Early roots of 'coloured' poverty:
Some snapshots and a story

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Introduction

One of the 'groups' distinguished in apartheid South Africa was the 'coloured' population, whose diversity was perhaps greater than their common characteristics. Their ancestors included Khoikhoi, San, Malays, Europeans, Indians and black Africans. Today, the apartheid 'identity' is still used for much demographic and other analysis.[1]

The coloured population now comprises almost 10 percent of the South African population, earning only a slightly smaller proportion of national income. They are then similar to the South African average, but as for South Africa, *average* incomes of this group hide startlingly large disparities in living standards. The Gini coefficient of this group has been rising, and depending on the data source one uses, appears to be close to or even above 0.60 – a level exceeded by few countries. Poverty levels are high; roughly one-quarter to one-third of all coloured people can be classified as poor, depending on the poverty line chosen and the dataset used (RDP 1994/ World Bank 2009). According to the 2010 General Household Survey the coloured population constituted 21.9% of social security grant beneficiaries, more than twice their population share, reflecting the fact that many qualify for such grants through the means test. This poverty is in spite of the fact that during the apartheid era, coloureds were never subjected to quite the same levels of economic and socio-political discrimination as blacks (Van der Berg 1998) and shared a common language and much of their culture with whites, which could have served as lubricant for social mobility into the middle class. Taking cognisance of these facts, the question arises why so many coloured people find themselves in a poverty trap.

This puzzle is one that an investigation of current poverty can only illuminate very imperfectly. Some historical analysis is necessary to throw more light on the subject. There is another puzzle concurrent in the behaviour of this population group, perhaps rooted also in events of almost a century ago, viz. surprisingly early exit from schools or, put differently, failure to progress to higher levels of education

[1] For an analysis of the "myth of coloured identity", the reader is referred to Van der Ross (1979).

than would be expected. This paper discusses both these puzzles, and provides some largely circumstantial evidence across datasets that span a century and a half, that these two puzzles may be linked in some way. One specific factor that may have played a role in bothy these puzzles is the strong rural roots of a large part of the coloured population, and particularly of those who were most excluded from the economic and political mainstream for a large part of modern South African history.

These are issues that this paper starts to address, using some limited information from cross-sectional data sources and an approach based on institutional economics. The paper is only a first attempt at dealing with this much more complex issue, and the intention is that further attempts should follow.

Of concern in this paper is how the economic position of coloured people has changed over time. To some extent, also, the paper postulates that the poverty trap which many of this group seem to have fallen into can be traced back to far earlier conditions, and that censuses at the end of the 19th century as well as insights into the educational trajectory of the population deduced from the educational profile of older birth cohorts in recent surveys and censuses offer some hints of factors that may have had a causal influence on poverty. However, causal links cannot be established with the data available: The best that can be done with current information is to start telling a plausible story that can tie together whatever evidence can be found in the available sources. Further information, other perspectives and time are required to further embellish this story, or to correct and retell it. This paper is very much experimental work.

The perspective taken in telling this story is an institutional one: Institutions (whether formal or informal) that contribute to poverty today have their roots in the past. Although institutions change over time, they do not necessarily change to be more efficient. A body of economic literature that focuses primarily on incremental change, i.e. the theory of path dependency[2], provides an explanation of how small changes can lead to non-optimal outcomes. Once a development path has been set on a particular course, informal institutions that have come into being and the learning that has taken place by role players may reinforce this course. Path dependency can offer an explanation of why a situation that existed in the late 19th century or even earlier can propagate itself forward over time and still affect currents patterns of social and economic mobility and the path of poverty and development.

[2] For a discussion of path dependency, see the work of Paul David (1985).

One contribution of this paper is to present some statistics on the socio-economic position of this population group, starting in 1865, when the first official census was conducted in the Cape Colony. Descriptive data from a number of early censuses hint at the relative economic position of members of this group; the paper attempts to highlight information of interest to economists wherever early censuses allow. This is followed by an examination of censuses and surveys dating from 1970 onwards, using micro datasets. This allows an analysis of evolving trends for this population group. Patterns of educational progress and exclusion are highlighted and compared with those of other groups, where possible and appropriate, because of the importance of such patterns for intergenerational social mobility. An overview of this nature may provide some pointers as to why poverty has remained so pervasive within this group.

The Theron Commission

The economic development of the coloured population came strongly onto the agenda in 1973 with the appointment of the Theron-commission of enquiry regarding the coloured community. For purposes of analysing the socio-economic position of the coloured population, the Commission distinguished three groups: An established middle-class constituting perhaps 20% of the population (Quintile 5); a middle group of perhaps 40% vacillating between the middle class and the chronically poor (Quintiles 3 and 4; this group was for part of the analysis again split into an upper and a lower half); and a bottom stratum of perhaps 40% (Quintiles 1 and 2) perceived by the Commission to be caught in a subculture of chronic and institutionalised community poverty. Deviant behaviour amongst this last group was regarded as an important factor holding them back from full participation in the modern economy. Terreblanche, who played an important role in the Theron Commission, wrote in a different context about this as follows: *"… the total lifestyle of members of the lower strata constitutes a state of chronic poverty. People living under these conditions are uneducated, come from broken homes, have few aspirations, and are emotionally confused. Each of these disabilities is intensified by the fact that it occurs in a network of disabilities. This lifestyle exists not only in material terms, but also represents a spiritual or 'cultural' poverty defined by the fact that it constitutes a backward sub society in a modern, advanced and progressive society."* (Terreblanche 2002: 41).

The Theron Commission saw delinquent behaviour as the result of long term downward structural forces and the subsequent development of 'stretched values' (which surfaced in high crime rates, poor family values, delinquency, etc.) in order to cope with these forces. This view nicely fits with the perspective of institutional economics, as discussed below, of how a poverty trap comes into being and gets propagated over time. The Commission recommended drastic and widespread policy

measures to eradicate this state of chronic community poverty. Almost four decades later one may well ask how much the situation has improved; it appears that, despite the fact that the poorer parts of the coloured community have made some progress in some respects since the mid-1970s, many still experience high levels of delinquent behaviour (alcohol abuse and crime are two areas of particular concern[3]) and appear still not to have found a ladder out of poverty.

Adato, Carter and May (2006) explore whether socio-economic polarisation under apartheid, where race and class were highly correlated, prevented conventional avenues of upward mobility, and whether segmentation and ineffective social capital accumulation continued to constrain mobility. But such political exclusion can only offer a partial explanation, as this would not explain differences within the coloured population, nor the greater success in social mobility of the Indian population, who were, if anything, even more excluded from political power.

What institutions and institutional development could have been responsible for the formation of an 'underclass' amongst the coloured population, and what have been the consequences? Mogues and Carter (2004) suggest that an individual's investment in social capital is shaped by social identity. This may offer one possible perspective, that the historical lack of advancement of the coloured population can be explained by their social identity. Although this is an issue that cannot be addressed from the data perspectives of this paper, the census data from the late-nineteenth century can be considered an illustration of how shifting identities, ascribed to them by others, have long dogged this part of the South African population.[4] But first the link between institutional economics and poverty traps is investigated.

Institutional development that leads to poverty traps

As institutions provide the incentives according to which individuals shape their actions, how such institutions evolve in a country can be the cause of a poverty trap. All countries – even the most productive – have both incentives that stimulate productive activity and those that slow it down. For development to occur, the signals that lead to an increase in productivity must overshadow those that hamper development. On a micro level, individuals will invest in their own social capital when the perceived benefit of that investment is greater than the expected costs. According to North (2005), the difference between Darwinian evolutionary theory and institutional change lies in

[3] Estimates of the burden of disease in the Western Cape, a province where the coloured population is the largest population group, show that violence, much of it within families and acquaintance groups, was the major cause of death amongst young adult males (between 15 and 40 years). Such violence encapsulates both crime and alcohol abuse

[4] Refer again to the earlier footnote regarding's Van der Ross' views (1879) on "the myth of coloured identity".

intentionality – individuals will make choices according to their perception of the consequences of those choices.

If this way of thinking is applied to the poor segment of the coloured community, the question that arises is what prevented the choices that would have prevented them from being so poor. Did *formal institutions* prevent them from investing in their own social capital, or was this rather due to *inefficient informal institutions* (i.e. culture and norms), as suggested by the Theron Commission? One view that would be consistent with the evidence presented later in this paper is that many members of the coloured community got locked-in as labourers in the agricultural sector and did not invest time and effort into their education, probably due to a lack of opportunities to enter the higher-paying occupations. This may have been contributed to their later slow progress in education, even compared to the black population for whom formal education only became a reality much later and whose education was much more poorly more and usually considered of low quality.

Although path dependency is not a "story of inevitability" (North 1990: 98), it shows that in order to understand today's choices, we need to follow their historic evolution. David (1994:11) argues that historical precedent becomes important in shaping institutions, simply because each new component added to the "institutional cluster" must be adapted to interlock with elements of the pre-existing structure. Lewis (1969, p. 33) observed that shared historical experiences and knowledge of a shared past provide "one of the principal means by which groups of people justifiably may form a system of consistent mutual expectations when they are not readily able to arrive at a common course of action via direct discussion of the problem that is facing them". Individuals will end up in specific roles if their actions seem to be consistent with the actions of other individuals of that group. The actions of individuals can therefore become a lasting constraint.

If the outcome for a group of people is poverty while others have progressed out of poverty, then it should in principle be possible to trace this path of development back to its origins. In practice this can be quite difficult, though, as institutional structure is extremely complex. Institutions are determined endogenously within the social system and may be the direct cause of poverty traps, or their interaction with market failures may allow the survival of an inefficient *status quo* (Azariadis and Stachurski 2005: 297).

The work of Engermann and Sokoloff (2006) indicates that initial differences in inequality across New World societies had profound and enduring effects on their economic development paths. They demonstrated that differences in the distribution of political power and a society's level of schooling

and literacy that arose early in the history of the New World economies contributed to systematic differences in the way institutions evolved.

Similarly, Azariadis and Stachurski (2005: 299) showed that if workers had skills that were not recognised by firms ('imperfectly observed skills') and were thus employed as unskilled workers, they would have little incentive to invest large sums in education. Durlauf (2006: 148) expands on this idea by referring to the positive and negative effect role models may have. University (college) attendance rates among the current pool of high school graduates are likely to be higher in societies with a higher percentage of university graduates among adults. In the paper it will be shown that especially those 'coloured' people that resided in rural parts of the Cape Colony in the late nineteenth century had almost no opportunity or incentive to invest in their own social capital. They were seen and treated by society as farm labourers. That was probably what set them off on a lower path of development than the rest of what has now collectively become known as the 'coloured' community.

The late nineteenth century: Evidence from censuses

Censuses before Union in 1910 were undertaken separately in the four later provinces. In 1865, the first official census was conducted in the Cape Colony under British rule. Previously to that, the only censuses had been those of the VOC, effectively a census of the company. Further censuses in the British Cape Colony followed in 1875 and 1891. As the coloured population has traditionally resided in the Cape Province, a focus on this province and its modern day offshoots allows one to track much of the change in the position of this group over time (even in the 1996 census, for instance, 83.6% of the income earned by the coloured population in South Africa was in the Western, Eastern and Northern Cape)[5].

Early census data provide only limited hints of the relative economic position of members of the coloured group in the latter half of the nineteenth century. Comparing the census data to the current position allows an analysis of evolving trends for this population and in particular a focus on the

[5] The relative concentration of the coloured population in one part of the country is due mainly to the fact that the Western Cape was the area of original settlement of the Khoikhoi, San, Europeans and Malays. When mineral discoveries and industrial expansion offered new avenues of employment in other parts of the country, the coloured population was both geographically and politically poorly placed to benefit from this, thus they were not drawn to the other centers of exploration and settlement on a large scale. The black population and white *bywoners* on farms in the interior provinces provided a larger reservoir of cheap labour to the mines and later the factories. (Cilliers 1963: 16).

central puzzle that drives this enquiry: What explains the slow social and economic upward mobility of a large part of the coloured population in recent decades, despite this group's relatively favourable position within the broader South African socio-political landscape? This paper will investigate in this regard especially the role of education, where possible and appropriate, as education is one factor that may have contributed to reducing poverty, but appeared to have failed to do so for many.

From the very early days, racial identities at the Cape were quite fluid and racial definitions used probably reflected perceptions and status definitions as much as common genetic origin[6]. A person who was not white was generally indicated in early Cape documents as 'slave', 'Hottentot', 'free black' or 'free person of colour' (freed slaves). Amongst those already referred to in the census of 1891 as the coloured population there were three distinct groups, recorded separately in the census as 'Malays', 'Hottentot' and 'Mixed and other'[7].

The very first school formed at the Cape in 1658 was intended for the religious instruction of slaves (Ziervogel circa 1938: 62-63). In 1663 the first school for the whole community was established with initially 12 white children, 4 slave children and 1 KhoiKhoi child (Theron and Du Toit 1977: 26). In theory schools were open to all classes and colours and provided an area of racial intermixing, consistent with Heese's (1971) view, based on intermarriage records, that colour prejudice in Cape Town in the eighteenth century was initially limited.[8] In 1830 two 'infant schools' were established in Cape Town for educating children of 'all classes', one for the 'poor and slave population' and the other for 'those in better circumstances'. The rules for both schools were identical, except that those in the *Lower School* had to adhere to an extra requirement, namely that "the children are to be sent clean in their persons and clothes". Initially considerable numbers of coloured children attended these government schools, but as children of the poor found it difficult to maintain cleanliness, decent clothing and regular attendance, it is reported that many fell back on the less demanding mission schools (Ziervogel *circa* 1938: 67-68). This resulted in state-aided schools becoming chiefly attended by white children, with coloured children being almost completely excluded. By 1860 there were 19 government schools, 87 state-aided mission schools and 123 mission schools conducted by missionaries without help from government.

[6] In Freund's (1976: 56) view the line between European and non-white was vaguely drawn and frequently crossed through intermarriage: "above all, money whitened".
[7] Simkins and Van Heyningen (1989) remark that what seemed to be the common factor in the term 'Malay' was that Islam was the religion (although the census shows even some exceptions to that).
[8] Heese's research (1971), using parish registers and other early documents in an attempt to locate the origin of the present-day Afrikaners, shows that intermarriage became more frequent during the eighteenth century, mainly because of the unfavourable male-female ratio in the population of European origin.

As a consequence, differential patterns of educational exposure developed. Table 1 shows that 90% of the white adult population (15 years and above) were able to read and write by 1875; amongst the black population in the Cape Colony, this was only 3.5%, and amongst coloureds 15.6%. There was an interesting differentiation within the coloured population: Among those classified 'Mixed and other', almost 24% were able to read and write, as compared to less than 10% amongst those classified 'Hottentot'. This difference may to some extent be endogenous, though, in that to the extent that economic and social status were also associated with certain identities, whether someone could read and write may have determined how they were classified.

Table 1: Population 15 years and above in the Cape Colony able to read and write, 1875

	White	**'Malay'**	**'Hotten-tot'**	**'Mixed & Other'**	***Total 'Coloured'***	**Total Black[9]**	**All Races**
Able to read and write:							
Male	63 283	256	2657	4 713	7 626	3 097	**74 006**
	89.0%	8.5%	9.0%	20.6%	13.8%	3.9%	**35.8%**
Female	55 675	355	2993	6 054	9 402	2 296	**67 373**
	91.3%	10.5%	10.9%	26.6%	17.5%	3.0%	**36.0%**
Total	**118 958**	611	5650	10 767	**17 028**	**5 393**	**141 379**
	90.1%	9.5%	9.9%	23.6%	**15.6%**	**3.5%**	**35.5%**
Able to read only:							
Male	1 599	79	2 193	2 763	5 035	2 378	**9 012**
	2.3%	2.6%	7.5%	12.1%	9.9%	2.6%	**4.5%**
Female	1 453	92	2 471	3185	5 748	1 689	**8 890**
	2.2%	2.7%	9.0%	14.0%	9.1%	3.0%	**4.4%**
Total	**3 052**	171	4 664	5 948	**10 783**	**4 067**	**17 902**
	2.4%	2.7%	8.2%	13.0%	**10.7%**	**2.2%**	**4.7%**

Source: Own calculations based on 1875 census

The 1891 census distinguished between urban and rural, but the ability to read and write was only expressed relative to the *whole* population, thus these numbers are not strictly comparable to those of 1875 which only considered adults (15 years and above). Insofar as some groups contained more children, their relative adult literacy rates may be under-estimated compared to other groups. Nevertheless, this census makes clear that literacy was far greater in urban areas: 47% versus 16%, if only full literacy is considered. However, what this aggregate figure hides is that the differential population composition by location is what drives this aggregate literacy differential: The difference in the percentages fully literate is smaller within groups, but the overall difference is much larger, largely caused by the fact that the lowly literate black population was overwhelmingly rural (95%).

[9] The census distinguishes "Fingo" from "Bechuana & other Blacks"

Furthermore the 'Hottentot' population was by far the most rural part of the coloured population (83% rural) and their literacy levels much lower than those of the rest of this population. Even the small urban black population had higher literacy levels than they did. Again, it would not be surprising if endogeneity were partly to blame for this: Higher status coloured people in urban areas, able to read and write, may have been more likely to be recorded as 'Mixed and other coloured', and less likely as 'Hottentot'.

Table 2: Population (all ages) in the Cape Colony able to read and write by urban and rural location, 1891

	% urban	Urban		Rural		Read and write: Simple difference (percentage points) urban minus rural
		Read and write	Read only	Read and write	Read only	
White	41.2%	75.3%	3.2%	62.8%	2.3%	12.5
Malay	94.6%	12.4%	3.9%	8.6%	4.3%	3.5
Hottentot	16.5%	8.8%	5.7%	8.7%	8.5%	0.1
Mixed and Other	39.5%	29.5%	9.7%	10.6%	5.5%	18.9
Total Coloured	38.3%	19.9%	6.7%	10.5%	7.8%	9.4
Black	5.4%	14.9%	5.1%	3.6%	1.4%	11.3
All Races	21.0%	48.4%	5.5%	15.7%	2.4%	32.7

Source: Own calculations based on 1891 census

Table 3 below shows the school and occupational status of children under 15 as recorded in the 1891 census of the Cape Colony, including the territories incorporated into it in the Eastern Cape as well as Griqualand West. As is to be expected, many children in this age group were too young for school or work; most of these were probably recorded as 'No occupation', but this group also included some who were indeed of school age. For present purposes, the main interest is that 18.4% of those who would later come to be classified as the coloured population were engaged in formal school activities. Only 2.5% of these were in private schools, mainly amongst the Malay population; religious schools probably played a fair role in this regard. The part of this population classified as 'Hottentot' in the 1891 census was by far the least urbanised[10], and also the least likely to be in any type of formal schools (only 3.9% of this age group were in formal schools, even marginally less than the 4.3% of black children.) A large proportion of other children, probably excluding only the very young,

[10] Urbanisation was only 16.5% in this group, as against 39.5% for those classified as "mixed and other", and 94.6% for the small Malay population; this compared to only 42.1% urbanisation amongst whites, 5.4% amongst blacks and only 21.0% amongst the whole population (due to the preponderance of black numbers).

were 'engaged or assisting in other occupations' – this was most common amongst blacks (37%), followed by 'Hottentot' children (23%).

Table 3: School attendance and occupation of children 0-14 in the Cape Colony by race classification, 1891

	White	'Malay'	'Hotten-tot'	'Mixed and Other'	*Total 'Colou-red'*	Total Black[11]	All Races
Scholars - Government Aided Schools	**22 992**	1 290	618	18 821	***20 729***	14 838	**58 559**
	14.5%	24.0%	3.4%	17.2%	***15.6%***	4.0%	**8.9%**
Scholars - Private Schools	**18 582**	946	91	2 696	***3 733***	1 111	**23 426**
	11.7%	17.6%	0.5%	2.5%	***2.8%***	0.3%	**3.6%**
Receiving instruction at home or at Sunday School only, and Scholar unspecified	**22 222**	238	234	3 484	***3 956***	1 640	**27 818**
	14.0%	4.4%	1.3%	3.2%	***3.0%***	0.4%	**4.2%**
Engaged or assisting in various occupations	**12 932**	479	4 186	17 558	***22 223***	137 012	**172 167**
	8.1%	8.9%	22.9%	16.0%	***16.7%***	37.4%	**26.1%**
No occupation	**82 373**	2 428	13 145	67 080	***82 653***	212 091	**377 117**
	51.8%	45.1%	71.9%	61.2%	***62.0%***	57.8%	**57.2%**
Total	**159 101**	**5 381**	**18 274**	**109 639**	***133 294***	**366 692**	**659 087**
	100%	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Own calculations based on 1891 census

In early colonial times, ancestors of the present coloured population managed to rise in the social and economic sphere. So, for instance, 'Malays' once formed a substantial part of the skilled working class in the Cape Colony. But in general, the coloured population has not been subject to the same degree of urbanisation as the white population. While modernisation of agricultural practices in many parts of the country improved production per worker, this applied less to much of the agricultural production in the main area of settlement of the coloured population, namely the winter rainfall area of the Western Cape. Fruit, wine, vegetables and mixed farming, which was predominant in the Cape Colony, was generally labour intensive (Cilliers 1963: 18). So the coloured population essentially remained a community of wage earners, without land of their own, and without a stake in urban means of production, except as workers.

Table 4 looks at occupation in 1875. It shows a concentration of 'Hottentot' men (90%) and women (95%) in agriculture and domestic service. In contrast, other coloured people were more often found in professional, commercial and especially industrial occupations. Amongst whites, professional and commercial occupations were relatively larger than amongst other groups, confirming that these were the high status occupations.

[11] The census distinguishes "Fingo" from "Bechuana & other Blacks"

Table 4: Occupation ('class') in Cape Colony Census 1875

Census 1875	Professional	Commercial	Industrial	Agricultural	Domestic	Total specified
Males						
White	5 880	9 506	10 773	34 069	1 732	**61 960**
Malay	27	230	1 348	358	240	**2 203**
Hottentot	53	847	1 610	20 022	2 469	**25 001**
Mixed and Other	219	1 052	3 090	10 905	2 181	**17 447**
Coloured	299	2 129	6 048	31 285	4 890	**44 651**
Black	476	1 357	1 714	63 246	2 184	**68 977**
Total	6 655	12 992	18 535	128 600	8 806	**175 588**
White/Total	88.4%	73.2%	58.1%	26.5%	19.7%	**35.3%**
Coloured/Total	4.5%	16.4%	32.6%	24.3%	55.5%	**25.4%**
Malay/Coloured	9.0%	10.8%	22.3%	1.1%	4.9%	**4.9%**
Hottentot/Coloured	17.7%	39.8%	26.6%	64.0%	50.5%	**56.0%**
Mixed & other/Coloured	73.2%	49.4%	51.1%	34.9%	44.6%	**39.1%**
Females						
White	1 042	303	1 584	26 389	19 559	**48 877**
Malay	14	6	765	8	1 899	**2 692**
Hottentot	88	0	866	2 537	20 100	**23 591**
Mixed and Other	96	16	1 776	1 387	15 694	**18 969**
Coloured	198	22	3 407	3 932	37 693	**45 252**
Black	21	0	753	50 215	17 208	**68 197**
Total	1 261	325	5 744	80 536	74 460	**162 326**
White/Total	82.6%	93.2%	27.6%	32.8%	26.3%	**30.1%**
Coloured/Total	15.7%	6.8%	59.3%	4.9%	50.6%	**27.9%**
Malay/Coloured	7.1%	27.3%	22.5%	0.2%	5.0%	**5.9%**
Hottentot/Coloured	44.4%	0.0%	25.4%	64.5%	53.3%	**52.1%**
Mixed & other/Coloured	48.5%	72.7%	52.1%	35.3%	41.6%	**41.9%**
Total males plus females						
White	6 922	9 809	12 357	60 458	21 291	**110 837**
Malay	41	236	2 113	366	2 139	**4 895**
Hottentot	141	847	2 476	22 559	22 569	**48 592**
Mixed and Other	315	1 068	4 866	12 292	17 875	**36 416**
Coloured	497	2 151	9 455	35 217	42 583	**89 903**
Black	497	1 357	2 467	113 461	19 392	**137 174**
Total	7 916	13 317	24 279	209 136	83 266	**337 914**
White/Total	87.4%	73.7%	50.9%	28.9%	25.6%	**32.8%**
Coloured/Total	6.3%	16.2%	38.9%	16.8%	51.1%	**26.6%**
Malay/Coloured	8.2%	11.0%	22.3%	1.0%	5.0%	**5.4%**
Hottentot/Coloured	28.4%	39.4%	26.2%	64.1%	53.0%	**54.0%**
Mixed & other/Coloured	63.4%	49.7%	51.5%	34.9%	42.0%	**40.5%**
Males						
White	9.5%	15.3%	17.4%	55.0%	2.8%	100.0%

Malay	1.2%	10.4%	61.2%	16.3%	10.9%	100.0%
Hottentot	0.2%	3.4%	6.4%	80.1%	9.9%	100.0%
Mixed and Other	1.3%	6.0%	17.7%	62.5%	12.5%	100.0%
Coloured	0.7%	4.8%	13.5%	70.1%	11.0%	100.0%
Black	0.7%	2.0%	2.5%	91.7%	3.2%	100.0%
Total	3.8%	7.4%	10.6%	73.2%	5.0%	100.0%
Females						
White	2.1%	0.6%	3.2%	54.0%	40.0%	100.0%
Malay	0.5%	0.2%	28.4%	0.3%	70.5%	100.0%
Hottentot	0.4%	0.0%	3.7%	10.8%	85.2%	100.0%
Mixed and Other	0.5%	0.1%	9.4%	7.3%	82.7%	100.0%
Coloured	0.4%	0.0%	7.5%	8.7%	83.3%	100.0%
Black	0.0%	0.0%	1.1%	73.6%	25.2%	100.0%
Total	0.8%	0.2%	3.5%	49.6%	45.9%	100.0%
Total males plus females						
White	6.2%	8.8%	11.1%	54.5%	19.2%	100.0%
Malay	0.8%	4.8%	43.2%	7.5%	43.7%	100.0%
Hottentot	0.3%	1.7%	5.1%	46.4%	46.4%	100.0%
Mixed and Other	0.9%	2.9%	13.4%	33.8%	49.1%	100.0%
Coloured	0.6%	2.4%	10.5%	39.2%	47.4%	100.0%
Black	0.4%	1.0%	1.8%	82.7%	14.1%	100.0%
Total	2.3%	3.9%	7.2%	61.9%	24.6%	100.0%

Source: Own calculations based on 1875 census

Livestock assets, as summarised in Table 5, offer an illuminating perspective on the situation in rural areas. The white rural population was greatly more asset-rich than both their coloured and black counterparts: Their holdings per 1000 population of cattle, sheep and goats were respectively 9 times, 20 times and 10 times as large as that of the comparable coloured population, whereas the latter had fewer cattle, similar numbers of sheep, and more goats than the black population.

Table 5: Livestock holdings per 1000 rural population by race group in the Cape Colony, 1891

	Whites	**Coloureds**	**Blacks**
Cattle per 1000 rural population	4 962	536	1 209
Sheep per 1000 rural population	63 283	2 893	2 686
Goats per 1000 rural population	22 755	2 287	1 446

Source: Own calculations based on 1891 census

There thus emerges a picture from the 19th century Cape Colony censuses of a rural coloured population that was poorly endowed with the livestock assets required for making a livelihood from agriculture in a territory where livestock was the only major form of agriculture. Add to that a low exposure to schooling and some inkling of the roots of current poverty in the coloured population become evident.

More recent statistics: The mid-1900s

In the middle of the twentieth century, a far larger proportion of the coloured school-going population was in primary schools than among whites, and particularly in Sub A and Sub B (Grades 1 and 2). Only a small fraction (5% in the late 1930s, 9% in the late 1950s) were at secondary school level, compared to a quarter or more of the white school going population.

Table 6: School going coloured and white children by level of education, 1935-9 and 1955-58

	White				Coloured			
	Sub A & B (Grades 1 & 2)	**St 1-5 (Grades 3-7)**	**St 6-10 (Grades 8-12)**	**Total**	**Sub A & B (Grades 1 & 2)**	**St 1-5 (Grades 3-7)**	**St 6-10 (Grades 8-12)**	**Total**
1935-39	19%	55%	25%	100%	41%	48%	5%	100%
1955-58	21%	49%	28%	100%	36%	55%	9%	100%

Source: Union statistics

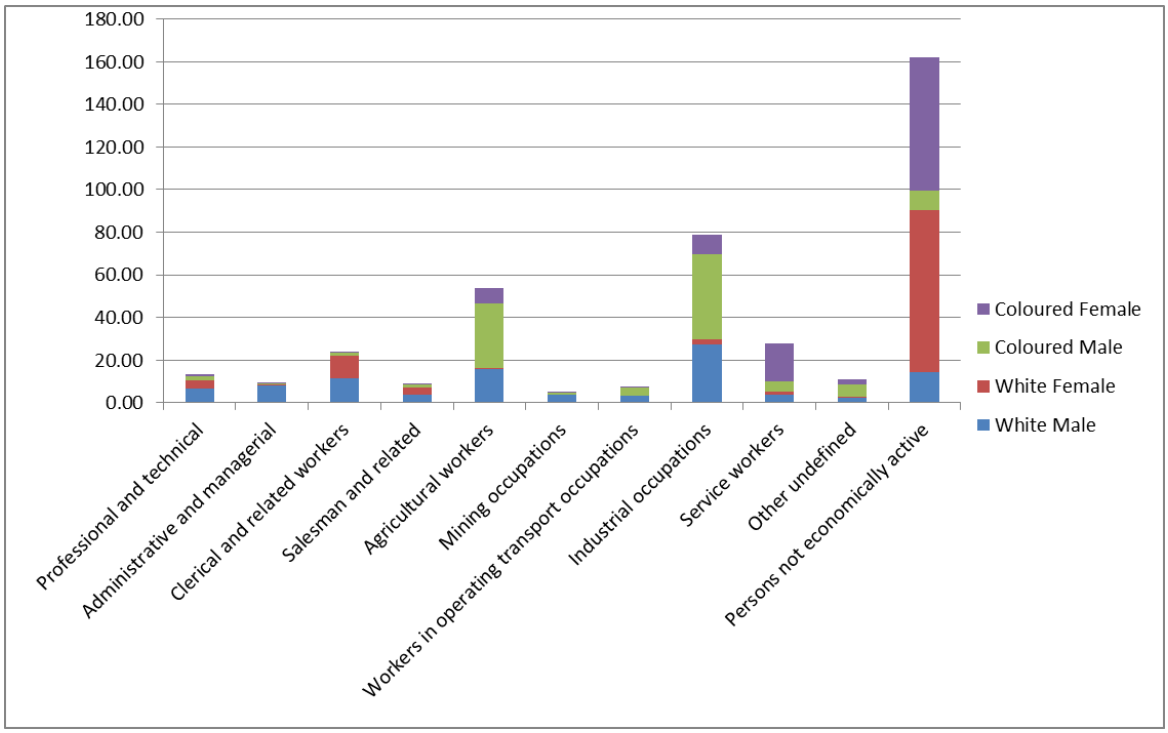
Table 6 only captures children who attended school, but by the 1970 census, 23.5 percent of all coloureds who were 6 years and older had no education, compared to 2.3 percent of whites. This was what prompted the Theron commission to support the introduction of compulsory school attendance (Theron and Du Toit 1977). The commission also recommended a thorough investigation into the high percentage of coloured children that left school at an early age. As an example, the Commission mentioned that a total of 85 089 coloured children were in grade 1 (sub A) in 1964, whereas in 1974 only 5 777 coloured children were in grade 11 (standard 9).[12] The Commission attributed this to a bad socio-economic environment, children who needed to leave school earlier to enter the job market and children who had no motivation to study.

The lack of formal schooling plays out in the labour market. In 1951, white males were mainly in professional and technical, administrative, managerial and clerical jobs, while coloured males were dominantly in agriculture and industrial occupations. Many coloured females still only found employment as domestic servants. The position of coloureds in the mid-20th century was therefore much the same as in the nineteenth century, i.e. with a strong presence in the primary sector and in low status occupations. With industrialisation and the mechanisation of agriculture, the coloured

[12] The issue of continuation from Grade 1 again raised its head in the past decade, when the Ministerial Committee on Learner Retention was instituted to investigate what was perceived to be high dropout rates. It turned out that these rates based on Grade 1 as reference value were exaggerated, though, as there is often a large deal of early school entry followed by repetition among under-age children. Thus Grade 1 numbers are a poor measure of cohort size.

population had extended their presence in industry, but had made almost no progress into professional and managerial positions.

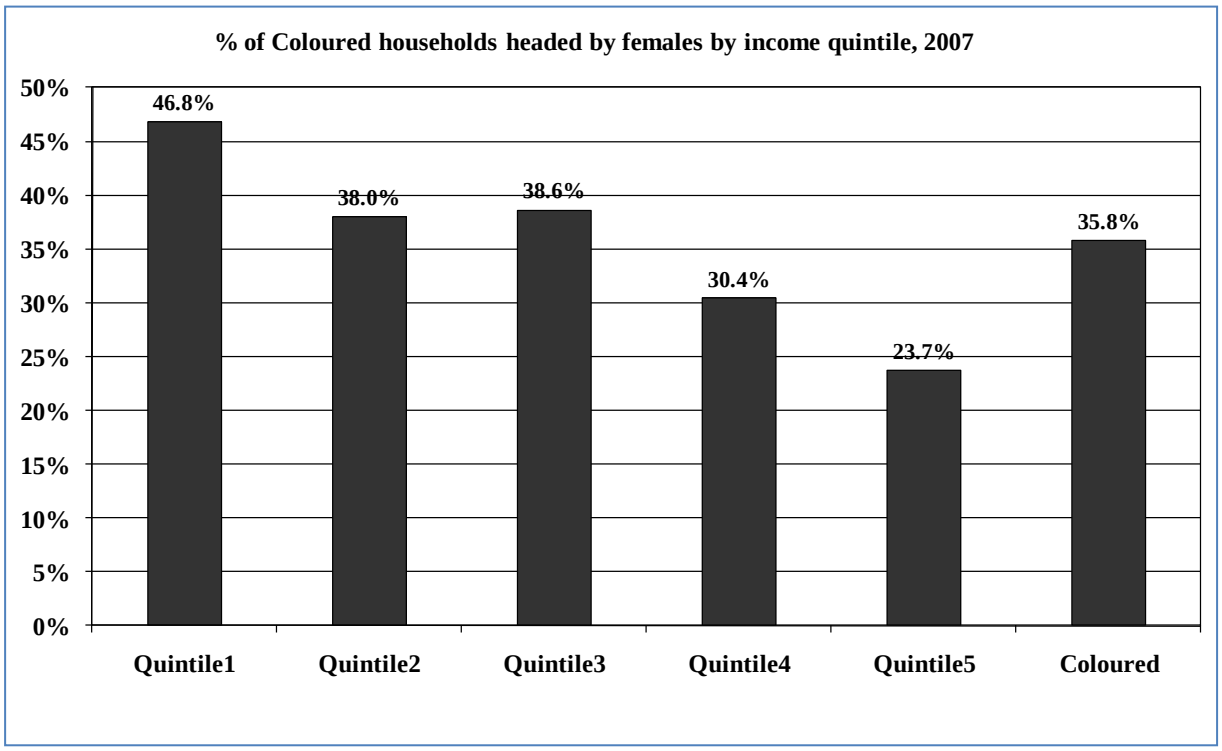
Figure 1: Occupation distribution in 1951 between white and coloured workers



Source: Union statistics

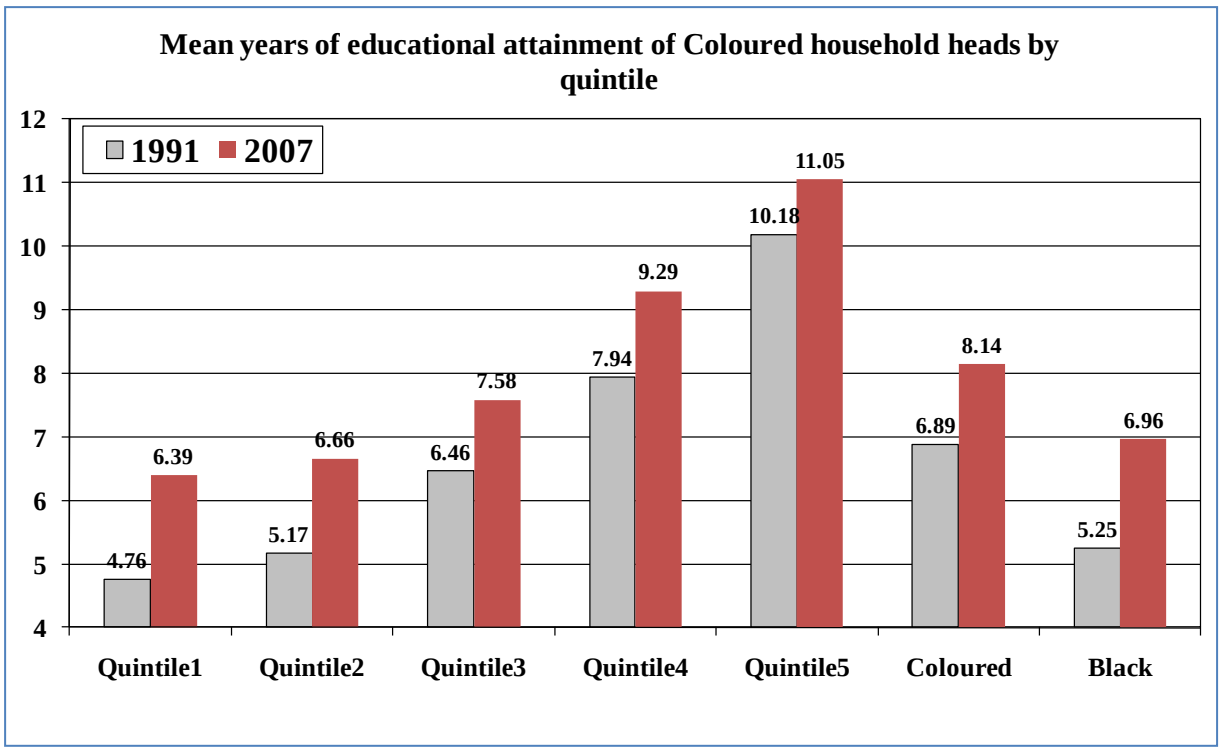
Figure 2 below shows that female headship, a crude proxy for family structure and broken families, is even today still very common in the poorest quintile of coloured households. Poorly educated household heads are clearly more common in the bottom two quintiles (Figure 3), yet there was considerable progress in this regard from 1991 to 2007.

Figure 2:



Source: Own calculations from 1991 census and 2007 community survey

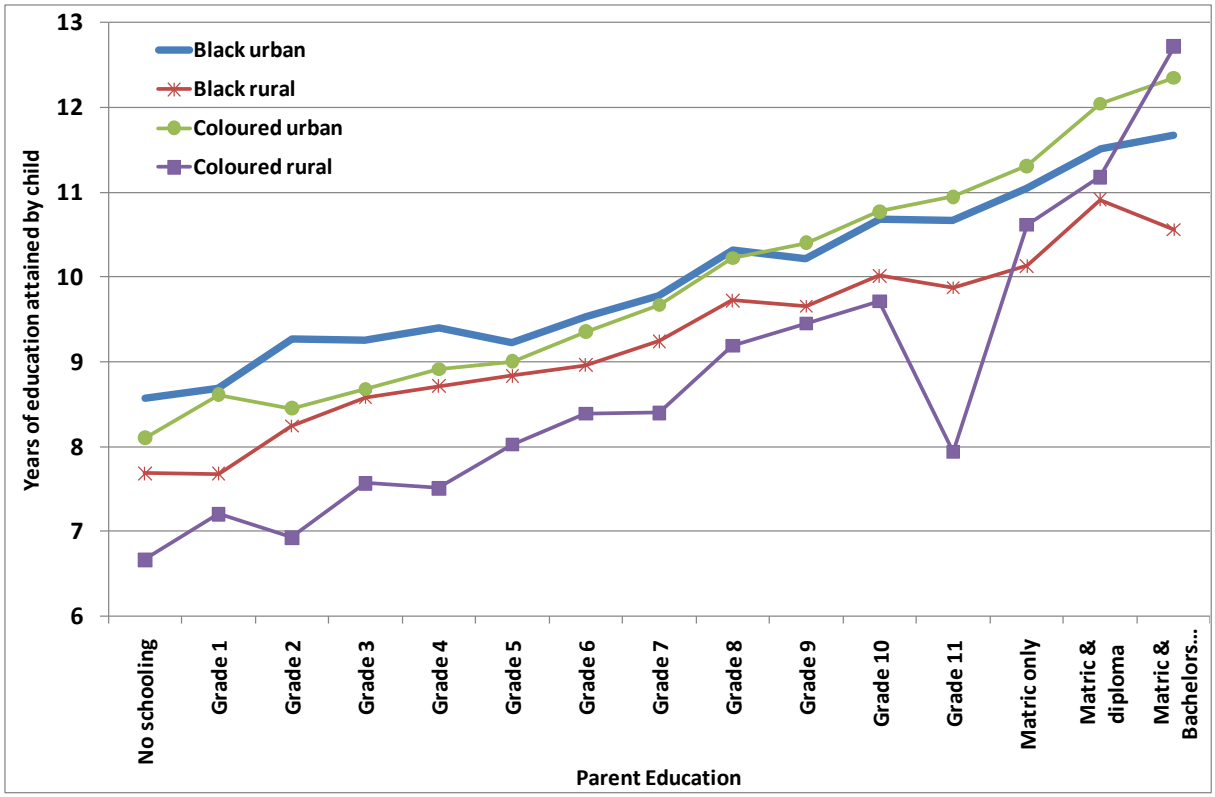
Figure 3:



Source: Own calculations from 1991 census and 2007 community survey

Those coloured people trapped in rural locations in the 19th century were particularly vulnerable to poverty and least likely to escape. An indication that this problem still persists can be found in Figure 4, which shows the mean years of education completed by children 21-25 co-resident in the household of their parents in the 1996 census by highest parent education. Of the four groups shown here, children of black urban parents generally did best in converting parent education into own educational attainment. The group performing worst was coloured rural children, except in the limited number of cases where parents had high levels of education; in such cases, they even outperformed their urban counterparts.[13] But the more general pattern for the rural coloured population, of poor conversion of parent education into child's education, could be taken as evidence that children of poorly educated rural coloured parents were least likely of all South African groups to go on to attain high levels of education.

Figure 4: Mean years of educational attainment of children 21-25 years co-resident with their parents by race, location and highest level of education reached by either parent, 1996



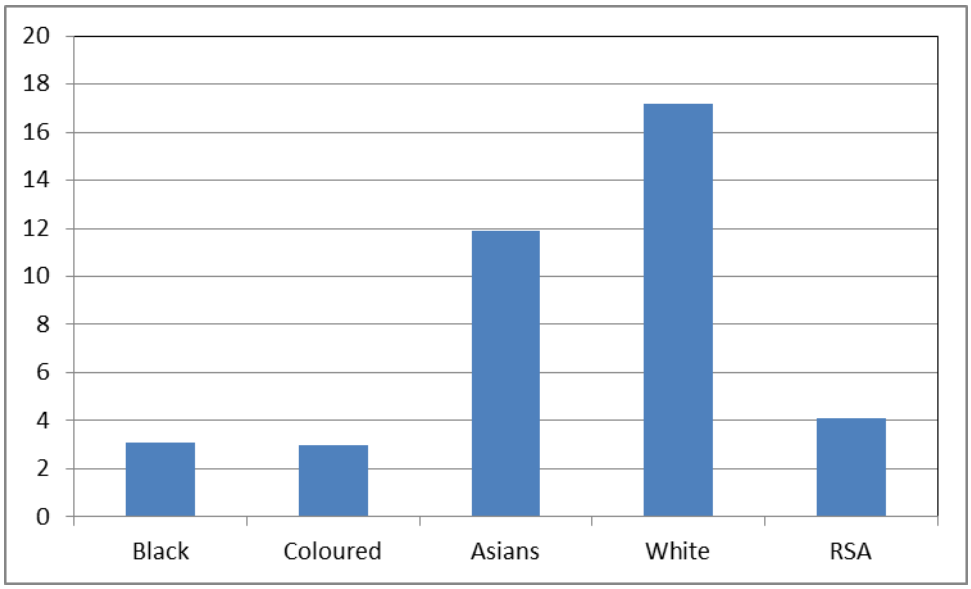
Source: Own calculations based on 1996 census

Figure 5 shows a surprising under-representation of coloured persons at universities, the lowest of all the population groups. Most (63.9%) of the 678 543 students enrolled at higher educational

[13] This may be due to a selection effect: Such highly educated parents in rural communities may be even better motivated or trained that their urban counterparts. Further support that this may be the factor responsible for this pattern is provided by the fact that a similar pattern holds for the black population.

institutions during 2010 were black African, even though this group was still underrepresented. Only 3.1% of blacks aged 18 to 29 years and an even lower 3.0$ of coloureds were studying, as opposed to 11.9% amongst Indians/Asians and 17.2% among the white population.

Figure 5: University enrolment as percentage of population aged 18-29 years, 2010

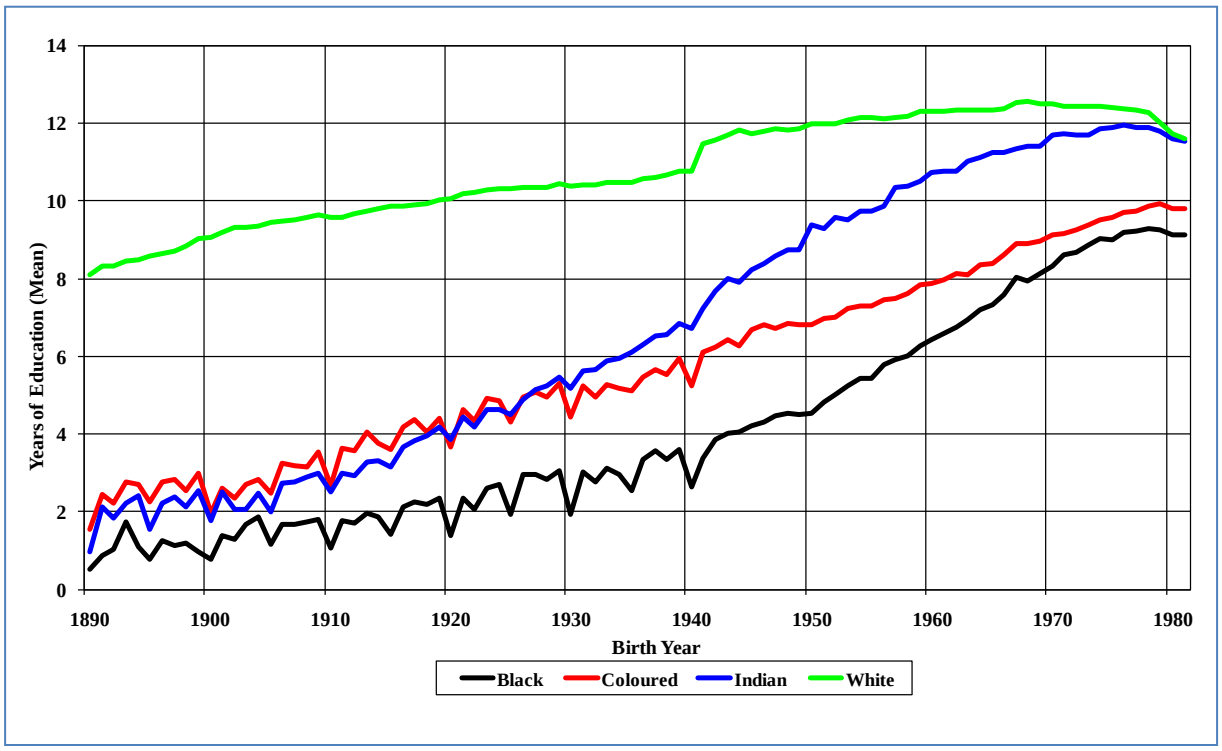


Source: General Household Survey 2010

Coloured educational patterns

Figure 6 shows the mean years of educational attainment by birth year and population group, derived from the census of 1970 in the case of birth cohorts from 1890 to 1940, and from Census 2001 for subsequent birth cohorts. Naturally the survivors at the time of the censuses would not have been a random sample from the original birth cohort, as mortality is selective, inter alia by socio-economic and therefore income group. Thus these figures only give an approximation of the trajectory of education of the different race groups. The pattern closely enough approximates the real educational experience of different cohorts that one can say with certainty that education levels of the coloured population considerably exceeded those of the black population for almost all of these nine decades. It is only very recently that the mean education levels of the black population have started to approach that of the coloured population – notwithstanding the known weaker quality of black education. Thus the puzzle remains: Why is poverty so high amongst the coloured population, despite their historical advantage in education?

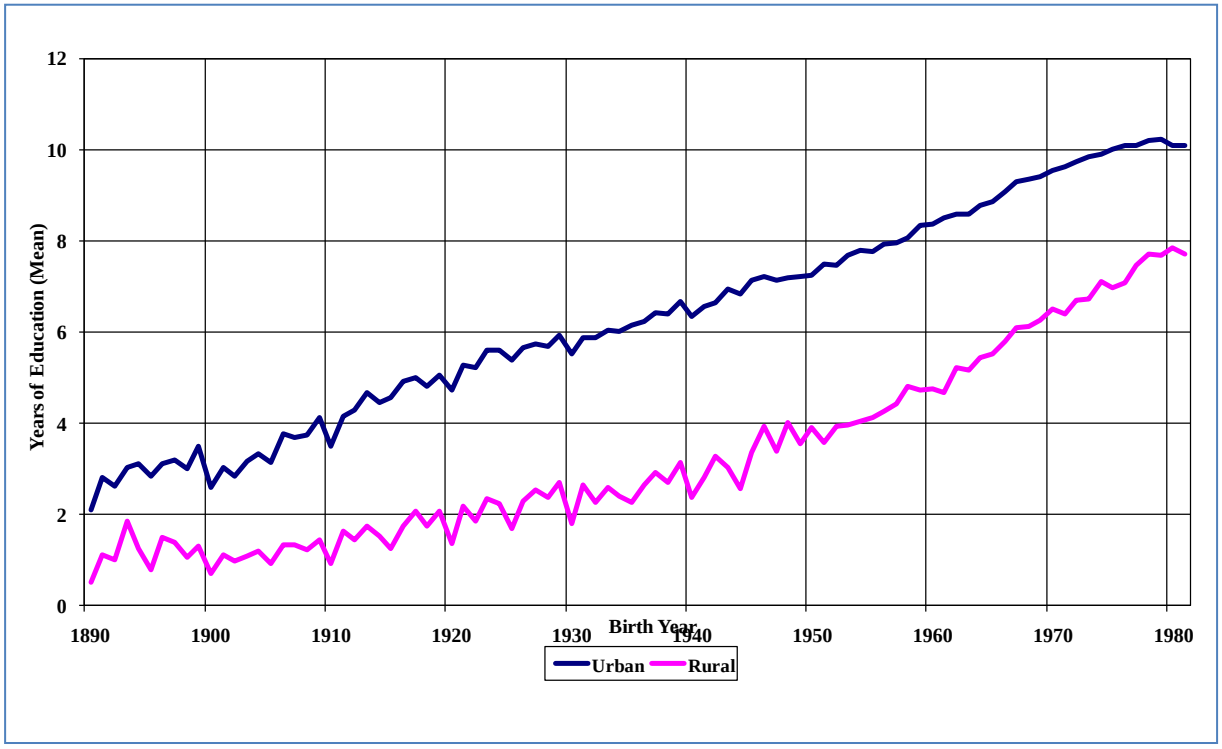
Figure 6: Mean educational attainment by birth cohort and population group, using combined 1970 and 2001 census data



Source: 1890-1940, derived from Census 1970; for 1941-1981, derived from Census 2001

Figure 7 shows that there have historically been great differences between the education levels of urban and rural members of the coloured population group. Here it should be remembered that the source of the data is likely to lead to some bias: Rural-urban migration means that many of those presently in urban areas would have been educated in rural areas, so these are only broadly reflective of urban birth cohorts versus rural birth cohorts. Nevertheless, the data are indicative of broad trends within each of these subgroups. This persistent urban-rural difference is a historical feature of the situation in the coloured population, in contrast to the black population, who have experienced a smaller and less persistent urban-rural gap that has tended to decline more in recent years.

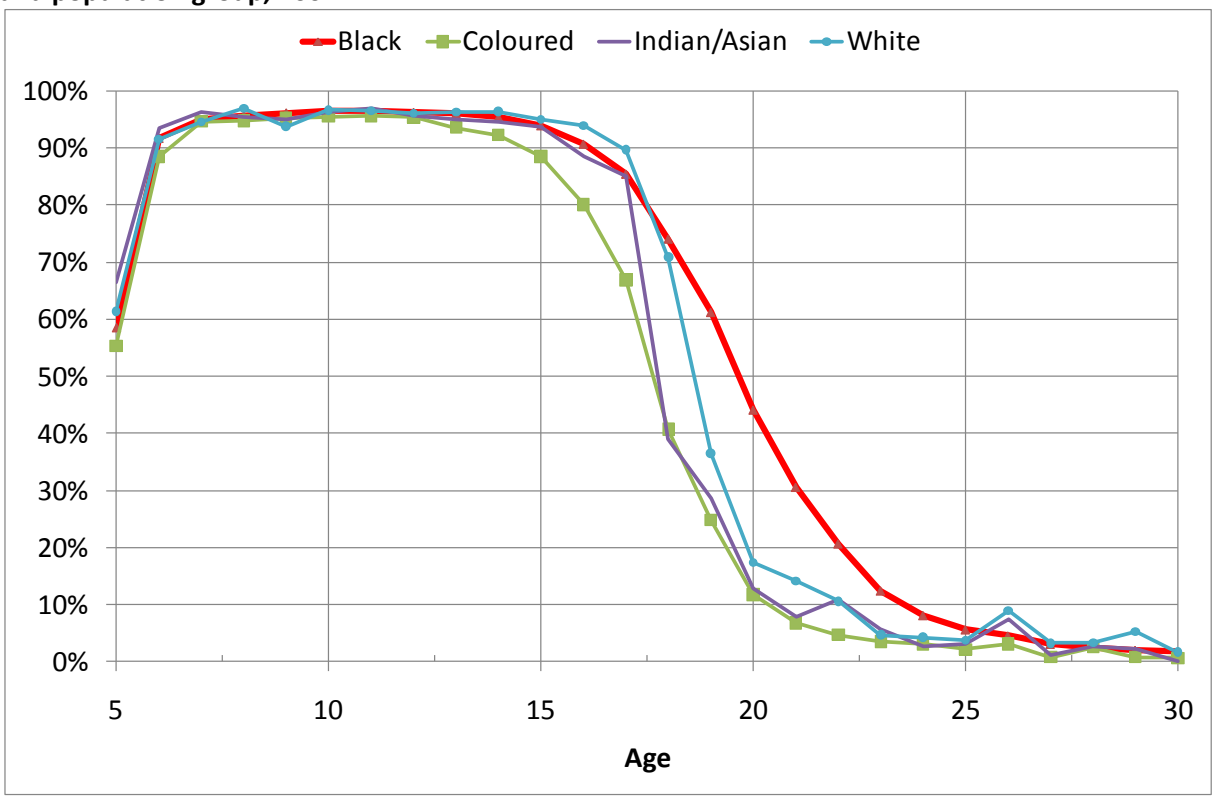
Figure 7: Mean educational attainment of urban and rural coloured population by birth cohort and population group, using combined 1970 and 2001 census data



Source: 1890-1940, derived from Census 1970; for 1941-1981, derived from Census 2001

One of the surprising trends in the coloured population has been the surprisingly early exit from school. Figure 8 illustrates this, showing the school enrolment rate by age and population group, for those who have not yet completed matric, based on the 2007 Community Survey. What is apparent from this is the trend towards long continuation in schools amongst the black population, well beyond age 20. This trend was reduced by the restrictions on over-age pupils introduced in the late 1990s, though still not consistently implemented in all parts of the school system. Compared to the black population, a large part of the coloured population still exits from school early – and unlike the relatively early exiting by Indians and whites, in the case of coloureds it is largely before they have completed their full schooling.

Figure 8: Proportion of population (excluding those who have completed matric) at school by age and population group, 2007



Source: Own calculations from Community Survey 2007

What can explain this early exit from school amongst coloured children? Table 7 contains progression rates from Gr.10 to Matric by population group for the cohorts born after 1920 and still alive and captured in the 2007 Community Survey.[14] From this it is apparent that the progression rates of the coloured population, having been remarkably high in the cohorts born before 1920, fell sharply thereafter and even were below that of the poorer, less urban black population for the cohorts born between 1920 and 1964, and were at par with that of the black population for the 1965-69 birth cohort. Considering the far greater earlier exposure to education of much of the coloured population, their far greater exposure to urban life, their greater involvement in modern economic processes and indeed their greater propensity to attend school and progress to secondary education, this is a puzzle.

[14] As the population still alive and sampled in the 2007 Community Survey is the source of this information, the results are affected by differential mortality across population and educational groups, especially for older cohorts, However, it is likely that the patterns shown here broadly reflect the patterns of educational progression that occurred in those birth cohorts when they were of school-going age.

Table 7: Progression rates from Grade 10 to matric by birth cohort category and population group, as calculated from Community Survey 2007

Birth cohort	Black African	Coloured	Indian/Asian	White
1880-1919	61%	76%	73%	78%
1920-39	53%	46%	66%	66%
1940-49	49%	40%	53%	67%
1950-59	48%	42%	58%	71%
1960-64	48%	43%	61%	75%
1965-69	49%	50%	68%	76%
1970-74	50%	51%	70%	76%
1975-79	48%	55%	73%	76%
1980-84	46%	54%	74%	75%
1985-89	43%	54%	76%	78%

Note: The educational patterns of those observed in the Community Survey were assumed to reflect the underlying patterns that applied to the respective birth cohorts. No adjustment was made for the possible effect of differential mortality and migration by education and population groups.
Source: Own calculations from Community Survey 2007

Regression analysis (Table 8) confirms that this is not only the result of the gender or birth province, or associated with present location (municipality) that may itself reflect earlier migration decisions. Even when controlling for these factors, the coefficients relating to different coloured birth cohort categories remain quite stable. In particular, considering the patterns applying to other groups when controlling for gender and age, and even birth province and present place of residents, *coloured people born between 1940 and 1964 were significantly less likely to continue onto matric* – a pattern not observed before that, or since. Considering that coloured schools were better resourced than those of blacks, and that they were more likely to have completed primary education, it is an enigma that the flow to higher levels of education was so small, and even today is not much greater than amongst the black population, though the latter are far more likely to be in weak schools and therefore to fail to clear the hurdle of the matric exam.

Table 8: Progression to matric: Probit regressions of the likelihood of having completing matric, conditional upon having already completed Grade 10, based on Community Survey 2007 (age>20) (absolute z-values in parentheses)

	No other controls	Controlling for province of birth	Controlling for province of birth & current municipality
Indian	0.191	0.203	0.196
	(333.75)**	(335.96)**	(313.51)**
White	0.255	0.261	0.261
	(789.61)**	(741.37)**	(725.14)**
Female	-0.03	-0.017	-0.017
	(113.97)**	(62.95)**	(61.91)**
Age	0.004	0.005	0.005
	(69.18)**	(100.00)**	(96.26)**
Age-squared	-.00004	-.00007	-.00007
	(78.73)**	(117.67)**	(113.87)**
Coloured birth cohorts:			
1880-1919	0.336	0.322	0.318
	(35.14)**	(25.51)**	(24.96)**
1920-39	0.026	0.017	0.009
	(8.33)**	(4.96)**	(2.60)**
1940-49	-0.063	-0.049	-0.051
	(28.36)**	(20.94)**	(21.88)**
1950-59	-0.056	-0.040	-0.042
	(40.59)**	(27.30)**	(28.77)**
1960-64	-0.056	-0.041	-0.042
	(38.98)**	(27.48)**	(27.98)**
1965-69	0.018	0.030	0.028
	(14.72)**	(22.98)**	(21.25)**
1970-74	0.024	0.033	0.032
	(20.72)**	(27.34)**	(26.05)**
1975-79	0.065	0.074	0.074
	(61.31)**	(64.88)**	(64.72)**
1980-84	0.061	0.075	0.074
	(62.62)**	(71.13)**	(69.72)**
1985-1987	0.066	0.083	0.083
	(45.20)**	(54.14)**	(53.82)**
Other controls	-	Province of birth	Province of birth + municipality presently residing in

Absolute value of z-statistics in parentheses

** significant at 5% level; ** significant at 1% level*

Note: Marginal effects shown

Source: Own calculations from Community Survey 2007

Hofmeyr (2011) argues, based on an analysis of the Cape Area Panel Study (CAPS), that the greater propensity of black children in the Western Cape to continue in school till later ages is a result of their weaker position in the labour market of metropolitan Cape Town. However, this offers no explanation of why dropping out of school after grade 10 occurs so frequently amongst the coloured

population: If the probability of finding a job was the issue, one would have expected that the 55% unemployment rate of coloured youths below 20 years of age and without a matric in the Western Cape would have made continuation to higher education levels more attractive. In terms of the returns to matric, these are not lower for the coloured population that for others. Other explanations are sought for this phenomenon, and especially for its historical peak in the birth cohorts from 1940 to 1964. There is still much to understand here.

Conclusion

The paper sets out to illuminate poverty of the coloured population in South Africa. It specifically ponders the question why a large part of the group remains in a poverty trap. The historic evidence shows those today classified as 'coloured' set out as a rural proletariat, owning few agricultural assets, in a country in which urban-rural divisions were strong and growing. With little prospect of securing occupation in the formal economy, they had little incentive to invest time and effort into education and left formal schooling fairly young. With little education they could not readily be absorbed into the modern economy and they found it difficult to make inroads into the secondary and tertiary sectors of the economy. These patterns of behaviour have become established in a way which perhaps cannot fully be explained simply as rational and unconstrained utility maximisation. Patterns of behaviour that have become embedded in different ways in different subgroiups of South African society may be propagating the effects of long forgotten events and institutions. Thus the table became set for a poverty trap for parts of the population, at the same time as others who were initially more poorly placed to benefit from the modern economy made their successful entry.

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