Article

Ideology and social policy: ‘handouts’ and the spectre of ‘dependency’

Charles Meth

Introduction

As so many commentators have observed, alongside the AIDS pandemic (and related to it), poverty, inequality and unemployment are the most daunting challenges facing the South African government. To begin dealing with the poverty part of that dreaded triad, the Committee of Inquiry into Comprehensive Social Security in South Africa (the Taylor Committee) recommended that a basic income grant (BIG) be introduced. The primary purpose of the BIG, as the Committee understood it, was to address the problem of destitution in South Africa, consequent largely upon mass unemployment. Although it was argued that it would have developmental effects, the BIG was not seen as being able to eradicate poverty – the poverty gap is simply too large to make politically feasible the redistribution through the fiscus required each year to do so. The BIG can eradicate most destitution, and lift as well, some substantial number out of poverty.

Cabinet’s initial reception of the Taylor Committee’s recommendation was lukewarm. Demands for a basic income grant (BIG) have, however, not yet been rejected outright. Instead, the BIG is either slighted; damned with faint praise; or worried over as being either (a) being unaffordable, and/or (b) likely to cause ‘dependency’. On the former score, there is little cause for concern – the BIG is affordable (Meth 2003a). The current package of measures designed to address poverty – education and training, limited grants, the social wage, and the extended public works programme (EPWPs), is clearly inadequate. It is this package, rather than the BIG that should be causing anxiety. If government were serious about reaching all of the poor with this package, especially the EPWP part of it, it would definitely not be affordable. Despite the failure so far, of government to
look seriously at the BIG numbers, the debate over those numbers, when it finally takes place, will at least revolve around familiar unknowns. Opponents and proponents alike will have to justify the claims they make, claims whose foundations will be laid bare for all to scrutinise. Not so the assertions made about (welfare) ‘dependence’. Here we enter a terrain where values collide with murky ‘facts’. It is this ‘worry’ with which the paper engages, attempting to separate ‘fact’ from ‘value’.

Although there is growing acceptance of the notion that evidence must be the basis of government policy, there are grounds for believing that as far as the BIG is concerned, neither the President nor the Minister of Finance has, as yet, applied his mind to the facts of the matter. Following the July 2003 lekgotla, President Mbeki is reported to have said that:

We discussed BIG some time ago and we have said our approach should evolve through a comprehensive social system that includes old age pensions, disability grants and a free public health system. If you give everybody a R100 a month (sic) it will not make a difference. The notion that one single intervention will help is wrong. To introduce a system which indiscriminately gives R100 to a millionaire and a pensioner does not work. (Mail & Guardian, August 1-7, 2003:6)

This extraordinary assertion is not inconsistent with other official pronouncements (or silence) on the matter. The Cabinet statement on the July 2003 lekgotla reproduced in ANC Today contains no reference at all to the BIG. The lekgotla confirmed the direction spelled out at the Growth and Development Summit (GDS), from whose agenda, BIG was excluded. In the passage cited above, the President manages, within the compass of a mere 70-odd words, to make five major errors. Here they are:

1. ‘Evolving a comprehensive system’. A social system that excludes more than half of those suffering severe income poverty is NOT ‘comprehensive’. It is a mistake to think that a partial substitute measure for social grants (public work programmes) can make the system ‘comprehensive’.

2. ‘R100 per month will not make a difference’. R100 per month would close about 70 per cent of the poverty gap, and would reach every poor person. No other social programme can achieve this. Table 1 below shows what a difference it would make.

3. ‘The notion of one single intervention’. None of the proponents of the BIG believes that it is a magic bullet. Without exception, all see a variety of supplementary programmes as being necessary.
4. ‘Indiscriminate system’. Far from being ‘indiscriminate’, the distinguishing characteristic of a universal grant is the fact that everybody receives it. There are several reasons for preferring universal grants. In the first place, they do not stigmatise recipients in the way that targeted grants do. In the second, when institutions are as weak as those of the government headed by Mr Mbeki, universal grants are probably the only feasible way of addressing destitution without issuing an invitation to all opportunists to come along and help themselves to some lovely government money. The claim that the grant does not ‘work’ because there is a disparity in the incomes of the recipients is inane – the full amount of the grant (and more from those able to pay), would be clawed back through the tax system.

5. ‘Pensioners and the BIG’. Most of the proposals for the BIG exclude the state old age pension recipients on the reasonable grounds that they are already in receipt of a state grant.

The Minister of Finance, facing a lively audience at the University of the Western Cape, is reported as having said that:

… someone had to explain how R100 a person would make a difference to the lives of the poor, and how running up a budget deficit of R26 billion would make a difference. The government also remained unconvinced that raising the value added tax would be an option to fund a basic income grant. (Business Report, August 25, 2003:12)

The Minister’s need to have the value of R100 to the poor explained to him, is perhaps less blameworthy than the President’s reported assertion that R100 will make no difference to them. In any event, the answer to both may be seen in Table 1 below. As to the question of an increase in the deficit, none of the proponents of the BIG suggests that deficit financing is appropriate – without exception, they favour tax increases of one sort or another. As noted above, the work that I have done (Meth 2003a) suggests that tolerable increases in income tax and VAT could easily pay for the BIG. Government policy, of course, is to reduce tax burdens.

**Anything to avoid the Basic Income Grant**

Poverty, inequality and unemployment are related in complex ways. Government policy attempts to address all three. So intertwined are the three social evils, that tackling one will often serve to reduce the intensity of the others – successfully applied, both job creation and the social wage policies would, for example, serve to reduce inequality. Not all means of
addressing poverty are regarded with equal enthusiasm by government. More income redistribution through social grants (and more provision of ‘free’ services) than is currently achieved or planned is not favoured. Without caricaturing that set of policy initiatives too much, it could be argued that the primary tool for addressing inequality is Black Economic Empowerment (BEE). Poverty is to be tackled by a combination of the ‘payment’ of a social wage (including limited social grants), and by attempting to foster employment creation through a wide range of mainly supply-side interventions. These interventions tackle poverty indirectly through their (hoped for) impact on the unemployment leg of the triad.

Part of the explanation for the reluctance to extend the social grant system, it will be argued below, is to be found in the prejudices about social grants (masquerading as ‘values’), that dominate ANC thinking on this matter. These, in turn, may be explained, in part, by the dispersed and incomplete nature of the information about the various social security policy options. As far as costs are concerned, the Treasury does not possess a model capable of evaluating these options. It is rumoured that they are about to start building one. In the absence of a device capable of generating plausible cost and benefit information about the various options, it is difficult to see how an informed position on the most basic of questions about social security, can be taken. Reliable information on other aspects of social security, such as dependency, tends to be engulfed in a tidal wave of propaganda against excess benefit generosity.

Clutched at with eagerness, public work programmes are now put forward as a partial substitute for social grants, despite the recognition of their mainly short-term, palliative nature. As currently conceived, public work programmes are loaded with multiple goals – skill training, poverty alleviation, infrastructure creation, and unemployment reduction, to name but the most important (McCord 2003). Having a multiplicity of goals allows government to play fast and loose with measures to assess their effectiveness. One can see this at work in the Ten Year Review (PCAS 2003). In the same breath as it is acknowledged that: ‘… public works are not as efficient as income grants in alleviating income poverty’ one finds the good news that 2182 ‘community assets’ resulted from ‘R6.5 billion expenditure on infrastructure’ (PCAS 2003:19).

A steadfast unwillingness to consider the extension to working age adults of the one poverty alleviation policy that, by government’s own admission, actually works – social grants – is made abundantly clear in the Ten Year
Review. The key social challenge, for the next decade, according to the Review, is:

Massive Public Works Programme, improved access to social security measures, with better vehicles to improve service delivery while reducing the number of people dependent on grants. (PCAS 2003:114, emphasis added)

Preliminary investigations into the much-vaunted ‘massive’ (sometimes called ‘extended’) public work programme, high on the list of government’s preferred ways of addressing poverty (caused mainly by unemployment) among adults, are now complete. The official launch of the Extended Public Works’ Programme (EPWP) occurred in the heady atmosphere of the ANC’s convincing election victory, its promise of ‘one million jobs’ having featured prominently in the election campaign. Many of these jobs (200,000 part-time jobs in each of five years) are to come not from additional expenditure, but from the reorganisation of infrastructural investment so as to increase the labour intensity of construction.7 Pressed to concede that this will do little to solve the unemployment problem, the director of the programme readily did so (Mail & Guardian, May 3, 2004).8 Even if government were prepared to spend about as much as the net benefits that would remain in the hands of BIG beneficiaries after taxes (about R15-19 billion per annum), PWPs would make but a small dent on the problem. A BIG would do more to reduce poverty than PWPs, even if these were introduced under conditions in which economic growth rates well in excess of those achieved so far, were attained and maintained. At best, a PWP of that magnitude could address about one third to one half of the unemployment problem down in the lower deciles of the income distribution, and maybe somewhere between one tenth and one fifth of the problem as a whole (Meth 2003a).

Since politicians do not claim that the EPWP will, by itself, solve some major part of the poverty and unemployment problems (indeed, the ANC has gone to some lengths to stress the opposite), it hardly seems appropriate to criticise government because the EPWP will have only a limited impact. Criticism must instead be directed at the failure of government to produce a realistic balance sheet of what needs to be done, and what the available tools and resources are for doing it. Absent from the discourse is any sense that government truly comprehends the magnitude of the problem. Among the eight million or so, currently classified as unemployed, there are probably four to five million desperate people, willing to work at any wage
that exceeds the opportunity cost of accepting work. In 2002, there were approximately two million households, home to about 7.4 million people, in which total monthly household expenditure was less than R800 per month. According to the September Labour Force Survey from which these figures were extracted, none of these households was in receipt of any remittance income, and in none of them was there anyone employed in an income generating activity. Among the 4.4 million adults in these households, 1.3 million were classified as unemployed (Meth 2004: Table 2). State old-age pensions (a fragile income source) would account for the fact that some of these households were in the R400-799 expenditure category, rather the R0-399. The extension of the child support grant to 14-year olds will help, but not enough to raise these people out of destitution. Above this extremely vulnerable group are millions of others, in varying degrees of need, for whom some form of social assistance is urgently required. In the short- to medium-term (and maybe even the long-term), no amount of black economic empowerment, no feasible increase in the number of learnerships, no prattle about the advances made by the Umsombomvu fund in spending its millions, can make a significant contribution to reducing their numbers. This is the climate in which one of government’s flagship anti-poverty programme should be viewed.

Some PWP s have been remarkably successful, especially as far as targeting is concerned – the Zibambele project in KwaZulu-Natal is a prime example. Carefully constructed over many years, such projects are difficult to replicate. They certainly are not ‘mass’ employment creators, and they neither lift the poor above the poverty line, nor endow them with the skills to enter the labour market or to start their own businesses (McCord 2003). The extended PWP will not only be plagued by severe problems of job rationing (McCord 2003; Meth 2003a), it, like social assistance, will also create dependency (see below). In addition to that, the relatively attractive wage paid, means that many of those working more hours for less will be tempted to find employment on PWP s. In short, although PWP s have several desirable features, the limits to what they can achieve need to be more clearly understood by government than presently seems to be the case.

Unravelling the causal connections between poverty, inequality and unemployment is difficult, and the results of attempts to do so, contentious. Available statistics on all three are disputed, so that the results of efforts to monitor the success or otherwise of government’s efforts to address them are disputed. Among the most serious disagreements is that around the
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extent of destitution, there is not even an agreed definition of the problem, nor the rate at which it is changing. The consequences for the destitute and the very poor of this disagreement are potentially devastating. The argument of those who favour the BIG is that the numbers of the poor and destitute are probably rising. Government, while acknowledging that the poverty problem is severe, claims that its policies have succeeded in reducing the severity of poverty. BIG proponents have insisted hitherto that even if this were true, the rate at which the number of poor could be reduced by current and planned policies would be unacceptably slow. A new piece of research (Meth and Dias 2003; Meth 2004) has called into question the government claim (for it is little else) that poverty is not increasing.11 The results of this work suggest that although the social wage may have improved conditions for some of the poor, the number of those in poverty probably increased by between one and two million between 1997 and 2002 (Meth 2004).

Those pieces of research confirm once more what is known to every researcher in the field of poverty, namely, that the poor have very little to live on each day. This is illustrated in Table 1 below. The table shows the maximum potential daily per capita consumption levels for individuals in households containing adults and children, where total monthly expenditure lay between R0-399 and R400-799 in September 2002. The average numbers of persons in the households have been adjusted to take account of the reduced cost of child subsistence (ie adult equivalents have been estimated). An allowance has also been made for the economies of scale experienced by households containing more than one person. Because expenditure, like income, is frequently under-reported in surveys, the table shows consumption levels for under-reporting errors of up to 100 per cent. Both papers referred to above use poverty lines (PLs) based on the Household Subsistence Level (HSL). If individuals in households consumed at the level suggested by this measure, they would still, in the words of its compilers, have one third of their basic needs unmet. The estimate of the level of the PL in 2002 in Meth and Dias (2003) was R467 per month per adult equivalent, and in Meth (2004), some R454. As may be seen in the table, this level of expenditure would be reached only if the under-reporting error exceeded 100 per cent in the second expenditure category.
### Table 1 Monthly and daily expenditure, 2002

<table>
<thead>
<tr>
<th>Expenditure category (R/month per household)</th>
<th>R0-399</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under-reporting of expenditure (%)</td>
<td>0  50  100</td>
</tr>
<tr>
<td>Maximum potential monthly per capita expenditure</td>
<td>104.70 157.05 209.40</td>
</tr>
<tr>
<td>Maximum potential daily per capita expenditure</td>
<td>3.44  6.84  8.75</td>
</tr>
<tr>
<td>Daily expenditure on food</td>
<td>2.07  4.10  5.25</td>
</tr>
<tr>
<td>Daily expenditure on all other items</td>
<td>1.38  2.74  3.50</td>
</tr>
<tr>
<td>Total number of households</td>
<td>1 670 000</td>
</tr>
<tr>
<td>Total number of adults</td>
<td>3 940 000</td>
</tr>
<tr>
<td>Total number of children</td>
<td>4 320 000</td>
</tr>
<tr>
<td>Mean unadjusted household size</td>
<td>4.94</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditure category (R/month per household)</th>
<th>R400-799</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under-reporting of expenditure (%)</td>
<td>0  50  100</td>
</tr>
<tr>
<td>Maximum potential monthly per capita expenditure</td>
<td>190.08 285.12 380.15</td>
</tr>
<tr>
<td>Maximum potential daily per capita expenditure</td>
<td>6.25  10.81  14.06</td>
</tr>
<tr>
<td>Daily expenditure on food</td>
<td>2.81  4.87  6.33</td>
</tr>
<tr>
<td>Daily expenditure on all other items</td>
<td>3.44  5.95  7.74</td>
</tr>
<tr>
<td>Total number of households</td>
<td>1 800 000</td>
</tr>
<tr>
<td>Total number of adults</td>
<td>4 970 000</td>
</tr>
<tr>
<td>Total number of children</td>
<td>4 910 000</td>
</tr>
<tr>
<td>Mean unadjusted household size</td>
<td>5.47</td>
</tr>
</tbody>
</table>

**Notes:** These figures are obtained by adjusting household size for child cost savings and for household economies of scale (adult equivalents). They refer to potential maximum consumption in households of the mean size. Consumption possibilities are in 2002 prices. It is assumed that households in the bottom expenditure category spend 60 per cent of available income on food. Those in the next category are assumed to spend 45 per cent on food. (Source: File Table 1_Version2.xls. Basic data are from the September 2002 Labour Force Survey.)
Estimates of the extent of poverty (poverty headcounts, poverty gaps and poverty rates) are sensitive to (a) the child cost ratio, (b) the household economies of scale parameter, and (c) the extent of under-reporting of expenditure. One of the PLs used in Meth (2004) assumed a child cost ratio of 0.8, and a household economies of scale parameter of 0.9. That paper contains what are argued to be defensible estimates of the value of the social wage. When monthly household expenditure is assumed to be under-estimated by 70 per cent, the number of people below the poverty line in 2002 in all households where expenditure is nominally below R800 per month totals about 19.5 million. The corresponding figure for 1997 was about 17.2 million.

The adult and child households in Table 1 contained about 18 million people in 2002, almost all of them living below the poverty line. Somewhere between 7 and 15 million of them, depending on what assumptions one makes about the parameters discussed above, are in a state of utter destitution. It is easy to see why. If expenditure was under-reported by 50 per cent, then those near the upper end of the distribution in the bottom expenditure category had about R7 per day to live on, roughly R4 of which might have gone on food, the remaining R3 on the other necessities of life. In the next expenditure category, if expenditure was under-reported by 50 per cent, mean daily expenditure in the average household among those who were ‘better-off’ (near the top of the distribution), might have been about R11 per day, possibly R5 for food and R6 for all other essentials.12

Consumption potentials in this table, it should be borne in mind, are all at their maximum value. Actual consumption levels for most people will be lower – for some, very much lower. There is little hope that economic growth can rescue the poor – except among propagandists, there seems no doubt that the economy simply cannot grow fast enough (Lewis 2001; Meth 2003b). PWPs (in whatever guise) are both necessary and desirable, but cannot possibly soak up the millions needing employment. So much for the reality of the challenge facing government. Let us turn now to the ‘dependence’ argument with which government has responded to the demands for the one policy that has a realistic hope of reaching the poor, the basic income grant.

The ‘Third Way’ in South Africa
Empirical data is more than a little thin on the ground as far as ‘dependency’ is concerned. This has not deterred sundry commentators from airing their
prejudices on the matter, indeed, it may even have encouraged them. The electorate deserves better. Let us, therefore, delve a little more deeply into the matter than is customary.

After Cabinet had had a couple of months to study the Report of the Taylor Committee, it made an announcement to the effect that, amongst other things, it had postponed until January 2003 a decision on the Basic Income Grant (BIG). Reporting the government spokesperson as claiming that the postponement ‘did not matter’ because if government did decide to introduce the grant, it would only be implemented during the 2004/2005 tax year, the announcement appeared thus in the Sunday Times (July 28, 2002):

… while a decision has not yet been taken, the Cabinet’s ‘philosophical approach is different’ from that of the Taylor committee. [The spokesperson] said the thinking was that ‘able-bodied’ South Africans should ‘enjoy the opportunity, the dignity and rewards of work’ and only people who were disabled or ill should get handouts. ‘It is a kind of approach that motivates against an income grant. We would rather create work opportunities,’ he said. Job creation proposals to be considered include a ‘massive expanded public works programme’, which would include partnerships with the private sector.

So much for the initial government response to the Taylor Committee’s proposal of a basic income grant. It was followed, a few weeks later, by the release of discussion papers for the 51st national conference of the African National Congress (ANC). Similar remarks to those reported above were made by the head of the party’s social transformation department, Minister of Agriculture and Land Affairs, Thoko Didiza. Under the headline ‘Didiza cautious about basic income grant’, the Business Day article in which the release of the papers was reported reads as follows:

A basic income grant to the poor should be carefully considered, said Agriculture and Land Affairs Minister Thoko Didiza yesterday. The possibility of such a grant creating dependency should be taken into account, she said. ‘This discussion at the moment is about the values underpinning such a grant.’ Didiza was speaking at the release of discussion papers for the 51st national conference of the African National Congress (ANC). She heads the party’s social transformation department. Didiza said discussions about a basic grant as part of a social safety net should not be conducted in isolation. ‘It must be looked at within the context of other interventions by government to help the poor.’ This included free health care for pregnant women and children under the age of six. A basic income grant could be linked with
public works projects that provided the jobless with temporary employment. This would help prevent the grant from being a mere hand-out, Didiza said. The discussion paper said the ANC believed the state’s role should be to enable people to help themselves. For those unable to do so because of old age or health problems, there should be a social security system. The paper said the ANC should concern itself with two strategic objectives making sure that existing social grants reached their target and improving the provision of services. ‘We must make sure that all departments who have antipoverty programmes, deliver them timeously and efficiently,’ the paper said. (Business Day, Wednesday August 14, 2002:2)

As preparation for the national conference, the ANC held a conference in September 2002, at which the ‘discussion papers’ referred to above were discussed. Two of them are of particular importance: the paper on ‘Economic Transformation’ and that on ‘Social Transformation’ (sub-titled ‘attacking poverty and building a better life’). They were reproduced on the ANC’s website, and published in a special edition of the journal Umrabulo (No. 16, August 2002). From the paper on ‘Social Transformation’ we obtain a clear sense of the state’s overriding perception that if it can only create the enabling structures, most of the poor will be able to help themselves out of poverty – social grants really are anathema, as this statement clearly shows:

63. This conference should therefore discuss this issue of poverty eradication and locate it within our perspective of the South African state as a developmental state, with the ANC and its allies leading that development, and mobilising people at large to lend a hand for a better life for all. Any discussion of social security that does not bear this in mind is likely to reduce our people to victims that must wait for handouts from the state in order to live.

Disagreement with such fine sentiments would not seem possible – self-reliance, after all, is greatly to be valued. The problem lies not so much with the view expressed here, but with its relevance to the poor, and more particularly, to the destitute in South Africa. The ‘self-reliance’ argument could only be a valid objection to mobilisation in support for a universal grant if:

• the state had a comprehensive social security net in place, one that at least staved off starvation, and,

• the well-meaning, but misguided ‘pinko’ liberals were pitching the demand for the universal grant at a level too close to the wage paid in any of a number of low-paying but fairly easily obtainable jobs, and
• there was some reasonable chance that South Africa’s existing anti-poverty package (combined with employment-creating growth) would ‘rescue’ the poor in the near future

None of these conditions is met in South Africa. It is necessary to consider why, therefore, in the face of a reality that undercuts the basis for believing that the noble aspirations expressed in the ANC transformation papers can be realised, the state persists in denying relief to the poor in a form (social grants) that it knows will alleviate poverty. Part of the answer to this question, it is submitted, lies in the President’s (and that part of the ANC responsible for drafting pre-conference papers) fondness for the ‘Third Way’. 13

Given this, it comes as no surprise to find in the discourse on social policy in South Africa, strong echoes of the Blair government approach to welfare. The long passage below, extracted from the UK White Paper on welfare reform (UK 1998) reveals just how closely Third Way thinking coincides with policy discussions in our own country.

The Third Way: preventing poverty

10. The welfare state now faces a choice of futures. A privatised future, with the welfare state becoming a residual safety net for the poorest and most marginalised; the status quo but with more generous benefits; or the Government’s third way – promoting opportunity instead of dependence, with a welfare state providing for the mass of the people, but in new ways to fit the modern world. This is the choice for the nation.

11. The first future has its advocates among those who believe the concept of welfare is wrong. These people say that the welfare state is unaffordable, that it needs to be scaled back. The middle class should provide for themselves with little or no state cash or services. Unemployment, disability benefits and pensions should be fully privatised. These people believe that welfare went wrong when government became involved; that charity, however haphazard, is better than a state-run system. We believe that this is a route to a divided society – one side on benefit, the other paying for it. Political support for the welfare state would diminish and it would end up as a poor system for poor people.

12. The second future is supported by those who believe that any changes to the Beveridge system are a betrayal of his vision, even though the world has changed so dramatically. They believe that cash is the answer to most of the problems, that poverty is alleviated by more money rather than more opportunity. They defend the status quo, but
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want benefits for all to be more generous. They believe that poverty is relieved exclusively by cash hand outs.

13. This Government rejects both approaches. The first leaves the welfare state to disintegrate, fails to address poverty and leaves those on middle incomes more insecure. The second leads to rising bills and more people trapped in poverty. We propose a third way. A modern form of welfare that believes in empowerment not dependency. We believe that work is the best route out of poverty for those that can work. We believe in ensuring dignity and security for those who are unable to work because of disability or because of caring responsibilities, as well as for those who have retired. This system is about combining public and private provision in a new partnership for the new age.

Note, in particular, the caricature of the arguments of those who claim that some benefit levels are too low to keep body and soul together. Note as well, the presence of all the key words – ‘hand-outs’, ‘dependence’, ‘dignity’, ‘empowerment’ – of Third Way discourse. The major differences between economic and social conditions in the UK and South Africa make it reasonable, however, to talk in these terms in the former but not in the latter country. In the UK, there is a real danger that increasing the level of welfare payments could trap people in poverty. In the well-known welfare trap, the tax system functions in such a way that accepting work, even low-paid work, causes net income to fall below the benefit level. The response to this from the conservative camp is to reduce benefits to a level sufficiently far below the minimum wage paid in any sector of the economy, ie, to apply the Poor Law principle of less eligibility. In addition, levels of unemployment (or non-employment) are low enough for government to be able to entertain a realistic hope of finding low-wage employment which people can be encouraged (or coerced) into taking. Policies like ‘welfare-to-work’ (or ‘workfare’ as it is called in the USA) thus have some chance of success.

In South Africa, neither condition holds. The state cannot gather sufficient tax revenues to make possible a welfare payment large enough to act as a welfare trap. A grant of R100 per month per person is not enough to prevent any significant number of people from seeking to better themselves, especially if the grant is unconditional (ie, people do not lose it if they obtain employment). Equally importantly, South Africa does not have jobs to offer people as an alternative to social grants. As noted above, the government’s proposed ‘extended public works programme’ cannot possibly accommodate all of those requiring work, any work.

In the current context, the ANC’s fear of ‘social grants reducing people
to victims, waiting for handouts’, a persistent theme in policy documents, lacks any foundation. To assert that social grants are likely to have this effect, is to make a strong prediction without the evidence to back it up. The very real danger of such a stance is that it blinds the authorities to the merits of the only practicable solution to the problem of destitution in South Africa – social grants. It is significant that the UK government sees the role of ‘stopping destitution’ as one that ‘modern welfare’ has ‘in any civilised society’. Equally significant, however, is the fact that in the UK, this role is ‘limited’. In South Africa, it is not – there are many millions of people to whom the term could reasonably be applied, social wage or no social wage.

‘Dependence on handouts’ is a recurrent theme in Anglo-Saxon countries where the attempted rollback of the welfare state deploys the language of fostering self-reliance to impose a coercive, minimalist welfare regime. Fortunately, South Africa has not yet reached the point where, as in the USA:

> Failure of the ‘able-bodied’ to support themselves and their families is treated as a moral fault – which, in turn, runs deeper than failure to earn since it implies other forms of ‘deviant’ status or conduct. (Handler 2000:115; emphasis in original)

Memories of the way in which apartheid blighted the lives of the subordinate (and in a different way, the dominant) population groups, are still too fresh for that. Even so, alarm bells should ring at the way in which the ‘developmental’ aspects overwhelm the ‘social assistance’ aspects of South Africa’s discussions about the shape of the social security system in the future. While it is possible to understand a desire to move away from a system that, at the moment, devotes most of its budget to social grants, it would be difficult to be sympathetic to such a move if it did not maximize the welfare of the poorest in our society. As long as the ANC in conference or in government clings to a view of social security that sounds (when stripped of its flowery language about development) remarkably Anglo-Saxon (mean-spirited and coercive) in character, the danger exists that prejudice will be allowed to act as a substitute for the proper evaluation of the full array of policies that could be used to address poverty, inequality and unemployment. ‘Proper’ evaluation is difficult, something on which we all agree. Where adequate empirical evidence is not available, we have little alternative but to turn to theory. In the absence of evidence on dependency, let us approach it in theoretical terms.
On the nature of ‘dependency’
Since the earliest times, a distinction has been made between the ‘impotent’ and the ‘able-bodied’ poor (Barr 1998:16). It is the latter group, sometimes referred to as being in a state of ‘inevitable dependency’ (O’Connor et al 1999:32), the South African government has in mind when it articulates the view that social grants should be made only to those who are unable to take care of themselves. The ancient category of able-bodied poor is further divided between the ‘deserving’ (those requiring relief to tide them over a period of difficulty), and the ‘undeserving’ (the idle, the won’t works). As Margaret Thatcher put it, this distinction is between:

… ‘those who had genuinely fallen into difficulties and needed some support till they could get out of them’ and ‘those who had simply lost the will or the habit for work and self-improvement.’ (Cited in Schmidt 2000:239-40)

The problem of separating the ‘deserving’ from the ‘undeserving’ has been at the heart of social security policy right from the start. Almost two centuries after being spelled out, one of the cardinal principles developed by the English Poor Law Commission of 1832 (enacted in the Poor Law Amendment Act of 1834), that of ‘less eligibility’, still holds. ‘[D]eterrent poor relief … [intended] … to enforce the work ethic and discourage dependency …’ was a major feature of Victorian social security policy. ‘Scientific charity’, which makes an appearance after 1870 ‘saw a positive role for the emerging field of social work in distinguishing the deserving from the undeserving poor and developing expert methods of rehabilitating the latter’ (O’Connor et al 1999:48).

As long as the workhouse test, according to Barr (1998:17), a means of enforcing ‘less eligibility’ rather than a principle per se, could be applied, the numbers claiming relief were limited. The modern welfare state, lacking this brutal device, has seen the numbers on welfare rolls expand steadily, even during the so-called ‘golden age’ of capitalism, an era of near full-employment in all of the major capitalist economies.17

As a topic of concern, welfare dependence, never far from the surface, re-emerged with a vengeance in the wake of the crises of the mid- and late 1970s. This was especially the case in the USA, as growth in the size of welfare rolls, which had been steady from the 1950s onwards, started to increase (Handler 2000). Milton and Rose Friedman’s enormously popular polemic Free to Choose (1980), captured the (conservative) spirit of the time. According to them, expenditure by bureaucrats of taxpayer’s money
on merit goods tended to corrupt the people involved. Putting ‘some people in a position to decide what is good for other people … [had the effect of instilling] in the one group a feeling of almost God-like power; in the other a feeling of dependence. The atrophy of personal capacity, they say, rots “… the moral fabric that holds society together”.

Their view of the welfare state is not a happy one, to say the least. Expenditure on merit goods, or the disbursement of taxpayer’s money in the form of social grants, is possible only if money is taken away from someone else, as government does. The use of force is therefore at the very heart of the welfare state – a bad means that tends to corrupt the good ends. That is also the reason why the welfare state threatens our freedom so seriously. (Friedman and Friedman 1980:149)

In Britain, one of the more influential disseminators of such views is the Institute of Economic Affairs. Here is a passage from one of their pamphlets, purporting to explain social exclusion. The dependency that social grants allegedly create, plays (for conservatives) a central role in the process: if too many people look to the government for the means of life, then this dependency has harmful effects which accumulate over time. The initial harm results from people organising their affairs so that they qualify for benefit. Having crossed the boundary between independent self-support and reliance on the work of others, individuals neglect friendships or relationships with people who could provide a helping hand in a spirit of mutual respect. Because their self-respect diminishes, they often become more shameless in their determination to live at the expense of others. They also fail to join organisations like churches or voluntary associations, where they would meet people who would gladly provide temporary restorative help. As a further consequence, they acquire fewer skills of co-operating with others, and face fewer challenges. In turn, they have fewer opportunities to strengthen their characters by overcoming adversity. As a result, they are prone to manipulation by politicians, some of whom are only too willing to ‘buy’ their votes with promises of ‘more’. Politicians whose model of society is one of leaders and led are very happy to preserve in being a section of the population that will trade its votes for cash rewards. (Cited in Byrne 1999:27)

Deep in this caricature of human behaviour (as in all caricatures) is a grain of truth – there, almost certainly, are people whose behaviour it accurately describes. Applied to the problem of bloated welfare rolls in advanced
capitalist economies, this way of conceptualising the problem provides a recipe for dealing with the able-bodied poor (those who could find work at the ‘going’ wage, but ‘choose’ not to). They become the ‘undeserving’ poor when they fail to accept what the system provides, and simultaneously, a justification for cutting back on state ‘generosity’.

We need look no further than conventional economics for the tools with which to cut through this mess to expose it as propaganda for a particular world view. Rational economic actors in a capitalist society are obliged to choose between the utility furnished by ‘leisure’, which earns no income, and the disutility of work, counterbalanced by the utility of the reward for that work, income. Additional utility derives from the mere fact of holding down a job in a society in which being unemployed carries a stigma (ie self-esteem depends, in part, on being employed). For many individuals with low earning capacity, the disutility of work is often high (jobs are dangerous, unpleasant, arduous, childcare is unavailable). If conditions are degrading, the utility derived from being employed can be very rapidly eroded. Under these circumstances, the availability of cash grants that, following the principle of less eligibility, are smaller even than the wages in such jobs, could cause them, rationally, to choose welfare above work.20

When tax structures are such that any earned supplement causes loss or significant reduction of the grant (ie the grant attracts punitively high marginal rates of tax), the trap is complete. Not only does the structure of work rewards and social grants impel some proportion of the workforce into welfare dependence; once there, it can imprison them by making efforts at self-improvement too costly. The economic factor, it should be noted, is responding to incentives in a way that economists regard as rational. Their idleness may thus legitimately be described as enforced by the relative structure of rewards. Assuming that jobs exist, the extent of idleness among the able-bodied will be importantly influenced by the reward structure.21

As a consequence of having responded rationally to their environment, welfare recipients have attached to them the label ‘dependent’, with all of its negative connotations. Reformers, mindful perhaps of the injustice of blaming the victim, advocate structural change to eliminate the possibility of dependency relations being formed. As is clear from the argument above, there are two sides from which the problem may be addressed – wages may be raised, or benefits may be reduced. Unfortunately, improving wages usually lies well beyond the capacity of reformers (unless they are pitched very low, minimum wage stipulations probably exacerbate welfare
problems). So the brunt of reform falls on welfare payments. Typically, these are either reduced, and/or the conditions for receipt of benefit are tightened.

Having considered the rationality of those likely to slip into relations of dependence, let us spend a little time looking at the sources of economic welfare. Once that has been done, it will be possible to say a little more about dependency. In modern economies, welfare originates mainly from the following sources:

- Income from employment, either self-employment or employment by others,
- Past savings or accumulated wealth,
- Private transfers,
- Social assistance and social insurance, and
- Relief work on government projects (public work programmes)

**Income from employment** is the most important source of welfare. In a capitalist society, it is also the most desirable source. Not ‘working’ when one is ‘able-bodied’ attracts social opprobrium in varying degrees. The idle rich are looked upon by some with a mixture of envy and contempt; the idle poor, if they subsist upon social security payments, with a mixture of resentment and contempt. Reasons for the resentment are implicit in the passages from the Friedman and Friedman (1980) work cited above – they live on money ‘forcibly’ taken from those who have ‘earned’ it.

**Savings or accumulated wealth** allow (some of) those who have retired from work to draw on past earnings for (self-sufficient) survival. Savings allow people of working age to self-insure against periods during which they do not earn their customary incomes. Both those who have saved for their retirement, and those whose savings protect them against contingencies like illness or unemployment are said, approvingly, not to be a burden on society. Those of conservative disposition discover the rationale for social insurance in people’s ‘myopia’, ie, in their lack of savings to tide them over periods of zero income (Hamermesh 1992:3). In the South African context, for most people, the notion is grotesquely inappropriate. Many of the working poor do not earn enough to cover day-to-day living expenses. Making provision for the contingencies of old-age, unemployment or illness is out of the question.

**Private transfers** vary greatly in importance from country to country.
Their magnitude is related (in part) to the extent and ‘generosity’ of the country’s official social security system. Other factors, such as the prevalence of migrant labour as a form of employment; the extent to which the ‘traditional’ nuclear family has broken down; or the form and strength of religious affiliation, are also important. With societal pressures encouraging the dissolution of traditional forms of the family, come responsibilities, particularly for fathers, to provide support for the dependants they leave behind. Widespread dereliction of this duty places additional strain on welfare services. Although much applauded by institutions like the World Bank as evidence of self-reliance and social cohesion (which, clearly, they are), some forms of private transfers are problematic. Voluntary (charitable) giving is admirable – being obliged (by family connection) to support those who, because of conditions in the economy, and because of the absence of state provision, cannot support themselves (eg, grown-up ‘children’), is likely to give rise to resentment. This ‘tax’ on the poor is levied at a punitively high marginal rate.

**Official social welfare** may take the form of social grants, unrequited transfers that enable the (deserving) poor to survive, or of social insurance. Generally speaking, as a means of maintaining income levels (say, to deal with the contingency of unemployment), the latter is intended to provide short-term cover. Finally, welfare also originates in income received from employment on ‘relief work’, public work programmes (PWPs).

Having identified the sources of welfare, the next step is to unpack the concept of ‘dependency’ a little further. Those who subsist on either their present or past incomes may be described as inter-dependent (not independent). All those who do not may be described as ‘dependent’. Recipients of transfers depend either wholly, or in part, on donors. As noted above, one group in particular among them, welfare grant recipients who are capable of working, arouse the ire of those whose taxes support them. In the absence of job-creating economic growth, those employed in PWPs depend on the state for continued employment. A hallmark of the last three forms of welfare is thus that they all create (or reinforce) dependency. For policy purposes, the critical question is thus, what will the dependency effects be?

Private transfers and PWPs have certain advantages over social grants. Those making private transfers can monitor the conduct of the recipients, while wages in PWPs can be pitched at such a level as will attract only the
truly needy (the rule of less eligibility). Because PWPs involve an exchange (income for work) they are alleged (possibly with good cause) to be less demoralising than unrequited transfers, from whatever source. Social grants, by contrast, may easily end up in the (ungrateful) hands of those who do not ‘deserve’ them. To prevent this, unrequited public transfers are widely believed to need a mechanism for recurrent identification of the target population. Providing it is difficult.24

Since all sources of welfare except gainful employment (present or past) have dependency effects, policy choice, if it is to be based on evidence rather than on prejudice (usually masquerading as ‘values’), entails the empirical analysis of these effects. Frequently though, these analyses are extremely difficult to conduct. One reason for this is that things are not always what they appear to be. Take, for example, the ‘displacement’ of private social security by public (frequently referred to by the World Bank as ‘negative’). People who are so poor as to lack the means of meeting even the most basic of needs, are highly dependent on transfers for their existence. For these people, the debate about displacement is thus a debate about changing the form of dependency. Even where those under consideration are merely poor rather than destitute, displacement and dependency are likely to be closely linked. The difficulties of estimating the extent of displacement are legion, and the effects of such displacement are hard to measure. In the resulting vacuum, ideologues, if let loose, can have a field day. To prevent the debate from being overrun by prejudice, a ground clearing exercise is required, one that identifies the areas of ignorance. Once these are known, the possibilities of light being cast upon them can be assessed.

Where the source of private transfers to the poor is the income of the somewhat less poor, there seems to be little doubt that the assurance of a regular income in the form of a social grant from the state, will reduce private transfers. If the expenditure levels of those in the bottom two or three deciles of the income distribution in South Africa are anything to go by, grant recipients are likely to be better off afterwards (Meth 2003a). The introduction of a universal social grant would change the nature of the dependency relation in households at the bottom of the distribution from one of chronic insecurity and personal obligation, to one of dependence upon an impersonal state for secure provision (albeit at a low level). Two investigations suggest themselves as being necessary. About one of them we know a little, about the other, nothing at all. That about which something
is known is the possible behaviour of those relieved of (all or part of) the burden of having to make regular payments (intra- and inter-household transfers) to support others. The area about which nothing is known is that of whether the culture of entitlement that universal social grants would create, would lead to demands for increases in the (real) size of the grant.

Conservative criticism of policies that would have the effect of relieving income earners of the necessity of having to make regular payments to support their dependants stems from the belief that it would be wrong to encourage those concerned to take advantage of the state’s ‘generosity’ to evade their ‘responsibilities’ as providers. There is merit in such an argument – how much, it is not easy to say. A start on the difficult job of discovering how widespread such ‘dereliction of duty’ might be, could be made by consulting the literature on labour migrancy and remittances.25

Having determined as far as is possible, household structures and remittance levels, the investigation would have to consider what an appropriate level of remittance might be – a complex ethical judgement.26 More problematically, some estimate would then have to be made of how grants might affect this. Being committed to evidence-based policy formation is a good thing – finding the evidence on which to base policy is not always, maybe not ever, going to be easy.

Paradoxically, the argument in the area about which nothing is known may be somewhat less intractable. The problem is one raised by opponents of the basic income grant, namely, that switching from a private source of obvious finite limits, to an impersonal source such as the state, carries with it the danger that the state could easily come to be viewed by grant recipients as a bottomless purse. Under such circumstances, grant recipients can be expected to become more demanding. In other words, changing the form of dependency could increase the intensity of demand for support. Grant recipients would come increasingly to see the grant as an entitlement, and, as time passes, would grow more and more dissatisfied with a grant that is not large enough to raise them above the poverty level. Once again, the hypothesis has merit. The unlikelihood of there being any direct evidence in support of it that could be applied to South African conditions, would probably not deter critics of a basic income grant from foraging for scraps in the international literature. Such activity, it is submitted, and the speculation it encourages, misses the point. The only credible defence a state has against ‘populist’ demands is its record in dealing with poverty. The ability of a state to respond to such demands in a disciplined way will
thus depend importantly on the success with which its other anti-poverty measures are implemented. If the South African state were confident that it had put in place a set of policies that in some reasonable period would reduce poverty to an acceptable level, it could introduce universal social grants as a poverty alleviation mechanism with little fear of their exploding out of control.

One of the more powerful sources of dependency is the welfare trap created by means-tested social grants. Unrequited social grants not subject to a means test do not have this highly undesirable feature. The amount of R100 per month proposed for the basic income grant in South Africa is necessarily arbitrary – try as one might, the figure cannot be attached to any of the usual measures of poverty. That said, it has to be conceded, even by its most vigorous opponents, that so small a sum can hardly damage the incentive to search for work – if anything, it could, as its proponents argue, form a basis of security for those living at bare subsistence levels to engage in the risk-taking implicit in job search. To assert that a grant of R100 will give rise to widespread dependence is to fly in the face of all reason. Without doubt, there will be some households that will pool their grants and rest content with the low level of consumption that this will permit. Grants might encourage those in the worst employment conditions (eg domestic or informal economy workers earning, say, R200 per month) to withdraw from the labour market. Whether or not this is to be regarded as negative or positive is a matter for debate. No-one, however, who has observed the efforts of the poor to scratch a living out of some enterprise that requires endless hours of toil will believe that R100 per month will put an end to the aspirations of most of them for self-improvement. What cannot be called into question is the welfare improvement in, for example, workerless households, among whom the slightest risk (eg, job search requiring some expenditure) threatens an already precarious existence. Their menu of choices could be considerably expanded by the existence of a secure income source, be it ever so small.

Disquiet over the clamour for a BIG (and claims of rising poverty) has led government to embark on a propaganda offensive around the issue of ‘work creation’, of which the ‘massive’ or ‘extended’ public work programmes (PWPs) is a major component. The limits of the EPWP have been considered at some length above. It is recognised by government that such programmes ‘are useful short-term strategies but are not a by themselves a long-term solution’. It may, however, be the case that dependency effects
cast doubt on the usefulness of public work programmes as short-term strategies. Priority in the introduction of a public work programme should be given to areas devoid of any other basis for economic activity (as so many, many blighted areas of South Africa are). The idea that once introduced, such programmes will create skills that can be turned to income generating activities on any substantial scale, once the PWP in that area is completed is delusional. It follows that once introduced, the withdrawal of an income source on which a community has come to depend, would be devastating. This, then is the strongest form of dependence of all, and it would take very little time to create – repeated in a many communities, the removal of the security of steady employment is likely to give rise to great resentment, and reasonably so. In short, empirical work is required to determine the extent to which PWPs can usefully be regarded as short-term solutions. One’s suspicion, given the long-term structural nature of unemployment in South Africa, is that there is an urgent need for PWPs of the Zibambele type,\textsuperscript{29} ie, programmes that create sustainable long-term employment. PWPs are desirable, in and of themselves. Their drawbacks must, however, be acknowledged – not only will they create dependency, they also cannot solve the poverty problem.

To sum up, dependency is an empirical matter – changing the mix of, or introducing different, welfare measures will change the degree and nature of dependency relationships.\textsuperscript{30} Decisions about social grants and social welfare provisions like public work programmes that fail to take this into account, are of dubious validity. It is necessary to be on guard against those who prejudge the issue.

**Conclusion**

Recent responses by the most senior politicians in the land to demands for a basic income grant (and to suggestions that it is the only feasible way to tackle destitution), provide the starting point for this paper. Of the two most frequently voiced concerns about the BIG, affordability and its alleged ‘dependency’ creating nature, the paper focuses on the latter, affordability having been considered elsewhere (Meth 2003a). In passing, the pitifully low maximum potential daily consumption levels of the poor are examined.

Statements by lesser luminaries, and documents prepared in the lead-up to the ANC’s 52\textsuperscript{nd} National Conference in December 2002, are then briefly scanned for clues to the way in which social grants (social assistance) are viewed. The literature yields a rich crop of derogatory ways of describing
universal grants, amongst which one finds terms such as ‘handouts’. These, it is repeatedly claimed, will lead to ‘dependence’, with the poor reduced to ‘victim’ status.

A comparison with ‘Third Way-speak’, shows striking parallels of language. It is pointed out (as though this were necessary) that South Africa differs in two important respects from the UK, where language of this sort is dominant in policy-making circles. In the first place, South Africa does not have the resources to implement a ‘welfare-to-work’ regime such as that in the UK – there are too many, millions too many unemployed to make such a policy an option worth considering. In the second, the small amount proposed for the BIG, coupled with the fact that it would not be means tested, means that a welfare trap like that in the UK, would not come into being in South Africa, were the BIG to be granted.

‘Dependence’, as a concept, is tracked to its historical origins and then subjected to critical scrutiny. Its opposite (not ‘independence’, but ‘interdependence’) is shown to exist only among those who are gainfully employed, or have the means to support themselves without working. All other forms of subsistence are ‘dependent’. The implication of this is that a change in social policy entails a change in relations of dependence. Policymakers, before resorting to obfuscatory talk about ‘values’, should evaluate the overall impact of different social policies by measuring the extent to which ‘dependence’ (and not merely on the state, but also on other households) changes as policies are changed. It is pointed out in passing, that public work programmes (PWP), currently flavour of the month in the struggle against poverty, also create ‘dependence’ – to test this proposition all that is necessary is to interview former PWP workers in a poor community with little or no economic resources, in which a PWP has been closed.

If the basic income grant is to be rejected, it should be on the basis of the available evidence. Where evidence is not available, clear theoretical reasoning is required. Prejudice, masquerading as values, should have no place in the decision-making process.

Notes
1. Thanks are due to the helpful comments from the two referees. Every attempt has been made to incorporate their suggestions, none of which I found unpalatable. The errors that remain after they have done their best, are, of course, my responsibility.

2. In a study called ‘What to do until the doctor comes’ (Meth 2003a), I have argued that BIG is what one does until the doctor (rapid, job creating economic
growth) arrives and rescues every poor person that it can from the clutches of poverty. The latter will not happen for a long time.

3. Its chief spokesperson claimed that the Cabinet’s ‘philosophical approach is different’ (*Sunday Times*, July 28, 2002).

4. Public work programmes were used to address white poverty and unemployment during and after the great depression of 1929. Of greater importance, however, in addressing both were the abandonment of the Gold Standard, which led to rapid economic growth, and the entry of South Africa into World War II, which vastly increased the demand for labour.


6. The DA countered with the promise of ‘one million real jobs’, presumably a reference to the effects its policies would have on stimulating employment-creating growth.

7. Plans to extend the programme to the creation of several hundred thousand opportunities for care work of various types in communities are also taking shape. This will include childcare and home-based care for people living with AIDS.

8. In article headed ‘Don’t expect a cure-all’, the interviewer put this observation to the Director of the Extended Public Works Programme for comment:

   Economist Anna McCord argues that the programme ‘barely scratches the surface of the unemployment problem’ and that ‘we are likely to end up with experienced unemployed people’.

   He replied, ‘We agree, but see the programme as part of a whole range of initiatives. Just because it doesn’t affect 80% of the unemployed doesn’t mean it shouldn’t be undertaken.

   We’re not putting this forward as the solution to unemployment – along with improving the social safety net, it is a short-term measure.

9. More than half of them were in households where total monthly household expenditure was less than R400 per month.

10. It seems grotesque to describe a wage of about R350 per month as ‘relatively attractive’, but such are the realities of the South African labour market.

11. Government’s claim receives some support from a recent paper by van der Berg and Louw (2003). They estimate the poverty headcount at 16,033,948 in 1995, and either 16,261,294 (their ‘optimistic’ estimate) or 17,239,710 (their ‘pessimistic’ figure) in the year 2000. Corresponding poverty headcount ratios would have been 38.8 per cent in 1995, and either 36.4 per cent (optimistic) or 38.6 per cent (pessimistic) in 2000.

12. Although child support grants are somewhat undercounted in the Labour Force Surveys, pensions are not. These figures therefore include much of the grant
elements of the social wage. Pumping up expenditure levels by 50 per cent, as is done in the case of the results discussed above, will more than compensate for any social grant income that the surveys missed. The non-grant elements of the social wage (electricity, water, health, housing, sanitation, education, and transport) make very little difference to people’s daily consumption levels.

13. The two countries chosen here to illustrate what a parsimonious and coercive social security system looks like, countries that both wax long on the concept of dependence are the UK and USA. The ‘Anglo-Saxon’ model, stands in fairly strong contrast to the Swedish (social democratic) approach. See Esping-Andersen (2000 [1996]).

14. One possible explanation of this stance could be that neither the ANC in government nor in conference has considered carefully enough the evidence on the depth of South Africa’s poverty, inequality and unemployment problem. This may seem a strange thing to say of a party that has led South Africa to freedom on the basis of the need to right the historic wrongs suffered by those who bear the burden of these scourges, but how else can one understand the apparent failure to consider, more carefully, the relevant trade-offs?

15. The manner in which the (South African) White Paper on Social Welfare outlines the long-term objectives of the desired comprehensive social security system lends itself to a narrow reading of the limits of social grants. Where, it argues, the broad goals of achieving economic self-reliance and work for all cannot be met, ‘… social assistance should be a reliable and accessible provider of last resort’ (Republic of South Africa 1997:53, paragraph 45). The possibility that during the period of transition and transformation, social assistance might be provider of first resort, is not considered.

16. The Taylor Committee attempted to perform as much of an evaluation of existing and potential policies as possible. Numerous obstacles, not least of them time, as well as the absence of a fully-specified social security model, prevented the Committee from carrying out this task in a satisfactory manner.

17. Beveridge assumed that mass unemployment ‘can and will be eliminated’ (de Schweinitz 1972 [1943]:234). Social assistance payments, under these conditions, it was assumed, would continue, but would not be the dominant form that benefits would take. The true foundations of the British welfare state were to be universal social insurance. Unemployment rates did fall to a considerably lower level than the eight-and-a-half per cent anticipated by Beveridge (de Schweinitz 1972:244). Nevertheless, as Glennerster and Hills point out: ‘The means-tested National Assistance and Supplementary Benefit schemes were to play a much larger role than … Beveridge envisaged …’ (1998:23).

18. Commenting on the long-run problems facing Social Security in the US, Milton and Rose Friedman observe that they ‘… stem from one simple fact: the number
of people receiving payments from the system has increased and will continue to increase faster than the numbers of workers on whose wages taxes can be levied to finance these payments. In 1950 seventeen persons were employed for every person receiving benefits; by 1970 only three; by early in the twenty-first century, if present trends continue, at most two will be' (1980:135).

19. Adam Smith argued that such work ought to be highly rewarded. In practice, this usually does not happen because of the availability of workers (often immigrants) desperate enough to perform it at low wages.

20. The idea that people ‘organise their affairs’ so that the only jobs they are capable of doing are of the sort described here is an (offensive) oversimplification.

21. Conservatives typically view unemployment either as choice or a rational response to perverse incentives. The story goes like this:

   Unemployment as choice places the emphasis on the individual. The unemployed can find a way into work by demonstrating a willingness to accept lower wages, less attractive working conditions, longer journeys to work or by transferring to other occupations, industries and locations. Insufficient flexibility results in unemployment ‘by choice’. The [neo-liberal] counter-revolution represents the relationship between employer and employee as remarkably shallow. The loss of security for an individual, the loss of a way of life for a community are depoliticised and described in a way that minimises their consequences. Unemployment is seen as a voluntary choice or as the result of government policies that provide incentives for workers to remain unemployed. (cited in Byrne 1999:18)

   For conservatives, ‘carrots’ alone cannot begin to address problems of this sort – a substantial ‘stick’ is also required. The policy reform undertaken by the Reagan and Thatcher administrations, and 'perfected' by the two outstanding proponents of the ‘Third Way’, Clinton and Blair, was the answer.

22. There are conceptual problems involved in treating maintenance payments as private transfers. Generally speaking, a transfer is an unrequited payment. Maintenance payments, however, take place within a context within which one partner, usually the woman, performs the substantial amounts of unpaid labour involved in rearing children, caring for the elderly and carrying out the manifold duties required to maintain a household.

23. Workers ‘depend’ for their welfare on continuing employment, as do employers on their workers, and as do small business operators on the success of their enterprises. This ‘inter-dependence’ is, however, viewed as being qualitatively different in economies based on exchange. Positing interdependence as the opposite of dependence is not intended to suggest an uncritical approval of the state of interdependence. To do so would be to lapse into the ahistorical stance so characteristic of conventional (bourgeois) economics, which at its worst,
argues that instead of capitalists being viewed as hiring workers, the latter could be conceived of hiring capital with which to produce. In reality, interdependence is almost always hierarchical, and scarred by relations of power. Even supposed equals who depend on each other in the workplace, are often compelled by the competitive forces of capitalist production to engage with each other in a manner described as ‘antagonistic co-operation’.

25. This view is not accepted by those who favour a basic income grant (by whatever name, eg universal citizen’s grant, or solidarity grant, it is known). Targeting is regarded as abhorrent because it stigmatises; inefficient because it is costly to administer; and unjust because the bureaucracy who administer it exclude many who qualify and admit many who do not.

26. Delinquent fathers are a clear case of dereliction of duty. The extent of their commitment is determined by judicial process. Failure to meet these obligations should bring down the full force of the law upon their heads.

27. This is perhaps best illustrated by means of an example. Suppose that the task of settling the question of the ‘appropriate’ level of remittances is given to an academic consultant being paid R300 per hour for the job (over and above a university salary), and to an official at chief director level whose package is worth about R35,000 per month. One of the (hypothetical) subjects whom they have to consider is a migrant worker who has three dependants, and who earns R950 per month as a janitor. Suppose further that as a result of the introduction of a universal grant of R100 per person, the janitor reduced his monthly remittance from R500 to R300. Would the adjudicators be in a position to declare that his conduct was irresponsible? What if he reduced the remittance to R200?

28. Wages for domestic workers as low as this will continue to be paid, despite the introduction of minimum wage legislation, for as long as there are workers desperate enough to accept such low wages. As has been shown above, there are millions of people eking out an existence at lower income levels than this.

29. There may well be other perverse incentives – grants could, for example, constitute an incentive for poor households to have more children. This effect is likely to be slight.

30. For a discussion of this project, currently employing some 16,000 or so people mainly on rural road maintenance, see McCord (2002).

31. A literature search on ‘welfare dependency’ yielded 54 items, none of which referred to developing countries. A summary of the conventional arguments and the lack of solid empirical support for them may be found in Rosen 1995:180-1.
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