

Power, Poverty and Socio-Economic Policy in South Africa

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It would have been easy to contain this paper to an analysis of socio-economic policy, how it perpetuates inequality and the moral imperatives for addressing it. But this would not change things in South Africa. Neither would an analysis of possible solutions and their affordability because the main problem lies elsewhere. It sits with the political elite, their views about poor people and what they deem affordable and what not.

Thirty million South Africans have to make ends meet with less than a R1000 a month (about € 63.95). This means that most of South Africans simply cannot buy food of the quantity and quality their bodies need. Malnutrition is a massive problem in South Africa with four children dying every day of severe acute malnutrition. 27% of under-five year olds are stunted, four to five times higher than countries with similar-sized economies, and 70% of women are obese due to a diet consisting mostly of poor quality carbohydrates. This has devastating educational, health and economic consequences but also less obvious social ones such as aggressive behaviour and violence for which South Africa is notorious.

However, most South Africans agree that having enough to eat is a basic human need and right. In actual fact, we are one of only 22 countries in the world where the right to food is constitutionally guaranteed (given the resources available).

It is therefore reasonable to presume that perhaps South Africa simply does not have the money to adopt policies that will allow everyone access to basic nutritious food. After all, economists agree that the country hinges on a fiscal cliff. Social services, the public sector wage bill and debt servicing costs constitute 70% of public expenditure. The economy currently grows at 1.3% and 4.8 million assessed tax payers have to support 17.2 million grant beneficiaries.

Added to this, there is very sinister discourse that poor people are somewhat responsible for their own deprivation as far as food is concerned as they could just “grow their own vegetable garden” and since no-one is directly dying from starvation, “the problem is surely not that bad”.

Such framing leads to near consensus that any further expenditure on grants, whatever their benefits may be, is simply unaffordable. However, this ignores two things: the structural nature and complexities of poverty and, very conveniently, the political process through which fiscal concerns are, or are not taken into account.

A recent example of the “politics of affordability” was the manner in which former President Jacob Zuma, days before the ANC elective conference last year, simply announced that South Africa would (despite the above mentioned fiscal conditions and a review panel cautioning against it), roll-out free higher education. Six months later it is part of the budget and business as usual...

From the outside South Africa might appear as the epitome of progressiveness in terms of cash transfers. Every month 17 million South Africans, up from 2.4 million when the ANC took over, receive a non-contributory, unconditional cash transfer from the state. These grants are funded by tax payers at a cost of 3.5% of GDP. The ANC also appointed a committee of enquiry into a comprehensive system of social security that, amongst other things, proposed a basic income grant 16 years ago and parliamentary hearings concluded on the matter in the early 2000s.

But these facts obscure a much darker reality of conservative attitudes, paternalistic views and indifference towards the poor. The grant system originates from Britain, and dates from the 1920s when non-contributory, means-tested old age pensions were given to so-called poor white and coloured people in South Africa. Other grants were later issued to the disabled and poor mothers with children. In the 1940s the system was partly deracialised in that so-called Indian and African people also became eligible for some benefits. But it took until the 1990s, when the ANC took over, for all racial discrimination concerning benefits to be eliminated.

Whilst the ANC deracialised the system, they did not change its overall design. This is very problematic because this particular design requires certain conditions to be in place in order to address poverty.

These conditions include: low unemployment, people being able to insure themselves against short-term unemployment and the cost of paying pensions being contained through private pension schemes. These circumstances applied to white SA through most of the twentieth century, but after 1994 none of these were met.

Using the broader definition of unemployment 36.7%, of South Africans, or one in every three persons between the ages of 16 and 64, are currently unemployed. The truth is that long-term, mass unemployment has become a fixed condition in South Africa. This results in very few unemployed people being able to access the Unemployment Insurance Fund (UIF) (5%) as they simply never made prior contributions to the fund and only a small number of elderly people being able to draw from a private pension fund. In the meantime, the grant system makes no provision for able-bodied persons of working age. Apart from the devastating consequences this holds for them, this situation puts enormous strain on the old age, disability and child grants which are inevitably used to support entire households.

This was one of the main criticisms against the grant system made by the Committee of Enquiry into Comprehensive Social Security. It found that the design, originating from the 'North', was inappropriate for the South Africa context because it assumes full and formal employment and makes a distinction between deserving poor (children, disabled and elderly) and non-deserving poor (able-bodied persons). As such, it recommended an integrated developmental approach consisting of various developmental initiatives, including a basic income grant, to reduce immediate income poverty.

However, the proposal for a Basic Income Grant ("BIG") was met with fierce resistance from the ANC. Whilst having a sympathetic ear in the likes of the late Minister of Social Development, Zola Skweyiya, the Minister of finance, Trevor Manuel, called BIG a populist idea. The official stance taken by the ANC was that "able-bodied adults should not receive handouts but should be helped to enjoy the opportunity, the dignity and rewards of work". The ANC policy, it is argued, is developmental. "Grants should be linked to development programmes to ensure that those receiving welfare do not become dependent on the state. The aim is the promotion of self-reliance and to reduce dependency". This 'developmental approach' allowed for the design of the grant system to remain intact, various developmental programmes to be introduced and an almost obsessive preoccupation with workfare or the creation of "job-opportunities" at all costs.

Despite the dismal failure of the developmental approach, such conservative views about handouts and dependency remain widespread within the ANC elite and it should come as no surprise either. It is often forgotten that the ANC in actual fact resisted the expansion of the

grant system (for which they now take credit) and more recently, actually voted against proposals to increase the financial value of the grants.

In the early 2000s, social activists used the Constitution to demand the extension of grants. A number of court cases took place including the Khoza and Mahlaule case (Constitutional Court, 2004), the Roberts case (High Court, 2010) and the Mahlangu case (High Court, 2008).

It is, in actual fact, these court cases and not the progressive views or caring nature of the ANC that saw grants being extended to foreign permanent residents, the eligibility criteria of elderly being changed and children being able to receive the grant until their 18th birthday.

More recently during a budget debate in Parliament on the 25th of May, the ANC voted against a proposal made by the official opposition, the Democratic Alliance, to increase the child grant to the food poverty line of R441 per month (€28.20) in order to start addressing malnutrition and curb the discretionary power of the state. In order to do this, an additional R5bn was needed, research by the DA found.

The finance spokespersons of the DA, David Maynier and Alf Lees, proposed several amendments to the budget that would realise this money. The amendments were budget neutral and would be funded by reprioritisation within the existing budget which meant it would have no effect on the fiscal deficit. It included, for example, savings and spending freezes on items such as VIP protection, prestige policy, International Relations and a 5% cut on items such as advertising, entertainment and travelling.

The sad truth is that the proposal was rejected without any serious consideration, reducing the importance of income poverty, hunger and malnutrition to an apparent game. To quote the ANC chairperson of the Appropriations Committee: "...the DA here, true to its mock and shadow government of toy Ministers also presents a toy budget that has nothing to do with the will of the people. We would never waiver in the face of the DA's theatrics". The finance Minister went to great lengths to point out that the DA was talking about a welfare state and that "we should not simply focus on grants" as the social wage constitutes 59% of government's total spend.

The finance Minister's speech revealed, once again, the conservative, paternalistic views of the ANC but also their pre-occupation with asset poverty - at the expense of income poverty. Both are important but they are not the same. Having money in your pocket is not the same as having access to a school or hospital irrespective of its dismal quality. You can't eat your government-provided house nor buy the materials needed to fix the dismal structure if you don't have money in your pocket! This blatant refusal to acknowledge, never-mind address, the immediate issues and devastating consequences of income poverty coupled with conservative paternalistic views that insist the poor must somehow be 'developed' means that the ANC will never implement a basic income grant.

However, the idea is not completely lost for South Africa.

The DA, a liberal party and the official opposition, grew from seven seats and 1.73% of the vote in 1994, to 89 seats and 22.2% of the vote in 2014. It also governs outright the city of Cape Town, several small towns and the Western Cape Province in addition to three other major cities it governs in coalition.

The recommendation for a Basic Income Grant, made by the commission of enquiry into a Comprehensive system of Social Security, was supported by the DA and subsequently formed part of the party's budget proposals for 2001. The idea also formed part of the DA's policy offer in 2004 and 2009. However, in 2014, it was left out with a promise to increase the number of workfare opportunities.

The removal of the BIG from the party's policy offer in 2014 is the result of various things. Firstly, I think it is important to acknowledge that party policy formulation is often a messy process. Secondly, other than for example economic and industrial policies, social policy is very vulnerable to being 'hijacked' because there are no formal interest groups that represent the interests of the poor as is the case with business and labour. Added to this, the relentless albeit superficial economic discourse of pitting jobs and grants as competing strategies. Thirdly, the rapid growth of the party which has resulted in lots of new public representatives and staff members not always aware or fully cognisant of the philosophical underpinning of various policy stances. And lastly, the very practical and urgent need to get more votes in a conservative society which places a high value on wage employment.

On the positive side, as pressure increases on political parties to be seen to be doing something about poverty, the DA's social development policy has been taken under critical review. Much work has been done on the child grant in particular, as a first step, in reconceptualising the entire grant system. Once the shortcoming of the child grant is addressed, it becomes politically easier to revise the decision taken in 2014 that "labour activation programmes that support the long-term unemployed in equipping themselves for the job market" is a better strategy than a cash transfer to all unemployed persons.

Three policy resolutions, directly related to the grant system, were taken by the DA last month which will inform the 2019 election policy proposals. These policy resolutions will be complimented by policy commissions which will sit next month.

The resolutions taken so far, include:

- Increase the child grant to an objective measure of what it costs to feed a child to specifically eradicate the later-in-life consequences of early childhood malnutrition
- Allow mothers to pre-register their babies to ensure a 100% uptake of the child grant
- Build and pilot a social just social assistance system

While these policy resolutions might appear insignificant at first glance, they are indicative of significant shifts in the DA's social development policy...not so much in what is included, but by what has been excluded.

For example, there is an attempt to integrate social and economic development from the start as oppose to treating social development as an add-on to a predesigned and more important economic development policy. Jobs and grants are not pitted against one another through phrases such as "social grants are important but our first priority is job creation" and "we will continually seek to reduce direct social assistance whilst boosting investment in job creation". In actual fact, it is the first time the DA has decisively argued for an increase in the financial value of the child grant.

Importantly, this increase is also an unconditional increase. Previously the DA's social development policy was riddled with references to various forms of conditions or "developmental conditionalities" or vouchers. Earlier, in 2009 for example, the DA argued that in order to receive a child grant, the parent had to ensure the child receives adequate

food, health care and attends school. In 2014, these were changed to non-punitive measures but still various mechanisms that attempt to either encourage or discourage certain behaviour from grant beneficiaries were suggested. For example, a bonus payment for completing school was suggested. The problem with such ideas is that they assume that poverty is related to the behaviour of poor people whereas in South Africa, the causes of poverty are structural.

The fact that the child grant is to be increased to an objective measure of what it costs to feed a child has added significance. Having enough to eat is a Constitutional right and it realigns the child grant with its original intention which was nutritional support for children because of the widely recognised importance of an appropriate diet for their development. It further curbs the discretionary power of the state in determining the financial values of grants and implicitly also recognises the importance of “capabilities”. In order to make use of opportunities, children in particular have to have the capability to make use of these opportunities - which is impossible if their development is stunted through a lack of access to basic nutritious food. In comparison to previous versions of the DA's social development policy, there is thus an attempt to focus on grant beneficiaries' rights, agency and choice and to limit the state's 'developmental' interventions at the cost of addressing income poverty.

Allowing mothers to pre-register their babies to ensure a 100% uptake of the child grant is a major step forward in that it explicitly recognises that women don't get pregnant to access a child grant. The uptake rate for qualifying infants is 41% and this is extremely problematic because if malnutrition goes undetected and untreated by the age of two, the developmental damage is permanent. Researchers further agree that the impact of the child grant is much stronger and better the earlier children have access to it.

These suggested changes to the child grant is testament to building a new system which, if it is socially just, will have to provide some support to able-bodied unemployed persons as well. While not explicitly mentioned, the proposed pilot study is an attempt to do exactly that where a grant will be paid to unemployed people to study its impact and inform the decision about whether or not to reintroduce a 'Basic Income Grant' as part of the DA's policy proposals.

The fact that these resolutions made it to the Federal Council, where it was put to the vote for the broader party, underscores the findings of recent study into the views of the political elite in the DA. It found that “although there are conservative views in the party, these are outshone by the more liberal views that the individual knows best”. “There is an acknowledgement that whilst classical liberal theory holds welfare should be maximized through the market and that social assistance should only be provided to those who physically cannot work, the South African context necessitates liberal politicians to think of new ways for tackling poverty”...a sort of 'African Liberalism' if you like.

In a world where we all have to keep up with the proverbial Kardashians, the simple reality of the 21st century is that the income distribution system has irrevocably broken down. As a result of globalisation, automation and unregulated markets, the labour market (if you are lucky enough to be in it) simply cannot continue to provide adequate, secure wages. For example, the median wage for black South African in 2016 was R2600 per month (€166.27). Even if this is increase to the proposed minimum wage R3500 per month (€223.83), divided between a family of at least four the per capita income is still below the minimum amount

needed for basic food and necessities. At the same time, the wages paid in workfare programmes are so dismal and irregular it is not even worth mentioning here.

Wealth is increasingly accrued through patents, brands, shares and assets and conventional discourse such as “a job is the surest way out of poverty”, and “if profits and productivity go up, wages go up” is simply no longer true. This does not mean that economic growth and job creation are not important but it does mean that it has become imperative for South African politicians to start distinguishing between jobs/labour and meaningful work and what is required from the state to actualise the latter.

What is needed is a way to get more money into more people’s pockets at grassroots level to allow for a basic level of social and economic stability and more choice and agency in terms of ‘self-employment’. Successful entrepreneurship sits at 5% in South Africa not because of a lack of talent and basic skills, but rather because of a lack of a basic amount of cash to realise good ideas and a shortage of cash flow in poor communities.

I firmly believe that the DA’s resolutions coupled with a pilot study will provide a solid foundation for the re-introduction of a Basic Income Grant in the 2024 manifesto, pending policy commission in September, perhaps earlier, albeit framed and financed differently than was proposed in the early 2000s.

My proposal is for it to be framed as an empowerment grant financed through an Empowerment fund as opposed to a basic income grant financed through income tax. This shifts attention towards agency as opposed to dependence and the empowerment fund could be set up as a different way for doing Black Economic Empowerment as the current point system has become fraught with corruption and inflated prices. The empowerment grant should be set at the Food poverty line (R441/ € 28.20 per month) as it is objective, basic, but meaningful and it is easy to rally all South Africans around a message that no South African should go to bed hungry. I also think that following a pilot study, it should be *gradually* introduced with a focus first on poorest municipalities where the poverty rate is at its worst. The eventual costs of such an empowerment grant will be an estimated R47 billion / € 2.24 billion annually.

It has provisionally been discussed that the pilot study, for which we still need R35 million (€ 2.3 million) will take place in the Western Cape where the DA governs and will set out to test various hypotheses but also to lay to rest any remaining conservative views of handouts and dependency.

The following proposed hypotheses will be examined using a Randomised Controlled Study where the grant is introduced in one small town but not in another:

- The introduction of an empowerment grant to able-bodied unemployed individuals will indirectly result in an increase in the value of the child, disability and old age grants as the pressure to share these across the household will be reduced.
- The introduction of an empowerment grant will lead to better nutrition within receiving households
- The empowerment grant will lead to improved attendance of school through better nutrition and the ability of care givers to afford school shoes, uniforms and transport
- The empowerment grant will lead beneficiaries to pay off or reduce their levels of indebtedness.

- The empowerment grant will allow beneficiaries to better look for work or start something for themselves.
- The empowerment grant will reduce stress, frustration and arguments within the home.
- The empowerment grant will lead to the development of local business and more employment in the community.
- The effects of an empowerment grant will be perceived to transform the economy in a more immediate and tangible way compared to the current Black Economic Empowerment model.

The majority of South Africans are still hungry 24 years into democracy. Millions have matric but can't find a job and many who find a job are still economically insecure. This leads to frustration, disillusionment, apathy and anger. Lots of anger especially amongst men for whom masculinity is strongly coupled with wage work and the ability to provide. Violent protests over government failure are a daily phenomenon in South Africa and are accompanied by horrific levels of family violence. Every day three women and two children are killed by somebody they know. 40% of reported rapes are children and 1 in three children are being sexually abused.

South Africa, is on borrowed time. What we need is politicians who care, who value all life and who believe in the goodness of humankind. Our country needs a political elite that recognises the talents and skill of poor people as opposed to viewing them as fundamentally incompetent. It needs a political elite that acknowledges that the majority of South Africans are literally "starving on a full stomach" and that urgent intervention is needed to address income poverty.

It is in actual fact possible to use jobs and grants as complimentary strategies to ensure everybody has enough to eat. Basic social and economic security in this sense is simply non-negotiable. If we don't embark on this policy direction the most profound and direct consequences will be an increase in the number of children dying every day from severe acute malnutrition and stuntedness amongst children. Unseen will be the increased levels of stress and trauma experienced by mothers who are forced to make impossible choices and who have to sacrifice their own bodies to feed their children and fathers who feel they have no worth because they can't provide....the toxic mix which keeps our highly unequal and extremely violent society firmly intact.

But without the buy-in of the political elite in the DA, this change won't be possible.

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