sociologists had considered economic equality as an important variable. Furthermore, the few economists that had studied the relationship (like the Word Bank’s Knack and Zak [2002]), found that redistribution (i.e. lessening inequality) is an important policy option by which governments can try to increase societal trust., where trust is an indicator of social cohesion. The material aspects potentially underlying social cohesion were largely ignored, as were questions of "whether the low levels of trust and social capital are caused by too little government action to reduce inequality" (Rohstein and Uslaner, 2005: 53).

However, strong empirical cases have since been made for greater equality being a precondition for higher levels trust within societies (see Uslaner, 2002; Rohstein and Uslaner, 2005; Wilkinson and Pickett, 2010; You, 2005), and echoed by economists specialising on inequality and redistribution, like Atkinson (2015, Chapter One). As Rohstein and Uslaner (2005:42) indicate, generalised trust reflects a society's sense of solidarity; a society's belief that their fate is interdependent. It is therefore closely interrelated with the notion of social cohesion. If generalised trust is taken as proxy for the glue that holds a society together, then this indicates that the primary causal direction runs from equality to social cohesion. They argue that the extent of a society's material equality/inequality (as independent variable) serves as the key determinant of its levels of cohesion (as dependent variable), whilst admitting that there is a feedback loop between the variables. Rohstein and Uslaner (2005:45), by means of a cross-national statistical analysis and test for causality, indicate that there is "no direct effect of trust on inequality; rather, the causal direction starts with inequality."

From the wealth of empirical evidence surveyed, Wilkinson and Pickett (2010) argue that there is a material base which provides the "skeleton" or "framework" around which social hierarchies (and subsequently also many class and perceived cultural differences) generate. Material inequality is identified as the central driver of differences in social class or status, as reflected in the gradients in health and societal issues. Differences in living standards serve as markers for status differences, as people generally befriend others in more or less the same income bracket and neighbourhood, whilst having much less to do with people much richer or poorer than them. As there is less interaction amongst the various groupings, trust amongst them tends to be lower, and greater inequalities create greater social distances within which distrust and prejudice are more likely to take root. This is echoed in Bourdieu's (1984) investigation into distinctions and prejudices that exist within societies, and their negative consequences for social mobility. He describes how material differences become overlaid with cultural markers of social difference, which in turn often translates into various forms of prejudice.

However, prejudices can be overcome through contact - as posited by Gordon Allport (1954) - through interpersonal contact under the correct conditions, namely: 1) equal status, 2) intergroup cooperation, 3) common goals, and 4) support provided by social and institutional authorities. In the

South African context, contact between race groups was limited to an absolute minimum due to the social distances created under apartheid. Coupled with inequalities, opportunities for contact took place amid the reality of inequality. Today, these dynamics continue to play out as class segregation with racial inflections (Wale, 2013). One of the major insights of the SARB has been the extent to which class inequality has become a key mediating factor as far as racial integration is concerned (Wale, 2014).The majority of poor South Africans continue to be Black and segregated from multiracial, urban and / or middle-class (in particular geographical) spaces - as was intended by apartheid planners. This finding is important for racial contact (and thus reconciliation processes) in South Africa, as it points to the need to address the relationship between material and social exclusion (Wale, 2013).

Wilkinson and Pickett conceptualise the process by which material inequalities form the basis for social hierarchies and class outcomes as follows:

> *"(o)ver time, crude differences in wealth gradually become overlaid by differences in clothing, aesthetic taste, education, sense of self all the other markers of class identity" (Wilkinson and Pickett, 2010:28), and*
>
> *"(o)ur position in the social hierarchy affects who we see as part of the in-group a who as out-group - us and them - so affecting our ability to identify with and empathize with other people" (Wilkinson and Pickett, 2010:51).*

Within their conceptualisation, it is exactly because of this material basis for social hierarchies, the fact that these inequalities in income, wealth, and social mobility provide the skeleton around which other societal/class distinctions and their accompanying prejudices formulate, that people regard material inequality as socially divisive. Greater economic inequalities indicate greater social distances amongst member of a society, distances within which distrust and prejudice can fester (Bourdieu, 1984; Rohstein and Uslaner, 2005; Wilkinson and Pickett, 2010; Uslaner, 2002).

As Maxwell (1996:13) argues, a cohesive society entails its members having a sense of being engaged in a common enterprise, of facing the same challenges, and of being part of the same community. This sense of shared enterprise and common challenges is unlikely to be present in extremely unequal societies where citizens live in completely divergent realities in terms of access to basic resources and opportunities for upward mobility. Citizens consent to the redistribution of resources based on need (by means of progressive taxation, labour market policies and social welfare policies) "if they regard themselves as bound to the beneficiaries by strong ties of community" (Miller, 1989: 59). A sense of social solidarity implies that people believe that the various groups in society have a shared fate, and that there is a responsibility to enable and create possibilities for those with a lack of resources.

Relatedly, the emphasis on social exclusion, marginalisation and inequality as a key driver of a society's lack of cohesion also highlights that perceptions of fairness and equity might play a fundamental role in a society's level of cohesiveness (Langer et al., 2015:6). Indeed, Starmans et al. (2017) argue that it is precisely a sense of unfairness that underlies much of the public- and scholarly discussion on inequality. They note that there is much anecdotal evidence and academic literature pointing towards equality as an important societal goal, yet when people are asked about the ideal distribution of wealth in their country, they prefer (somewhat) unequal societies (see Norton and Ariely, 2011). They reconcile these two phenomena by drawing upon laboratory studies, cross-cultural research, and experiments with babies and young children, and argue that people "naturally favour fair distributions, not equal ones, and that when fairness and equality clash, people prefer fair inequality over unfair equality" (Starmans et al., 2017:1).

Subsequently, inequality as unfairness becomes a problem when poor and excluded groups do not believe in the fairness of the political-, social- and/or economic systems governing them. This sense of injustice can be fuelled further by the extent to which inequalities overlap with other identities like race or ethnicity (i.e. horizontal inequalities between groups), and how permanent these socio-economic statuses are over time (relating to intergenerational mobility and relative access to resources and opportunity). Large and persistent inequalities (perceived as injustices) can thus be detrimental to societal cohesion by means of a grievance-based mechanism: the extent to which inequalities provoke severe frustration and grievances among relatively disadvantaged groups (Gurr, 1970). In turn, this may induce group mobilization, leading to increased tensions and schisms between social groupings (Cederman et al., 2011; Stewart, 2008).

In Christine Han, Jan Germen Janmaat, Bryony Hoskins, and Andy Green's paper titled *Perceptions of Inequalities: Implications for Social Cohesion* (2012), inequality relates to the differences in outcomes for individuals in education and in society. Inequality of outcomes might be considered congruent with the gap between rich and poor, or capture a broader understanding of inequality in what this gap leads to in relation to justice and fairness. Inequalities of outcome – which may occur as a result of differences in individual endowments, or in the way people are treated by institutions and other individuals - are usually measured in terms of inequality in wages, household income, and wealth. Different forms of inequalities often mutually reinforce each other. For example, income differences are usually linked to a number of factors, including social class, ethnicity, gender, wealth, and the rural-urban divide (Han et al, 2012: 12).

When one considers how economic inequality – linked to inequity and unfairness – it would be remiss to discount its links to health, and mental health in particular. Inequity has been implicated as a source of several psychiatric diseases including depression. An association between widening inequity and depression is apparent, and evidence of neural mechanisms have relating inequity and depression is emerging. In particular, Tanaka, Yamamoto & Haruno (2017) utilise the ultimatum/dictator game from behavioural economics and show that sensitivity to economic inequity has a critical effect on human mood states, and the amygdala and hippocampus play a key role in individual differences in the effect.

Economic gaps have also been linked to major depression in large-scale cohort-based studies. Tanaka, Yamamoto & Haruno (2017) report that findings elsewhere have demonstrated the economic and material disadvantage are crucial in explaining depressive symptoms. They examine social value orientation in a non-clinical population to identify how prosocial and individualists become prone to depression. Prosocial persons are ones who allocate resources in a manner that limits inequality, relative to individualists who maximise their own reward without considering the social implications. What is found that prosocial persons have significant brain activity relating to depressive indices, and that these scores remain significant a year later.

While it would be a leap to link depression to social cohesion, it is clear that there are neurological associations and mental health implications for prosocial individuals who would prefer more equitable social relations. Depression is costly, to individuals and society both in terms of quality of life as well as economic productivity – and it is unfortunate that manifest inequality and unfairness worsens its incidence. It is impossible to know what the net effect of prosocial behaviour and depressive symptoms would have on inequality in the aggregate but it is certainly plausible that it might relate to lower levels of social cohesion.

Relative standing and inequality as the primary source of social division

Relative standing refers to where one fits into the distribution of economic welfare, be it measured by income, wealth, or as is the measure used here, perceptions of relative financial welfare. Measures of relative standing, and relative income more specifically, are often studied in relation to self-reported happiness or subjective well-being (see for example Easterlin 1974, 1995 and Kingdon and Knight 2007). The general finding from such studies is that although absolute income levels have a role to play, how people rank their own welfare in relation to others has a strong relation to their level of subjective well-being. This is generally understood as individual subjective well-being diminishing due to the higher income of reference groups and the accompanying sense of relative deprivation or reduced status.

Similarly, perceived relative deprivation is investigated here in relation to how likely individuals are to perceive economic inequality as the greatest source of social division in South African society. The question here is whether perceptions of the extent to which economic inequality is the greatest source of social division might be determined by how one perceives one's economic situation in relation to that of others. In turn, these perceptions of social division provide insight into whether individuals might harbour a sense of injustice against the distribution of resources, and/or lack a sense the interdependence with other societal members and groupings. If relative standing is a major determinant of subjective well-being at the individual level, it seems likely that it could also have an impact upon a society's level of cohesiveness. As one indicator of subjective well-being, we use SARB's questions pertaining to financial circumstances relative to respondents' communities and the rest of South Africa. This, of course, forms a part of well-being in an economic sense. Relative financial well-being, however, is of particular importance, as the SARB responses indicate that individuals' financial situations in comparison to others are of even more concern to them than household conditions and quality of life (Potgieter, 2017)

Empirically, the expectation that relative standing (and by extension inequality) is a major determinant of societal cohesion finds basis in Cederman et al.'s (2011) global study of ethnonationalist civil war- albeit at the more acute end of studies on social cohesion and -peace. The authors find that economic and political inequalities between ethnic groups increase the risk of conflict between them. More importantly for the purposes here, they also find that groups that are further below and above the national average in the estimated actual wealth distribution are more likely to be involved in conflict than groups whose wealth lies closer to the national average.

An important contribution here is to use *perceptions* of relative standing. Although one might expect considerable correlation between perceptions of where individuals perceive themselves to fit within the income distribution, and where they actually fit in according to more objective measures, there are reasons to prefer the subjective measure. First, empirical studies have generally noted (often significant) mismatches between objective measures and individual's subjective assessments of levels of wealth- and income inequality in their country, how the extent of these inequalities change over time, and where individuals fit into these distributions (Chambers et al, 2014; Cruces et al, 2013; Gimpelson and Treisman, 2017; Kuhn, 2011, 2016; Niehues, 2014; Norton and Ariely, 2011; Posel and Casale, 2010). Gimpelson and Treisman (2017:1) show that within most societies "(w)idespread ignorance and misperceptions (of inequality) emerge robustly, regardless of data source, operationalization, and measurement method." Despite it being an inherent assumption of many theories attempting to explain the impacts of economic inequalities upon societies, it is implausible that citizens, on average, can accurately gauge the extent of economic inequalities

Second, and relatedly, social and political phenomena often associated with high levels of inequality (like inter-class conflict and demand for redistribution) have been found to have a strong relation to *perceived* inequality (Engelhardt and Wagener, 2014; Gimpelson and Treisman, 2013; Niehues, 2014). In contrast, empirical investigations into these phenomena have proved to have a tenuous relation with economic inequalities when objective measures for levels of inequality were used (Lupi and Pontusson, 2011:316; Ostby, 2013: 206). Subsequently, Gimpelson and Treisman (2013) argue that this has important consequences for theories on the impacts of economic inequality on politics and public policy; that many "must be reformulated as theories about not actual inequality but perceptions of it, with no presumption the two coincide" (2017:2).It therefore seems to be the case, as Langer et al. (2015) argue, that "social cohesion is essentially a matter of how individuals perceive others and the state and not of more 'objective' measures of interactions." Therefore, perception measures provide an alternative to objective measures on economic inequalities by which to investigate the impacts of inequalities on people's behaviour and beliefs.

Methods & Descriptive Statistics

Regarding objective and subjective measures of individuals relative ranking of themselves in the national income distribution in the South African context, Posel and Casale (2010) have found considerable differences between objective and subjective measures of individuals' relative rankings of themselves in the national income distribution, with perceived relative standing having a significantly larger effect on subjective well-being than objective income measures of relative standing. Using data from the 2008 wave of the National Income Dynamics Survey (NIDS), Posel and Casale (2010) found that perceived economic rank to be a far better predictor of subjective well-being than actual rank measured by income data. They also find that perceptions of relative economic position in relation to one's village or suburb has a greater impact on subjective wellbeing than one's perceived position within the national distribution. Similar mismatches between objective measures and subjective assessments of relative standing are noted by Cruces et al (2013) in a survey experiment in Argentina. On respondents' assessments of their own relative position, Cruces et al (2013) find that where respondents thought they fit in into the national distribution correlated strongly with their place in the local income distribution, or in some other reference group. Using data from the 2010 Life in Transition Survey (LiTS 2010) survey[9], Gimpelson and Tresiman (2017:15) find that those who are better of generally perceive that they are poorer—and the poor generally think they are richer—than they actually are. Therefore, both groups tend to think that they are closer to the median than is, in fact, the case.

These findings have two important implications for the study of relative standing in relation to social attitudes: (i) that subjective understanding of where one fits into the economic distribution could provide a better indicator for social attitudes than more objective measures; and (ii) that the degree to which people identify with a reference group matters for the extent to which feelings of relative deprivation impact upon social attitudes.

Further work by Posel and Rogan (2016) examine the find that there exists considerable overlap between money-metric and subjective measures of poverty in South Africa. Using data from the Living Conditions Survey (2008/9) they find that three-fifths of all households that are identified as poor in terms of per-capita household expenditure are also self-assessed as poor. A number of characteristics emerge as relevant for the divergence between money-metric and subjective poverty. Of importance to this paper, subjective assessments of poverty are shown to relate to factors beyond the household's current economic resources, including the ability of the household to generate resources in the past and in the future, the household's access to basic services and the average health status of household members. Using a subjective measure of relative perceived financial situation might be more indicative perhaps of how the household views its ongoing welfare than an objective measure of current income or expenditure.

Data: South African Reconciliation Barometer (SARB)

The South African Reconciliation Barometer (SARB) project conducts applied social research on reconciliation in South Africa. One of only a handful of projects of this kind in the world, the primary data, research findings and publications produced by the SARB have become an established resource for governments, civil society organisations and researchers alike, in the processes of policy development, encouraging national debate and broadening theory and the study of reconciliation. As an integral part of the SARB project, the SARB survey is a national public opinion poll that tracks progress in reconciliation across a range of multi-dimensional indicators, including political culture and relations, aspects of social integration and social cohesion, human security, dialogue, historical

[9] LiTS includes 30 emerging (mostly transition) economies and five advanced European economies.

confrontation, socio-economic justice and social relations. In South Africa it is currently the only dedicated social survey on reconciliation.

The 2015 SARB survey was fielded during August and September 2015 by international market research company TNS. The survey employed a multi stage cluster design, whereby enumerator areas (EAs) were randomly selected and, within each of these, households were randomly selected for visitation. At each household a systematic grid system was employed to select the specific respondent for an interview. The final obtained sample of 2 219 respondents was then weighted to represent the adult population of South Africa adequately.

Data from the 2015 SARB round is used to investigate whether there is a relationships between relative economic well-being among South Africans and the belief that inequality is the biggest source of division in the South African context. In addition the characteristics that make individuals more likely to indicate economic inequality as the greatest source of social division are considered here, and by so-doing shed light on the conditions in which economic inequality is perceived to causes division - thus undermining social cohesion.

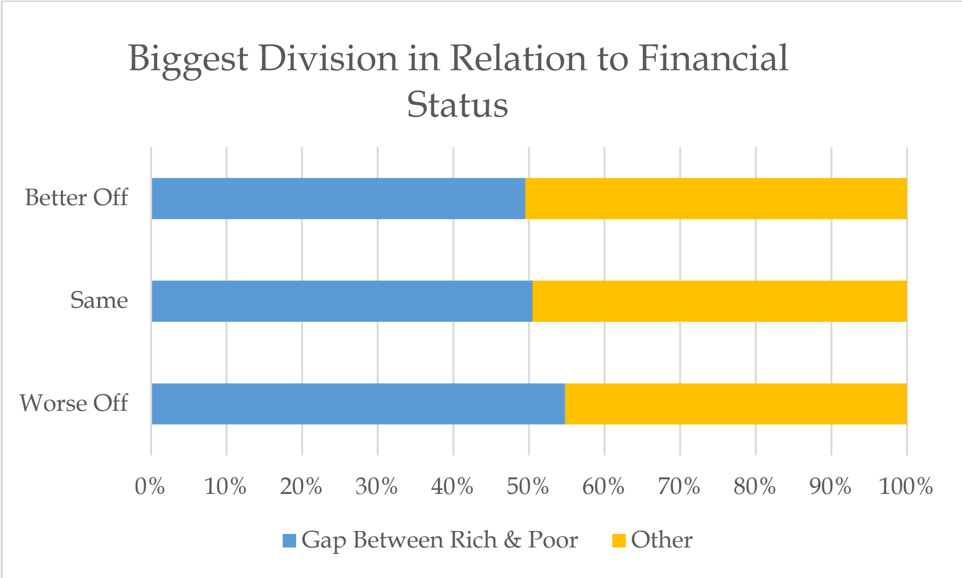
Descriptive Statistics

Respondents are prompted to report what their financial situation is relative to the rest of South Africa.

Given the high levels of inequality in South Africa, one might have expected more individuals overall to consider themselves worse-off, but this might be dampened by the pervasive reality of poverty affecting the bulk of South Africans.

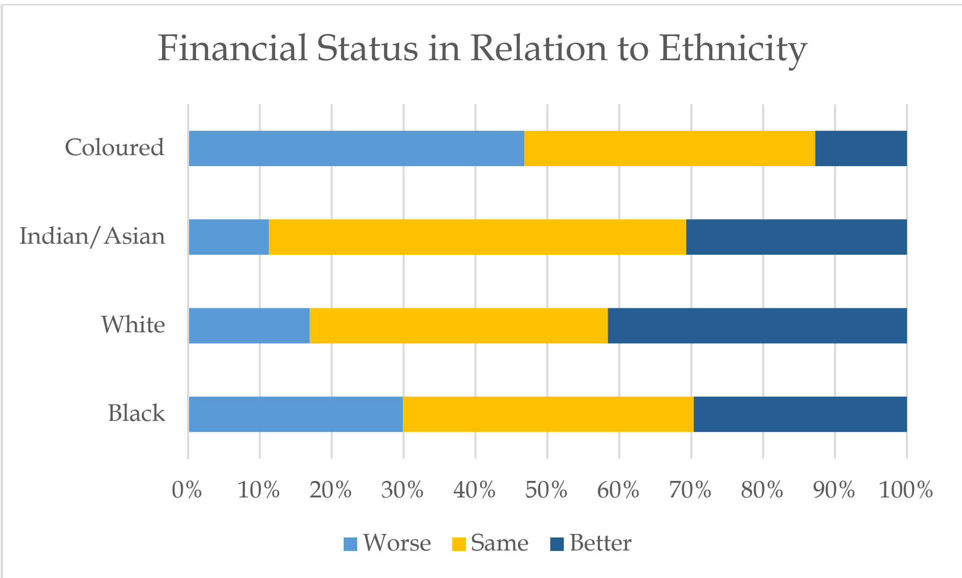
Looking at Figure 1, those who consider themselves worst off are more likely to identify the gap between rich and poor as the most relevant social division, ahead of those who consider themselves to experience the same financial situation as other South Africans, and those who consider themselves better off on average.

Figure 1



Considering perceptions of one's financial situation by ethnicity in Figure 2, it is interesting to note that Coloured people are most likely to consider themselves worse off than other South Africans, and that this exceeds the likelihood that Black South Africans consider themselves worst off who are demonstrated to be objectively worse off elsewhere.

Figure 2



One might have expected a larger proportion of White South Africans to consider themselves better off than other South Africans, especially as a larger proportion consider themselves relatively worse-off than their Indian counterparts. Given that intra-race inequality is high amidst both Black individuals and Coloured individuals we might have expected more Black people to report being worse off, but overall financial situation perceptions are in line with what one might expect between groups.

Table 1: Proportion of sample identifying 'Gap between Rich & Poor' as biggest division

	mean	se(mean)
Gap between Rich & Poor	.5094101	.0000842

A small majority of respondents report that the gap between rich and poor is the primary social division. In Figure 3 we consider how this is related to ethnicity in South Africa.

Figure 3

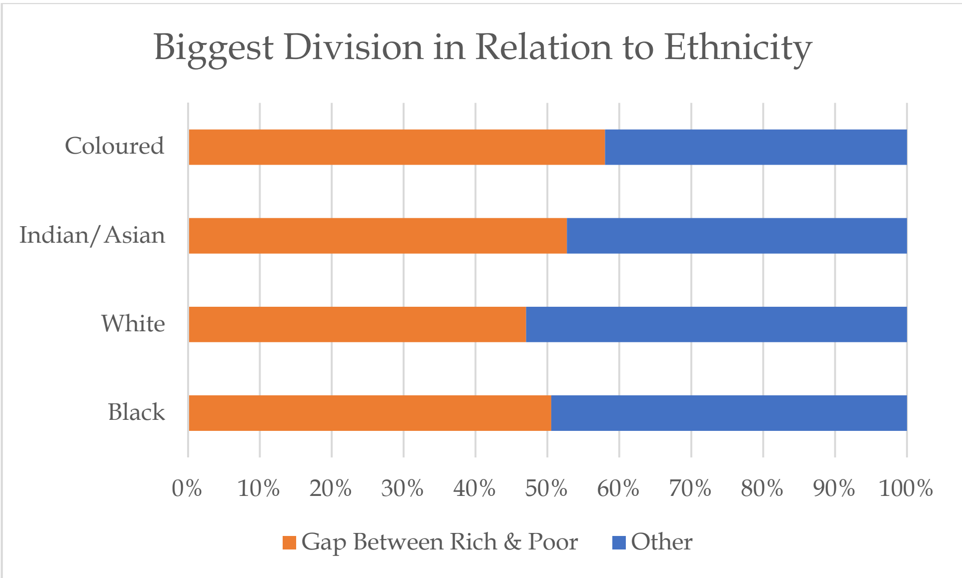


Figure 4 gives us an indication of the extent to which different population groups view the gap between rich and poor as the primary social division. Coloured people are most likely to consider inequality the primary social division (58%) and this is congruent with objective intra-race inequality which is persistently high. White individuals are the least likely of the population groups to have reported the gap between rich and poor as the primary social division although 47% of White individuals do consider it such. Indian/Asian individuals are slightly more likely than Black individuals to consider the gap between rich and poor the primary social division, although a small (or slightly more than the) majority of both groups certainly perceive it that way.

The Model

Our model looks at the association between factors deemed relevant to perceptions of inequality as a primary social division. We posit that one's own perceived financial situation might be associated with the recognition of the effect of inequality. Some findings suggest that while the poor and the rich are both affected by inequality (Wilkinson and Pickett, 2010), the rich might be less willing to acknowledge or less capable of appreciating the extent to which inequality matters. In this paper, we are interested in both those who perceive of themselves as "better off" and "the same", because both groups have an important role to play in ameliorating inequality.

In addition to our primary interest in how one's perceived relative financial situation is linked to identifying inequality as a critical social division, it is also important to examine the relationship between ethnicity, gender, education, employment status and housing situation as these are all relevant social cleavages, related to significant differences in well-being and social attitudes.

Table 2 - Summary Data: Means and Standard Errors of Independent Variables

	Summary Data mean	se(mean)
Relative Financial Status		
Worse	.2832044	.0000759
Same	.3913494	.0000822
Better	.278946	.0000755
Ethnicity		
Black	.7770853	.0000701
White/European	.1011354	.0000508
Indian/Asian	.0287299	.0000281
Coloured	.0930493	.0000489
Gender		
Female	.5185834	.0000841
Male	.4814166	.0000841
Education		
Incomplete Education	.4081555	.0000828
Matric	.4561279	.0000839
University Degree	.0478791	.000036
Other	.0878375	.0000477
Employment Status		
Not Economically Active	.2150238	.0000692
Employed	.4840549	.0000841
Unemployed	.294799	.0000768
Housing Type		
Informal	.0980592	.0000501
Traditional	.0780253	.0000452
Formal	.8239155	.0000641
Age	38.64851	.0025645

Weighted Data Utilised

39% of individuals consider their financial situation to be the same as other South Africans, while 28% consider themselves worse off, and 28% consider themselves better off. Black individuals represent 77% of the weighted sample, Whites 10%, Indian/Asians 3% and Coloured people 9%. The sample is slightly skewed towards female respondents.

Most respondents either have incomplete high school education or have only completed Matric. 48% of individuals are employed in a full-time or part time capacity, which is higher than what one would expect in South Africa. One would also have expected lower levels of educational attainment amidst adult South Africans.

The type of housing is heavily skewed towards formal housing – in a country where formal housing is not widespread.

All of the above would indicate that the respondents are somewhat better off than those of labour market surveys and NIDS in particular typically observe.

A logistical model is used to determine the relative odds of considering the gap between rich and poor the primary social division, conditioning on other variables in the model. The effect estimated is an association and should not be considered to be a causal relation between the factor and outcome of interest.

Our model looks at the association between one's own perceived financial situation and the identification of inequality as the primary social division, as well as the association between ethnicity, gender, education, employment status and housing situation and the perception of the gap between rich and poor as a primary social division.

Table 3: Logistic model of the odds of perceiving the gap between rich and poor as the primary social division in South Africa

Relative Financial Status	
Same	.87081836***
Better	.87232368***
Ethnicity	
White/European	.91915866***
Indian/Asian	1.3097148***
Coloured	1.3350266***
Gender	
Female	1.0285194***
Education	
Matric	.65405183***
University Degree	.69378669***
Other	.7186571***
Employment Status	
Employed	.94653252***
Unemployed	.78056144***
Housing Type	
Traditional	1.0291221***
Formal	.93250748***
Age	.99381392***
Constant	2.1134095***
Weighted Observations	33414255

Exponentiated coefficients; Standard errors in parentheses

* p<0.05, ** p<0.01, *** p<0.001

Weighted Data Utilised

Base categories: Worse Off, Black, Male, Incomplete Education, Not Economically Active, Informal Housing

This model examines a variety of factors, some subjective in relation the individual's perception of the greatest division in South Africa. Individuals were given two opportunities to choose from the same list of possible reasons that South Africa is so divided. If in any of these cases the individual concerned registered the gap between rich and poor constituting the greatest divide in South Africa, the outcome variable for the logistic model presented is 1. If not, it is zero. Primarily we sought to investigate the relationship between one's own perceived relative financial status, and how this relates to appreciating divisions in contemporary South Africa. We conditioned on demographic variables including race, ethnicity and age. We controlled for education and employment status, as well as the type of housing occupied and area where the respondent lives. The regression results presented are for a logistic regression, and coefficients represent odds ratios. The perception of one's own financial status relative to South Africa at large is related as one might have expected. Relative to those who reported their relative financial status as worse off, those who consider themselves the same or better off are significantly less likely to consider inequality the primary social division in South Africa. This is an important finding when considering social cohesion on a national level, because if those who consider themselves better off do not recognise the pervasive inequality in South Africa those with better means to facilitate change and enhance social cohesion might not recognise the necessity to involve themselves in efforts to bring about a more just society. .

In terms of race groups, White respondents are slightly less likely to think that the gap between rich and poor is the greatest division in South Africa relative to Black respondents. Considered in the light that White respondents indicate that they are on average better off, yet do not recognise inequality as a primary social division to the same extent as other population groups this reinforces our concern about the most privileged being most divorced from the plight of inequality in this society. Interestingly, Coloured and Indian/Asian minorities are more likely to consider income inequality to be the biggest division in South Africa. With Coloured people in particular, we saw previously that these respondents are more likely to report feeling worse off than other groups, which may be due to a number of reasons, one of which might be because of less powerful networks to access economic advantage.

Women are slightly more likely than men to consider the gap between rich and poor to be the greatest division in South Africa. This may be related to women earning lower wages across the board in South Africa (Finn, 2015:10). Female headed households are also common in South Africa, and these costs as well as relatively lower wages might contribute to women feeling the gap between rich and poor more acutely.

Regarding education, relative to those with incomplete education, all those with more education think it significantly less likely that the gap between rich and poor is the biggest division in South Africa. This is particularly interesting and merits further investigation. Low education is unquestionably related to economic exclusion in South Africa. However, it is deeply concerning that higher levels of education are associated with lower odds of perceiving inequality as a primary social division – as these individuals have significant power to change the experience of the worst off.

The association between unemployment and inequality as a primary social division is a bit strange. It suggests that NEA individuals (who are pensioners, homemakers and students) consider inequality a bigger issue. 2015 SARB questions on social mobility shows that unemployed (no longer looking for a job) feel marginalised on various fronts - education, social capital, financial means and transport / travel to reach own goals. Feelings of marginalisation and pertinent social division is likely complex relative to those who have no direct interest in the labour market.

Individuals who live in formal housing are less likely than those in informal or traditional dwellings to consider inequality the biggest division in South Africa. This is in line with what one would expect.

Older individuals are slightly less likely to view the gap between the rich and the poor as the biggest division in South Africa, but the size of this effect is tiny.

Our findings have demonstrated that one's perceived financial situation does matter for the recognition of inequality as the most critical social division in South Africa.

Perceptions of inequality as a social division are linked to historical disadvantage in terms of race and gender and continuing exclusion. It is concerning that individuals who have completed school are significantly less likely to identify inequality is the primary social division in South Africa.

Conclusion

This paper investigated the possible relationship between relative financial situation and the sentiment whether or not inequality is the primary source of division in South Africa. This matters, as we have shown through our literature review, because perceived inequality (as opposed to objectively measured inequality) holds implications for social phenomena – in particular social cohesiveness. Our main finding is that those who regard themselves as “worse off” than others are more likely to indicate that inequality is the main source of division in South Africa, while those who indicate that they are “better off” or that their financial situation is “the same” to that of their compatriots, are less likely to indicate that inequality is the main source of division in South Africa. This is an important finding when considering social cohesion on a national level. If those who consider themselves “better off” and/or “the same” as the rest of South Africa are less likely to recognise the pervasiveness of inequality as a source of division, those with better means and resources to facilitate change and enhance social cohesion might not recognise the necessity to involve themselves in efforts to bring about a more just society.

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SALDRU

Southern Africa Labour and Development Research Unit

The Southern Africa Labour and Development Research Unit (SALDRU) conducts research directed at improving the well-being of South Africa's poor. It was established in 1975. Over the next two decades the unit's research played a central role in documenting the human costs of apartheid. Key projects from this period included the Farm Labour Conference (1976), the Economics of Health Care Conference (1978), and the Second Carnegie Enquiry into Poverty and Development in South Africa (1983-86). At the urging of the African National Congress, from 1992-1994 SALDRU and the World Bank coordinated the Project for Statistics on Living Standards and Development (PSLSD). This project provide baseline data for the implementation of post-apartheid socio-economic policies through South Africa's first non-racial national sample survey.

In the post-apartheid period, SALDRU has continued to gather data and conduct research directed at informing and assessing anti-poverty policy. In line with its historical contribution, SALDRU's researchers continue to conduct research detailing changing patterns of well-being in South Africa and assessing the impact of government policy on the poor. Current research work falls into the following research themes: post-apartheid poverty; employment and migration dynamics; family support structures in an era of rapid social change; public works and public infrastructure programmes, financial strategies of the poor; common property resources and the poor. Key survey projects include the Langeberg Integrated Family Survey (1999), the Khayelitsha/Mitchell's Plain Survey (2000), the ongoing Cape Area Panel Study (2001-) and the Financial Diaries Project.

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