

Welcoming Remarks by the Resident Representative/Director of the Konrad Adenauer Stiftung South Africa

FW de Klerk Foundation Annual Conference: Addressing Inequality 1 February 2019

Dear Mr President, FW De Klerk,

Dear Mr Steward,

Distinguished panelists, Dr Botha and Prof Borat,

Dear Members of Parliament, the diplomatic corps, representatives from state institutions and from civil-society,

Dear Theuns Eloffs and all the great staff members of the FW de Klerk Foundation,

Ladies and Gentlemen, dear friends

On behalf of the Konrad-Adenauer-Foundation I would like to extend a warm welcome to all of you. It is a great pleasure having the opportunity to say some remarks at the opening of this prestigious annual event. This year 2019 it is a special honour, because we celebrate not only 25 years of democracy in South Africa, but also the 20th anniversary of the De Klerk Foundation. As one of our most important partners in South Africa I would like to congratulate the President, his wife and every one of the De Klerk Foundation to this anniversary, knowing that the big celebration is yet to come.

The today's conference is inequality. The De Klerk Foundation could not have chosen a more important issue for this event, due to the fact that in my opinion this is by far the biggest social and economic challenge which South Africa will face in the future. Many people in South Africa see inequality as a racial problem. This is true to a certain extent, because after 25 years of democracy white, Indian and Coloured South Africans are still enjoying a higher average income and therefore a higher living-standard than their black country fellows. Since the end of Partheid the income of white, Indian and coloured South Africans increased even relatively more than the one of Black South Africans.

Nevertheless I do **not** share the opinion that measures of redistribution between the races are necessary. Nowadays 4 out of 5 people living in this country are black, while only eight percent are white. Additionally three current trends have to be considered, which underline the demographic development:

1. There is a net immigration from African countries to South Africa
2. We have a high emigration of white South Africans – especially the young ones
3. Black South Africans enjoy a higher fertility rate.

I am saying this without any concern or negative connotation. It is just the way things are developing. This demographic shift is taking place since decades and it will continue. As a result in 20 years less than 5 % of the population will be white or in other terms: insignificantly low. When I studied statistics as a subject of political science I learned that anything less than 5 percent is considered to be insignificant. Of course there are many white people who are tremendously rich on the one hand, and many poor black people on the other hand. But the composition of the upper class is changing. More and more black people are joining the rich. I am mentioning this, because while the share of the racial minorities at the total of the population is declining, **inequality will remain**. Therefore if we talk about inequality, we should talk about poverty and effective policies of social empowerment instead of this simplistic talk of racial division. We should discuss about how to pull poor people out of poverty regardless their skin or the colour.

Ladies and Gentlemen,

Inequality in society causes lots of problems which affects everyone. Nowadays we know that the key driver of crime for instance, is not poverty, but inequality. The bigger the cleavage between the rich and the poor in this country, the more wealthy people have to hide between walls and spend more and more money on private security. The higher the inequality, the more difficult it is to achieve social cohesion due to the fact that in unequal societies rich and poor tend to be spatially segregated. Another example is schooling, transport or the health sector. In economic unequal societies like South Africa or in many Latin American countries the upper and the middle class can afford private schools for their children, a car or a private health insurance, while the poor have to rely on poor public services. On the contrary, societies with high levels of equality provide better public services so the rich and the poor equally benefit from them.

I think most people agree that inequality affects everyone negatively and that the government has to do lots of efforts in order to counterbalance it. A common recipe is redistributive policies. Especially the political left is pursuing this kind of policy, which to a certain extent can have a positive effect. Nevertheless it always depends on the degree of redistribution. The South African tax system already imposes a great burden on the middle and upper class. I rather would state that the best way to focus on equality is on social empowerment of the poor. Particularly education plays a significant role – may it be primary, secondary or tertiary education or even

vocational training or concepts of life-long learning. Unfortunately South Africa is currently facing a crisis in the education sector with poor results although it is investing relatively a lot of money. The education policy can be taken as a characteristic example which shows that the key for social empowerment and therefore the reduction of inequality levels is in the hand of the government. I could mention many more policy fields, but due to time constraints I will stop here.

Ladies and Gentlemen,

despite all the problems South Africa went through an impressive development during the last decades. The human development index shows that the majority of the people are better off today than they used to be 25 years ago. The standard of living increased a lot, even for the people with lower incomes. South Africa demonstrated that enough growth can be generated if the right policies are in place. In this regard I am sure we are going to listen to very interesting presentations today with lots of insights and good ideas.

Concluding my remarks I would like to thank the De Klerk Foundation once more for this great cooperation.

Thank you very much for your attention.

*The spoken word matters