Demand for Redistribution in South Africa

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Abstract

This paper studies changes in demand for redistribution in South Africa between 1996 and 2001 (and 2007) based on data from the World Values Survey. In this period, mean demand for redistribution of Black South Africans decreased by almost one point on a 1-10 scale, a magnitude comparable to the difference between Finnish and U.S. demand for redistribution. This decrease concerns both poor and rich Blacks, with the largest absolute fall coming from the (few) black rich. We then explore whether a number of potential explanations are consistent with the observed changes. There was no increase in redistribution or employment prospects in this period that could account for the overall decrease in demand. However, we find that increased prospects for upward mobility for university educated blacks are consistent with the decrease of demand for richer blacks. For the poor, two potential explanations are consistent with our data. A first is based on the idea that the relevant reference group for determining demand in South Africa is not the whole nation but one's "race" group. In this way, improvements in the overall quality of life for Blacks between 1996 and 2001 relative to other groups could have dampened demand. A second concerns the impact of a changing ANC discourse from redistribution to growth in the mid-1990s. Focusing on African Blacks, we find that in 1996 demand of ANC supporters was higher than of non-supporters whereas in 2001 it was lower. The demand of trade union members – whose leaders had not changed their discourse on redistribution - remained constant.

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1. Introduction

South Africa is one of the most unequal countries in the world. Standard political economy models (Meltzer and Richards 1981) would predict very high levels of redistribution. Moreover, present-day inequality being the result of a colonial history and later Apartheid institutional arrangements where a white minority enriched itself by denying political and economic rights to a black majority, one might expect redistribution to be even higher. In contrast, fiscal redistribution is only slightly above the low Latin American levels (Leibbrandt et al. 2011).[2] Two different scenarios could explain this state of high inequality - low redistribution. One the one hand, *demand for* redistribution could be low in spite of high inequality levels. On the other hand, demand could be high but not be transformed into fiscal policy, possibly because of an unresponsive political system or lack of political accountability. Disentangling the two types of explanation is crucial for understanding which are the factors that enable high inequality to persist.

The emerging literature on (preferences for) redistribution in developing countries – mostly on Latin America - is only starting to address these questions (Cramer and Haggard 2010, Haggard et al 2010, Ardanaz 2009).[3] Ardanaz (2009) stresses that demand for redistribution is high in Latin America but that this does not result in a more redistributive fiscal policy. He suggests that besides the US (low demand-low redistribution) and European (high demand-high redistribution) equilibria[4], a third, Latin American, equilibrium could be a high demand-low redistribution one.[5] In contrast, Haggard et al. (2010), in a comparative study of 41 developing countries, find that inequality has only a weak effect on demand for redistribution. They rather emphasize low demand from some groups of the poor, especially of agricultural workers.

To the best of our knowledge, no research has to date investigated demand for redistribution in South Africa. There is literature on the supply side of redistribution with an emphasis on

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[2] Leibbrandt et al. 2011 find that taxes and transfers decreased the Gini coefficient only by around five points, which is only slightly better than redistribution in Latin America, where the average is a decrease of 2 percentage points for Argentina, Brazil, Chile, Columbia, and Mexico (Goñi et al. 2011). In contrast, in Europe the figure is close to 20 (ibid.).

[3] Most of the research undertaken so far has concentrated on developed countries, chiefly on the United States and Europe, often comparatively. This strand of research typically assumes that preferences for redistribution determine fiscal outcomes and focuses on how preferences for redistribution are formed. For a recent review of the literature, see Alesina and Guiliano (2009).

[4] These equilibria come from the work of Benabou and Tirole (2006) and Alesina and Angeletos (2005).

[5] For individual-level preferences, Ardanaz (2009) finds that religion and "subjective indicators of economic wellbeing" perform better than objective ones for predicting preferences.

its fiscal limits (especially Van der Berg 2000, 2005, 2009). The only research on how individuals view government welfare is by Seekings (2008) with a focus on who citizens see as deserving such government support. The question of who is (un)deserving is, however, fundamentally different from general preferences for redistribution for two reasons. Demand for redistribution concerns the two sides of the income distribution, the top as much as the bottom. It is, essentially the difference between concerns about poverty and inequality. Second, it is also a much more general question than the one whether a particular individual – in this case described by vignettes in a certain way deserves support (e.g. "John is an African man in his 20s. He lost his job because he was late for work because he has been drinking. Should he receive government assistance?"). It is easy to imagine an individual answering in the negative to such a question while favoring high overall levels of redistribution, or vice versa.

Before this background, this paper aims to have a first take at demand for redistribution in South Africa. It studies the evolution of preferences for redistribution in three waves of World Values Survey (1996, 2001, 2007). We find that in 1996, South Africa starts out as predicted by the classic Meltzer and Richard model (1981). With a median voter much poorer than the average, demand is very high. At this point, South African demand for redistribution exceeds the one of Finland an exemplary representative of the high demand-high redistribution equilibrium. However, we find a substantial decrease in Black demand for redistribution in 2001/2007, corresponding to the demand gap between Finland and the US. This is surprising because inequality did not decrease in this period as measured by our sample as well as by other studies (for example in Leibbrandt et al. (2006). We find that the decrease regards both poor and rich blacks. While the decrease for the poor is substantial, the one for the (few) rich blacks is even higher.

We explore the potential of a number of explanations for these changes from the literature that center both on purely material factors and on identity/ideological-type of factors. With the data at hand, we cannot claim to "test" the validity of these explanations. Rather, our aim is to discuss whether these potential explanations are consistent with our data and to point at directions for potentially fruitful future research.

Besides current income, standard material predictors of demand for redistribution center on variables that have an impact on the *expected* income such as prospects for upward mobility (Benabou and Ok 2001) or of labour market status (Cusack et al 2006). Such expectations need not necessarily be realistic but can also be the result of (over)optimism regarding

upward mobility (Benabou and Tirole 2006) or flawed perceptions about an individual's position in the income distribution (Cruces et al 2011). Explanations centering on identity or ideology emphasise how factors such as group belonging or worldviews can influence demand. Identifying with a particular group in society can lead to different degrees of solidarity with the poorer segments of society (Alesina and Glaeser 2004). Different beliefs about the relationship between effort or luck and economic success can also have an important bearing on demand (Alesina and La Ferrara 2005, Alesina and Angeleots 2005). For how these identity/ideology factors affect demand, the role of political elites is crucial: political entrepreneurs play an important role in mobilizing - otherwise perhaps latent - group identities (Amat and Wibbels 2009) and in shaping a dominant discourse on the acceptability of demand for redistribution.

On the material side, we find that the observed changes for richer blacks are consistent with increasing prospects for upward mobility of university educated blacks but cannot explain the decreasing demand of poor blacks. Actually, labour market insecurity i*ncreased* between 1996 and 2001 and would thus go against decreasing demand for redistribution.

Explanations centering on group identity are consistent with our data if one combines them with the tunnel effect (Hirschman and Rothschild 1973), i.e. the idea that seeing members of one's group benefit from change makes even those that have not benefitted optimistic and tolerant of inequality. In this way the fact that, in relative terms, African Blacks have seen the biggest improvements, according to our data, may have contributed to a decreasing demand in redistribution of poor African blacks.

Finally, we discuss the role of political entrepreneurs in affecting demand for redistribution. More precisely, we investigate whether a substantial shift in leadership discourse on economic policy may have contributed to a decreasing demand. From the mid-1990s onwards, ANC discourse on economic policy changed from a redistribution to a growth discourse whereas the discourse of the Trade Unions remained unchanged. We thus compare the demand of African Black ANC supporters vs. Non-Supporters vs. Trade Union members and find suggestive evidence in support for this explanation. Controlling for income, we find that the demand of ANC supporters was higher than average in 1996 – consistent with a redistribution platform of the ANC - but significantly lower in 2001. In contrast, the demand of Trade union members remained constant relative to the average. While indeed consistent with the explanation, this finding suffers from obvious identification problems that prevent us from drawing strong conclusions. While we cannot address these problems properly with our

data, we consider two major alternative explanations for the findings. First, the correlation may just emerge from the evolution of selection into ANC. Demand of ANC supporters may not have decreased because of a change in ANC discourse but because the ANC has attracted more ambitious, richer individuals with lower demand for redistribution whereas more pro-redistribution minded individuals have abandoned their support. We find, however, that the profile of ANC supporters has remained fairly constant. In fact, ANC supporters have seen smaller increases in income and education than other groups. The second strong possible alternative explanation would be that the ANC followed changes in the preferences in the electorate, not vice-versa, or that elite and citizens suffered from some common "anti-redistribution preference" shock. In this case, the timing of the change in leadership discourse lends some credence to our argument. The GEAR strategy that was the official launch of the changing policy was made public in 1996, a moment when citizen's demand for redistribution was still very high, according to our data.

The paper is organized as follows. Section 2 presents the data. Section 3 documents trends in demand for redistribution since 1996. Section 4 explores different explanations for the observed changes, starting with changes in inequality and redistribution, over income expectations and group centered explanations to the change in leadership discourse. Section 5 concludes.

2. Data

The data used in this paper come from three South African rounds of the World Values Survey, (WVS) in 1996, 2001, and 2007. We use the aggregate data set that is available at the WVS website and the provided weights. Because no income data is available for 2007, the analysis is mostly based on the 1996 and 2001 surveys. The number of respondents is 2,935 in 1996, 3,000 in 2001, and 2,988 in 2007. Our key variables are a proxy for demand for redistribution (see below), income, education, unemployment, party support, and trade union membership (see table 1 below).

There are two WVS variables typically used for demand for redistribution, one about whether incomes should be made more equal (e035), and one whether it should be the government should take more responsibility to ensure that everyone is provided for (e037). We have opted for the first of these to represent demand for redistribution for two reasons. First, it addresses more directly the question of income inequality than e037. Second, responses

regarding about government responsibility can be misleading, depending on whether one identifies with the party in government or not. At noted by Haggard et al. (2010), both variables share a problem. They are "double-barreled" in that they do not aske for the respondent's strength of opinion for a single concept but rather for two – supposedly - opposite ones. For our demand for redistribution variable the statements at the extremes are "Incomes should be made more equal" and "We need larger income differences as incentives for individual effort" respectively.[6] It would be preferable if these variables addressed only one clear concept and did not moreover give a potential justification for increasing inequality (as in e035). Nevertheless, how respondents' position themselves on a scale (from 1 to 10) between these two extremes does reveal something about their views on inequality and redistribution. We have inversed the scale of our demand variable, so that 10 represents highest demand, and 1 the lowest.

Another key variable used is household income (in brackets). In 1996, eleven brackets were offered, in 2001, 19 brackets. The 1996 income data have the unfortunate characteristic that almost 50 percent of the respondents fall into the lowest income bracket of "up to R999"). Income is in real terms (2007 Rands), using a Consumer Price Index from the World Bank World Development Indicators database.

[Table 1 around here]

For education, we recoded the relevant variable (x025) into four levels of completed education: none, primary, secondary, university. For party support, we use a variable about prospective voting "which party would you vote for". This typically overestimates turnout but this is unproblematic for our purposes as the question of whether people would actually turn out to vote is irrelevant. Trade union membership was captured differently in 1996 and 2007 than in 2001. In 2001, the question was whether one was a member or not; in 1996 and 2007, there was a further distinction into active and inactive members. As the numbers for active membership in 96/07 are of similar magnitude to those in 2001, we coded the inactive members in 96/07 as non-members.

[6] For e037, they are Government should take more responsibility to ensure that everyone is provided for" and "People should take more responsibility to provide for themselves".

3. TRENDS IN DEMAND FOR REDISTRIBUTION

We begin by documenting trends in the evolution of demand for redistribution in South Africa from 1996 - 2001 – 2007. Table 2 shows the mean demand in the respective years as well as the 30^{th} and 70^{th} percentile. To put these means in perspective, a typically "low demand" country like the US had a mean demand of around 5, while a country associated with high demand for redistribution like Finland had a mean demand of 6, in 2007. In South Africa, we see a decrease in mean demand, from 6.1 to 5.6 in 2001 and 5.5 in 2007, moving it from a high demand country to a country with moderate levels of demand.

[Table 2 around here]

We will now take a closer look at the nature of this change. First, we see that the decrease is entirely driven by a decrease in Black demand. White demand for redistribution – while a substantial two points lower than Black demand - actually increases from 1996 to 2001, before falling back to its initial low levels. We will from now on investigate these two groups separately.

Second, we aim to understand where this change is taken place. To explore this, we recode the demand for redistribution variable following Haggard et al. (2010) into three groups, where values 1 and 2 stand for a clear anti-redistribution group, 9 and 10 for a pro-redistribution group, and everyone else in the middle is considered to be neutral on the issue. Table 3 documents the values for Blacks and Whites over time. For Blacks, the group of those supporting redistribution unambiguously gets reduced strikingly from 40 percent to 28 percent. These 12 percent "go" partly to the neutral, partly to the anti-redistribution group. White demand, in contrast, is more stable over time. Only a small minority, between 7 and 10 percent support redistribution, with around a quarter of whites being unequivocally against it. Notice also that the size of the anti-redistribution group for Blacks and Whites is roughly the same.

[Table 3 around here]

Third, we take a look at who from a “class” perspective - the poor, the middle, the rich – changes their demand levels. Table 4 shows changes by year and by aggregate position in the income distribution in 1996 and 2001, separately for the Black and the White samples. The

poor are coded as the bottom 50 percent of the distribution and the rich as the 75th percentile.[7] Given that the poor make up half of the sample, changes in their demand levels will be particularly influential for the mean changes. In 1996, the average real household income of the poor is R924, in 2001, it is R1.343. Average middle incomes are R3.301 and R4.904, average rich incomes are R10.875 and R12.722 in the respective years. Beginning with the black poor, we see that pro-redistribution advocates decrease considerably, from 41 percent in 1996 to 30 percent in 2001, thus becoming much more neutral regarding redistribution. The middle income group also experiences an almost 10 percent drop of pro-redistributionists which fill the ranks of the anti-redistribution group. Perhaps the most striking change in the black sample is the changing preferences of the rich. In 1996, around 29 percent were against redistribution, in 2001, the figure is close to 50 percent. [8] At the same time the percent of rich being pro-redistribution falls by 15 percent, from 34 to 19 percent. This suggests some decrease in solidarity of the Black rich regarding their preferences for redistribution. In contrast, the share of rich Whites in the anti-redistribution group decreases from 26 to 15 percent, increasing the number of neutral rich Whites. The middle group remains relatively stable.[9]

[Table 4 around here]

To investigate further the relationship of income, race and demand for redistribution, we explore descriptive regressions of demand for redistribution on income and demographic characteristics (age, gender, and race dummies). Table 5 shows the results of this regression. As expected, the coefficient for income is negative and highly significant. Whites have lower demand, given income, than African blacks in 1996 but this turns around in 2001. Coloureds have much higher demand than African blacks in 1996 and still a significantly higher demand in 2001. The age coefficients are not significant and neither is gender in 1996. In 2001, in contrast, women have a substantially higher demand for redistribution than men. Columns 3 and 4 report the values for the black sample only. The coefficients for income are again negative for the two years. Most importantly, the coefficient increases (in absolute value) substantially from 1996 to 2001. This reflects, again, the fact that the biggest change in

[7] It is impossible to distinguish the poor further: as mentioned earlier, 50 percent of the sample fall in the first income bracket in 1996.
[8] The number of rich Blacks is 193 in 1996 and 201 in 2001.
[9] The number of poor Whites is 8 in 1996 and 12 in 2001. We therefore do not report the percentages in this table. In the middle group, there are 41 and 47 Whites in the respective years.

demand has been the decrease from the black rich, as mentioned above and as shown in Table 4.

[Table 5 around here]

In sum, there are two noteworthy peculiarities of preferences for redistribution in South Africa. First, there has been a substantial decrease in demand for redistribution overall. This decrease regards the blacks (whites actually became more pro-redistribution in 2001). Since most of the blacks belong to the poor category, one of key questions that we will address is why have the Black poor reduced their demand for redistribution from 1996 to 2001? Second, the decrease in demand has been even larger for the rich black, as reflected in the steeper slope of the income coefficient for African Blacks. In the remainder of the paper we will explore the potential of different explanations to shed light on these changes.

4. POTENTIAL EXPLANATIONS

4.1 Decreasing Demand, increasing Redistribution?

The most straightforward explanation for a decreasing demand for redistribution would be that inequality has decreased between 1996 and 2001. In the standard Meltzer and Richard (1981) model, demand for redistribution is higher in more unequal societies because the median voter is poorer, compared to the average. Indeed, van der Berg (2005, 2009) argues that fiscal redistribution is highly progressive in South Africa. However, according to his data, there were no remarkable increases in redistribution between 1996 and 2001 that could account for the noted changes in demand. Additionally, although consistent with our survey data, real average incomes have increased, inequality has not decreased. In fact, based on census data from 1996 and 2001, Leibbrandt et al. (2006) argue that the Gini coefficient has increased from 0.68 in 1996 to 0.73 in 2001. The Gini coefficients in the WVS data are lower, but stable (0.56 in both years). Similarly, as shown in Figure 1, the Lorenz curves from the income data in the two surveys essentially lie on top of each other.[10] In sum, the observed decrease in demand for redistribution between 1996 and 2001 cannot be explained by a decrease in inequality according to the WVS or other data.

[10] Notice that the 1996 curves have clear linear segments. This is due to the fact that income is coded into intervals and that the lowest bracket comprises 50 percent of the sample. The important point for the comparison is that the end points of the segments of 1996 coincide with 2001curve.

[Figure 1 around here]

4.2 The Role of Income Expectations: Levels and Variability

We have seen in tables 3 and 4 that income does play a role for preferences for redistribution in South Africa, and increasingly so. We will now explore the role of expectations regarding future income levels and variability in explaining demand changes. According to the literature, the expected income can be as important for an individual's preferences as the current income. These expectations may concern the expected future income because of an individual's upward mobility (Benabou and Ok 2001) or the security of that income because of the general labour market outlook or the type of employment (private vs. public employees) (Cusack et al. 2006).

First, we examine the role of expectations regarding upward mobility. It has been argued that expectations of upward mobility may be a rational reason for low demand, even for given low current income because of fears of the taxation of future expected income (Benabou and Ok 2001). The WVS data does not contain data for past or parent's income or any other measure of economic expectations for individuals or their offspring. Instead, we develop a crude measure of expected upward mobility by combining race and education. It is based on the assumption that, due to affirmative action programs, skilled Blacks had better job prospects than skilled Whites in post-Apartheid South Africa and that these prospects had become apparent by 2001 (but remained unclear in 1996). Indeed, comparing data from 1995 and 2003, Dias and Posel (2007) find that in 1995 university educated Blacks and Whites had similar chances of unemployment but that in 2003, these chances were lower for Blacks than for Whites. Additionally, for Coloureds and Indians, a completed secondary education led to a much lower probability of unemployment than for whites in 2003 (ibid). We interpret this to imply that not only were university educated Blacks better off than Whites in 2001, but that they also envisaged their job prospects in a better light than Whites. We would thus suggest that education and race can be combined in a proxy for income prospects with educated Blacks having higher expectations than educated Whites by 2001. If income prospects play a role, controlling for income, university education should lower demand, for Blacks more than for Whites and particularly in 2001.

We operationalize this idea by running a simple OLS regression (with our usual controls, including income) on dummies for secondary and university education, interacted with the

Black dummy. Table 6 shows the results. The coefficients for the interaction terms are all negative and significant, implying that secondary and university education reduces demand more for Blacks than for Whites. They effect is particularly large for the interaction between Black and university education in 2001, with a value of -4, as compared to around -1.5 for the other interactions. In summary, the data is consistent with increasing prospects of upward mobility having contributed to a decreasing redistributive solidarity of the Black rich.[11]

[Table 6 around here]

Second, we discuss the role of income security for changing demand for redistribution in South Africa.[12] Cusack et al. (2006) find that the tightness of the labour market is an important determinant on demand. Increasing unemployment may generate a general feeling of insecurity that increases the demand for redistribution – of the unemployed, of course, but even of the employed, as their prospects worsen. On the reverse side, job creation should increase the feeling of security even of those who have not have found a job. In South Africa, where we seek to shed light on the *decreasing* demand of redistribution of blacks, a labour market story would thus need to imply decreasing unemployment between 1996 and 2001. However, both in the WVS data – as in figures from other sources – unemployment increased between 1996 and 2001. In the survey data, it increases from 35.4 to 40.8 percent. According to data from other sources, the unemployment rate was 35.6 (according to the October Household Survey) in 1996, and 41.5 percent in 2001 if the broad definition is applied (according to the Labour Force Survey; both figures cited in Kingdon and Knight 2004). A five percent increase in unemployment should thus have had a reverse effect, not the one seen in the data.

In summary, expectations of upward mobility and labour market changes cannot explain the decreasing demand of the poor in South Africa for whom prospects of upward mobility and employment opportunities have not increased between 1996 and 2001. In contrast, these explanations are more consistent with the changes observed for richer Blacks.

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[11] An alternative explanation for this result would be that the type of Blacks obtaining university education differed between 1996 and 2001, with those in 1996 corresponding to an older elite associated with the struggle and those in 2001 rather younger and less idealistic. Given that the university educated Blacks are a small group this is a priori plausible although we believe that it is difficult that in such a short time the balance would change in such a dramatic way.

[12] As we are interested in explaining changes in demand, we exclude another quite prominent explanation for preferences for redistribution that is related to income security: the role of religion as insurance (Scheve and Stasavage (2006). This is more suitable for cross-country comparisons.

4.3 Who is the reference group? Who are the poor?

Another important set of explanations revolve around individuals' reference groups. In different forms, the argument that preferences for redistribution are not determined by an individual's position in the whole income distribution has gained ground. First, it is possible that an individual wrongly believes she is richer/poorer than she really is because she compares herself to a known subset of the income distribution, like her neighborhood. Such "erroneous beliefs" are the result of incorrect information and may get adjusted (and with this, demand for redistribution) when correct information about the income distribution is provided (Cruces et al. 2011). Second, the relevant comparison could be about the relative position of one's group in the income distribution as individuals care more about group well-being than about individual well-being. For example, knowing that whites – as a group - are at the very top of the income distribution could make poor whites more anti-redistribution. Third, the question of who the poor – i.e. the beneficiaries of redistribution – are, group-wise (of your own, or of another), has been identified as an important variable in explaining the anti-redistribution attitudes of white US citizens (Alesina et al. 2001, Luttmer 2001).

In South Africa, the idea that the relevant unit of comparison is not the whole nation but one's group ("race") comes naturally given how important race classification has been historically in determining an individual's socio-economic (and of course political) status. And even though intra-group inequality has increased, race is still a good predictor of income. Additionally, we have already seen that groups differ in their demand, beyond their differences in income. At the same time, group related explanations are unlikely to explain changes in demand over a short period of time in the above-mentioned forms. For example, the poor are still the African blacks (and the majority group) and there is no reason to think that individuals suddenly hold more erroneous beliefs about their place in the income distribution than five years before.

However, if one adds to these explanations the so-called tunnel effect, group related explanations could be consistent with our data. Essentially, the tunnel effect says that – for some time – people may tolerate increasing inequality because this gives them the feeling that soon it will be their turn to get ahead. Importantly, Hirschman and Rothschild (1973) stress that for the tunnel effect to occur, one has to be able to empathize with those moving forward (or upward). Translated to our context, this means that the people whose lives get better have to be of the same group. In other words, if only the lives of the Whites improved, this would not decrease Black demand but this might be the case if the lives of other Blacks did.

Certainly, since the end of apartheid, a new (and small) wealthy black elite has emerged in South Africa and leadership positions in politics have been handed over to blacks. As mentioned, intra-group inequality has increased, suggesting the emergence of precisely this elite. Perhaps more importantly, the quality of life of blacks has improved, although very slowly, though social grants and infrastructure programs (housing, connection to electricity, water, and sewerage). According to the WVS data, the mean income of all groups except the Indians increased between 1996 and 2001 (see Table 7). Education increased for everyone except whites; the employment rate decreased for all groups. In 2001, African blacks had still by far the lowest income; their average education was the lowest, and only the coloured employment rate was as low as for African blacks. At the same time, according to these data, the percentage increase of their average income was highest (36 percent) as was their increase in average education (22 percent), and their decrease in employment is the lowest (five percent). Following the argument of the tunnel effect, it could thus be that African blacks care less about the overall level of inequality when choosing their demand for redistribution and more about "group improvements" and intra-group inequality.

[Table 7 around here]

4.4 Political entrepreneurs' manipulation preferences for redistribution: Changing Leadership Discourse about Redistribution in South Africa

In this section, we explore a third type of explanation for changes in demand for redistribution in South Africa: the role of a changing leadership discourse on economic priorities/redistribution in South Africa in the late 1990s and its possible influence on ANC voters.

Typically, the argument is that political entrepreneurs mobilize latent group identities (like race or religion) in order to influence preferences or voting directly. When it is profitable political entrepreneurs aim to make people vote on the basis of these group identities (or moral issues) rather than on the basis of their preferences for redistribution (as in de la O and Rodden 2009). For South Africa, Nattrass and Seekings (2001) for instance, argue that voters did not punish the ANC for lack of redistribution in the 1999 elections because their electoral loyalty was related to factors other than a "carefully reasoned evaluation" of performance.[…]. Rather, many ANC supporters came to the elections with an existing, long-term predisposition". In this paper, we are not concerned with the voting dimension directly,

as we are looking at the genuine redistributive preferences – before they might be in competition with other, possibly group related preferences. But parties' attempts to influence voters go of course beyond mobilization of identity issues. Indeed, identifying the extent to which elite opinion shapes voter preferences is key to the study of democratic politics but is methodologically difficult (see, for instance Bartels (1993), Gabel and Scheve (2007), Gerber and Jackson (1993), Lenz (2009), and Ray (2003)).

In the following, we explore whether the change in the ANC discourse on economic/social policy priorities has – intentionally or unintentionally – affected the redistributive preferences of its voters. It has been noted many times that the ANC discourse on economic policy/redistribution changed substantially in the mid/late 1990s. Although economic policy did de facto follow a rather orthodox agenda since the beginning – with privatization, and fiscal and monetary conservatism (Michie and Padayachee 1998), the ANC was elected on a redistribution promise in form of the reconstruction and development programme (Nattrass and Seekings 2001). An RDP office was created to :control the process of budgetary reprioritisation but already two years later that office was shut down and budgetary control was given back to the ministry of finance (ibid.) In 1996, the government presented a new economic policy strategy, "Growth, Employment, and Redistribution" (GEAR). GEAR was produced by a team of economic technocrats with little consultation of even high ranking party members/ allies, and was presented as non-negotiable. However, Michie and Padayachee (1998, p.633) argue that the GEAR strategy was "by this time what the ANC leadership actually wanted". Its main emphasis – and the dominant economic policy discourse since its inception is growth and employment – not redistribution. At the very least, the underlying ideology was that only growth would allow for redistribution. Although the compatibility with the RDP was stressed, the GEAR strategy document paid only scant attention to RDP issues and education, health and welfare policies.[13] In the following years, and especially since Thabo Mbeki took office in 1999, GEAR did certainly acquire a much more dominant role than any remnants of the RDP. In a nutshell, the ANC economic discourse changed from an emphasis on redistributive justice to one on growth/employment.

[13] According to Michie and Padayachee (1998), the conversion of the ANC leadership to this policy was facilitated, among other factors, by the lack of a tradition of substantive economic policy debate in the ANC, lobbying efforts of larger companies and conglomerates, the growth of a small but powerfull black business elite, and an influential group of "previously progressive academic economists.

If we consider the transmission of these changes in leadership discourse to citizens, we can safely assume that a change in citizen preferences in redistribution would take some time. Thus, we would argue that the attitudes of ANC supporters in 1996 would still follow the RDP credo, whereas by 2001, they would have "internalized" the GEAR ideology.

It is obviously difficult to observe the transmission of leadership values to their supporters. As an imperfect approximation, we suggest a comparison of the redistributive preferences of ANC voters with those of other non-ANC blacks and with trade-union members. We argue that, in 1996, ANC supporters should have a higher demand than non-ANC supporters, in 2001, lower demand – as the GEAR strategy was dominating the redistributive preferences of ANC supporters. The key feature of the preferences for redistribution of trade-union members should be that they are unchanged – as the discourse of the trade unions did not change substantially (even if being in an alliance with the ANC). [14]

We perform OLS regression of demand for redistribution on income, ANC support, and trade union membership. Because of the importance of the race variables seen before, we reduce our sample to look at African blacks only. The findings in table 8 lend credibility to the argument that ANC voters changed their redistributive preferences between 1996 and 2001. Controlling for income, ANC supporters demand more redistribution in 1996 and less redistribution in 2001 than non-ANC supporters, although the results are only significant in 2001. The coefficient for trade union members is indeed stable – although not significant, possibly because of the relatively small number of African black trade union members in both years (115 in 1991 and 152 in 2001).[15]

[Table 8 around here]

However, while we can be relatively confident that ANC voters' preferences for redistribution changed between 1996 and 2001, we are less certain that this is an effect of a changing leadership discourse on economic policy. In the following, we will try to address two objections against this explanation.

The first is that ANC voters in 1996 may not be the same as in 2001. Indeed, it is a priori plausible that change in policy and discourse would have affected the composition of

[14] Union leaders – while ultimately staying in their alliance with the ANC – were critical of the ANC leadership's new 'neo-liberal ' economic policies (Nattrass and Seekings 2001).

[15] While one should not read too much into these coefficients for trade unions, the fact that they are negative – unlike the typical finding on trade union membership - is consistent with the findings on trade union members in developing countries reported in Haggard et al. 2010.

supporters: more pro-redistribution voters could have left the ANC and have been replaced by those attracted by the new ANC economic discourse. There are two ways to address this question, although both are not fully satisfactory. The first is to note that support of the ANC among African blacks in our data is very high and roughly constant (77.4 percent in the 1996 survey, 79.85 percent in the 2001). It is difficult to believe that there could be a large enough change in the ANC electorate that would account for our results. Second, we compare ANC voters in 1996 and 2001 according to key demographic characteristics and to changes in these characteristics for other groups (see table 9).

[Table 9 around here]

Consistent with previously discussed overall population changes, ANC supporters have become richer and more educated. In all other characteristics, they have remained the same: the same sex ratio, age, and unemployment rate, which gives the impression that we are not dealing with a very different set of ANC supporters. Moreover, when comparing these changes to those of other groups, the increases in income are smaller than for all the other groups whereas the increase in education is similar to others. That the income for ANC supporters has increased the least also contradicts the idea that changes in preferences for redistribution among ANC supporters could be driven by a new group of economically successful anti-redistribution supporters. Most importantly, the direct comparison group in the regression, non ANC supporting African blacks have seen the largest increases of income and education, which would lead us to expect the opposite result. In sum, these comparisons make us relatively confident that a) we are dealing with a relatively similar set of ANC voters in 2001 and b) the coefficients are not driven by disproportionately large increases in income and education, or a different gender or age composition.

A second important objection against this story concerns the direction of the effect. Indeed, much of the research on voting and political parties is about parties adjusting their position to changing preferences of voters, or parties' attempts to win the vote of the median voter instead of voters following the discourse of party leaders. In the case of South African demand for redistribution and ANC discourse on redistribution however, the timing is such that this is unlikely that the ANC reacted to changing voter preferences. As discussed earlier, ANC policy changed in the mid-1990s, the GEAR strategy document was made public in 1996. According to the 1996 WVS data however, demand for redistribution was very high at the time GEAR was conceived. We therefore argue that the move from a redistribution to a growth policy and discourse was an elite project, not a reaction to changing voter preferences.

5 CONCLUDING REMARKS

This paper has studied demand for redistribution in South Africa between 1996 and 2001(2007). In view of the high inequality levels and their origin in a race based authoritarian regime, demand for redistribution was expected to be high. This was indeed the case in 1996 where Blacks (i.e. those without political and economic rights under Apartheid) had a high demand across all income groups. By 2001, demand had, however, dropped considerably for poor and rich Blacks although inequality had not decreased; South Africa came to resemble the Latin American high demand-low redistribution equilibrium.

We have explored to what extent several potential explanations from the literature are consistent with the observed patterns of change in our data. Two main types of explanation seem consistent with the observed decrease in demand among poor Blacks: small (but high in relative terms) improvements in the overall quality of life of Blacks combined with the so-called tunnel effect and the influence of a changing ANC discourse that came to emphasize growth and job creation, not redistribution. Our data does not allow us to draw strong conclusions regarding causality, but we try to address some obvious possible alternative interpretations.

If our conjectures regarding the sources of the decrease in demand for redistribution of poor Blacks are correct, this has interesting implications both from an academic and from a policy perspective. From a research perspective, it is noteworthy that ANC voters did not vote for the ANC *in spite* of their preferences as it is typically assumed. For South Africa, the standard argument is that ANC voters, although unhappy with the socio-economic stance and performance of the ANC, nevertheless voted for it because of identity voting (Nattrass and Seekings 2001). There is also a larger literature that emphasizes that the poor might not vote according to their true economic preferences because other – moral or identity – issues ultimately prevail (de la O and Rodden 2009, Wibbels and Amat 2009). Our conjecture suggests instead that the demand preferences of ANC voters came to be aligned with ANC discourse instead not that other issues trumped them at the ballot box.

From a policy-perspective the fact that large segments of the poor came to be content with current levels of redistribution might be double edged. To the extent that this results from the poor having come believe in the promise of growth and employment and/or that the "tunnel effect" is at play, the decrease in demand for redistribution comes at the price of expectations regarding future improvements. If these are unfulfilled, the ensuing frustration could be high. As Hirschman and Rothschild (1973, p. 545) note: "suppose that the expectation is disappointed and only the right lane keeps moving: in that case I, along with my left lane cosufferers, shall suspect foul play, and many of us will at some point become quite furious and ready to correct manifest injustice by taking direct action."

Tables and Figures

Table 1. Summary of Key Variables

	1996	2001	2007
Mean Demand for Redistribibution	6.1	5.6	5.5
Mean Household Income in 1000 SA Rands	3.8	4.5	missing
Mean education	2	2.3	2.2
Mean Unemployment. rate	0.35	0.41	0.45
Mean ANC support	0.61	0.63	0.77
Mean Trade Union Membership	0.08	0.1	0.05
Mean Age	38	36	37
% African	73	71	80
% Coloured	8	11	7
% Indian/Asian	3	4	2
% White	16	14	11

Table 2. Evolution of mean Demand for Redistribution

Year	Total	Black	White
1996	6.1	6.5	4.3
2001	5.6	5.7	4.8
2007	5.5	5.6	4.2

Table 3. Changes in aggregate demand groups

	Blacks			Whites		
	%1996	%2001	%2007	%1996	%2001	%2007
anti-redistribution	19.2	26.2	22.5	24.9	19.5	28.6
neutral	40.7	45.5	50	67.9	72.5	61.5
pro-redistribution	40.1	28.3	27.5	7.2	8	9.9

Table 4. Changes in aggregate demand groups, by income

Black sample	Poor		Middle		Rich	
	1996	2001	1996	2001	1996 (n=193)	2001 (n=201)
Anti-redistribution	17.4	19.5	20.2	32.3	28.8	48.2
Neutral	41.3	50.1	42.4	39.2	37.3	32.9
Pro-redistribution	41.3	30.4	37.4	28.4	33.8	18.9
White sample			(n=41)	(n=47)		
Anti-redistribution			25.9	27	26.1	15.1
Neutral			60.2	66	67.6	78.7
Pro-redistribution			13.9	7	6.3	6.2

Table 5. OLS regression demand for redistribution

VARIABLES	(1) redi96	(2) redi01	(3) rediblack96	(4) rediblack01
inc_r1000	-0.08***	-0.10***	-0.10***	-0.16***
	(0.016)	(0.015)	(0.023)	(0.021)
white	-1.20***	0.31		
	(0.270)	(0.273)		
coloured	1.32***	0.66**		
	(0.254)	(0.206)		
indian	0.39	-0.11		
	(0.418)	(0.353)		
age	0.02	-0.01	0.01	-0.03
	(0.032)	(0.021)	(0.038)	(0.026)
age2	-0.00	0.00	0.00	0.00
	(0.000)	(0.000)	(0.000)	(0.000)
female	0.17	0.56***	0.12	0.62***
	(0.132)	(0.123)	(0.157)	(0.151)
Constant	5.67***	5.21***	5.85***	5.85***
	(0.623)	(0.452)	(0.739)	(0.560)
Observations	2,428	2,680	1,844	1,860
Adjusted R-squared	0.072	0.043	0.013	0.051

Standard errors in parentheses
*** p<0.001, ** p<0.01, * p<0.05
based on World Values Survey.

Figure 1. Lorenz curves for 1996 and 2001

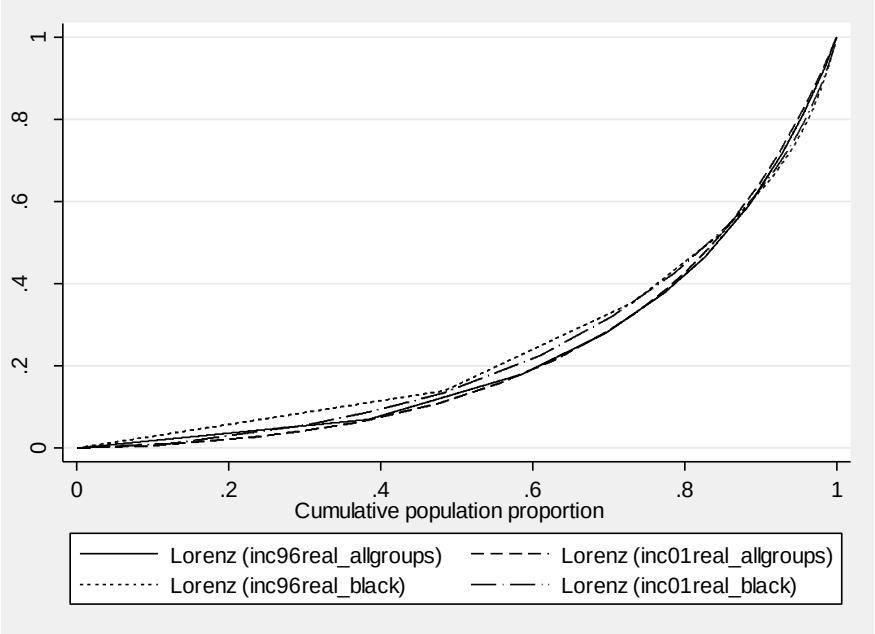

Table 6. Education and Demand for Redistribution

VARIABLES	(1) redi96	(2) redi01
inc_r1000	-0.06***	-0.05***
	(0.017)	(0.016)
secondary	0.86	0.56
	(0.482)	(0.457)
university	0.63	1.08
	(0.503)	(0.637)
secondary x black	-1.22*	-1.48**
	(0.531)	(0.475)
University x black	-1.36*	-4.17***
	(0.613)	(0.781)
black	2.27***	1.22**
	(0.432)	(0.442)
age	0.01	-0.03
	(0.032)	(0.022)
age2	0.00	0.00
	(0.000)	(0.000)
female	0.17	0.59***
	(0.133)	(0.125)
Constant	3.60***	4.70***
	(0.742)	(0.634)
Observations	2,415	2,532
Adjusted R-squared	0.064	0.065

Standard errors in parentheses
*** p<0.001, ** p<0.01, * p<0.05
based on World Values Survey.

Table 7. Changes in mean income, education, and employment rate, by race

		Mean (inc~1000)	Mean (edu)	Mean (emplrate)
A.black	1996	2.2	1.8	0.57
	2001	3	2.2	0.54
	% change	0.36	0.22	-0.05
White	1996	14	3.2	0.98
	2001	16	2.9	0.89
	% change	0.14	-0.09	-0.09
Coloured	1996	4.7	2.1	0.76
	2001	5.4	2.3	0.54
	% change	0.15	0.10	-0.29
Indian	1996	8.5	2.4	0.9
	2001	8.1	2.5	0.7
	% change	-0.05	0.04	-0.22
Total	1996	4.3	2	0.65
	2001	5	2.3	0.59
	% change	0.16	0.15	-0.09

Table 8. Demand for redistribution, ANC vs. others

VARIABLES	(1) redi96	(2) redi01
inc_r1000	-0.15***	-0.23***
	(0.036)	(0.035)
Anc	0.35	-0.53*
	(0.230)	(0.238)
mem_labun	-0.30	-0.33
	(0.356)	(0.321)
age	0.02	-0.02
	(0.045)	(0.034)
age2	-0.00	0.00
	(0.001)	(0.000)
female	0.12	0.67***
	(0.185)	(0.193)
Constant	5.66***	6.11***
	(0.892)	(0.715)
Observations	1,338	1,142
Adjusted R-squared	0.016	0.060

Standard errors in parentheses
*** p<0.001, ** p<0.01, * p<0.05
based on World Values Survey.

Table 9. Mean Changes ANC supporters vs. other groups

Anc_ A.blacks	Income	edu	sex	age	unempl
1996	21.5	1.8	1.5	35.6	0.3
2001	27.4	2.2	1.5	35.3	0.3
Difference 96-01	5.9	0.4	0	-0.3	0

Changes other groups	income	edu	sex	age	unempl
Changes A_blacks Non Anc	11.6	0.5	-0.1	-6.5	-0.1
Changes Blacks	8.6	0.4	0	-1.9	0
Changes All	7.4	0.3	0	-2.1	-0.1

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