

situation the fact that the teachers who teach these pupils have themselves not mastered properly both the language of instruction and the concepts they are transmitting.

CONDITIONS AND COMPETENCE

Since educational disability is found among socially and economically disadvantaged groups in all societies, we can conclude that there is a systematic relationship between social conditions and educational competence. The culturally deprived child is also retarded in cognitive skills by the time he enters school. Many Black children come from squalid slums which exist on the periphery of large cities. These urban slums with their overcrowded apartments offer a limited range of stimuli to a child. The scarcity of objects to manipulate and lack of diversity at home, in addition to the absence of individualised training

(because mother is busy looking after a large family or is away at work) give the child few opportunities to manipulate and organise the visual properties of his environment and thus learn to discriminate perceptually the nuances of his environment. Discrimination of form is essential as a basis for later reading readiness.

The purpose of this article was not to provide answers to the many problems that beset the education for Blacks in South Africa. The purpose was to raise issues in order to emphasise that in planning and administering an educational system for a system that abounds in socially and culturally disadvantaged children, one cannot merely be concerned with expanding facilities for learning, however worthwhile and long overdue that may also be. This calls for a wider attention to the transformation of society and deliberately attending to all those issues that constitute obstacles to the realisation of educational goals. □

by M.D. McGRATH

THE DISTRIBUTION OF PERSONAL WEALTH IN NATAL

1. Introduction

Personal wealth consists of the physical and financial assets which are owned by individuals, and is distinguished from income by the fact that it is a stock of assets whereas income is a flow over time of the receipts accruing from the ownership of assets (and from other sources such as earnings).

Important reasons can be given for studying the distribution of wealth in any particular economy. Incomes from wealth account for at least 20 per cent (and often a larger proportion) of national income, and a concentration in the ownership of wealth will operate to concentrate the distribution of incomes. Wealth is also an important determinant of economic welfare, through the control it generates over resources and firms, and because it is a source of social and political power. Further, in the present search for just economic and social arrangements for South Africa the distribution of wealth is a major source of potential conflict.

This article outlines the results of research on the personal wealth of Whites, Coloureds and Asians in Natal in the year 1975.¹ That year was chosen for investigation since it was fairly recent, and it represented a turning point in the business cycle when 'fairly' normal values would have been recorded for assets such as shares and property. The study was based on the records of deceased estates lodged at the Supreme Court in Pietermaritzburg in the year 1975, and these estates were extrapolated to represent the population

of the living using an Estate Multiplier technique.² Although this procedure has many limitations it is nevertheless regarded as being the most accurate for obtaining an estimate of the distribution of personal wealth, and it is used in the production of annual wealth statistics by the British Central Statistical Services.

African estates were ignored, since in most cases they were insignificantly small, and the data drawn from the Supreme Court records was not representative as most African estates are processed by district administration commissioners. The omission of African wealth is unlikely to bias the results severely, for African personal wealth is a negligibly small fraction of the total, as has been shown by the small proportion of the income from wealth which accrues to Africans.

2. The Distribution of Wealth

The average estimated value of wealth for the race groups is shown in Table 1.

Table 1: Average Wealth by Race, 1975 (R)

	White	Coloured	Asian
All members	13 731	688	2 408
Men	18 384	1 006	3 064
Women	9 361	406	1 753

In making all the estimates which follow, the population has been limited to members over the age of 20 years as younger people are unlikely to have accumulated any wealth.

The values of assets such as farms, fixed property and shares in unquoted companies are undervalued here, but if they are revalued to more realistic levels, the level of White per capita wealth shown in Table 1 is increased by approximately 30 per cent, and that of Coloureds and Asians increases by less than 15 per cent. The estimates which follow are all based on actual reported wealth, and can thus be regarded as low estimates of concentration between the racial groups.

The sources of the disparities shown in Table 1 are to be found in inequalities of income and savings in past years, and in the rates of return which have been earned on various types of assets.

From Table 1 we see that the average value of White per capita wealth is respectively 20 and 5,7 times greater than the Coloured and Asian figures. These wealth disparities are greater than the income disparities between Whites and Coloureds, and Whites and Asians, which were 5,8 and 4,5 respectively in 1975.

Large inequalities are also found between men and women. The average wealth of White, Coloured and Asian men is respectively 2,0, 2,5 and 1,8 times greater than in the case of women, reflecting the lower earnings and levels of participation of women, as well as the division of assets within families, where men appear to predominate in the nominal ownership of family wealth.

The wealth accruing to selected percentiles of the population of Whites, Coloureds and Asians in the age groups over 20 years are shown in Table 2. An examination of this table shows that the distribution of wealth for Whites is less unequal than for Coloureds and Asians, and that Coloureds and Asians have very similar distributions. Indeed, the share of the top quintile and decile of Whites was smaller than in the equivalent percentiles in Britain and Australia, indicating lower levels of concentration, and was not much higher than in Sweden.

Table 2: Estimated Shares of the Top 1, 5, 10 and 20 per cent of Wealth Owners by Race, 1975

Percentage share of population	Percentage share of wealth		
	White	Coloured	Asian
Top 1	27,7	42,3	52,1
Top 5	50,7	79,9	80,7
Top 10	65,3	96,2	93,7
Top 20	82,0	99,9	99,4

Even though the distribution of wealth appears more equal amongst Whites, the absolute levels of wealth which divide the higher percentiles of Coloureds and Asians are much lower than those which divide the higher percentiles of Whites. These wealth levels are shown in Table 3.

Table 3: Levels of Wealth Dividing the Top Percentiles of the Distribution (R)

Percentiles	White	Coloured	Asian
Top 1	142 194	11 936	33 819
Top 5	50 604	3 535	9 616
Top 10	31 132	1 069	3 426
Top 20	16 312	78	375
Top 50	2 300	0	0

Table 4 shows proportions of the racial groups above specified levels of wealth for the extreme ranges of wealth holdings. The distributions shown in this table highlight once again the low levels of wealth of the female population of all racial groups and, when examined together with Table 3, indicate clearly that the major cause of the greater level of inequality in the Coloured and Asian distribution is to be found in the very large proportion of these populations which have negligible personal wealth.

Table 4: Percentages of the Racial Groups above Specified Levels of Wealth

Level of wealth (R)	White			Coloured			Asian		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
1	76	84	69	24	43	7	30	46	14
1 000	60	67	52	11	17	5	19	23	9
5 000	38	46	31	4	6	3	9	13	5
50 000	6	8	4	-	-	-	1	1	1
250 000	neg	1	neg	-	-	-	neg	neg	neg

Occupations and Wealth

Average levels of income usually rise with additional years of education completed, and so too does the occupational grade which is attained. We would expect therefore that wealth and occupation would be related and the estate data which was collected allows an analysis of occupation and wealth.

The average levels of wealth of selected occupational groups are shown in Table 5.

The results of this table confirm the intuitive prediction that economists would have made. Amongst White men in Natal farming is the occupation with the highest average wealth, and this is consistent with estimates of income which can be made from the 1970 census. Occupations requiring higher levels of education and discretion in decision making usually earn high incomes, and the data show that they also have higher-than-average levels of wealth. The large inequalities which exist between the wealth of Whites, Coloureds and Asians in the same occupational groups show the effects of wage discrimination within occupational groups, the inevitably lowered savings from lower incomes, and lower rates of return on small wealth holdings. Accumulation by past generations of Coloureds and Asians was also prevented by discriminatory practices in the labour market and in their deprived access to education and training, depressing the levels of inheritances received by the present generation and causing some of the current disparities in the racial ownership of wealth.

Table 5: Average Wealth of Economically Active Men in Selected Occupational Groups, 1975 (R)

	White	Coloured	Asian
Professional/Technical	56 190	5 230	24 490
Director/Manager	100 670	24 860	49 670
Senior Civil Servant	25 230	-	27 290
Farmer	121 250	4 960	30 610
Salesman/Sales Rep.	38 070	-	10 790
Clerical worker	18 370	1 260	8 690
Artisan/Skilled Worker	18 080	4 660	14 120
Semi-skilled Worker	15 930	2 780	8 580
Unskilled Worker	8 700	170	4 450

The relationship between occupational group and wealth can be illustrated further by examining the proportions of men which fall into the top quintile and decile of the wealthy. Table 6 shows these proportions for Whites. For White men very large proportions of professionals, managers and farmers fall into the top decile of wealth owners, whereas, artisans, semi-skilled and unskilled workers fall predominantly into lower deciles.

Table 6: Percentages of White Men in Selected Occupational Groups falling into the Top 5 and Top 10 per cent of Wealth Owners

Occupational Group	Top 5%	Top 10%
Professional/Technical		
Director/Manager	21,3	40,3
Senior Civil Servant	6,9	13,6
Farmer	47,7	57,6
Salesman/Representative	7,6	19,6
Clerical Worker	0,7	13,0
Artisan/Skilled Worker	1,4	5,3
Semi-skilled Worker	3,0	3,4
Unskilled Worker	-	-
Retired	13,1	22,0

4. The Ownership of Assets

The value of privately owned farms, fixed property, and quoted and unquoted shares (including shares in partnerships) was also extracted from the estate records, and these data can be used to give an idea of the ownership of these assets. The private ownership of all these assets was highly concentrated by race since, ignoring the insignificant African share, Whites owned 98 per cent of farms, 93 per cent of fixed property, 99,7 per cent of quoted shares, and 95,7 of unquoted shares. An analysis of the distribution of these assets within the White population, shown in Table 7, can therefore give a good approximation of their distribution in the population.

The results show a pronounced concentration of economic power within the higher echelons of White wealth owners. The ownership of these assets, with the exceptions of fixed property, is markedly concentrated in the higher percentiles: the top 10 per cent own 95 per cent, 84 per cent and 92 per cent respectively of the value of privately-owned farms,

quoted shares and unquoted shares. The distribution of the income accruing from these sources is likely to be even more highly concentrated since all these assets yield relatively high real rates of return over the course of the business cycle.

Table 7: The Distribution of Ownership of Selected Assets in the White Population of Natal

Percentage share of population	Percentage Share of Total Value				
	All wealth	Fixed Farms	Quoted property	Unquoted shares	Unquoted shares
Top 1	27,7	55	15	44	54
Top 5	50,7	88	33	76	79
Top 10	65,3	95	51	84	92
Top 20	82,0	98	78	92	95
Top 50	98,4	100	99	98	100

Conclusion

Incomes from wealth account for approximately 20 per cent of the incomes of Whites, and are therefore an important factor contributing to the skewed racial distribution of incomes which exists in South Africa. Furthermore, the concentration of the ownership of wealth which has been revealed here, will work to perpetuate racial income inequality, even if opportunities in the labour market are widening.

The results show that the disparities between the per capita wealth of Whites in Natal, and Coloureds and Asians were greater than the respective disparities of their incomes. Large inequalities were also found between the average wealth of men and women. A pronounced concentration of economic power was also shown within the higher echelons of White wealth owners. Occupations associated with higher levels of income were also found to be associated with the highest average levels of wealth, and large inequalities were found to exist, within the same occupational level, between the wealth of White, Coloured and Asian men.

The characteristics of the Natal population may allow very tentative generalisations to be made about the distribution of wealth in the whole economy. The distribution of estate values in Natal in 1974/75 is very similar to the national distribution. Average incomes in Natal for Whites and Asians, and the age distributions respectively for Whites, Coloureds and Asians are all close to their respective national counterparts. It would appear therefore that the Natal wealth data can be used to provide a good surrogate for national data.

Only the most myopic of observers could deny that the survival of capitalism and the future security of the White community in South Africa requires urgent, imaginative reforms in the economic, social and political fields. It has long been realised that a redistribution of incomes will be needed to induce Black South Africans to desire to perpetuate the 'free enterprise' economic system. The racial inequalities in the distribution of wealth, which have been shown here, suggest that a redistribution of the ownership of wealth will also be necessary before the economic systems can gain legitimacy in the eyes of all South Africans. □

¹ A more detailed account of the research can be found in M.D. McGrath, *Distribution of Personal Wealth in South Africa*, Economic Research Unit, University of Natal, Occasional Paper No. 14, 1982.

² Discussed in McGrath, *ibid.*