

ABSTRACT FOR THE 2001 ESSA CONFERENCE

Did labour market racial discrimination decline with the end of apartheid?

An analysis of the evolution of hiring, occupational and wage discrimination between 1993 and 1999 in South Africa.

Dr. Sandrine Rospabe

Development Policy Research Unit
School of Economics
University of Cape Town
Hiddingh Campus
Private Bag Rondebosch 7701
Tel: (021) 480-7158
Fax: (021) 423-2501
e-mail: srospabe@hiddingh.uct.ac.za

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In 1994, the onset of democracy in South Africa formally ended several decades of discriminatory policies and legislation, which deeply affected the structure and the efficiency of the labour market. Hence, the legacy of apartheid is reflected by large racial inequalities in the access to the labour market in addition to a well-defined racial occupational and wage hierarchy. Differences in educational attainments as well as in other human capital attributes play a great role in explaining the varying incidence of unemployment across racial groups, the relatively small proportion of black workers in skilled jobs and their lower earnings. However, the continuance of discriminatory employers' behaviour, whether it is voluntary or not, is likely to reinforce these individual differences in productivity. Nevertheless, as the fight against racial discrimination became a key aim of the new government's policy and legislation, it is expected that discriminatory practices decreased in the second half of the 90's.

This paper seeks to estimate the extent of hiring, occupational and earnings discrimination and how these three forms of discrimination evolved after the end of apartheid. More specifically, it focuses on discrimination between white and African workers. The paper presents econometric studies that adapt the residual difference method of decomposing group wage differences (Oaxaca, 1973) to discrete choice models. It uses two household surveys, namely the 1993 Project for Statistics on Living Standards and Development (PSLSD) and the 1999 October Household Survey (OHS).

The first objective of the paper is to explore the extent to which the race gap observed in 1999 in the probability of employment, of having a skilled job and in earnings is due to black group's inferior productive characteristics and to labour market discrimination. In doing so, this paper expands the field of investigation and the period covered by previous studies focusing only on wage discrimination (Knight and McGrath, 1987, Moll, 1992 and 2000, Allanson et al., 2001) or on employment discrimination (Kingdon and Knight, 2000). Some preliminary results seem to indicate that in each case considered, labour market discrimination accounts for less than a third of the race gap and thus, that pre-discrimination strongly affects labour relations. These observations provide valuable information for future government policy aimed at reducing labour market inequalities.

The second objective of the paper is to examine how hiring, occupational and earnings discrimination evolved after the end of apartheid. The estimates show that these three forms of racial discrimination progressed unevenly between 1993 and 1999. Hiring and occupational discrimination slightly decreased whereas wage discrimination remained stable.

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