

Johan Fourie, Dieter von Fintel (Stellenbosch), Erik Green (Lund) & Auke Rijpma (Utrecht)

‘Inequality and social mobility in a settler society: Evidence from the Cape Colony’

Theories of economic development require empirical proof. In recent years, the relationship between economic growth, inequality and social (or intergenerational) mobility, both in the present and in the past, has attracted much attention. Unfortunately our attempts to measure economic inequality and social mobility before the twentieth century are frequently hampered by poor data quality. Inequality estimates are often calculated from social tables that rely on heroic assumptions about within-group inequality. Social mobility estimates are obtained from censuses information that are recorded every ten years, reducing matching rates to less than a third of households. We use a new dataset – annual tax censuses over more than 70 years – to calculate the evolution of inequality and social mobility within a settler society, the Dutch and British Cape Colony at the southern tip of Africa.

The Cape of Good Hope Panel now encompass more than 100 000 household-year observations between 1770 and 1840 across five Cape districts. We first match households across years using a novel matching algorithm, obtaining a match rate of above 80%. This panel dataset allows us to measure annual inequality and social mobility. We find high levels of settler inequality, although the level varies substantially depending on the measure of income or wealth used. We also find high levels of mobility, both in the more established western districts and in the frontier districts, refuting the historiography that has stressed differences between the two. We also correlate social mobility estimates across various asset types, showing that our choice of asset type affects our interpretation of Cape mobility.

Our results not only provide new insights into Cape economic and social life, but also cautions against the unfettered use of historical surveys and censuses to calculate inequality and social mobility estimates. Assumptions matter. The panel data at our disposal allow us to expose the extent that certain assumptions affect outcomes and interpretations. Rich historical datasets like the Cape of Good Hope Panel that avoid the limitations of conventional historical sources offer fertile grounds for testing theories of economic development.