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**The continuing politics of basic
income in South Africa**

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The continuing politics of basic income in South Africa

Our social assistance program is witness to the ANC government and our society's way of putting into practise the values of social solidarity. This we do by providing cash transfers to those of our citizens who, through no fault of their own, cannot find gainful employment. With this small, but important resource that we provide, older persons, parents with young children, people with disabilities and others are able to buy the bare necessities, primarily food for themselves, their families and their children. This provides the indigent with a measure of dignity, as they feel that they are part of society. For as long as our society remains one of the most unequal in the world, with high levels of structural unemployment and accompanying social exclusion, we must as a society continue to state unequivocally: *The ANC [African National Congress] government ... will ... lead in our efforts to mitigate against the worst impacts of poverty and unemployment and also, implement programs aimed at reducing inequalities.* We are often confronted by comments and suggestions that our social assistance program is unsustainable. ... [I]t is time that we change the discourse here in Parliament and society. Our new discourse should focus on the *unsustainability of inequality* in our country; as this is the key inhibitor of real economic growth and progress towards a more stable and cohesive society. Honourable Members [of Parliament], that means that your questions to us should focus on what our progress is towards building a comprehensive social security system that will, over time, facilitate a more socially inclusive South Africa.¹

South African government ministers routinely profess their commitment to mitigating poverty and inequality, including – if necessary – through broad and expensive welfare programs. The South African state redistributes approximately 3.5% of GDP through non-contributory social assistance programs, paying out more than 13 million grants every month, in a country whose total population is less than 50 million. No other country in the global

¹ Edna Molewa, national Minister for Social Development, introducing the 3rd reading of the Social Assistance Amendment Bill, National Council of Ministers, 31st August, 2010; accessed online on:

http://www.dsd.gov.za/index.php?option=com_content&task=view&id=253&Itemid=1.
Emphasis in the original.

South spends as much on social assistance or reaches as high a proportion of the population. Yet many poor people remain beyond the reach of the public welfare system, and many of these poor people vote for the governing party, the African National Congress (ANC). This would seem to be fertile ground for the introduction of a basic income grant (BIG) reaching all citizens (and voters). Indeed, in 2002, a government-appointed committee of enquiry recommended (albeit tentatively) the introduction of a BIG.

Proposals for a BIG have, however, prompted strong opposition within the government and ANC themselves. Government ministers insist that South Africa does not and should not have a 'welfare state'. Echoing the discourse used by their apartheid-era predecessors, government ministers and spokesmen bemoan both the financial costs of 'handouts' and the social and economic costs in terms of the ensuing 'culture of dependency and entitlement'. Whilst endorsing the concept of a 'caring society', they prefer the imagery of the 'developmental' state to that of the 'welfare' state. The government has expanded its existing social assistance programs in part to ward off calls for a BIG, and favours the expansion of contributory social insurance programs in part to reduce the claims made on its tax-financed social assistance programs.

The BIG lacks strong, single-minded advocates within either party politics or civil society. The ANC, which enjoys a strong parliamentary majority and voter support, has equivocated. Some opposition parties have called for a BIG, but this is not enough to make these parties attractive to poor voters. Civil society organizations were more supportive. Churches, trade unions and NGOs joined together in a Basic Income Grant Coalition in support of a BIG in the early 2000s. The Coalition never achieved much traction, however, and had ceased to play any role by mid-2005, primarily because its own constituent organizations had other priorities, whilst the Coalition itself suffered organisational difficulties. The prospects for a BIG seemed to improve from 2007, when supposedly pro-BIG trade unions acquired increased power within the 'ANC Alliance'. But the unions, and the union-based faction within the ANC, did not prioritise a BIG, focusing instead on issues of greater importance to their immediate constituencies. In the absence of strong interest groups representing the poor specifically, a BIG is unlikely to be a serious possibility unless partisan realignment results in political parties competing for the votes of the poor.

1. Expansion without Restructuring: Welfare Reform, 1994-2002

South Africa's first democratic government, elected in 1994, inherited an unusually pro-poor welfare system targeted on specific categories of 'deserving poor'. South Africa's welfare state dates from the late 1920s, when non-contributory, means-tested old-age pensions, based on the British model, were introduced for poor men and women who were classified as 'white' or 'coloured'. Further social assistance programs were introduced for the blind and otherwise disabled and for poor mothers and their children. These programs were partly deracialised in the 1940s, in that people classified as 'African' or 'Indian' became eligible for most (but not all) benefits. The state discriminated by race, however, in terms of the level of the benefits paid. In the 1950s, the apartheid state considered but did not implement the abolition of African people's rights to social assistance, instead freezing benefits at a low level whilst increasing benefits paid to white people. Responsibility for administering pensions was devolved, wherever possible, to the 'bantustans' or 'homelands' established as part of the apartheid program of establishing separate and ostensibly independent political structures for black South Africans. In the 1980s, however, explicit racial discrimination became more and more of an embarrassment to the apartheid government, and the real value of benefits paid to black people was increased steadily. In 1993, racial discrimination in benefit levels was finally eliminated.

The ANC-led government elected in 1994 thus inherited a system of non-contributory grants and pensions that reached a significant minority of poor people. About 2.4 million grants were paid monthly. Old-age pensions accounted for the lion's share of more than 1.6 million grants, whilst more than 500,000 disability grants were paid. The third largest program comprised the state maintenance grant paid for about 200,000 children to their mothers. At the time the total South African population was more than 40 million, so about one in sixteen South Africans received a grant. About one quarter of the South African population had incomes below the international standard of US\$1 per person per day (adjusted for local purchasing power), so that there were many poor people who did not receive government grants or pensions. Nonetheless, social assistance programs had a significant effect on poverty, as a series of studies demonstrated (Ardington and Lund, 1995; Case and Deaton, 1998; Van der Berg, 2001).

South Africa also had what might be called a semi-social insurance system. The only contributory programme run by the state itself was the Unemployment

Insurance Fund (UIF), which covered some (but not all) formal sector employees. But the state was also involved indirectly in privately-run retirement funds or medical aid schemes, as an employer – through the million-member Government Employees’ Pension Fund – and through its provision of legal backing to of industry-specific agreements between employers and trade unions (Seekings, 2008). The UIF, which was extended after 1994 to cover agricultural and domestic employers/workers, pays out well under 1 percent of GDP. Pension and provident funds alone pay out in benefits each year the equivalent of about 5 percent of GDP. This semi-social insurance system covers few chronically poor people, however, because only former contributors are eligible for benefits (and only for a short period).

South Africa’s social assistance and semi-social insurance systems provide income support for many people who are unable to work due to age or infirmity, or who are caring for children. But the systems inherited by the post-apartheid state in 1994 make very little provision for people who are poor despite being fit, healthy and of working age. Post-apartheid South Africa inherited an exceptional unemployment rate. One in four working aged adults – or one in three participants in the labour force (i.e. those who are working or want to work) – is unemployed. Few unemployed people are eligible to receive UIF benefits because they have never made the necessary prior contributions to the fund.

The patchiness of the welfare system contrasts with the broad ambitions of the state. In 1996, South African adopted a new constitution that included, for the first time, a Bill of Rights. This set out a bold vision for the public welfare system. Section 27 (1) specified that ‘everyone has the right to have access’ to a set of rights, including ‘(c) social security, including, if they are unable to support themselves and their dependents, appropriate social assistance’. Section 27 (2) required that the state ‘take reasonable legislative and other measures, within its available resources, to achieve the progressive realization’ of this and the other socio-economic rights specified in the section 27 (1). The government also reiterated its commitment to a ‘comprehensive’ system of income support, including in its 1997 White Paper on Social Welfare: ‘Every South African should have a minimum income, sufficient to meet basic subsistence needs, and should not have to live below minimum acceptable standards’ (South Africa, 1997: ch.7, paras 26-7).

In the late 1990s, the new government made little effort to achieve income security through the welfare system, emphasizing instead ‘development’. In 1994, in his inaugural presidential address, Nelson Mandela spoke of his government’s commitment ‘to confront the scourge of unemployment, not by

way of handouts but by the creation of work opportunities'.² The 1997 White Paper committed the government to the goal of 'developmental social welfare' and 're-orienting [its] services towards developmental approaches', i.e. promoting 'self-reliance' rather than dependence on state 'hand-outs'. The Department of Welfare was renamed the Department of Social Development in 2000. This developmental emphasis was informed by severe fiscal constraints in the second half of the 1990s, but senior members of the government and ANC continued to denigrate 'handouts' even after the fiscal crisis had abated (Coleman, 2003; Meth, 2004). The real value of expenditure on grants peaked in 1996, and remained below its 1996 level for the following five years. Expenditure on grants fell significantly as a proportion of GDP.

The one major reform of this period entailed the replacement of the state maintenance grant for poor children with a new 'child support grant'. The state maintenance grants were generous but reached a small proportion of the potential beneficiaries. The government-appointed Lund Committee recommended that a new child support grant be introduced. With much less generous benefits and restricted to very young children, the government could afford to extend the new grant much more widely than the old one (South Africa, 1996; Lund, 2007). By 2001, the expansion of child support grants meant that the total *number* of grants paid monthly was beginning to rise. In April 2001, seven years after the transition to democracy, the number of grants paid had risen by more than 50%, to about 3.6 million. The total sum paid out in grants, however, only recovered to its 1996 level. Nor was there any change in the pattern of grants – or in the pattern of who was excluded.

2. The Basic Income Grant and Its Critics

Although its primary focus was on 'development', the government reiterated a rhetorical commitment to a 'comprehensive system of social security'. In 2000, it appointed a Committee of Inquiry into a Comprehensive System of Social Security, chaired by Professor Vivienne Taylor. The Taylor Committee reported in 2002. Its report criticized the relevance of ideas about welfare from the global North because of their assumption of full and formal employment and their related understanding of the 'deserving' poor. Instead, the committee turned to the concept of 'social protection', with its stronger developmental emphasis.

Comprehensive social protection for South Africa seeks to provide the basic means for all people living in the country to effectively

² State of the Nation address, 24th May 1994, <http://www.info.gov.za/speeches/1994/170595002.htm>.

participate and advance in social and economic life, and in turn to contribute to social and economic development. Comprehensive social protection is broader than the traditional concept of social security, and incorporates developmental strategies and programs designed to ensure, collectively, at least a minimum acceptable living standard for all citizens. It embraces the traditional measures of social insurance, social assistance and social services, but goes beyond that to focus on causality through an integrated policy approach including many of the developmental initiatives undertaken by the state. (South Africa, 2002: 41).

This meant going beyond the payment of cash benefits, although these would remain crucial. Public health, education and other service delivery should increase the capabilities of poor people, and access to land and credit would help them further to raise themselves out of poverty.

The most difficult question facing the committee was what to do in the short-term to reduce income poverty. Whilst existing social assistance programs reduced poverty considerably, ‘South Africa’s social safety net has a very loose weave’ (*ibid*: 59). The committee recommended a BIG, payable to all South Africans without a means-test, and set at the modest level of R100 (approximately \$15) per person per month. The gross cost of a BIG would amount to about 4 percent of GDP. The committee accepted that administrative and fiscal constraints meant that a BIG could not be implemented immediately, but it should be phased in over time. As an immediate measure, the existing child support grant should be extended to cover children to the age of 18 years. In a second phase, between 2005 and 2015, the CSG would be extended into a BIG covering all adults to retirement age.

The Committee also proposed reforms to help the unemployed (including public works programs, reforms to the UIF, and active labour market policies), moves towards a national health insurance system to cover medical expenses, and the reform of contributory retirement provision, especially through making contributions to privately-run schemes compulsory for all employees with earnings above a certain threshold. The Committee proposed also that the government abolish the means test for non-contributory old-age pensions, and establish a national savings scheme to which low-wage workers could contribute voluntarily.

The predominant reaction within the government was negative. The Minister of Finance, Trevor Manuel, questioned both its affordability and administrative feasibility but his budget briefing for Parliament’s finance committee a day after his 2002 Budget Speech suggested that he also opposed the idea on ideological

grounds, describing the BIG proponents as ‘populist’.³ President Mbeki resisted unconditional ‘handouts’ to the poor. The issue was discussed first at a government ‘lekgotla’ (or extended meeting) in July 2002. Following the meeting, government spokesman Joel Netshitenzhe reported that the cabinet was moving towards a rather different ‘philosophy’: Able-bodied adults should not receive ‘handouts’, but should be helped to ‘enjoy the opportunity, the dignity and the rewards of work’.⁴ A month later, Agriculture and Land Affairs Minister and head of the ANC’s social transformation department Thoko Didiza warned that because it could ‘create dependency’ a BIG would need to be carefully considered and as such, the ‘discussion at the moment is about the values underpinning such a grant’.⁵ The cabinet did not make a formal decision, however, perhaps because the ANC was due to hold a policy conference in September and a national conference in December 2002.

The conferences revealed division within the ANC. The policy conference did not endorse a BIG but did conclude that ‘the Taylor report provides a basis for the development of ... a social security policy’, and ‘called on government to continue with plans towards a comprehensive social security system’.⁶ At the December national conference, the ANC’s National Executive Committee reportedly proposed that the BIG proposal be rejected, but the conference’s Commission on Social Transformation reportedly threw out this proposal.⁷ The cabinet lekgotla in January 2003 failed to make a decision. President Mbeki did not mention the BIG in his ‘State of the Nation’ address, opening parliament in February 2003, but he did warn that ‘the government must act to ensure that we reduce the number of people dependant on social welfare, increasing the numbers that rely for their livelihood on normal participation in the economy’. This did not deter the parliamentary Portfolio Committee for Social Development from holding hearings on the BIG in June. Pro-BIG groups used the opportunity to make a strong case. Although pressure from the trade unions managed to place the BIG on the agenda of the 2003 Growth and Development Summit convened to identify responses to unemployment, the Presidency did not mention the BIG in his summation of the Summit, highlighting expanded public works programs as a solution to the crisis. Mbeki himself expressed further criticisms of grants a month later, at the next cabinet lekgotla, in July 2004, emphasizing instead the ‘dignity’ of work through public works programs.

³ *Business Day*, 22nd February 2002.

⁴ *Sunday Times*, 28th July 2002.

⁵ *Business Day*, 14th August 2002.

⁶ *Masitye* 3, November 2002.

⁷ *Masitye* 5, January 2003.

During this period there was considerable lobbying of policy-makers by advocates of BIG. Trade unions, churches and NGOs had joined together in mid-2001 to form a Basic Income Grant Coalition. This Coalition published regular newsletters (*Masitye*) from July 2002, and employed a national organizer from October 2003. The Coalition also convened a ‘BIG financing reference group’ of sympathetic economists to advance the argument that a BIG was affordable.

Although it seems no decision was ever taken, by early 2004 it was clear that the government was not going to pursue a BIG. This was very disappointing to BIG proponents. Many thought that the BIG issue would feature prominently in the 2004 elections given the apparent support from both the political left (COSATU) and right (the Democratic Alliance) (Coleman, 2003: 134). But it turned out that there was little support in the political centre. Government ministers and officials seemed more persuaded by the argument made by, among others, the economist Servaas van der Berg of Stellenbosch University, that poverty should be attacked through incremental reforms of targeted social assistance (see, for example, Van der Berg and Bredenkamp, 2002).

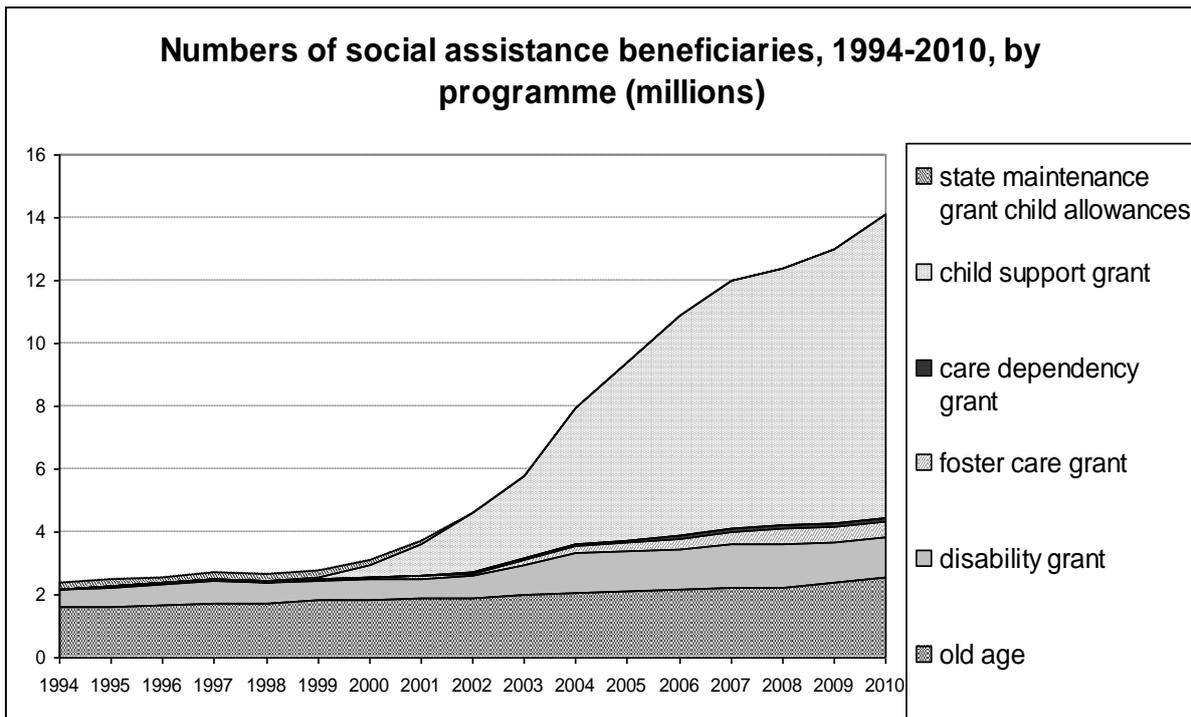
3. Parametric reforms as an alternative to a Basic Income Grant, 2002-10

In his budget speech in February 2004, the Minister of Finance said that he had received submissions supporting a BIG:

I have sympathy with the underlying intent. [The] Government’s approach, however, is to extend social security and income support through targeted measures, and to contribute also to creating work opportunities and investing further in education, training and health services. This is the more balanced strategy for social progress and sustainable development.

The social security system would be ‘consolidated’, he said. This would entail some expansion, especially for children, ‘who cannot be expected to provide for themselves’. The government would continue to define the deserving poor as only those people who cannot work due to age or disability. Working age adults would not receive benefits, but instead would be offered ‘work opportunities’, in part through expanded public works programs.⁸

⁸ <http://www.info.gov.org/speeches/2004/04021815151001.htm>



The expansion of social assistance entailed parametric reforms to existing programs, through widening eligibility and raising benefits. Whilst the government did not introduce any new programs, its reforms nonetheless permitted a massive expansion in the number of social assistance grants paid out (see Figure 1). Between 2001 and 2010 the number of grants paid monthly almost quadrupled, from 3.6 million to more than 14 million. This growth was driven primarily by a tenfold increase in the number of child support grants paid monthly, but there was significant growth also in every social assistance program, including disability grants and old-age pensions.

This increase was due primarily to amendments to the eligibility rules, especially for child support grants. When the child support grant was introduced, benefits were payable until a child's seventh birthday. Between 2003 and 2005 the cut-off age was raised steadily: to a child's ninth birthday from April 2003, a child's eleventh birthday in April 2004, and a child's fourteenth birthday from April 2005. In early 2008, the Minister of Finance announced that from January 2009 grants would be payable until a child's fifteenth birthday. By the end of 2009 there were many more children aged 7 and over receiving grants than in the original 0 to 6 age band. It was later announced that grants would be payable until a child's eighteenth birthday, on condition that the beneficiary attended school. The age of eligibility for old-age pensions was also amended. The government inherited in 1994 a program under which women were eligible from the age of sixty, subject to the means-test, but men only from the age of sixty-five. In 2007, the government announced that the age of eligibility for men

would be lowered to sixty also, in a series of stages. Men aged 63 or 64 became eligible in July 2008, men aged 61 and 62 from April 2009, and men aged 60 from April 2010.⁹ By mid-2010, a total of 250,000 men aged 60-64 received the old-age pension (SASSA, 2010: 14).

The sums spent on social assistance also rose in real terms (i.e. taking inflation into account). Expenditure on social assistance was, in real terms, two and a half times higher in the 2009-10 financial year than in 2001-02. This was also a period of sustained economic growth, so the rising expenditure was more modest in relation to GDP. Nonetheless, social assistance as a share of GDP rose from 2% to 3.5%. The rising number of beneficiaries has meant that the pattern of expenditures has changed. At the start of the decade old-age pensions counted for more than one-half of all social assistance. By the end of the decade, expenditure on child support grants was on the verge of surpassing expenditure on the old-age pension, each accounting for just over one-third of the total.

In addition to these parametric reforms of specific programmes, the state also restructured its entire delivery system. Responsibility for the administration of grants and pensions was transferred from the provincial governments to a new dedicated state agency, the South African Social Security Agency (SASSA).

At the same time as it was expanding the reach of social assistance, the state continued to use a discourse of developmentalism alongside a discourse of 'social solidarity'. The Department of Social Development's 'Strategic Plan' for 2006-2010 referred to its continuing commitment to a 'paradigm shift' from a welfarist approach to 'developmental welfare' (South Africa, 2006a). The ANC, in its 2007 policy discussion document on 'social transformation', emphasised the 'dignity of work' and the importance of public works programs as an alternative to social assistance. Arguing (rather unclearly) against a BIG, the ANC suggested that discussion should take place 'in the context of our challenges as a *developmental state* rather than against the ideological backdrop of a *welfare state*' (ANC, 2007: 3, emphasis added). The primary emphasis of the 'attack on poverty' should entail empowering people 'to take themselves out of poverty'. The social safety net should protect 'the most vulnerable in our society' (*ibid*: 2), implying specific groups of deserving poor rather than the poor in general.

This critique of welfarism was expressed also in a discussion document on social grants and poverty (South Africa, 2006b). This again emphasized the 'dignity of work', and concluded that 'the drive to get all South Africans

⁹ "A better country for old men", *Mail and Guardian* 12th July 2008.

working when they are able to do so must become a central preoccupation'. To this end it advocated 'active labour market measures, skills development programs, special employment and labour-intensive development programs and labour-intensive government services', as well as further 'consideration' of an 'aggressive expansion' of public works programs. Employment growth is a necessary prerequisite for a sustainable, long-term reduction in poverty, but the document substituted a fantasy of rapid employment growth in place of the poverty-alleviating reality of welfare.

South Africa's welfare state has always focused on social assistance rather than social insurance. The relatively rich account for the lion's share of the membership of pension and provident funds, as well as medical aid schemes, and even the state-run UIF reaches only those unemployed who have been privileged enough to work and contribute to the fund previously. The government estimates that only 60 percent of formally-employed workers are members of retirement funds (South Africa, 2002: 93; South Africa, 2007: 5). Expanding the coverage of contributory schemes would help to contain the rising costs of social assistance.

The government has therefore proposed (tentatively) to make participation in contributory retirement funds compulsory for all formal sector employees. The state faces two problems in achieving this goal. The first is that low-wage workers can only afford meagre contributions from their own wages (and thus only earn modest benefits) whilst substantial contributions levied on employers would serve to discourage low-wage job creation. The second problem (from the point of view of the government) is that many of the low-income workers who already contribute to pension or provident funds withdraw their savings prior to retirement – often to tide them over periods of unemployment. Trade unions have been very opposed to restrictions on pre-retirement withdrawals. Both the 1997 White Paper and 2002 Report of the Taylor Committee recommended reforms in very general terms. In 2004, the Treasury published more explicit proposals in a discussion paper on *Retirement Fund Reform* (South Africa, 2004). Following discussion, revised proposals were published in a second discussion document (South Africa, 2007). The Treasury proposed abolishing the means-test on the non-contributory old-age pension whilst making participation in a basic national social security system compulsory; participation in additional private retirement funds would be compulsory for higher-earning workers. Low-wage workers and their employers would be compensated through a wage-subsidy, estimated to cost between 1 and 1.5 percent of GDP. There would be some restrictions on workers withdrawing in lump-sums their 'savings' before or even at retirement, rather than as a post-retirement pension.

The Treasury emphasized that the proposed contributory system would be ‘complementary’ to the existing social assistance system.

Discussion of contributory retirement funds seems to have been set aside when a separate aspect of social insurance rose up the government agenda. In 2007, the ANC proposed the overhaul of health care through the introduction of a system of national health insurance (NHI).¹⁰ The existing system entailed an expensive private sector catering for a small minority of the population, and financed mostly through private, contributory medical aid schemes, and an inefficient public sector funded through taxation that provided for the poor majority. Under the proposed new system, everyone would be required to contribute to NHI. Contributions from rich people would be used to cross-subsidize poor people. Private hospitals and clinics would either be nationalized or might be allowed to provide services to the NHI. Rich people might be allowed to pay additional contributions to private medical aid, and private hospitals and clinics might be allowed to provide services to them, separately from the NHI. The basis of the proposal was thus to fund an expanded and more egalitarian public health care system through converting the medical aid premia paid by the rich into taxes. The cost to the rich would depend on the quality of the health care they could access under the new NHI, and the extent to which they resorted to extra-NHI health care. If the public health care system remained inefficient, and services were redistributed to the poor, then the likely outcome would be a major increase in aggregate expenditure on health care, with the rich both paying much higher taxes (by about 4% of GDP) and continuing to pay for additional private health care coverage.

The establishment of a NHI was affirmed at the ANC’s National Policy Conference (in Midrand, June 2007) and at the following National Conference (in Polokwane, December), and was included in the ANC’s 2009 election campaign. In his first State of the Nation address, opening the new parliament, President Zuma reiterated the government’s commitment to introduce a NHI within five years. In practice, however, the ANC and government were slow to work out the details of how a NHI would operate. In 2008, before the election, the ANC appointed a Technical Task Team, chaired by a former Director-General of Health, Olive Shisana. The committee reported in 2009, prompting the government to announce that it intended to publish an official plan in November 2009 and would have legislation ready by July 2010. As of September 2010, however, no plan has been published. Converting the ambition into a viable reality was no easy task.

¹⁰ When Mbeki announced major changes in the social security system, in his February 2007 State of the Nation address, some hopeful commentators mistakenly believed he was referring to a BIG. *Cape Argus* 11th Feb 2007.

Both the retirement pension reforms and the NHI initiative underscored the lack of priority attached to a BIG by the government. The likely cost of either the NHI or subsidies for a more encompassing contributory retirement pension system precludes major new expenditures on cash transfers. The fact that the ANC and government have committed themselves to an NHI indicates that neither are necessarily opposed to additional taxes on the rich. The BIG is opposed not just because it is expensive, but because it is expensive and is *not* a priority.

4. Explaining both the extent and limit of welfare reforms: (1) government, parliament and courts

At the most general level, the expansion of social assistance was a response to the persistence of income poverty. In its election campaign in 1994, the ANC had promised ‘a better life for all’. Its election manifesto – the Reconstruction and Development Program (RDP) – promised that ‘attacking poverty and deprivation’ would be ‘the first priority of the democratic government’. All South Africans should enjoy ‘a decent living standard and economic security’ (ANC, 1994). In the late 1990s, however, income poverty worsened. The poverty headcount grew both in absolute numbers and as a proportion of the total population, and the poverty gap widened also (Meth and Dias, 2004; Hoogeveen and Özler, 2006) – as the government itself conceded (South Africa, 2003: 17).

Poverty, however, often persists under democratic governments. Poverty might generate pro-poor policies in most democracies, but there is no necessary reason why poverty converts into pro-poor policies as radical as a BIG. This and the following section focus on a range of political mechanisms in the South African setting through which pro-poor policies might be adopted. This section considers the possible proactive and resistant roles of the different branches of the state, i.e. the executive branch of government, parliament and the courts. The following section considers the roles of civil and political society.

The prospect of a BIG being introduced were substantially weakened by the fact that, as Coleman (2003: 121) noted, ‘there does not appear to be an open champion of BIG in government, although there is significant sympathy and support for the idea by certain government leaders ... and by certain ANC MPs’. The Minister for Social Development from 1999 to 2009 was Zola Skweyiya. Widely lauded for his integrity and deep commitment to redressing poverty,

Skweyiya seemed reluctant to push hard for a BIG, preferring instead to promote parametric reforms of existing welfare programmes. Whilst he had good personal relationships with advocates of a BIG in civil society, he did not throw departmental resources behind the issue, delayed in establishing formal consultative processes, retained faith in ‘social development’ (rather than income support) and failed to develop any clear vision for the progressive realization of the constitutional right to income security. Skweyiya did, however, preside over a massive expansion in spending on social assistance.

Given the centralized character of decision-making under Mbeki, not even strong support for a BIG from the Department of Social Development would have sufficed to overcome the strong opposition of better placed government ministers and officials. The Minister of Finance, Trevor Manuel, reportedly opposed a BIG as early as April 2002, before the release of the Taylor Committee report, in a Summit meeting of the ANC Alliance. Manuel reportedly put the cost of a BIG at an unaffordable R66 billion or 6% of GDP. According to a COSATU official, soon after the Taylor Committee reported, ‘Treasury is being allowed to dominate the debate, and has disproportionate power, which gives them a de facto veto’ (Coleman, 2003: 135). As we have seen above, there was also strong opposition from within the Presidency.

Differences between Skweyiya and Manuel persisted. In 2006, Skweyiya hinted that the government was ‘investigating a form of universal income transfer’, and that ‘something like a BIG’ would be debated at the ANC’s 2007 Policy Conference (see below). Manuel retorted that the country would go ‘bankrupt’ if the state ‘was forced to introduce a BIG’.¹¹

In practice, it is difficult for governments to introduce new policies that dramatically change the distribution of spending between departments. Most government departments in South Africa as elsewhere have wish-lists of programmes that they would like to fund: more (or better-paid) teachers in schools or police on the streets or prosecutors in courts; more generous incentives to infant industries or support for research and development; improved transport, communications and energy infrastructure; and so on. The Department of Social Development secured a larger share of government expenditure in the 2000s; it is difficult to imagine other members of the cabinet being enthusiastic about setting aside their own spending priorities in order that the government could double or triple the Social Development budget to finance a BIG.

¹¹ *The Star*, 10th November 2006.

Nor, in South Africa, is there any prospect of Parliament over-ruling the executive. The party leadership of the ANC generally exercises considerable power over its MPs, in part because of its powers of patronage, in part because MPs are elected through party lists (in a system of proportional representation). Neither parliament as a whole nor its portfolio committee on Social Development in particular have done anything more than nudge the government towards reform.

The judiciary, however, does enjoy a measure of independence from the executive (although the governing party's role in appointments and general powers of patronage serve to compromise that autonomy). Through interpreting constitutional commitments to social and economic rights, the courts play a role in policy reform. In two key cases, the courts found against the state with respect to treatment to reduce mother-to-child transmission of HIV (in a case brought by the Treatment Action Campaign, TAC) and government housing policy (in the *Grootboom* case). In the 2000s, activists similarly sought to use the Constitution to demand the extension of social assistance. The courts imposed minor reforms of welfare policy, and the possibility of defeat in court seems to have pushed the government to further reforms.

In 2004, the Constitutional Court heard two cases (*Khosa* and *Mahlaule*) brought by Mozambicans who were 'permanent residents' in South Africa but who were denied grants on the basis of their foreign citizenship. The state argued that it was reasonable to discriminate against non-citizens, given that resources were constrained. A majority of the Court found against the state, emphasizing the constitutional commitment to building 'a caring society'. Non-citizens who had been allowed into the country and given permanent resident status should not be abandoned 'to destitution if they fall upon hard times' and – as in the case of the elderly and children – are unable to earn a living for themselves.

The next case concerned the old-age pension. The applicants in *Roberts* were men aged between 62 and 64 years, who were too young to be eligible for an old-age pension, although women of the same age were eligible. The state initially argued that it was reasonable to discriminate against men on the grounds that the average man in this age category had not been as disadvantaged as the average woman of the same age, in terms of opportunities to work and to save for retirement. The applicants countered that men whose incomes were below the means-test threshold were advantaged over women with similar incomes to an insignificant extent only. Before a judgement was handed down, the government rolled out, in stages, pensions to men in the 60-64 year age category.

A set of cases were brought against aspects of the child support grant, including application procedures, the means test and, especially, the age threshold (Hall and Proudlock, 2008). In *Mahlangu*, the applicants argued that children had a constitutional right to income support until their eighteenth birthday, i.e. the age at which they ceased legally to be children. Soon after the case was heard in the High Court, in March 2008, the government conceded and amended the age limit. No judgment was ever handed down in this case.

These cases illustrate the possible roles that the courts can play. In each case, the court was asked to determine whether the state could *reasonably* discriminate against a category of people by excluding them from grants received by others: against legally-resident non-citizens, men aged 60-64, and children aged 14-17. The South African courts have generally interpreted their constitutional role not so much in terms of direct interference with the policy-making powers of the executive and legislature, but in promoting a culture of justification, through requiring that the executive justify its policies in terms of its constitutional obligations. In *Khoza* and *Mahlaule*, the court found that the state's defence was not reasonable. In both *Roberts* and *Mahlangu*, it is likely that the possibility of losing in court was a contributory factor pushing the state towards reform, in each case conceding the precise reforms demanded by the plaintiffs.

The cases also indicate the limits to the role of the courts. The High Court judge in the *Roberts* case eventually, in March 2010, handed down an extraordinary judgement that endorsed without qualification the state's defence. The judge found that the state could reasonably refuse to provide pensions to poor men aged 60-64, on the grounds that the state said that this promoted equality. The judge neither discussed the evidence nor even acknowledged counter-arguments. Had the state not already conceded the substantive reform, the applicants might have taken the case to the Constitutional Court itself in the hope that the High Court judgement would be overturned. Nonetheless, what the *Roberts* case indicates is that there is no reason to believe that the courts will always find against the state, even when the plaintiffs seem to have a strong case.

It is very unlikely that a court would entertain the argument that every citizen had a right, under the constitution, to a BIG. The state could present reasonable arguments against a BIG. It would point to resource constraints, and show that it was expanding progressively its support for the poor, through parametric reforms to its existing, targeted social assistance programs (together with its public works programs). The courts would not want to take over the roles of the legislature and executive branches of government in deciding *how*, precisely, poverty should be addressed.

5. Civil and political society

If pressures for reform from within the state remain modest, is there any pressure for reform from outside of the state, through either civil society or political society (i.e. political parties and electoral competition)? Civil society has worked effectively through the courts as well as the media in the past. The performance of civil society with respect to a BIG has, however, been poor, relative not only to the role that the Treatment Action Campaign (TAC) played in improving treatment for AIDS, but even in comparison with lesser-known groups campaigning over other aspects of welfare reform. Whilst some of the opposition political parties have rhetorically embraced the BIG, it has not become a significant factor in any real competition for the votes of poor people. Nor has factional competition within the ANC pushed the BIG up the ANC's agenda. In short, pressure from outside the state also seems weak.

The BIG Coalition was essentially a coalition of sympathetic organizations, with (for a while) a small, dedicated administrative office. The Coalition got off to a promising start (Frye and Kallman, 2000), but it had lapsed into passivity by mid-2005.¹² The administrative office collapsed amidst rumours of corruption. The last public statement issued by the Coalition appears to have been in March 2005, soon after the Finance Minister's Budget Speech (in which there was no mention of a BIG). The Coalition has apparently not held a national conference since 2004.

It is hardly surprising that the BIG Coalition was never in the same league as TAC. TAC campaigned over an issue that was, literally and immediately, a matter of life-or-death. Had the government rolled out treatment earlier and faster, many fewer people would have died. TAC had considerable financial resources, and drew on strong links with both local and global networks of civil society activists (Friedman, 2006; Geffen, 2010). The comparison with the Alliance for Children's Entitlement to Social Security (ACCESS), which promoted welfare reforms that would enhance the lives of children, is more appropriate. With similarly limited resources, and drawing similarly on a coalition of sympathetic organisations, ACCESS had much more of an effect. One reason for this was that it could draw on substantial financial resources available for research and litigation on children, and the research capacity of the Children's Institute at the University of Cape Town as well as strong and effective NGOs such as the Black Sash. The BIG Coalition never achieved the same traction. It relied for research primarily on the Economic Policy Research

¹² It produced only one newsletter after early 2004, and its website (www.big.org.za) was last updated in April 2006.

Institute (EPRI), which lacked the resources of the Children's Institute. Another reason was that ACCESS could fight, and achieve success, over a series of minor and practical issues (such as the application procedures for a child support grant). It did not need to promote an issue like BIG, which seemed idealistic. Thirdly, there was more consensus within civil society around the deepening of rights for children than around a BIG.

Subsequent to the collapse of the Coalition, some of its constituent NGOs formed a low-key 'National Working Group on Comprehensive Social Security Reform'.¹³ The initiative was in part in response to a series of consultative meetings with civil society organisations hosted by the Department of Social Development. In order to formulate a clearer, collective position, civil society organisations held a conference in Johannesburg in March 2009. Rather than merely reiterate their demand for a BIG, the conference participants called on the government to produce a 'roadmap' setting out its plans to realise the constitutional right to income security.¹⁴ The various civil society organisations that had combined in the BIG Coalition continued to call for a BIG, but their calls often seemed almost ritualistic.¹⁵

Elections provide a potentially important mechanism through which the poor can influence the policy agenda. In South Africa, however, not even poor voters are unambiguously supportive of a BIG. Public opinion clearly favours the extension of social assistance, but not unconditionally. A 2003 survey in Cape Town found that poor adults supported a BIG, whilst middle-income and rich people were equivocal or hostile (although they agreed that the government should help the unemployed in some other way). When asked more specific questions about who they considered deserving of public assistance, however, poor and rich adults alike oppose the government providing financial support to people who are unemployed due to their own behaviour (for example, because they lost through jobs because they were late for work, they drank, or they stole) (Seekings, 2007, 2010). Whilst the widespread discourse of 'rights' in post-apartheid South Africa seems to have fuelled the perception that the government has a responsibility to provide social assistance to at least the more responsible

¹³ The Working Group comprised the Black Sash, National Welfare Social Service and Development Forum, the Studies in Poverty and Inequality Institute (SPII) and the South African Council of Churches. It was initially called simply the NWG for Social Security.

¹⁴ "Civil Society Platform for Comprehensive Social System in South Africa" (sic), adopted at March 2009 conference, <http://www.blacksash.org.za/images/docs/platformpdf.pdf>.

¹⁵ See, for example, the Declaration of the Civil Society Jobs and Poverty Conference, 18-19 June 2007, Birchwood Conference Centre, Boksburg; TAC, *Equal Treatment* no.27 (June 2009). <http://www.tac.org.za/community/files/file/etmag/ET27English.pdf>; and successive policy documents from COSATU, including COSATU (2010).

section of the unemployed, it does not seem to have led to solid support for a BIG. As importantly, when voters are asked to identify the most important problems facing the country, they typically point to unemployment and job creation, together with crime and violence. Voters seem to share the government's preference for job creation over social welfare.

Voters' ambivalence about a BIG has made it easier for the ANC to procrastinate on the issue. The ANC won large majorities in all four post-apartheid elections. It won 63% of the vote in 1994, 66% in 1999, almost 70% in 2004 and 66% in 2009 (although its votes declined relative to the voting-age population, because of declining turnout). Not even the formation before the 2009 elections of a new party, the Congress of the People (COPE), led by notable defectors from the ANC, made a significant dent on the ANC's share of the vote. It would be a mistake to conclude, however, that the ANC has not felt threatened. When COPE was launched by former ANC leaders, many commentators anticipated that the new party could easily win 15% of the vote and perhaps even reduce the ANC's share to less than 50%. The ANC responded with aggressive campaigning, especially in the Eastern Cape where it was felt that COPE posed a major threat. The ANC's strong response, combined with ineptitude on the part of COPE's divided leadership, resulted in COPE winning only 7% of the vote, less than half of what had once seemed probable (Southall and Daniel, 2009).

Welfare reform did play a significant role in the partisan competition between the ANC and COPE, but the reform that featured prominently was NHI rather than income support. In its election manifesto, the ANC emphasised expanded public works programmes (in response to unemployment) and NHI (in response to poverty).

Most of the opposition parties adopted a more pro-BIG position than did the ANC. The official opposition party, the Democratic Alliance (DA), first discussed a BIG in private in late 1999, going public in February 2000. A year later, formal proposals were released in the party's budget proposals for 2001. Given that the DA drew almost all of its support at the time from the more privileged white, coloured and Indian sections of the population, it is not surprising that it considered welfare as 'the last resort'¹⁶ Despite the fact that the DA's constituencies would be the bearers of a BIG burden rather than the beneficiaries, the DA supported a BIG ostensibly because of the need for 'survival assistance' in the face of poverty. Skeptics wonder whether the DA's position was not a cynical one: Supporting a BIG allowed the DA to criticize the

¹⁶ www.da.org.za/SA/Site/Eng/policies/Docs/Social.

ANC for being elitist, whilst not really having to worry about the practicality of introducing a BIG. The NGOs and unions that had formed the BIG Coalition fell over themselves to distance themselves from the DA; the ANC, in turn, accused COSATU of consorting with the enemy.¹⁷

The Inkatha Freedom Party (IFP) – which provides a broadly Zulu-nationalist opposition to the ANC in the province of KwaZulu-Natal – also supported a BIG. IFP leader Mangosuthu Buthelezi explained that ‘for those of us on the centre-right, BIG does not pose an ideological conundrum’, in part because ‘the low level of the grant is unlikely to prove to be a disincentive for people to find work that pays more than the grant’ (Buthelezi, 2007). The Independent Democrats (ID), which enjoyed support primarily in the Western Cape province, also endorsed the BIG (or a ‘minimum income grant’) in its 2004 election manifesto.

In 2009, all three of the DA, IFP and ID supported a BIG in their election manifestos. The DA and ID proposed a BIG of R110 per month. In the IFP’s 2009 election manifesto, the party openly promoted a BIG on the grounds that it ‘would go some way towards lessening crime and addressing poverty and hunger’.¹⁸ The IFP proposed substantial increases in all grants and pensions. The ID proposed that the BIG be funded through increased VAT, whilst the DA and IFP seem to have been quiet about the financing mechanism.¹⁹

None of the DA, IFP and ID posed a serious electoral threat to the ANC in 2009. The DA and ID have failed to extend their support significantly beyond the country’s ‘racial’ minorities (white, coloured and Indian). The IFP has shrunk to a rump of conservative Zulu-speaking voters in rural areas of KwaZulu-Natal. When these parties advocate more pro-poor policies than the ANC itself, it might embarrass ANC leaders, but does not persuade poor African voters (outside of rural KwaZulu-Natal) that they should vote for an opposition party. COPE, however, posed a much more acute threat to the ANC, which is why the ANC attached high priority to countering COPE. COPE failed to spell out any policy on welfare reform in its 2009 election manifesto. The manifesto did appear, however, to privilege promises to improve the conduct of public life over substantive promises on specific issues.²⁰ Competition between the ANC and COPE ended up revolving around personalities and competing patronage networks. It is unclear what would have happened had COPE staked out a

¹⁷ *Weekend Argus*, 11th January 2003.

¹⁸ Statement by IFP spokesperson Zanele kaMagwaza-Msibi, Durban, 2nd March 2009.

¹⁹ See *SPII Talk*, special edition 2009 for the election (Johannesburg: Studies in Poverty and Inequality Institute).

²⁰ *Ibid.*

platform comprising distinct positions on policies such as a BIG, or what would happen if COPE (or a party like COPE) were to do so in future.

In the absence of any real electoral pressure to extend welfare programmes further than the parametric reforms of the ANC itself, the most important source of change might be internal to the ANC Alliance. The ANC has become increasingly factionalised, and the BIG has become one of the issues dividing the major factions. Crucially, the left of the ANC Alliance, based around the Congress of South African Trade Unions (COSATU) and South African Communist Party (SACP), have included the BIG in their demands, whilst the more conservative grouping associated with President Mbeki has opposed it.

The BIG surfaced in disputes within the ANC Alliance as early as the late 1990s, when COSATU put the idea on the policy agenda (Coleman, 2003: 120; Vavi, 2003: viii). COSATU was already becoming critical of the ANC's supposed "shift to the right" under Mbeki's leadership, or what COSATU would later term the "1996 class project", i.e. the project of promoting the interests of an African capitalist class. Mbeki retorted that the "ultra-left" abused the ANC's "internal democratic processes to advance its agenda, against policies agreed by our most senior decision-making structures".²¹ The SACP came out in support of a BIG in April 2000. The appointment of the Taylor Committee was in no small measure an attempt to placate COSATU and paper over cracks in the Alliance. Mbeki managed, however, to maintain general control over the ANC during its National Policy Conference in mid-2007 and then National Conference in December 2002. The ANC's 2004 election manifesto included a commitment to NHI, but did not mention a BIG.

In 2005, factional divisions within the ANC deepened. COSATU joined with other groups in supporting Jacob Zuma against Mbeki. Zuma had served as deputy-president of both party and country. When, in 2005, Zuma was compromised in the corruption trial of his financial advisor, Mbeki dismissed him as deputy-president of the country, but was prevented by the ANC's National Working Committee from sacking him from his party position. Term limits required that Mbeki's occupation of the country's presidency would end in 2009, and precedent suggested that he would stand down from the party leadership prior to this, in 2007. Mbeki resolved, however, to run again for the presidency of the ANC. At the ANC's National Conference in Polokwane, in December 2007, Zuma soundly defeated Mbeki for the presidency of the party. Many Mbeki loyalists were purged. Eventually, in September 2008, the ANC's National Executive Committee 'recalled' Mbeki from the national presidency

²¹ Statement of Mbeki at the ANC Policy Conference, 27th September 2002.

and installed a caretaker president. Zuma himself assumed the national presidency after the 2009 elections.

The coalition supporting Zuma comprised diverse factions within the ANC who felt excluded under Mbeki's centralized leadership, especially but not only the left-wing components of the ANC Alliance (i.e. COSATU and the SACP), together with various opportunists who assessed that their prospects for personal political or commercial gain would be better under Zuma. Zuma was supported also by some ANC 'moderates' who were opposed to Mbeki's centralization of power. Because his support base was broad, Zuma's election to the presidency of the ANC and later the country were not unambiguously victories for the left. Indeed, COSATU seemed poorly represented in the ANC's list of candidates for election in 2009, and its concerns were unevenly reflected in the ANC's election manifesto. After the election, unionists and other leaders of the left within the ANC Alliance were appointed to some important government positions – including as Ministers for Trade and Industry, Higher Education, and Economic Development – but the Alliance soon lapsed into acrimonious division, including over strikes called by COSATU unions in both the private and public sectors.

One issue that the left did succeed in pushing up the ANC's agenda was the NHI. Trade unionists played a prominent role in planning within the ANC before and after the 2009 election. COSATU was reportedly instrumental in having the ANC Minister of Health, Barbara Hogan, replaced in May 2009 when she seemed hesitant about this proposed reform.

To some extent, at least, the advocacy of NHI crowded the BIG off the reform agenda. Prior to the election, in 2008, the ANC was reported to be costing various proposals to expand financial assistance to the poor through a raft of possible policy reforms: a BIG; the extension of the child support grant to cover children to the age of 18 years; a flat benefit for unemployed workers whose benefits from the contributory Unemployment Insurance Fund has expired; a mandatory social insurance system; a uniform, national, contributory pension scheme (which would require subsidies to low-wage workers); and a national health insurance scheme with free health care.²² Whilst the results of this costing exercise have not been made public, it is clear that these are mutually exclusive because of their cost.

²² Amy Musgrave and Karima Brown, "Social welfare system revisited", *Business Day* 21st October 2008.

Other expensive proposals on the ANC and government's agenda included the expansion of public works programmes and wage subsidies for unemployed youth, whilst the public sector unions' demands for higher wages posed further fiscal challenges to the government. Unsurprisingly, after the elections, some ANC leaders again cited the costs of a BIG as evidence of its impossibility. Zweli Mkhize, a prominent supporter of Zuma who became provincial premier of KwaZulu-Natal, described a BIG as unaffordable: 'it is not something that we are considering implementing as it would bankrupt government'.²³

6. Conclusion: Prospects for Welfare Reform

The ANC government has certainly resisted fiscal profligacy, but a BIG is 'unaffordable' only because scarce fiscal resources are allocated to other government programmes. That affordability is not the whole story is acknowledged implicitly even by Mkhize, who added that the 'main problem' with a BIG is that 'you are giving money to everybody irrespective of what they are doing to upgrade themselves'; it is, he says, a 'disincentive', presumably meaning to work and to be self-reliant.²⁴

The conservatism of ANC and government leaders contrasts with the rising appeal of cash transfers internationally. The World Bank now advocates 'conditional cash transfers' to the poor, mostly based on Mexican and Brazilian programs that provide grants to poor families with children on condition that the children attend schools or clinics. 'Just giving money to the poor' has become a serious alternative to standard models of 'development' (Hanlon *et al.*, 2010). South Africa surely remains fertile ground for radical welfare reform. As long as unemployment remains high, poverty will persist, beyond the reach of current welfare programs. And the government has no coherent answer to unemployment. Indeed, its policies are arguably the major reason why the required low-wage, low-skill jobs do not exist.

A BIG remains nonetheless much less of a priority than other spending programmes, not only for the more conservative factions within the ANC Alliance and government, but even for COSATU and left factions within the ANC. Trade unions continue to profess their support for a BIG. COSATU officials admit that whilst the campaign 'did lose some steam in recent years,

²³ *Mail and Guardian Online*, 23rd July 2009.

²⁴ *Ibid.*

[this] should not be construed as a change in COSATU's support for the BIG'.²⁵ In September 2010, COSATU published a long 'framework document' on the need for a new economic growth path (COSATU, 2010). In this document, COSATU called for a BIG, to be financed out a substantial increase in taxation. But COSATU also called for a range of other initiatives, including NHI, the growth of employment at decent wages in the public sector and, especially, an employment-guarantee scheme. References to the BIG were clearly of secondary importance in comparison with these other, expensive proposals.

In 2003, COSATU's general-secretary, Zwelinzima Vavi, criticized us for expressing pessimism about the prospects for a BIG:

The chapter [by Matisonn and Seekings] suggests that the Basic Income Grant is not as important to Labour as other bread-and-butter issues, such as privatization and labour market policies. On the contrary, COSATU sees the Basic Income Grant as a critical component of the social wage, the defence of which is a non-negotiable plank in COSATU's programme for socio-economic transformation. (Vavi, 2003: ix)

Vavi went onto to deride our pessimism about the prospects for a BIG, and pointed to 'parliamentary public hearings in June 2003, in which every sector of civil society turned out to endorse the Basic Income Grant, ... increasing numbers of newspaper editors and other opinion-makers casting their support, and ... the active mobilization of the Basic Income Grant coalition' (*ibid*). Almost a decade later, it is Vavi's optimism that seems misplaced: Parliamentary hearings led nowhere, the BIG Coalition collapsed, and COSATU has certainly failed to treat a BIG as "non-negotiable". Crucially, the state's expansion of social assistance seems to have served not as a path towards a BIG, but as an alternative path away from a BIG.

It remains unclear from where else pressure for a BIG might come. The courts might require the government to develop a coherent plan with regards to 'comprehensive social security': The strategy of the National Working Group on Comprehensive Social Security Reform is a sensible one. But it is difficult to imagine any South African court arbitrating over the relative efficacy of public works programs, education and health care programs, labour market and macro-economic policies, and social insurance or assistance in terms of promoting income security. Whilst electoral competition is an important consideration for the governing ANC, and the ANC is likely to continue to resort to welfare reforms for political purposes, it would require a transformed political landscape

²⁵ Email correspondence with COSATU spokesperson Prakashnee Govender, 13th September 2010.

for the ANC – or any credible alternative – to adopt a BIG as a way of winning votes. In the unlikely event of the ANC splitting, and a union-backed rival emerging, it is possible to imagine a BIG becoming politically attractive. But this realignment remains unlikely. In short, whilst a BIG loiters on the fringes of the policy agenda in South Africa, the prospects for implementation remain poor.

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