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## Institutional design, cultural diversity and economic solidarity: A comparison of South Africa, Brazil and Nigeria<sup>1</sup>

Jeremy Seekings<sup>2</sup>

*University of Cape Town*

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### Abstract

Democracy is widely recognised as important for redistribution, and cultural diversity is often considered inimical to democracy (although astute institutional design might be able to deal with the problem). Does cultural diversity affect redistribution, not simply through impeding democracy but also perhaps through defining acceptable limits of social or economic solidarity? This paper compares three “new democracies”: South Africa, Brazil and Nigeria. The South African case suggests that an extraordinary denial of economic solidarity, due to cultural diversity, *can* accompany an exceptional level of redistribution from rich to poor. If there is a substantial overlap between class and cultural group (race, in the South African case) then cultural diversity might strengthen feelings of defensive cross-class and cross-group solidarity among the rich, making a redistributive compromise more likely than in a more culturally homogeneous setting. Brazil illustrates this latter possibility: less cultural heterogeneity accompanied by less solidarity and less redistribution. Elites (and non-elite vested interests) are unwilling and the poor are unable (i.e. lack the power) to secure a redistributive compromise. Brazilian society is not culturally homogeneous, but the politicisation of its cultural differences and the weakness of egalitarian solidarities are the products rather than the cause of Brazil’s institutional design. Nigeria is a case where cultural diversity might appear to underpin the powerlessness of the poor and the limited reach of democracy. But a closer inspection suggests that institutional design and the political economy of oil might have more of an effect than cultural diversity per se. The conclusions are that any effects that cultural diversity might have on egalitarian policies are highly conditional on a range of other factors, and that federal institutional design is a crucial factor undermining redistributive politics and policies.

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<sup>2</sup> Professor, Departments of Political Studies and Sociology, University of Cape Town, Rondebosch, Cape Town 7701, South Africa; email [seekings@humanities.uct.ac.za](mailto:seekings@humanities.uct.ac.za).

## 1 • Solidarity and social citizenship in the North

What determines the extent to which citizenship has a “social” or economic dimension? How important is some sense, among a country’s citizens, of social or economic solidarity with their fellow citizens? What produces such solidarity? Does cultural diversity limit the scope of social or economic solidarity, and hence also impede the private practices or public policies that redistribute resources and secure social citizenship? To answer these questions adequately would require detailed data on redistribution, both public and private; on attitudes and prejudices; and on the political mechanisms that link these. The full range of this data is not even available for the countries of the North, let alone those of the South.

We do have data for the advanced capitalist democracies of the North showing that the state serves as a mechanism for substantial redistribution from rich to poor. Cross-national comparisons are difficult because of the generally poor comparability of data, but a series of studies indicates the broad patterns. Korpi and Palme (1998), using data on direct taxes and cash transfers from the Luxembourg Income Study (LIS), estimate that the Gini coefficient for disposable income is between one quarter and one half lower than the Gini coefficient for market incomes (i.e. net of direct taxes and cash transfers). Redistribution was smallest in the USA and Switzerland, and greatest in Sweden. Przeworski and Gandhi (1999), using data from the much-criticised Deininger and Squire dataset, found that the bottom quintile’s share of total income rose by between 1.4 and 5 percentage points in a sample of seventeen countries (with “corrective redistribution” greatest in Israel and lowest in Switzerland). Milanovic (1999), also using LIS data, broadly confirmed Korpi and Palme’s findings. In twenty-four democracies, government transfers and direct taxes reduce income inequality by an average of 14 percentage points, as measured by the Gini coefficient. But he found that the bottom two deciles benefited much more than Przeworski and Gandhi had found — by, together, about 10 percentage points on average. Country-specific data goes further, analysing the incidence of indirect taxes and even government spending. Data for Britain suggests that the Gini coefficient falls from 0.53 to 0.38 for post-tax income (i.e. taking into account indirect taxes) (Harris, 1999). I estimate that taking into account benefits-in-kind (public education, health care, and so on) reduces the Gini by another 8 percentage points in the U.K., so that the combined effect of taxes, cash benefits and benefits in kind reduces the Gini by almost one half. These various studies might dis-

agree on the precise extent of redistribution, but the general picture is clear: inequalities are reduced substantially.

In a very real sense, then, these states do recognise a range of social or economic rights, i.e. the social dimension of citizenship. “By the social element”, Marshall wrote so eloquently in 1949, “I mean the whole range from the right to a modicum of economic welfare and security to the right to share in the full in the social heritage and to live the life of a civilised being according to the standards prevailing in the society” (Marshall, 1949/1992: 8). The equality of citizenship served to mitigate the inequalities of class. If economic “solidarity” is understood as an outcome, akin to the social (and economic) dimension of citizenship, then solidarity appears to be strong in most of these Northern welfare states.

There is an extensive literature on the origins of these redistributive welfare states. Some explanations focused on the class compromise between the industrial working-class and the bourgeoisie: empowered as citizens but falling short of a majority of the electorate, the working-class concedes capitalist organisation of production in return for redistribution through the budget (Korpi, 1983; Przeworski, 1985; and implicitly, Marshall, 1949). Other explanations emphasised the importance of broader coalitions: between workers and small farmers (Esping-Andersen, 1985; Luebbert, 1991), between workers and the middle classes (Baldwin, 1990; Korpi and Palme, 1998), and even including sometimes capital itself (Swenson, 1999). As Esping-Andersen (1990) showed, different political alignments led to distinctive forms (or “worlds”) of welfare capitalism (see also Baldwin, 1990; Huber *et al.*, 1993). The establishment of welfare programmes creates new constituencies of beneficiaries, as became evident when conservative parties sought to dismantle the welfare state (Pierson, 1995).

Each of these explanations implies two kinds of attitudes that might usefully be thought of in terms of economic “solidarity”. On the one hand, there is a strong intra-group solidarity among prospective beneficiaries. On the other hand, elites have a weak (or reluctant) inter-group solidarity in that they are willing, under actual or threatened pressure, to agree to a compromise on social citizenship in return for a compromise on inequality-generating markets. (Given that the impetus comes from fear, “solidarity” is perhaps a curious word to describe this; whatever the cause, however, the outcome is clearly a form of economic solidarity). Spreading benefits broadly means that strong solidarity is maximised and weak solidarity in turn becomes more likely. As Baldwin (1990) emphasises, orienting welfare toward the management of risk can generate a broader coalition than emphasising redistribution from rich to poor. And, as Korpi and Palme (1998) argue, universal welfare programmes might be more

redistributive than targeted ones and social insurance more redistributive than social assistance if they allow the middle class to buy into bigger spending programmes.

The overall map of redistribution in most Northern societies has reflected the contours of socio-economic class. Poorer and some middle classes have typically combined to pool risks in such a way that the middle class are protected against ill fortune at the same time as there is significant redistribution to the poor. Solidarity has its limits: some individuals are typically considered to be “undeserving poor” — i.e. undeserving of public support — on grounds of behaviour (including an unwillingness to perform the “obligations” of citizenship) or non-citizenship (i.e. being citizens of some other state). And there is always dispute over who should pay and how. But solidarities were generally not fragmented by sub-national ethnic or religious differences. Only relatively recently has it been argued that growing cultural diversity in these Northern societies, and especially a growing emphasis on “multi-cultural” policies, is eroding the kinds of solidarities that sustained redistribution. White working-class Canadians might be unwilling to see non-white working-class Canadians (perhaps immigrants) benefiting from public largesse, whilst richer tax-paying Canadians might be unwilling to see their taxes redistributed to non-white Canadians. In their contributions to this volume, Banting and Kymlicka examine some evidence on the relationship between multi-culturalism and redistribution.

## 2 • Solidarity and social citizenship in the South

We might expect that cultural diversity is a much stronger impediment to economic solidarity and redistribution in the countries of the South. There is, unsurprisingly, much less data on redistribution for countries in the South than there is in those of the North. Data on the incidence of taxation and public spending in the South is patchy, uneven and rarely comparable. Lecaillon *et al.* (1984) summarise a set of studies conducted between 1963 and 1973 (in Hong Kong, India, the Philippines, Sri Lanka, Chile, Columbia, Panama, Puerto Rico and Iran) and there are more recent studies of Chile (Foxley, 1979; Mujica and Larrañaga, 1993; Engel *et al.*, 1998), Columbia (Selowsky, 1979) and Malaysia (Meerman, 1979), the Philippines (Devarjan and Hossain, 1995), Peru (Escobal *et al.*, 1993), Venezuela (Márquez *et al.*, 1993), the Dominican Republic (Santana and Rathe, 1993), and Brazil and South Africa (see below). Foxley (1979) and,

more recently, the Inter-American Development Bank (IADB, 1999) have collated evidence on Latin America. In general, as in the North, taxation is not in itself a mechanism for reducing inequality (which means that studies of expenditure incidence are valuable even without studies of tax incidence). Rather, it is the incidence and level of public expenditure that is important (the latter being affected by the level of taxation). Because expenditure is so often captured by non-poor groups, Gini coefficients are not reduced by anywhere near as much as in the industrialised democracies of the North. Even taking into account social spending (especially education and health), almost all studies suggest that Gini coefficients are reduced by between 0 and 7 percentage points; the only exception — which we shall examine further below — is South Africa.

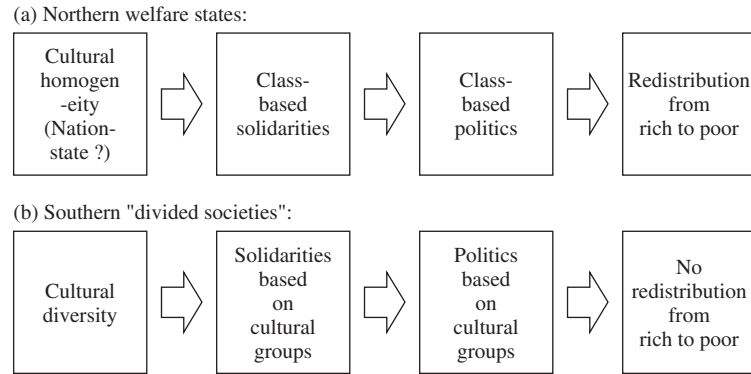
In the South, social citizenship might entail a greater emphasis on policies and activities that are hard to measure, such as land reform, exchange rate policy and price-setting for agricultural produce, as well as labour market and other policies affecting the growth path. Evidence on these tends to suggest much the same pattern as for tax, cash transfers and social policies: few benefits accrue to the poor.

There are two prominent explanations for the general lack of redistribution in the South. The first blames the powerlessness of the poor relative to elites. In crude political economy accounts, the International Monetary Fund (IMF), World Bank, international capital and their local collaborators ride roughshod over “the people”. This argument underestimates the importance of politics, especially once democratisation has resulted in citizenship having at least some political content. The argument assumes that the power of capital is so overwhelming that citizenship is rendered meaningless or inconsequential. How or why is never explained.

The second argument takes citizens more seriously and is more germane in a supposedly democratic context. It focuses on culture, and especially cultural (i.e. racial, ethnic, religious or linguistic) divisions that divide the poor. Solidarity occurs along vertical rather than horizontal lines: within the family, community or group. Loyalties lie with cultural leaders (who are probably also economic patrons), not with peers. In the extreme case of “divided societies”, there appears to be strong solidarity within cultural groups but none between them — but the winners tend to be the elites within each group; in practice, social rights are rarely enjoyed even within the group. This argument assumes that cultural boundaries are so imperious that the “median voter” is meaningless or inconsequential. If citizens can only act in political blocks based on cultural groups, then the mechanisms of representative democracy render governments

FIGURE 1

**Ideal types of solidarity and redistribution**



accountable at best to cultural groups *en bloc*, meaning — in practice — the dominant elites within each group, or at worst to the dominant elites in the dominant cultural group(s).

Figure 1 juxtaposes the political model implicit in the “divided society” argument against the ideal type model of Northern welfare states. We might expect that societies would line up somewhere between these two ideal types. As attitudes and solidarities become more class-based, then a redistributive class compromise becomes more likely.

Collating comparable data for Southern countries is not easy. Data on each of “cultural diversity”, solidarities and political cleavages (i.e. the first three boxes in Figure 1) is more available than data on redistribution (i.e. the final box). One measure of cultural diversity is the index of ethno-linguistic fractionalisation, originally calculated by Soviet researchers and reported by Mauro (1995). The index measures the probability that two randomly-selected members of the population do not belong to the same ethno-linguistic group. Countries such as India, Indonesia and Canada have high scores; countries like Germany, Japan and Egypt low scores. Solidarities might be measured using survey data on identities, but only as long as respondents are given a choice between different kinds of identity or are asked to compare their relative importance (and all survey data on identity begs questions about what the respondents understood the question to mean and what was the perceived context). Data from Afrobarometer surveys provide some evidence on how Nigerians and South Africans choose between cultural group identities and class identities, but I have no comparable data for Brazil. Political cleavages might be measured in terms of the relationship between voting behaviour and class or income. Do some parties draw disproportionate support from the poor, and others from the rich, or do they have cross-class constit-

	<b>South Africa</b>	<b>Brazil</b>	<b>Nigeria</b>
Per capita incomes (GDP per capita in US\$, adjusted for purchasing power parity, 2000)	Middle-income (\$9401)	Middle-income (\$7625)	Poor (\$896)
Income distribution (Gini coefficient)	very unequal (.59*)	Very unequal (.61)	Unequal (.51)
Cultural diversity (index of cultural-linguistic fractionalisation)	High (0.88)	Low (0.07)	High (0.87)
Class-based solidarity (ratio of class to cultural group solidarities)	No (1 :5)	Yes (?)	No (1 :2.5)
Class-based politics (correlation income and party support)	Yes	No	No
Public expenditure on education as % of GNP	High (7.6 %)	Medium (5.1 %)	Negligible (0.7)
Redistribution through budget (estimated decrease in Gini in percentage points, taking into account taxes, cash transfers and benefits in kind)	Considerable (24 percentage points)	Meagre (?)	Meagre (?)

\* It is unclear what precisely the World Bank data is measuring, hence difference between this figure and figures cited in the text.

Sources: rows 1, 2 and 6 UNDP, *Human Development Report* 2002; row 3 Mauro (1995); row 4 Afrobarometer data (Logan and Machado, 2002: 40), combining ethnic, linguistic and religious identities as “cultural” ones, occupational and class identities as “class” ones.

uencies (probably defined along cultural lines)? Further research would provide precise and comparable data on this, from studies of voting behaviour, but at this point I have had to resort to my own judgement calls. Table 1 presents in very summary form the findings for three Southern countries — South Africa, Brazil and Nigeria — together with data on the per capital level and distribution of income as well as on redistribution.

**T A B L E 1**  
**Summary data on South Africa, Brazil and Nigeria**

Table 1 suggests that the relationship between culture, solidarity and politics might be more complex than the ideal type for divided societies represented in Figure 1 (b). Taking these three countries, there is no obvious relationship between cultural diversity and the salience of class-based solidarities, nor between the salience of class-based solidarity and the political salience of class. When we add estimates of the scale of redistribution in each country, the picture gets more muddled still. In South Africa, as I shall show below, there is an extraordinary level of redistribution despite, or perhaps even because of, the country’s past cultural barriers. In Brazil, almost no redistribution occurs despite cultural homogeneity. Only in Nigeria is there the predicted coincidence of cultural diversity and no redistribution from rich to poor. Taking all three cases into account,

there appears to be a relationship between the salience of class in politics and redistribution (as predicted) but not between cultural diversity and either political patterns or redistributive outcomes.

The following sections explore the three cases of South Africa, Brazil and Nigeria as case-studies of the relationship between culture, politics and redistribution. I shall argue for the importance of institutional design in shaping the political salience of class and for the importance of both class and path dependence in shaping redistribution.

Before proceeding, it is necessary to clarify what is meant by “cultural diversity”. No society is culturally homogeneous. All societies with any degree of social stratification will have some cultural differences between rich and poor. The English novelist and politician, Benjamin Disraeli, coined the phrase “two nations” to describe the cultural gulf between rich and poor in mid-nineteenth century Britain. The rich and poor, he wrote, comprised “two nations between whom there is no intercourse and no sympathy; who are as ignorant of each other’s habits, thoughts and feelings, as if they were dwellers in different zones, or inhabitants of different planets; who are formed by a different breeding, are fed by different food, are ordered by different manners, and are not governed by the same laws”. This kind of cultural difference is rooted in economic inequality. It is very different to the kinds of cultural difference that are independent of economic position (or which may — in the case of apartheid South Africa, most obviously — be used to determine economic position). The phrase “cultural diversity” is used in this chapter to refer to these latter forms of cultural difference, i.e. differences based on race, ethnicity, religion or language. These are sometimes referred to as “vertical” cultural cleavages, as opposed to the “horizontal” ones of class. “Divided societies” are societies divided by vertical cleavages, including South Africa, Malaysia and Fiji (race), the Congo and Nigeria (language and ethnicity), and Lebanon and India (religion). As we shall see, the Brazilian case is interesting because Brazil is not a divided society in terms of racial, ethnic, religious or linguistic division. But nor are cultural differences limited to those of class. Regional identities are important in Brazil. Below I shall argue that these regional differences are in significant part the product of institutional design, and thus that it is institutional design rather than ascriptive cultural identity that inhibits the emergence of class-based politics and redistributive policies.

### 3 • South Africa

South Africa has been infamous in the comparative literature for two related reasons. First, apartheid rendered it an apparently extreme case of a “divided society”, i.e. a society in which racial divisions supposedly render inappropriate the standard institutions of liberal democracy (see Horowitz, 1991; Lijphart, 1985). In divided societies, power-sharing between ethnic and/or racial groups may be considered more democratic than “winner-takes-all” majoritarianism, because voters do not cross racial/ethnic lines, election results are therefore pre-determined (“racial censuses”, as Horowitz (1985) put it) and governments cease to be accountable in the way that Schumpeter considered essential to democracy. Secondly, apartheid contributed to South Africa having a very high level of inequality in the distribution of income (perhaps even, as is often claimed, the highest in the world).

Being a “divided society” might affect inequality and redistribution in two ways. Insofar as cultural diversity is fundamental to popular political attitudes, one might expect that demands for redistribution would occur along racial/ethnic rather than socio-economic class lines. And insofar as institutions entail power-sharing, demands for redistribution might be frustrated by institutional constraints. Political elites would operate within these parameters through necessity not choice. Cultural diversity would determine patterns of economic solidarity, but the ensuing demands would be held in check by institutional design.

Is this pattern observable in South Africa? Hardly. Let us start with a number of stylised facts about distribution and redistribution in South Africa (see further Seekings and Natrass, forthcoming):

1. In the first half of the apartheid period there was a close relationship between race and class, but the relationship weakened in the later apartheid years and has continued to weaken rapidly after the end of apartheid. The relationship has weakened not because of growing numbers of poor white people, but because of rising intra-racial inequality within the majority black population. At the top end, the black middle-class and elite has been growing rapidly. At the bottom end, unemployment confines many to chronic poverty in a society without significant subsistence agriculture (see Crankshaw, 1997; Whiteford and van Seventer, 2000; Natrass and Seekings, 2001a; Bhorat *et al.*, 2001).
2. Tax revenues were redistributed from rich to poor and across racial lines, through social spending, to an extraordinary

extent even under apartheid, and even more so after apartheid. By 1993, taxes, public welfare and the value of free or subsidised public education, health care and other services reduced the Gini coefficient for the distribution of “income” from 0.68 to 0.5 (McGrath *et al.*, 1997). By 1997, just three years after the country’s first democratic elections, the Gini coefficient was reduced to an estimated 0.44 (Van der Berg, 2001a, 2001b). The scale of these reductions is almost certainly unmatched in the South.

3. This redistribution rests on three main pillars: a system of taxation that revolves around the efficient collection of income tax, very high enrolment rates in primary and even secondary school, and a public welfare system focused on generous and wide-ranging social assistance (including, especially, non-contributory and effectively universal old-age pensions). All three of these pillars were constructed prior to the transition to democracy, each on its own is unusual in the South, and the combination is exceptional.
4. Inequality persists despite this redistribution in part because government policies, both under and after apartheid, promote an economic growth path based on productivity (and wage) increases rather than job creation. In other words, government policies with respect to the growth path (including labour market policies) tend to worsen inequality whilst social policies mitigate it.

Perhaps the most important question to be asked of South Africa is not the standard “why don’t the poor get more?” but rather “Why do the poor get so much?” in terms of active *re*-distribution. The progressive incidence of social expenditures is not because the poor exercised their power as voters to extract resources from the better off, nor because they joined with better off citizens in support of policies that protected them against the risk of poverty. In South Africa, the poor did not have the vote until long after redistributive social policies were put in place. South Africa is a case of, primarily, redistribution from above. The history can be divided into four periods:

- (i) In the pre-1940 period, public welfare was established for white and coloured people through a combination of immigrant white working-class power (through both direct action, in the 1922 Rand Revolt, and the ballot box) and the social and economic solidarity present in emergent Afrikaner nationalist politics (support for ‘poor whites’, mostly people who had been displaced from the countryside, lacked competitive skills in urban labour markets, and whose families had fragmented reducing the possibility of private support).

Unusually, and probably because of the latter factor, the welfare system entailed a hefty dose of social assistance alongside social insurance.

- (ii) In the 1940s, this racially exclusive system was extended to black (and Indian people), through a combination of the power of ideas (including some multi-racial solidarity) among some elites, in the context of war, and concern among administrators and major industrial employers (notably, the mines) over the consequences of what they saw as the collapse of peasant production and hence agrarian society in the black “reserves”.
- (iii) After the election of the National Party to government in 1948, the state toyed with the idea of undoing the multi-racial public welfare system, but the politics of retrenchment proved different to the politics of expansion. For two decades, the apartheid state resorted to minimising redistribution through widened racial discrimination in benefit levels.
- (iv) From around 1970, the National Party sought to appear non-racial and slowly removed racial discrimination in benefit levels, finally achieving parity in 1993. In neither this nor the preceding, early apartheid period was there evidence of cross-racial solidarity on the part of either the white electorate or the state.

The story of taxation is not very different: an efficient state relied on income taxes and taxes on gold production through most of the twentieth century. Income tax revenues grew fast, in relation to GDP, in the First World War, and again in the war years of the early 1940s (jumping from less than 2% to more than 6% of GDP). In the early apartheid period income tax revenues actually declined somewhat, but then rose rapidly again from the mid-1960s. By the time of the transition to democracy, income tax had come to account for 14% of GDP (Lieberman, 2001). The provision of public education is rather different. Here there was — in 1976 and again in the mid-1980s — dramatic evidence of pressures from below for reform. The expansion of schooling reflected the combination of these pressures from below with the growing needs of employers for a more skilled workforce.

South Africa is exceptional today primarily because it was exceptional *before* 1994. It is very unlikely that South Africa’s tax and welfare systems could be put in place from scratch today, in a democratic polity. This is not to downplay the leverage that democracy has brought to poorer citizens. Social policy is the most visible area of government policy, and the governing party (the African National

Congress, ANC) has used the construction of schools and clinics in rural areas to good political effect — especially in those areas where it has faced real political competition (for example, parts of the Eastern Cape in the 1999 general election, in the face of a challenge by a new party co-led by a former ANC leader). Nor does emphasising the importance of path dependence mean that the attitudes of the post-apartheid rich are irrelevant. White South Africans might be ambivalent about policies of affirmative action (promoting the black middle class) but are generally supportive of a range of measures to redistribute to the poor. Since 1994, the political parties representing most white South Africans have consistently supported the social policies that entail active redistribution.

The analysis by Lieberman (2001) of the history of taxation in South Africa provides a possible explanation of social policies also. Lieberman focuses on intra-racial solidarity. He argues that upper-income white people were willing to pay high income taxes because the state was “their” state. Tax revenues could legitimately be used to finance war or to address poverty among “poor whites”. It was racial “glue” that bound rich, white taxpayers to the state, allowing income taxes to be hiked repeatedly. Intra-racial white solidarity might similarly explain the construction of a welfare state for white South Africans, financed by the taxes paid by a white elite.

Lieberman’s thesis invites two lines of criticism. First, was the assumed solidarity on the part of the richer white tax-payers the strong kind of within-group solidarity or the weaker kind of concessionary solidarity? To what extent were rich white tax-payers paying up because they recognised the need for intra-white political compromise, in the face of the political or industrial power of poorer white classes, and to what extent were they forging a united front with poorer white classes against the *swart gevaar* (i.e. black peril)? The class, regional and ethnic divisions within the white population should not be ignored so readily. Secondly, Lieberman overlooks the importance, at least in political rhetoric, of a more inclusive concept of the nation at key moments, notably the war-years of the early 1940s. The state was quite open in acknowledging that its reforms of social policy entailed redistribution from white to black people, recognising that black South Africans had some social rights in a common society. Both the self-interest and the moral rhetoric of white elites sometimes cut across racial lines. The complexity of tax-payers’ “solidarity” becomes more apparent when we consider the late apartheid period, when the state began to commit very substantial funds to education, health care, housing and welfare for black people. Inter-racial redistribution surely reflects a class-cum-racial com-

promise: fear of expropriation (including crime), guilt, recognition of past inequity and a sense of justice may all be bound up together.

The ways in which cultural diversity shape solidarity and redistribution in South Africa are clearly determined by the country's specific history of racial politics. White elites are unusually willing to concede redistribution and strike a social democratic compromise because of the close relationship between race and class. At the same time, there is strong solidarity among black South Africans — spanning growing intra-racial class differences and continuing intra-racial ethnic diversity — because race remains fundamental to political attitudes. Racial politics also makes it easier for the ANC to play an integrating role, preventing the fragmentation of a “nationalist” movement into competing ethnic, regional or class-based factions.

Why don't the poor get more? Redistribution in South Africa is no more constrained by power-sharing than it is by cultural diversity. After a brief period of power-sharing under an interim constitution (lauded by the high priest of power-sharing, Arend Lijphart (1994)), South Africa has not had recognisably consociational institutions. Minority groups have no right to sharing power in the executive, nor any corporate veto over policies affecting them. The dominant party — the ANC — might be a broad church, but it is not so inclusive as to accommodate most members of the minority racial groups. Would power-sharing have inhibited redistribution? Probably not. The experience of power-sharing in 1994-96 does not suggest any limitation on redistribution: the National Party, then part of the Government of National Unity, supported the ANC's Reconstruction and Development Programme. The Democratic Alliance, which was the largest opposition party after 1999, implemented redistributive policies in the provinces and municipalities under its control.

The major obstacle to redistribution to the poor in post-apartheid South Africa is probably not the rich white elite as much as the black middle class and perhaps even the black organised working class because these classes seek to capture the benefits of inter-racial redistribution. Inter-racial redistribution does not mean that benefits reach the truly poor. Indeed, the available data on post-1994 trends suggests that the black middle-class has enjoyed huge gains whilst the black poor have, if anything, grown poorer still (Whiteford and Van Seventer, 2000; Seekings and Natrass, forthcoming). The black middle and working classes are both powerful within the multi-class coalition represented by the ANC. It serves the ANC leadership to play the race card, to maintain a coalition with its own internal strains, but the rhetoric of politics should not be misconstrued as an analysis of the politics of public policy-making.

Political institutions do potentially inhibit redistribution in other ways. The electoral system (combining closed-list proportional representation with just ten very large electoral districts) together with restrictions on “floor-crossing” (i.e. on Members of Parliament defecting from one party to another) concentrates awesome power in the party leaderships. This centralisation renders largely irrelevant the provisions in the constitution for weak federalism and the separation of legislative and executive powers. The centralisation of power within the ANC allows the executive to resist demands for redistribution. In a constituency-based electoral system, or one where power in political parties is more dispersed, the poor might exercise greater leverage over legislators and hence the executive. For this reason, conservative commentators sometimes voice approval of the system. The importance of the centralisation of power was evident in recent debates on welfare reform, focused on the proposed introduction of a universal, non-contributory, “basic income grant”. The recommendation by an official commission of inquiry that a basic income grant be introduced was supported widely within the ANC, but the top ANC leadership suppressed serious debate and kept the issue off the real policy agenda.

In fact, however, demands for redistribution appear to be relatively muted. Contrary to scholars’ expectations (e.g. Herbst, 1993), the available evidence suggests that the poor themselves have limited (or “realistic”) expectations of change (Charney, 1995; Johnson and Schlemmer, 1996; Natrass and Seekings, 1998). Elsewhere I have argued that a key factor constraining demands for redistribution is the opacity of public policy. Poor citizens can see, and oppose, self-enrichment by officials, incompetence or corruption in the administration of old-age pensions, and even the government’s tardiness in increasing welfare payments in line with inflation. But it is less easy to see how the government is responsible for what people see, rightly, as the major cause of poverty: unemployment. Surveys of public opinion routinely find that unemployment is identified as the most important problem facing the country, and that an overwhelming majority of the electorate (including the ANC’s own supporters) assess negatively the government’s performance. But they don’t hold the government responsible, and do not seek to punish the ANC electorally. The people holding high expectations — and potentially therefore disappointment — are not the poor, but rather the relatively privileged urban industrial working-class and black middle-class. The poor don’t get more in part because they are not demanding more (Natrass and Seekings, 2001). To what extent these attitudes are the product or outcome of the political system — in that a different system might foster more critical attitudes at the local level — is unclear.

## 4 • Brazil

In at least two respects, Brazil is very similar to South Africa. First, there is a high level of inequality in the distribution of income. The Gini coefficient for disposable income has been estimated consistently at about 0.6 for the past twenty years. As in South Africa, inequality (of disposable income) might have worsened somewhat since the transition to democracy in the mid-1980s (Psacharopoulos *et al.*, 1997). Secondly, the country's first fully democratic presidential election was held as recently as 1989, just five years before South Africa's first democratic general election; in the elections held in periods of civilian rule up to 1964, many citizens had failed to satisfy a literacy qualification. Unlike South Africa, minimal redistribution from rich to poor is effected through the budget in Brazil, and democratisation has been slow to have a major effect on this. The lack of redistribution in Brazil cannot be attributed to the country being a "divided society", but seems to reflect overwhelmingly institutional design.

In Brazil, as in South Africa, the rich are super-rich, with the top income decile accounting for over one half of total Brazilian income, and the top two deciles together accounting for two-thirds of total income (Psacharopoulos *et al.*, 1997: 144). Also as in South Africa, the poor live disproportionately in rural areas. Brazil is a society that has undergone massive urbanisation over recent decades, with rural areas left far behind in developmental terms. Poverty is most acute in the North-east region (home to one-third of the population but two-thirds of the poor). But the causes of poverty in Brazil are not the same as in South Africa. The Brazilian poor are poor not so much because they are unemployed as because they are working for very low earnings in the informal sector. Brazil's unemployment rate is, in the bottom income quintile, only 10% in urban areas and 1% in rural areas, compared to an aggregate 70% in South Africa. Informal sector employment stands at 73% of the labour force in the bottom quintile in Brazil. A second difference between Brazil and South Africa is the importance of education. In South Africa, school enrolment is high, even in the poorest areas, and the returns to school education are generally low. In Brazil, enrolment rates are low, and there are high returns to each additional year of schooling. Inequality in the distribution of income in Brazil is closely related to inequity in the distribution of human capital (Lam, 1999). The adult illiteracy rate in the bottom income quintile is about 43%. In this quintile, as many as one in three children aged 7 to 14 are not attending primary school and as many as 95% of 15 to 19 year-olds are not attending secondary school (Camargo and Ferreira, 2000: 20).

Brazil's growth path in the twentieth century was not unlike South Africa's. As in South Africa, the Brazilian state promoted a growth path that concentrated benefits in specific, mostly non-poor social groups. Deliberate import substitution industrialisation ensured higher incomes for employers and workers in protected sectors, including public administration and public utilities. As in South Africa, organised urban workers secured minimum wage and social security programmes before the Second World War. Unlike South Africa, however, these had the objective of maintaining the incomes of urban workers and their families should the bread-winning worker become unemployed, sick, disabled or die, and in his (and occasionally her) retirement. Social security was focused on corporatist social insurance, on the German model, not universal social assistance; coverage was intentionally limited to exclude most of the poor (Malloy, 1979). Public education and health care was also expanded slowly from urban middle classes to urban working class, and public housing targeted on urban working class. In 1963 and 1970 reforms extended some benefits to rural workers also. Despite these limited reforms, social policies continue today to be very poorly targeted on the poor. Social policies absorb two-thirds of government spending and (in 1998) about 21% of GDP, but benefit the middle classes and rich disproportionately.

The three pillars of redistribution in South Africa are all absent in Brazil. First, and crucially, education in Brazil is highly unequal. In contrast to South Africa, enrolment rates in public schools remain low in poor areas. Most of the beneficiaries of public secondary schooling are in the third and fourth quintiles, and almost all of the beneficiaries of the massive public spending on tertiary education are in the top quintile (Von Amsberg *et al.*, 2000; see also Camargo and Ferreira, 2000). The shares of public expenditure on primary and secondary schooling going to the bottom quintile is about 20% and less than 10% respectively in Brazil (*ibid*), compared to an aggregate figure of almost 30% in South Africa by 1997 (Van der Berg, 2001a: 148). Secondly, social security programmes, with the exception of some minor programmes such as the free milk and school lunch programmes, are highly regressive. Pension benefits are linked to lifetime earnings and concentrated heavily on formal sector workers. The Constitution itself guarantees generous benefits to civil servants, set at 100% of salary at retirement. These pensions are contributory in that only past contributors are eligible, but most benefits are paid for from general revenues and therefore pose a huge and rapidly rising burden on the fiscus. Huge benefits are paid to the relatively well off, but less than 20% of pensions are paid to households in the poorest three quintiles. Unemployment insurance reaches the second and third quintiles, but the bulk is captured by the rich and

the poorest quintile barely benefit (Von Amsberg *et al.*, 2000: 34-5; see also World Bank, 2000). Overall, social spending is regressive across quintiles (IADB, 1999: 191), in contrast to South Africa. Von Amsberg *et al.* (2000: 36) calculate that some 13% of all social expenditure in 1995 went to the bottom quintile, rather less than the 33% estimated for South Africa by Van der Berg (2001a: 148). Thirdly, only 18% of tax revenues come from taxes on income or profit (World Bank, 2002: 36). Information on Brazilian taxes is hard to come by, but in Latin America as a whole, tax systems are regressive because income tax rates are low, loopholes abound, and indirect taxes are high (IADB, 1999).

Attitude surveys suggest that there is, in Brazil as in Latin America as a whole, strong support for the redistribution of income, public health care, and public assistance for the elderly and the unemployed (Latinobarometer data, cited in IADB, 1999: 180). Data from the World Values Survey suggests that support for equality-enhancing state policies is lower than in South Africa, but is nonetheless strong (see Table A3 in the Appendix). Indeed, some surveys suggest that Brazilians are unusual in the extent to which they prioritise equality over democracy (see Turner and Elordi, 1995: 474). Lower classes are more egalitarian than higher ones (*ibid*: 483). But even among elites there is “great sensibility to the problems of poverty and inequality” (Reis, 2000: 183). Poor education and high levels of poverty and inequality are seen by elites as major obstacles to democracy and as the object of key national goals in the medium term (*ibid*: 184-5).

Since democratisation in 1985, successive federal governments have sought to reform social policies and the associated taxation system. Weyland (1996) provides a detailed study of reform initiatives between 1985 and 1994, i.e. before the election of Fernando Henrique Cardoso as president. In each of three areas — taxation, social security and health care — reforms were initiated primarily by progressive technocrats and were frustrated by powerful vested interests. This pattern repeated precisely the politics of reform prior to 1964 (see Malloy, 1979). In the case of social security reform after 1985, opposition came from conservative bureaucrats, defending the existing rules and procedures, the Finance Ministry, fearful of increased budgetary demands; and, above all, sectional pressures. Trade unions were opposed to any curbs on their privileges under the existing system — that benefited them handsomely — and even opposed the extension of non-contributory or subsidised benefits to people poorer than themselves. The rural poor were themselves divided, with the rural workers’ unions agreeing to a compromise with employers whereby social security provisions were extended to

*salaried* rural workers (a reform that was subsequently shelved). The rural and urban poor lacked effective voices in the political arena. The federal Congress was dominated by clientelist politicians who sought to maximise the resources available for discretionary patronage, and had little interest in reforms that meant that benefits would be non-discretionary entitlements. In 1991 higher wage rural workers were brought into the social security system. Almost immediately, fiscal crisis required massive cuts in benefits. The federal government proposed that benefit cuts (for the privileged) be combined with making low benefits universal, for the first time. Vested interests forestalled this reform, as they did also reforms of the tax and public health systems.

In 1994, Cardoso was elected on an explicitly progressive ticket. In his inaugural address he emphasised that social justice would be the “number one objective of my administration”. He claimed a mandate “from those that have been excluded” and warned that, if necessary, he would “do away with the privileges of the few to do justice to the vast majority of Brazilians”. The great challenge would be to decrease inequalities and do away with the “patronage, corporativism and corruption [that] drain away the taxpayer’s money before it reaches” its rightful beneficiaries (Cardoso, 1999). Rhetorically, Cardoso was similar to his contemporaries in the ANC leadership in South Africa. The Cardoso governments did attempt a series of reforms of social policy. Constitutional amendments limited marginally the state’s obligations to civil servants on retirement. Reforms of health spending improved targeting on the poor. The government established several new federal welfare programmes in 1995: the *Comunidade Solidária* programme, distributing free food to poor communities, and a number of programmes involving partnership between state, civil society and private sector. In 1996 the government sponsored a constitutional amendment to facilitate federal spending on primary schools, improving teachers’ salaries and providing for the *Bolsa-Escola* programme. This programme provides means-tested, conditional cash transfers, where the condition for the transfer is school attendance. Initiated in the Brasilia Federal District in 1995, by the newly-elected Worker’s Party (PT, in Portuguese) governor, decentralised *Bolsa-Escola* (school scholarship) programmes had been implemented in perhaps one hundred municipalities by the end of 2000, reaching about 100 000 families, one quarter of them in Brasilia (Lavinás, 2001: 6). Coverage was thus very limited, in terms of both municipalities and the poor in participating municipalities. In Belo Horizonte, the programme reached 8% of families (*ibid*: 12). Just prior to the 1998 presidential elections, the federal government launched a programme, meeting half of the cost of *Bolsa-Escola* programmes in poorer municipalities. The govern-

ment claimed that 504 000 families benefited over the following year (*ibid*: 7-8). Assessments of *Bolsa-Escola* programmes indicate that they raise school attendance and reduce grade repetition, and are well targeted on the poor, but they barely scratch the surface of poverty (*ibid*; Lavinás *et al.*, 2001). In mid-2001, however, the Federal *Bolsa-Escola* programme was expanded, and by early 2002 reached nearly 5 million families, including over 8 million children (Silva e Silva, 2002: 10).

Scholars of Brazil emphasise the importance of institutions in frustrating reform and ensuring the perpetuation of policies that protect the privileged or relatively privileged. Few political systems have so many veto points. Federalism constrains the power of the centre; the separation of powers impedes reformist presidents; the electoral system breeds individualism among politicians and undermines party discipline; and existing policies provide politicians with the resources to uphold patronage politics. All can be traced back to the circumstances of what was an undoubtedly conservative transition to democracy (Hagopian, 1996; Power, 2000). The military were able to ensure the election of conservative politicians heading regional political machines — as many as 40% of the members of the 1987-91 Congress were former members of the military-backed party prior to 1985 (Power, 2000) — leading to the adoption of a conservative constitution in 1988 (Montero, 2000).

Reform is constrained most obviously by the institutional power of conservative politicians from rural states. Seats in Congress do not reflect the demographics of the country. Sao Paulo state has 22% of the population but only 12% of the seats, whilst the seven smallest states have, between them, 4% of the population but elect 25% of the Senate and 10% of the lower chamber. The Senate, which is especially disproportional, has unusual power to kill legislation coming from the lower state. The constitution reduces further the powers of the centre by requiring the transfer of federal funding to the states and municipalities. The result is, in Stepan's analysis, "*demos-constraining*" (Stepan, 2000). The reason for this is that many of the states, including especially the poorer states, are dominated by oligarchic elites.

The power of oligarchic elites is rooted in large part in the electoral system of open-list proportional representation (PR) for legislatures. Open-list PR entails seats being allocated to parties according to the share of the vote won by each party's candidates, but being allocated within parties to candidates on the basis of which individuals won most votes. When combined with small electoral districts but without restrictions on floor-crossing, open-list PR results in a predominance of individualist politicians who seek to build personal-

ised support bases through clientelism and change parties frequently (more than half of the members of the 1991-94 federal Congress switched parties — Mainwaring, 1999: 142-7; see further Ames, 2001). In stark contrast to South Africa, party discipline is extremely weak (Mainwaring, 1999: 139). Congress is paralysed, with presidents having to form coalitions out of individualist legislators nominally combined into parties. The parties of the left (the PT) and centre-left (including Cardoso's Social Democrats) are, to different extents, exceptions to this picture of weak parties, but they account between them for little more than one-third of the congressional vote and a still smaller proportion of the actual seats in Congress.

Progressive reforms by the Federal government are frequently frustrated by some combination of the division of powers under the federal constitution, the self-interest of bureaucrats and politicians, or the vested interests of powerful constituencies (such as trade unions, in the case of pension reform). Pro-reform coalitions have proved to be viable in some surprising areas of policy, including trade policy (Kingstone, 1999, 2000), but not with regard to social policies. It is at the sub-national level that some of the more significant reforms have been effected. Tendler (1997) has analysed a rare case of "good government", in the impoverished North-eastern state of Ceara between 1987 and 1994. PT municipal administrations have also attracted considerable laudatory attention, although most is focused on innovative procedures rather than substantive policy outcomes (e.g. Abers, 2000) — and most of these PT administrations have been in the relatively prosperous South and South-east. Experiences in Ceara and PT-administered states and municipalities lead Montero (2000) to suggest that federalism is not unambiguously *demos*-constraining, as Stepan argued; rather, it opens spaces for progressive initiatives at sub-national levels. The distributional consequences of federalism depend on the politics at state and municipal levels. Notwithstanding the success of the PT and other reformist candidates, most of the poorest parts of the country continue to be dominated by elected oligarchic elites.

Why do so many poor voters vote for regionally-based, conservative representatives rather than for the PT or other reformist candidates espousing pro-poor programmes? Even in the presidential elections, dominated by centre-left and left candidates (Cardoso, Lula), poor voters have tended to vote for the more conservative candidates. There is no relationship between income or class and voting behaviour in presidential elections. Indeed, the left's persistent presidential candidate, Lula, tended to do better among slightly better off voters than his less radical opponents (Mainwaring, 1999). The explanation is clearly not "cultural diversity", given that Brazil has a very

low level of ethno-linguistic fragmentation; Brazilians are united by religion and language, and race does not appear to be a factor in voting behaviour. Rather, most studies emphasise that Brazilian voting behaviour is contingent on the political context: an electoral and political system that encourages individualism among politicians and regionalism in federal politics combines with a policy environment that gives politicians huge discretionary power over the allocation of resources. In this context, poor Brazilians acquiesce in a regionalist, oligarchic and inegalitarian system, giving their votes to regionally-based politicians who promise patronage not programmatic or systemic reform. In this, Brazilian voters are of course not unlike “quiescent” or “deferential” sections of the poor in America (Gaventa, 1980) or Britain (Newby, 1977).

The absence of ethnic, religious or linguistic fragmentation and the limited political salience of race does not mean that Brazil is culturally homogeneous. Brazil is clearly not the non-racial society that Freyre and others applauded for so long; race is more of a factor in social and economic life than has generally been acknowledged. But racial consciousness and identity are extremely complex in Brazil. Racial categories even appear to be malleable, with upwardly mobile black Brazilians becoming “whiter” over time both in terms of their own identity and how they are perceived by others. More importantly for our argument, however, is that race has rarely been politicised in Brazil. Racially-based political or other movements have failed to attract support. Twentieth-century Brazil was never a racialised polity in a sense remotely resembling apartheid or even post-apartheid South Africa.

More importantly, regional identities — and stereotypes — are important in Brazil. Poor voters in rural regions typically vote for regionally-based patrons in conservative parties rather than for candidates from the programmatic, pro-poor PT. People in the wealthier regions typically view people from the poorer north-east in very derogatory terms. What is unclear is whether such regional identities and prejudices are the cause or the product of a political system that promotes regionalism. Citizens vote for patrons who promise and succeed in delivering “pork” to regional and sub-regional constituencies, and often follow the recommendation of regional leaders in voting for federal candidates (including candidates for the presidency) whom the regional leader has himself endorsed (in return for promises of patronage). Do federalism and open list PR accommodate such practices or cause them? The absence of both redistribution and cultural diversity compels us to examine whether both are not, in some way, the consequence of the interaction between regional identities and the design of Brazil’s political institutions. Federalism,

the electoral system and the discretionary nature of so much public spending means that elites and citizens behave in the kinds of ways that we might expect if this had been a “divided society” rent by immovable cultural divisions. Might this also be true in a society that is much more obviously “divided”?

## 5 • Nigeria

If one wanted a good example of a society where cultural divisions appear especially implacable, look no further than Nigeria. The “national question” had dominated Nigerian politics since before independence in 1960. Nigeria adopted a federal constitution to try to contain the tensions between the predominantly Muslim, Hausa-speaking North, the predominantly Christian, Yoruba-speaking South-west and the predominantly Christian, Igbo-speaking South-east. But despite — or because of — the federal arrangements, inter-regional/ethnic tensions intensified, culminating in the attempted secession of the South-east (“Biafra”) and civil war between 1967 and 1970. Following the war, Nigerian politics was dominated by northerners in a succession of military regimes, interrupted briefly by the corrupt civilian governments of the Second Republic (1979-83). Regional tensions worsened when the (northern) military annulled the results of a presidential election in 1993, aborting the promised transition to democracy, when it appeared that a candidate from the south-west had won.

Since the most recent transition to democracy, in 1999, Nigeria has been plagued by ethnically-divided elite politics. Ethnic organisations have proliferated, wielding considerable influence in national politics. Yoruba interests are advanced by the Oodua People’s Congress (named after Oduduwa, the mythical father figure of Yorubas), until its banning in 2000, and the traditionalist Yoruba movement, *Afenifere*. Eastern elites have an umbrella organisation of their own, *Ohaneze*. A northern pressure group, the Arewa Consultative Forum (chaired by former military president, Gowon), formed the Arewa People’s Congress to advance northern interests. In other parts of the country, too, ethnic minorities have their own organisations, most notably the Ijaw National Congress and other groups in the oil-producing region of the Niger delta. Prominent politicians and intellectuals voice doubts as to the coherence of Nigeria, demanding even that Nigeria become a confederation. At the same time, communal violence sweeps across the country. Most recently, northern cities were engulfed in religious riots.

Analyses of Nigerian politics and society are plagued by a lack of good data on key issues. First, there is almost no readily avail-

able data on inequality. The Federal government conducted national household surveys in 1985/86 and 1992/93 (see World Bank, 1996), and there are a number of more recent local studies (see e.g. Adesina, 2000, for 1993 data from South-western Nigeria). Such studies report high and rising Gini coefficients, but the variation is considerable and the quality of the data questionable. There is some data on perceptions of inequality. The 1995 World Value Survey found most Nigerians agreeing that “most poor people have very little chance of escaping from poverty”, that “a larger share of the population is poor than ten years ago” and that “people are poor because society treats them unfairly” (rather than because they are lazy and lack will power). Nigerians were more supportive of income differences, as incentives for individual effort, than South Africans and Brazilians, and more likely to agree that “people can only get rich at the expense of others”. The 2000 Afrobarometer survey also found strong support for greater equality in income distribution and for meeting people’s basic needs (Bratton and Lewis, 2000).

What most attitude surveys don’t pick up, however, is probably more important. Astute commentators agree that a sense of marginalisation is widespread among the Igbo people from the East, among the Yoruba in the West, among the country’s many ethnic minorities — among just about everybody, that is, except perhaps the Hausa/Fulani people of the north (Mustapha, 2001). These kinds of perceptions are difficult to identify and assess in attitude surveys. The Afrobarometer surveys, unusually, have probed whether Nigerians feel discriminated against.

Much depends on the way the question is asked. Overall, relatively few Nigerians (11.7 percent) feel that the economic conditions of their group are “worse than the economic conditions of other groups in the country.” Almost twice as many respondents (20.3 percent) were willing to agree that their group “is always (or) to a large extent ... treated unfairly by the government.” And a middling proportion (18.7 percent) felt that the government overlooks the interests of “all Nigerians” in order to represent “just a few groups or the interests of one group only.” (Bratton and Lewis, 2000: 26).

Nigerians with a class identity are more likely to feel aggrieved than Nigerians with stronger ethnic, religious or linguistic identities. Some ethnic groups (such as Ijaw-speakers) are more aggrieved at discrimination than others (such as Hausa-speakers). Qualitative work (and perhaps the use of experimental vignettes in surveys) would be invaluable in shedding fresh light on these issues.

There is a similar lack of data on the incidence of public expenditures. There is little accounting for public revenues, even

since the transition to democracy in 1999, and Nigerian public finances are in a mess. In 2002, when the lower legislative chamber initiated impeachment proceedings against President Obasanjo, the counts included the executive's failure to implement Appropriation Acts and spending money without authorisation.

Let us accept, nonetheless, three assertions about Nigeria: First, there is significant inequality, within regions as well as nationally. Second, state policies are likely to be highly regressive, with an extraordinary share of state expenditures captured by national and regional elites. And, thirdly, ordinary as well as elite Nigerians tend to view their society in ethnic or religious terms. The questions for us here are, then: to what extent are the ethnic (or religious) patterns in Nigerian politics the product of a primordial cultural diversity and to what extent are they the product of a struggle for spoils in a specific institutional context? To what extent are they the cause and to what extent the consequence of political conflict?

Without better evidence, we can only answer these questions indirectly. First, Nigerian politics is clearly structured by the consequences of oil production. Up to and at independence, Nigeria was a society of peasants, with no large landowners and very little industry. The nascent middle class was based in public sector employment and commerce. Government revenue came from taxes imposed on agricultural marketing boards and, at the local level, various poll taxes. This all changed with the oil boom of the 1970s. State revenues rose by as much as 40% per year during the 1970s, with oil revenues contributing over 80% of total state revenue. The oil boom transformed the relationships between government, state and society. Control of state expenditure became, more than ever before, the route to enrichment. As a long series of scholars have shown, elite politics in Nigeria revolves around competition for control of the state and its oil revenues. "Simply put", writes Ibeanu (1998), "state power guarantees access to petrodollars". Nigerian politics became an intralite struggle for spoils (Forrest, 1986). Richard Joseph (1983, 1987) has analysed this in terms of "prebendalism", using the Weberian notion of a prebend as the use of public office for private enrichment. Both military and civilian regimes have maintained power through distributing public resources through decentralised patronage networks. Under the post-1984 military regimes, such prebendalism gave way to a more naked "predation" and "decentralised clientelist rule" was replaced by "purely avaricious dictatorship" with the concentration of coercive and financial power in the personal hands of military strongmen (Lewis, 1999). The presidency assumed many of the functions of the Ministry of Finance and the Central Bank. Two-thirds of public expenditure (equal to about 17% of GDP) was done outside of

the federal budget, i.e. was entirely discretionary. The Nigerian National Oil Corporation never published accounts. Corruption took place on a previously unimaginable scale. The centralisation of power, especially under the military after 1984, meant that the supposedly federal state became a de facto unitary state (Othman and Williams, 1999; Suberu, 2001).

At the same time, a hitherto largely peasant society was devastated as oil exports changed relative prices in the economy. This was the setting for the intensification of religious tensions in the North. The collapse of agriculture and a boom in urban construction in the late 1970s led to rapid urbanisation. In northern cities, material grievances and resentment of official corruption provided fertile ground for the growth of fundamentalist Islam. Preaching a fundamentalist and fiercely anti-materialist message, a charismatic local leader in Kano known as “Maitatsine” attracted a substantial following among the urban poor. In December 1979, the police and army battled with Maitatsine’s followers for five days. The strengthening of religious identities is the result of economic hardship and political alienation (Mustapha, 2000). In the (Niger) Delta area in the South, strains in the agricultural economy combined with resentment of the environmental degradation accompanying oil production and of the failure of the state to return oil revenues to the areas where the oil was produced, leading to revolt against the federal government.

The transformation of public finance affects profoundly the relationship between state and society. Guyer (1992) examines the changing nature and consequences of local taxation in one area of South-west Nigeria (Ibarapa). In Europe, taxation was institutionalised under non-democratic rule, democracy was constructed around struggles to control public revenue, so that there developed a close relationship between the obligations of taxation and the rights of democracy. British colonial administrations sought to replicate this process in Nigeria. Taxes were initially viewed as a colonial imposition but achieved some legitimacy around independence. In the South-west, the imposition of taxes to pay for the civil war promoted rebellion. Taxes were illegitimate in a context in which expenditures were questioned and there was no consent mechanism. As oil revenues flooded into state coffers, the state completed the task of dismantling the colonial tax system, especially at the local level. Taxes were not even raised during the austerity measures of the mid-1980s. Effective tax rates are very low:

Translated into a proportion of a man’s cash income (i.e. not including the cash value of income in kind from the farm and not reflecting the cash costs of production), the tax paid by the male Ibarapa farmer or trader in 1968 at the time of the [anti-tax] revolt was

about 8 percent; in 1980 tax was about 1 percent, and in 1988 was under 2 percent for a poor farmer and literally disappeared as a percentage of the net income of a successful farmer with ten acres. The annual tax in 1988 was considerably less than the amount a farmer might contribute as a minor participant in a single funeral ceremony, a chieftaincy installation, or as a purchaser of a single round of three Harp beers among friends. (Guyer, 1992: 56)

Nigerian citizens are not tax-payers, and debates over public policy are not framed in terms of the implications for tax-paying citizens. Groups compete for a larger share of public revenues, not for the better use of taxes, and there is no basis for demanding that the wealthy pay tax.

Between 1946 and 2000 no fewer than nine separate commissions investigated revenue-sharing in Nigeria, and not one came up with a generally accepted formula or rules for revising the formula (Suberu, 2001). Between 1966 and 1979 the federal government allocated funds to states on the basis of a formula with just two elements: half of all funds were allocated on the basis of population (rendering censuses intensely political) and half on the basis of an equal share to each state (providing a strong incentive to state fragmentation). With the arrival of massive oil revenues, an additional “derivation principle” was added: a fixed percentage would be ear-marked for the oil-producing regions. As of 2000, the percentage was 13% (*ibid*: Chapter 3).

Faced with ethnic competition for control of state resources concentrated at the centre, constitutional architects have asked repeatedly whether there is some institutional design that diminishes the “immense premium on political power” (Diamond, 1987)? Again, Diamond wrote soon after the 1999 transition, “Nigeria still confronts the basic questions of governance that have dogged it throughout its forty years of independence” including, firstly, “How should federal institutions be designed to manage and contain the country’s countless ethnic, subethnic, regional, and now increasingly religious cleavages?” (Diamond, 2001: xiii). The standard responses on institutional design cover four main areas:

1. The establishment of new states: At independence, Nigeria comprised three regions, each dominated by one of the three big ethnic or national groups that together constituted two-thirds of the population. A fourth region was created in 1963. These were broken up into twelve states in 1968 in the belief that smaller states would mitigate the tripolar conflict of the 1960s. In 1976, these were further reorganised into nineteen states, then twenty-one in 1987, thirty in 1991 and thirty-six in

1996. Division into about nineteen states (as under the Second Republic) seemed to “work” well in terms of placating key groups (Diamond, 1987), but for minorities, the formation of a new state remains attractive in order to secure direct access to federal politics. All except the 1963 reform were done through military fiat (Suberu, 2001: 15). To what extent is the proliferation of states required to manage long-standing ethnic diversity and intolerance and to what extent is it required to manage conflicts ensuing from the revenue-sharing rules?

2. Regulation of political parties: military and civilian governments have repeatedly specified conditions that parties have had to satisfy in order to register for participation in elections. In 1979, parties were required to have executives or governing councils that included members from two-thirds of the states. In 1993 the military went so far as to establish a centre-left and a centre-right party, supposedly intending that ideological differences should replace cultural ones. The Constitution for the Fourth Republic requires that parties demonstrate national support, and the leadership must reflect the “federal character” of Nigeria. President Obasanjo tried, and failed, to secure legislation further restricting party registration. Such rules, whatever the intention, serve to protect existing elites and to concentrate power at the centre.
3. The “federal character principle”: the 1979 constitution of the Second Republic prescribed this principle for presidential appointments, and this provision was repeated in the 1999 constitution for the Fourth Republic. Positions — including ambassadors, ministers, senior military officers, and so on — should be allocated to people from each state. It has even been proposed that Nigeria have a rotating presidency (see Suberu, 2001: Chapter 5)
4. Requirements for election to executive office: under the 1979 and 1999 constitutions, presidents and governors must receive at least one quarter of the vote in at least two-thirds of the states or districts, i.e. they must demonstrate broad as well as strong support.

The danger is that these perpetuate and even strengthen regional or ethnic or religious identities, rather than contain them. Political parties in the Second and Fourth Republics reflected the rules governing their operation. Rather than coalesce around programmes, politicians came together in “very large, but often structurally and ideologically incoherent, multi-ethnic parties” (Suberu, 2001: 117). In Nigeria, as in Brazil, politicians build support bases

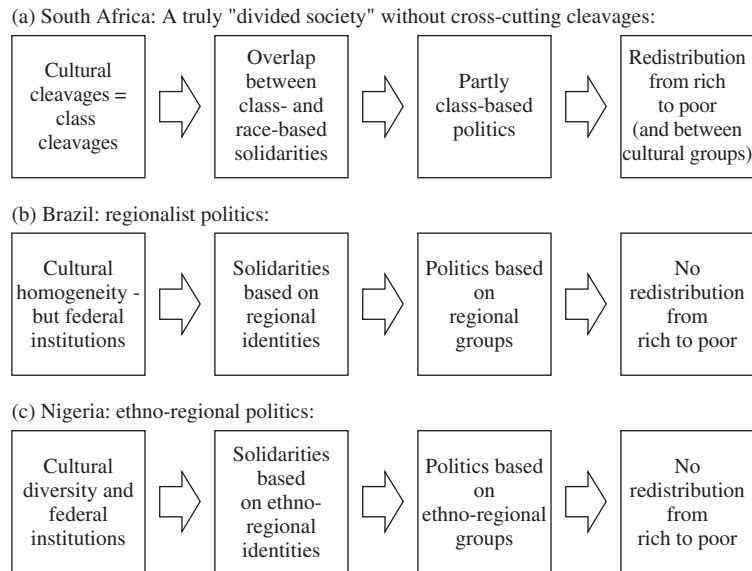
through patronage, recruiting local patrons into coalitions that lack any clear programmatic or ideological basis. Of course, culture shapes the choice of coalition partners, but it does not determine it. The political importance of cultural diversity in Nigeria is, to some extent at least, conditional on the political economy of public finances in an oil state and on institutional design. It is also unclear how and why ethnicity, regionalism and religious affiliation sometimes cut across each other, refuting the crude simplicity of most ethnic analysis. In the 1993 presidential election (annulled by the military regime), the candidate of the centre-left party (M. Abiola) was a Muslim, Yoruba businessman from the West, but he won support from Christians as well as from some Muslims in the north. In the 1999 election, ex-general (and former military president) Obasanjo — a Christian from the South — won most of his votes in the Muslim north.

The rules for sharing federal revenues clearly provide incentives for regionalist politics. Suberu (2001) recommends a further decentralisation of funds through further revision of the vertical division of revenues, together with a revised horizontal division with increased rewards for local revenue generation. In general, however, federalism is a bad way of getting public resources to the poor, and it is unclear how far reforms can overcome this.

## 6 • Conclusions

The comparison of Brazil and South Africa leads to some counter-intuitive findings. In two countries with not dissimilar social and economic structures, there are completely contrasting rates of redistribution. In pre-democratic South Africa, where supposed cultural diversity became the organising principle of political rights, social rights became more universal than in Brazil at the same time. The institutional design of contemporary, democratic Brazil is the product of the country's conservative transition to democracy, and pressures for redistribution and social citizenship are largely frustrated by a multiplicity of veto points, the constitutional protection of vested interests, and voting patterns among the poor that appear to be consequential to rather than prefigurative of institutional design. In South Africa, in contrast, a pacted transition to democracy did not entail formal restrictions on redistribution. The government's uneven progress in policy reform is not because there are too many veto points — in practice, there are hardly any — but because the citizenry is not pressing hard for reform, itself due to the combination of highly visible, already redistributive social policies and opaque labour market and growth path policies.

FIGURE 2



**Some actual types of solidarity and redistribution**

Nigeria is a case where cultural diversity is violently evident, and provides an obvious explanation for citizens' failure to organise along class lines and secure a more accountable use of government resources. But it is unclear even here how cultural diversity in fact interacts with the character of public finance and institutional design. In practice, Nigerian politics is very similar to Brazilian politics, raising the possibility at least that Nigerian politics is shaped more by institutional factors (as in Brazil) than it is by cultural diversity (which Brazil does not share).

Figure 2 tries to summarise key aspects of these three actual cases in the framework used for ideal types in Figure 1. South Africa is (or at least was) a truly "divided society", without cross-cutting cleavages: the paramount cultural cleavage (race) largely coincided with class, with the result that racial tensions and economic inequality fed on each other and fuelled demands for inter-class as well as inter-racial inequality. White taxpayers conceded redistribution through the budget because of — not despite — the racial factor. In Brazil, in contrast, institutional design encouraged regionalist identities that cut across class, providing incentives for regionalist political behaviour and inhibiting the prospects for redistribution to the poor. In Nigeria, institutional design exacerbated pre-existing cultural diversity that cut across class, with the outcome that there was even less demand for redistribution to the poor than in Brazil.

These conclusions must be tentative, not least because extant evidence and analysis is so uneven. The literature on politics in each

of South Africa, Brazil and Nigeria lags behind political developments by several years, such that we lack careful, critical studies (in English) of Brazil under Cardoso or Nigeria under its Fourth Republic (i.e. since 1999), and even of South Africa after 1997 or so. It remains unclear what difference democracy has really made in Nigeria, what difference a more committed social democratic president made in Brazil, and how a social democratic compromise has developed in South Africa. We lack analysis of key issues even for the preceding periods. This is most obviously the case for Nigeria, where the scale and use of public finance remains largely hidden from view. For all three countries we lack good data on key aspects of public opinion. We know a lot about attitudes toward democracy and a range of social issues (including in Nigeria, from reports on an unreleased Afri-barometer study — see Bratton and Lewis, 2000 — as well as the publicly available 1995 WVS). But opinion polls tell us little about the detail of solidarity and prejudice. Surveys rarely even probe negative stereotypes of other people or ask about the government's perceived responsibilities to other people, whether defined in class or cultural terms.

To interrogate solidarity and prejudice more thoroughly we would need to go beyond attitude surveys to either qualitative research (including focus groups) or experimental research. The work on attitudes toward race in North America, by scholars such as Paul Sniderman, is instructive here. Sniderman has used experiments to explore attitudes to race through arguments over government spending, affirmative action, access to housing and so on. One of his experiments concerns the “laid-off worker”:

The laid-off worker experiment begins with an introduction announcing that the next questions concerns a person “laid off because the company where he or she worked had to reduce its staff”. The interviewer then asks respondents to “think for a moment about the person and then tell me how much government help, if any, that person should receive while looking for a new job,” and then describes the laid-off worker. Specifically, the interviewer says:

The first person is a [white or black] [male or female], in [his or her] [early twenties, mid-thirties or early forties]. He/she is [single, a single parent, married, married and has children] and [is a dependable worker or is not a very dependable worker]. (Sniderman and Piazza, 1993: 70)

The description of the laid-off worker is varied between interviews, so that the benefits recommended can be linked to each of the different characteristics of the worker as well as other data about the respondent and his or her attitudes. The respondent is not in a

position to know what it is that is being assessed through the vignette. Another experiment examines whether white Americans dislike affirmative action because they are prejudiced against black Americans or whether their prejudice is a consequence of their belief that affirmative action is unfair (*ibid* 102-4). Sniderman and Piazza also examined whether people can be talked out of their views on these issues through posing counter-arguments (*ibid*: chapter 6). Prejudice and solidarity are complex phenomena, not easily understood through structured questionnaires or one-dimensional analyses. Sniderman and Piazza (1993) write of the “varieties of racial politics”. (Sniderman has used similar computer-based techniques in probing Canadians’ views on group-based claims — see Sniderman *et al.*, 1996). Experimental vignettes as well as counter-arguments (to probe openness to persuasion) have been used in research on tolerance in South Africa, by Gibson and Gouws (2002), but not yet with respect to understandings of just desert, and I am unaware of any comparable studies in Nigeria or Brazil.

More innovative studies of public opinion would also shed light on two further, specific topics. How opaque are different areas of public policy? A key element in our analysis of South Africa was that social policies are highly visible but public policies on employment are too opaque, with the result that discontent with unemployment levels does not readily convert into voters punishing the government through electoral defection. How do citizens in Brazil and Nigeria see public policy? More broadly, what really drives their voting decisions?

Even if we were to have richer data on prejudice and solidarity, there remains the problem of causation: are attitudes and beliefs the product or the cause of particular political arrangements? At the very least we need to be sceptical of much work on attitudes. As Barry (1970) pointed out long ago, in criticism of Almond and Verba’s classic work on the “civic culture” (1963), attitudes are learned, and reflect the perceived workings of the political system. Successful experiences with liberal democracy made (West) Germans more democratic, not *visa-versa* (see, in general, Muller and Seligson, 1994). In Italy and America, argues Putnam (1993, 1995), pro-democratic values develop with the accumulation of social capital, itself the product of particular settings.

Cultural diversity in “divided” societies led scholars such as Lijphart to recommend consociational institutions. Such recommendations have been criticised in the South African context on two related grounds. First, they emasculate political opposition, which is a crucial component of democracy (Jung and Shapiro, 1995). Second, they assume an immutability about cultural identities, notwith-

standing evidence that the politicisation of such identities entails construction and reconstruction (Jung, 2000). The danger of power-sharing institutions is that they entrench the very values that they seek to contain. (This is a criticism of power-sharing, not of the remedy of alternative voting systems advocated by Horowitz, 1991).

The experience of Brazil and Nigeria suggests that some political institutions similarly serve to inhibit, directly or indirectly, progress toward social citizenship. Each of South Africa, Brazil and Nigeria has rules governing the division of federal revenues, vertically (between levels of government) and horizontally (between different governments at each sub-national level). Allocating funds to regions might pacify the elites in those regions, but is no guarantee that the resources actually reach the poor. Without mechanisms to strengthen accountability and democracy at sub-national levels, fiscal federalism impedes redistribution to the poor, and may even serve to strengthen ethnic and regional political alignments and identities, further undermining the prospects of pro-poor outcomes. In short, the institutional arrangements intended to accommodate cultural diversity serve to entrench or even strengthen such diversity and weaken class-based economic solidarity and redistribution to the poor. This is, one hopes, an unintended consequence.

Finally, the moral economy of taxation and resource allocation is crucial, yet poorly understood. Scholars of the welfare state in the North have begun to pay more attention to tax issues. Democracy can be forged in societies where citizens pay no tax (consider the case of classical Athens — see Wood, 1988). But taxation, especially direct personal taxation, generally leads the tax-payers to demand a higher level of accountability on the part of governments. It is no coincidence that South Africa has the highest level of income tax and (probably) the lowest level of corruption of the three cases considered here. The relationship between tax, redistribution and solidarity requires further thought.

## Appendix: Data on attitudes from the 1995 World Value Survey

TABLE A 1

<b>Agreement with :</b>	<b>South Africa %</b>	<b>Brazil %</b>	<b>Nigeria %</b>	<b>Support for democracy/ political opinions</b>
Democracy may have problems but it's better than any other form of government (V163)	73	79	87	
A democratic political system is a good way of governing the country (V157)	77	81	93	
Generally speaking, this country is run by a few big interests looking out for themselves (V166)	38	74	87	
The entire way our society is organized must be radically changed by revolutionary action (V124)	11	18	32	

TABLE A 2

<b>Agreement with :</b>	<b>South Africa %</b>	<b>Brazil %</b>	<b>Nigeria %</b>	<b>Perceptions of poverty</b>
Most poor people have very little chance of escaping from poverty (V173)	47	71	74	
The government is doing too little for people in poverty (V174)	57	36*	83	
A larger share of the population is poor than ten years ago (V171)	51	77	81	
People are poor because society treats them unfairly (rather than because they are lazy and lack will power) (V173)	53	76	85	

\* There were very high "don't know" responses in Brazil for V174; excluding these "don't knows", two-thirds of the respondents said little.

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		South Africa		Brazil		Nigeria	
		%	mean	%	mean	%	mean
V125	Incomes should be made more equal	37	5.1	31	5.7	22	6.8
	Neutral or don't know	34		30		21	
	We need larger income differences as incentives for individual effort	29		39		57	
V126	Private ownership of business and industry should be increased	41	4.5	33	5.2	34	5.7
	Neutral or don't know	37		40		28	
	Government ownership of business and industry should be increased	21		27		39	
V127	The government should take more responsibility to ensure that everyone is provided for	43	4.7	33	5.6	44	4.8
	Neutral or don't know	31		30		27	
	People should take more responsibility to provide for themselves	26		37		28	
V128	Competition is good. It stimulates people to work hard and develop new ideas	64	3.0	60	3.4	70	2.9
	Neutral or don't know	28		27		21	
	Competition is harmful. It brings out the worst in people	8		13		8	
V129	In the long run, hard work usually brings a better life	71	2.7	21	6.8	60	3.7
	Neutral or don't know	21		26		22	
	Hard work doesn't generally bring success, it's more a matter of luck and connections	7		53		18	
V130	People can only get rich at the expense of others	18	6.4	11	7.4	36	5.4
	Neutral or don't know	42		33		29	
	Wealth can grow so there's enough for everyone	40		56		36	
V131	One should be cautious about making major changes	35	5.1	50	4.2	36	5.6
	Neutral or don't know	40		29		25	
	You will never achieve much in life unless you act boldly	25		21		40	
V132	Ideas that have stood the test of time are generally best	29	5.4	31	5.7	47	4.7
	Neutral or don't know	44		31		25	
	New ideas are generally better than old ones	27		37		28	

*Note:* For each question, the first row combines scores of 1-3, the second scores of 4-7 together with don't knows, and the third scores of 8-10. The means are calculated using the original ten-point scale responses, excluding "don't know" responses.

**TABLE A 3**

**Perceptions of inequality, opportunity and change**

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