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South Africa
A Focus on the Basic Income Grant

by
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Social Security Policy Reform in Post-Apartheid South Africa --- A Focus on the Basic Income Grant ---

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Despite the end of apartheid, severe poverty and huge socio-economic inequality still remain in South Africa. South Africa's Gini coefficient is one of the highest in the world (0.59 in 2001 [UNDP, 2001]). 21.6 million South Africans in the bottom two quintiles spend on average only R144 (approx. US\$18.5) per person per month, while the average consumption in the top quintile is R2,409 [Haarmann, 2001, 24-28]. Reflecting the apartheid past, poverty is concentrated among blacks, particularly Africans; 61% of Africans and 38% of coloureds are poor, compared with 5 % of Indians and 1% of whites [May, 1998, executive summary]. Poverty eradication is claimed to be the top priority for the Government,¹ and social security is one of the key policy areas in this context.

While the coverage of social insurance is fairly limited due to high unemployment and large informal sector, non-contributory social grants, especially the old age grant, cover millions of people and are widely acknowledged to have contributed to poverty alleviation [Ardington and Lund, 1995; Case and Deaton, 1996]. Historically, the old age grant was first introduced in 1928 for whites and coloureds only, but in 1944 it was extended to all races. The benefit levels were highly discriminatory, however; the amount of the grant for whites was 7.5 times higher than that for Africans in 1965 [Smith Committee, 1995, annexure D2.6]. The racial gap gradually narrowed after 1965, and the benefit levels became equal among all races in 1993, the year before the first non-racial elections in South Africa. By then, typical old age grant recipients had become African women living in rural areas, where the poverty was concentrated.²

Currently South Africa has seven types of social grants in its social assistance system; old age grant (R700 per month as of 1 April 2003), disability grant (R700), war veterans grant (R718), foster care grant (for a child's carers who are legally foster parents, R500), care dependency grant (for disabled children under 18 years, R700), child support grant (for children under the age of 9 years, R160), and grant in aid (an additional grant for recipients of old age, disability or war veterans grant who are unable to care for themselves, R150). All grants are subject to means tests [Department of Social Development, 2003].

¹ For instance, Minister of Finance T. A. Manuel cited "reducing poverty and vulnerability" as the top priority in the 2003 Budget [Manuel, 2003]

² For the history of social welfare policy of South Africa, see [Kruger, 1992; Bhorat, 1995; van der Berg, 1997; Liebenberg and Tilley, 1998; Haarmann, 2000; Natrass and Seekings, 2000; Sagner, 2000]

In April 2001, an estimated 3.5 million South Africans received some kind of social grant (roughly equivalent to 8% of the total population), of which about 1.9 million were receiving the old age grant (more than 80% of elderly people, i.e. women over the age of 60 years and men over 65) [Taylor Committee, 2002, 58].³ Researches have shown that social grants tend to be pooled in households and spent for entire household members [Ardington and Lund, 1995; McKendrick and Shingwenyana, 1995; Case and Deaton, 1996]. In this way, social grants for individuals effectively function as household grants, and contribute to poverty alleviation in the households with social grant recipients.

However, 11.8 million of the poorest 23.8 million South Africans lived in households that received no social assistance in the same year [Taylor Committee, 2002, 59]. In order to close the gaps, a government committee of inquiry into a Comprehensive System of Social Security in South Africa (hereafter called Taylor Committee) recommended the introduction of a basic income grant (BIG), i.e. a grant of R100 per person per month for every South African citizen, regardless of age or income level [Taylor Committee, 2002, ch.5].

Although the government remains undecided on the matter, the reason why a BIG has been seriously considered at all in South Africa, while no other country has one yet, is a question worth exploring.

Except for the series of works by Jeremy Seekings and his colleagues [Nattrass and Seekings, 1997; 2001a; 2001b; 2002; Matisonn and Seekings, 2002], and by Steven Friedman [Friedman, 2002; Friedman and Chipkin, 2001], the issue of South African social security has been predominantly dealt with from the economic/technical point of view, where main concerns are poverty alleviation effects or fiscal impact of various policy options [Ardington and Lund, 1995; Lund, 1999; Case and Deaton, 1996; Bhorat et al, 2001; Bhorat, 2003; le Roux, 2002; van der Berg and Bredenkamp, 2002; Samson, 2003; Samson, Babson et al, 2002; Samson, Mac Quene et al, 2002; Meth, 2002; de Swardt, 2003a; 2003b; Thurlow, 2003]. However, the process of policy-making is highly political and “research and appeals to reason are important in making a case but is not necessarily the deciding factor and can be ignored” as one of the core members of the Taylor Committee observed [Naidoo, 2002].

This paper aims to understand the political aspects of the BIG debate by looking at what Kingdon [1995] calls the processes of “alternative specification”. In his influential book, *Agendas, Alternatives, and Public Policies*, Kingdon tried to understand “why some subjects become prominent on the policy agenda and others do not, and why some alternatives for choice are seriously considered while others are neglected” in the United States [Kingdon,

³ Since April 2001 the number of children who have access to the child support grant has significantly increased from 800,000 to over 2.7 million children of the 5.5 million grant recipients of all kinds. [Skweyiya, 2003]

1995, 3]. Kingdon identifies two categories of factors that affect agenda setting and the specification of alternatives: participants who are active, and the process by which agenda items and alternatives come into prominence [Kingdon, 1995, 15]. Kingdon distinguishes agenda from alternatives; agenda is the list of subjects or problems to which policy-makers pay some serious attention, while they would seriously consider a set of alternatives for government action [Kingdon, 1995, 3-4]. According to this distinction, a BIG can be regarded as an alternative, rather than an agenda. Explaining how and why the BIG has become an alternative in the context of poverty and chronic mass unemployment being the agenda will be the main concern of this paper.

In the next section, how the idea of “basic income” emerged as a response to the crisis of welfare states will be summarized. It will be argued that South Africa’s investigation into a BIG should be seen as an attempt to address mass chronic unemployment and underemployment, which in the North has made welfare states dysfunctional, rather than an attempt to become a belated welfare state. The rest of the paper will provide a detailed analysis of the political processes around the BIG and social security policy reform in South Africa. Section two will reveal that there was a policy trend of shifting away from cash transfers in the first few years of post-apartheid South Africa and the call for a BIG forms part of the series of campaigns and policy engagement by civil society organisations to reverse such a trend. Section three will deal with the process of how a BIG, as well as other policy options such as the extension of the child support grant and public works programmes, emerged and has been specified as a policy alternative in South Africa. Before we draw a tentative conclusion, section four will look at the dynamics of the Basic Income Grant Coalition (BIG Coalition), a loose network of various civil society organisations calling for a BIG such as Congress of South African Trade Unions (COSATU), the Black Sash, South African Council of Churches (SACC), Alliance for Children’s Entitlement to Social Security (ACCESS) and the Community Law Centre of the University of Western Cape, before we draw a tentative conclusion.

1. South Africa’s Basic Income Grant in the International Context

The Basic Income (BI) is defined by Philippe van Parijs as “an income paid by a political community to all its members on an individual basis, without means test or work requirement.” [van Parijs, 2000, 3] It is also called a “Citizen’s Income”. In contrast to conventional social assistance subject to means tests, the BI is paid to everyone irrespective of income. This however does not mean the introduction of a BI would make the rich become richer, because the BI must be funded somehow, and the rich would contribute more (relative to their numbers, not necessarily to their incomes) to its funding than the relatively poor, not only if the funding were through a progressive income tax but also under a flat tax or even a regressive indirect tax [van Parijs, 2000, 6-7].

Although the idea of an unconditional basic income has long historical roots in Europe,⁴ the recent growing attention to the BI emerged specifically in the context of the changing risk structure welfare states are facing [Miyamoto, 2002].

In conventional welfare states, various risks related to ageing, unemployment, and health (disability, illness, injury, and maternity), have been covered mainly by social insurance, which is supplemented by means-tested social assistance. This system is based on the assumption of full-employment, and social assistance is intended only for exceptional and temporary risks not covered by social insurance.

However, due to globalisation and post-industrialisation, full-employment is becoming more difficult. Chronic unemployment and underemployment have increased. Consequently, long-term dependence on social assistance has also increased, resulting in more problems such as “poverty traps” or “unemployment traps”, i.e., disincentives for beneficiaries to work because of no significant income differential between no work and low-paid work (it is even possible that the wage level is lower than the benefit level).

Two different approaches have emerged to address these problems of welfare states. One is the “workfare” approach which links the entitlement to benefits and the obligation to take low-wage work or job training; the other is the “Basic Income” approach which separates entitlement to benefit from the status in the labour market. While workfare aims to reestablish full employment by policy intervention, the supporters of BI think full employment is no longer possible, or even desirable, under current social and technological environment [Miyamoto, 2002].

Miyamoto distinguishes two types of workfare. One is the “work first” model, which emphasises the obligation to work (the United States being the typical case). The other is the Swedish “service intensive” model, which emphasises measures to increase “employability” such as job training [Miyamoto, 2002].

The BI can also be classified into two types; Full Basic Income (FBI) whose benefit level is high enough to cover basic needs, and Partial Basic Income (PBI) which is not [Citizen's Income Trust, n.d.]. In a society with a FBI, people would no longer have to work, but they would choose whether or not to work so as to earn additional income. However, this is not the case with a PBI. When compared to means-tested social assistance, or a “dole”, a PBI would actually *encourage* people to work, because there would be no disincentive caused by the “poverty trap.”

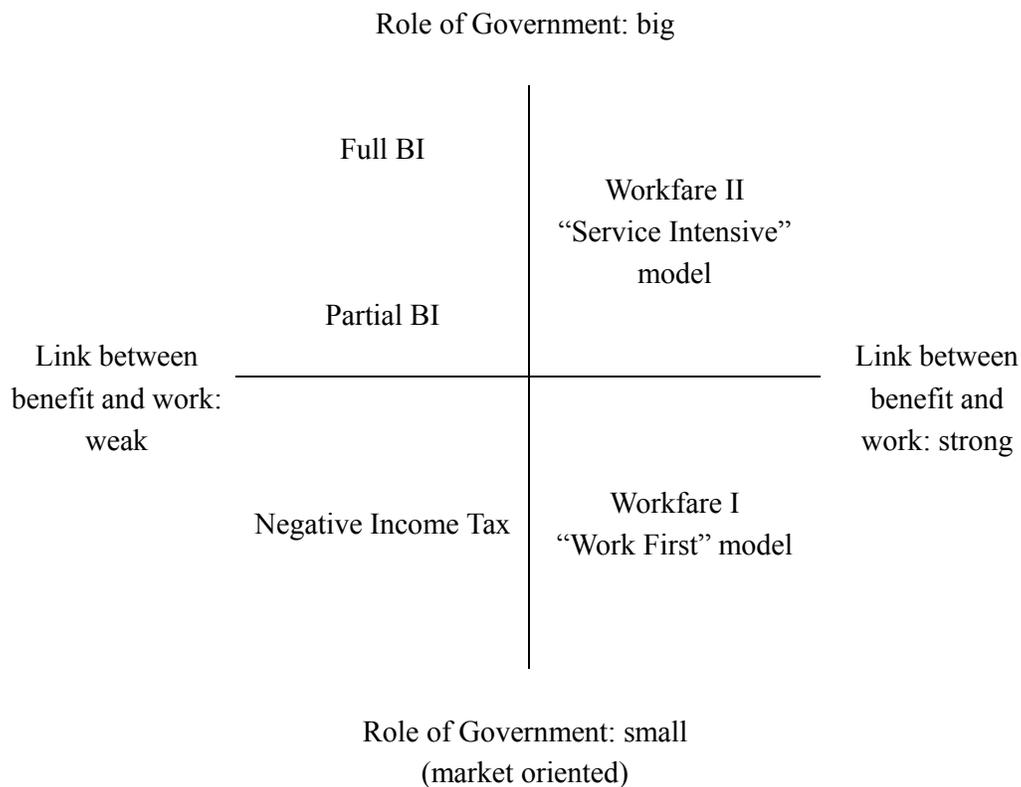
There is some similarity between a BI (especially a PBI) and a negative income tax (NIT),

⁴ For historical roots of BI see “A Short History of Basic Income” on Basic Income European Network website (www.etes.ucl.ac.be/bien/BI/HistoryBI.htm)

which has been supported by some free market economists such as Milton Friedman, although a NIT requires a means test to refund tax credits to poor households. The reasons why some libertarians support such schemes include their expectation that PBI or NIT would reduce the wage cost to employers and would allow the wage to be purely linked to productivity [Fitzpatrick cited in Ozawa, 2002].

The Ideological orientations of the two “workfare” models, the Basic Income (Full BI and Partial BI) and the Negative Income Tax are summarized in Figure 1 (based on Miyamoto [2001; 2002]).

Figure 1. Ideological orientations of welfare reform options



South Africa has never been a welfare state in the sense that it has not provided its people with a set of social policies to guarantee the minimum standard of living (the apartheid state *was* a welfare state for whites, but not for blacks [Nattrass and Seekings, 1997]). However, the problems the country faces namely, chronic mass unemployment and increasing poverty in the context of globalisation and post-industrialisation, have certain similarity in structure with what the Northern welfare states are experiencing, although in the South African case the problems are much more serious (the unemployment rate is above 30% even in the official figure [Statistics South Africa, 2003], and 35.8% of population lives below the internationally acknowledged poverty line of US\$2 a day [UNDP, 2002]), and more complicated because of its racial aspects.

South Africa's post-war growth path was based on the effective control of cheap African labour, and on import substitution industrialisation. Because of the stable gold price, South Africa's export earnings did not fluctuate much, which was crucial in maintaining economic growth. While this situation persisted, the failure of South Africa's manufacturing sector to become internationally competitive and develop export capacity did not present a problem. By the early 1970s, however, this apartheid growth path, or what Gelb [1991] calls "racial Fordism", reached its limit, and South Africa's economic growth had started to slow down. By then, socio-economic conditions in the Bantustans had deteriorated to such an extent that they could no longer supply migrant workers with a subsistence base. As the productivity of migrant workers declined, it became necessary to invest in sophisticated machinery in order to improve productivity, and the capital-labour ratio sharply increased [Terreblanche, 2003, 375].

Technological modernisation and capital intensification caused a large decline of the demand for unskilled labour, mainly African. Unskilled Africans, who had been exploited as cheap labour, became even poorer after 1970s because of lack of jobs. The number of employed Africans declined from 5,277,000 in 1970 to 5,074,000 in 1995, and the unemployment rate among African population increased from 24% to 46% in the same period [Terreblanche, 2003, table 10.1]. Income of the poorest 40% of African households decreased in real terms by 42% during the period of 1975-91, and further decreased by 21% during 1991-96. Meanwhile, due to the shortage of skilled labour, the wage of a small number of skilled Africans significantly increased; income of the top 20% of African households increased by 38% during 1975-91, and by another 15% during 1991-96 [Terreblanche, 2003, table 10.4].

South Africa's social security system under apartheid was designed primarily for whites that, as the privileged group, enjoyed full employment at relatively high wages. Able-bodied whites of working age would be unemployed only temporarily, so short-term Unemployment Insurance was enough to cover their risks. Therefore, no income security provision was made for those who were unemployed for the long-term, or for those who had never been employed. Although the end of apartheid brought about deracialisation of existing social security provision, nothing has changed with what did not exist in the first place. This has

caused the huge gaps in the current social security system, which the Taylor Committee recommended to close by the introduction of a Basic Income Grant.

Before the Presidential Jobs Summit in 1998, where the labour constituency proposed the introduction of a BIG, and other constituencies agreed to investigate such a grant as a part of a “comprehensive social security system”, both the government and labour (but not business) supported in principle the introduction of a means-tested social assistance for the unemployed. However, there was already wide acknowledgement of shortcomings of such programmes, *inter alia* the problem of the “poverty trap” experienced in the welfare states in the North. Against this backdrop the idea of the BIG, as well as other alternatives such as “massive” public works programmes, emerged in South Africa.

The BIG proposed in South Africa is a Partial Basic Income; an amount of R100 per person per month is well below the poverty line regardless which definition we use. Proponents of a BIG therefore emphasise that a universal BIG, in sharp contrast to a “dole” and a Full Basic Income, would not become a disincentive to work, but rather encourage job seeking activities by enabling people to take risks (such as paying for transport to go to job interviews) [BIG Coalition, 2003]. In other words, while one of the most common concerns raised over a BIG is that “it would create dependency”, R100 per person per month is too small to be “dependent” upon.⁵

Its impact would not be small, however, considering the fact that average consumption of households in the bottom two quintiles is just R144 per person per month. Huge inequality in South Africa means that a BIG would be a well-targeted grant because it would have significant poverty alleviation effects even at a relatively low benefit level which could be relatively easily subsidised by those who are better off through the tax system. It is not a mere coincidence that Brazil, one of the most unequal countries in the world, is another country where the introduction of the BI has been seriously debated.⁶

It might sound contradictory to say a universal grant could be a well-targeted grant, because

⁵ The debate around dependency is actually a little more complicated, because being dependent on social grants can mean at least two different things; (1) being discouraged to get out of the situation of living on social grants because grants recipients would lose benefits once they start earning their own income, and (2) being in need of social grants because of poverty or other reasons. When social grants are criticised as “creating dependency,” it means the former, thus criticizing a BIG as such simply misses the point. On the other hand, when the RDP states its policy goal is to “minimize the extent of dependency of the State,” it means the latter, i.e., it envisages the society where the number of the people who live in poverty and need social grants would be minimized, and this ideal itself would be shared by most supporters of a BIG. Even this usage of the word “dependent/dependency” however connotes rather negative views on social grants that “it is better to do without them”, and induces the policy shift away from the social grants provision, as we will see in section two.

⁶ For the basic income debate in Brazil, see [Suplicy, 2002; Brazilian Workers' Party, 2003].

means tests are supposed to be the measures to ensure the social grants would correctly reach the “target”. However, due to insufficient administrative capacity and rampant corruption, means-tested social grants in South Africa often fail to reach those who need and are eligible for social assistance. Proponents of a BIG argue that the universal coverage “would diminish the administrative burden and opportunities for corruption that are often associated with means-tested grants.” [BIG Coalition, 2001] Contrary to the common criticism that a BIG is undeliverable, the fact that South Africa already has a social assistance system which, although incomprehensive, covers millions of people and is widely acknowledged to be contributing to poverty alleviation, means the existing grant administration system could be utilized, and the abolition of means tests would actually simplify the delivery mechanism [BIG Coalition, 2003]. The universality of a grant also makes political sense, because the “poorest of the poor” are the people least likely to be able to organise themselves to defend and ensure the implementation of policies “targeted” to them. Therefore “grants that reach as many people as possible including the affluent are likely to prove politically more feasible, and so more likely to be implemented, than those singling out the most needy.” [Friedman, 2002]

A BIG is ideologically distinct from conventional social security schemes that have become dysfunctional in Northern welfare states and South Africa as well. In that sense, we could say the introduction of a BIG would not mean South Africa would follow the same route that Northern welfare states have gone through, despite the fact that the issue is often investigated from the interest of whether South Africa can become a welfare state or not.⁷ It is not an attempt to become a welfare state, but rather an attempt to address the problems similar to those of Northern welfare states, by a country whose racially skewed welfare system has historically been a “grotesque caricature of its counterparts in the advanced capitalist countries” [Nattrass and Seekings, 1997, 453]. At the same time, on a practical level, a BIG in South Africa would not require the overhaul of the social security system as it would in Northern welfare states where social insurance, not social assistance, is the central pillar of the system. That is why a BIG could be debated so realistically in South Africa rather than most other countries in the world.

2. Background to the BIG debate: Social Assistance in Post-apartheid South Africa

Poverty eradication has been repeatedly claimed to be the biggest priority for the government, and social grants are recognised by the government as the most effective policy measure to alleviate poverty. In his Budget Speech in 2003, Minister of Finance Trevor Manuel hailed social grants as the “largest and most effective redistribution programme,” and announced that social grants would increase above inflation rate and the gradual extension of child support

⁷ See for instance Thurlow [2003].

grant to children up to their 14th birthday [Manuel, 2003].

However, increasing expenditure for social grants has not always been the preferred policy direction in post-apartheid South Africa. In fact, the initial policy direction in the first years of a democratic South Africa was a shift away from cash transfers through social grants to a more “developmental” approach for social welfare. In the six fiscal years from 1995/96 to 2000/01, the old age grant only kept up with inflation in two years (1997/98 and 1999/2000), which means the grant amount had declined in real terms over the years. [IDASA Budget Information Service, 2000]

The campaign for a BIG should be understood in this context. Civil society organisations which have gathered under the banner of BIG Coalition have diverse backgrounds and organisational interests. They however have a common interest in reversing the trend, and they have been quite successful in this regard (they have seen social grants increase above the inflation rate in both 2002/03 and 2003/04 fiscal years, and the extension of the eligible age for the child support grant from April 2003), although they have not won the BIG.

(1) Reconstruction and Development Programme

South Africa’s political transition from the apartheid regime to a non-racial democracy was first and foremost about achieving equality in terms of political rights. From the early stages of transition process, however, the would-be governing party, the African National Congress (ANC) was fully aware of the importance of policy to address poverty, not only because it believed “the state has a major role in meeting the legitimate and realistic expectations of all, especially the poor, disadvantaged and other vulnerable persons” (Ready to Govern [ANC, 1992a, 43]), but also because of its political implications; an internal discussion document in April 1992, one month before the ANC adopted the Ready to Govern document, reads that “if the material well-being of the poorest 40% of South African society is not improved after a reasonable period of time under a democratic government, this is likely to have serious political implications for the country as a whole.” [ANC, 1992b, 30]

When the ANC won the first non-racial general elections in April 1994, it again stressed the importance of addressing poverty. The Reconstruction and Development Programme (RDP), with which the ANC fought the election campaign, declared “no political democracy can survive and flourish if the mass of our people remain in poverty, without land, without tangible prospects for a better life. Attacking poverty and deprivation must therefore be the first priority of a democratic government.” [ANC, 1994, 1.2.9]

As South Africa inherited a fragmented and inequitable welfare system that historically developed to meet the needs of white citizens, and was later extended to other population groups only to a lesser extent, the need to eliminate the discrimination and to create an integrated national welfare system was clearly recognised in the RDP White Paper of the new

government ([Ministry of the Office of the President, 1994, 3.12.1]).

However, welfare was not treated as a core issue in the RDP compared to other policy areas such as water, housing, electricity, and health. Unlike the housing policy goal of “building over one million houses in five years” [ANC, 1994, 1.4.2], there was no such target set for extending social grants. Rather, the welfare policy goal was stated as “to ... minimize the extent of dependency on the State” [Ministry of the Office of the President, 1994, 3.12.1]. Only later, when the new child support grant was introduced in 1998, a goal of “reaching three million children in five years” was set. This, however, did not immediately mean an increase of expenditure because the introduction of the child support grant accompanied the phasing out of the state maintenance grant, as we will see in more detail later.

(2) White Paper for Social Welfare

The Draft White Paper for Social Welfare was released for comment in November 1995, and the revised White Paper for Social Welfare was published in August 1997.

In the drafting process of the White Paper for Social Welfare, “developmental” aspects of social welfare came to the fore. An influence of the World Summit for Social Development in March 1995 on the White Paper is worth noting. In the preamble it was noted “the proposed direction of the White Paper is in line with the approach advocated by the United Nations World Summit for Social Development” [Ministry for Welfare and Population Development, 1997, 7]. As a country that was busy transforming after apartheid while being re-integrated rapidly into the international society, South Africa was at that time highly susceptible to international policy trends. Moreover, Prof. James Midgley, one of the world-famous academics in the field of social development, happened to be a South African expatriate. He temporarily returned to South Africa from the United States to help the drafting process [Department of Welfare, 1996, 27], and his notion of “developmental social welfare” became the keyword of the White Paper.⁸

The main feature of developmental social welfare was that social development and economic development were interdependent and mutually reinforcing [Ministry for Welfare and Population Development, 1997, 15]. Although it acknowledged “economic development has to be accompanied by the equitable allocation and distribution of resources if it is to support social development” [Ibid.], it emphasised that social development could not take place without economic development, and encourages the introduction of “social programmes

⁸ Under the heading of “developmental social welfare” in the glossary of the White Paper for Social Welfare reads: “This concept was first used by the United Nations in 1989. It refers to social welfare as one of the dimensions of social development and is in line with the approach emerging from the World Summit for Social Development, 6 to 12 March, 1995.... Refer also to Midgley, J. (1995) -- Social development: The Developmental Perspective in Social Welfare, Sage Publications, Inc.” [Ministry for Welfare and Population Development, 1997, 93]

that generate rates of return on social expenditures and thus contribute directly to economic development” [Midgley, 1996, 3]. It meant a shift away from cash transfers through social grants; according to Midgley [1996, 2], “the developmental approach is less concerned with transferring resources from the productive economy to social welfare services than with ensuring that social policies contribute to development.” This approach was exemplified by the flagship programmes for unemployed women with children under the age of five, which aimed “to help women become economically productive by giving them skills to enter the workforce or go to work for themselves” while looking at “the developmental needs of young children to ensure they have every chance to grow into productive citizens and reduce problems they may experience later in life” [Department of Welfare, 1996, 17-18].

Reflecting this trend, the Draft White Paper released in November 1995, while in principle agreeing that “every South African should have a minimum income, sufficient to meet basic needs, and should not live below minimum acceptable standards,” did not show clear commitment to extending social grants for this purpose. COSATU criticised the Draft White Paper as lacking “a clear vision of the role of government in the provision of social security” [COSATU, 1996b] and proposed several amendments including clarification of the constitutional obligation and the extension of social assistance [COSATU, 1997]. In particular, COSATU criticised the Draft White Paper for failing “to give consideration to the possibility of setting up new forms of social assistance to address the millions of people who are destitute and unemployed,” and suggested the establishment of a general means tested social assistance scheme which could “provide modest benefits to all households who can prove that they live off less than a certain monthly income” [COSATU, 1996b; 1997]. ANC members of the Welfare Committee supported the issues raised by COSATU [Coleman ed., 2000, 46], and eventually the following paragraphs were added in the final version of White Paper in 1997:

“The proposal for a transformed social security system ... will require comprehensive social assistance to those without other means of support, such as a general means tested social assistance scheme...[T]he Department of Welfare commits itself to the establishment of a comprehensive social security policy and legislation.” [Ministry for Welfare and Population Development, 1997, ch.7 s.26 (b) and (d)]

Another important amendment was about the State’s constitutional obligations. South Africa’s new constitution was adopted in 1996 and its Bill of Rights included a wide range of socio-economic rights as justiciable rights (i.e., rights that can be enforced by the courts) including the right to have access to “social security, including, if they are unable to support themselves and their dependants, appropriate social assistance” [Republic of South Africa, 1996, s.27] COSATU proposed the clarification of the State’s constitutional obligation, [COSATU, 1997] and the following sentence was added to the White Paper:

“A comprehensive and integrated social security policy is needed to give effect to the

Constitutional right to social security.” [Ministry for Welfare and Population Development, 1997, s.45]

These amendments were the first important steps to push back the notion of “developmental social welfare”, which entailed the shift away from cash transfers through social grants. The final White Paper has been referred to again and again by BIG campaigners to argue that the government has failed in its commitment by not introducing a BIG.

It should be noted, however, that at that time the idea of a universal grant (without a means-test) had not yet emerged as a policy option, even for COSATU.

(3) GEAR and The Child Support Benefit Reform

Since its rather abrupt introduction in June 1996 [Lodge, 2002; Marais, 2001], Growth, Employment and Redistribution (GEAR) has been the most important policy guideline in South Africa. GEAR envisaged economic growth with job creation and redistribution, by attracting foreign investment through policy measures including fiscal deficit reduction, liberalisation of financial controls and trade regime, privatisation of state enterprises, and the pursuit of “regulated flexibility” of the labour market.

In terms of social security, although GEAR recognised that cash transfers through social grants were playing a vital role in poverty alleviation [Department of Finance, 1996, 15], the pressure for restraining expenditure to reduce fiscal deficit was far more central. The timing of the introduction of GEAR, just one month after the Constitutional Assembly adopted the constitution, is interesting when we think of its implication to the state’s new constitutional obligations in terms of socio-economic rights. According to the constitution, the state must “take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation” of socio-economic rights, including the right to have access to social security [Republic of South Africa, 1996, s.26&27]. The fiscal constraints under the GEAR strategy have effectively defined the substance of the “available resources”, at least in the government’s interpretation.

When the Lund Committee on Child and Family Support (henceforth referred to as the Lund Committee) was established in early 1996, the provision of social grants for children – the state maintenance grant for single parents of children under 16 - was racially skewed. In contrast to the old age grant whose beneficiaries were already mostly Africans, beneficiaries of the state maintenance grant were largely limited to non-African people. Coloureds and Indians received a disproportionately high number of the benefits (48 and 49 per 1,000 coloured and Indian children respectively), and 15 per 1,000 white children were also receiving the grant, which was also quite high given the high standards of living of whites, while only about 2 out of 1,000 African children received the grant in the early 1990s [Lund Committee on Child and Family Support, 1996, ch.1 s.4].

The Lund Committee's main concern was the racial disparity in the state maintenance grant provision, which was unacceptable in the new dispensation. The state maintenance grant was composed of two parts: a monthly parent allowance of R430 (same amount as old age grant and disability grant at that time) and a child allowance of R135 per child for a maximum of two children. The Committee calculated that the fiscal impact of eliminating this racial disparity would be between R5 billion and R20 billion, compared to about R1 billion spent for the state maintenance grant at that time. The Committee reached a conclusion that it would be impossible to eliminate discrimination without slashing the benefit level, and recommended the phasing-out of the state maintenance grant and the introduction of a new child benefit, the amount of which would be set at much lower level (R70) with a lower age of eligibility (the age limit would be set between 4 and 9 years old), without any parent allowance. The committee chairperson Francie Lund explained "there will be bad consequences for some but good consequences for more."⁹

The heavy influence of GEAR on the work of the Lund Committee was obvious. For instance the report reads:

"The government has expressed a firm commitment in its recently published macro-economic strategy to reducing the budget deficit. There are competing demands for spending on infrastructure and other needed social services, so it is highly unlikely that government expenditure on family and child grants will be increased to the levels required to ensure equal access of all race groups to grants at the existing levels and under present eligibility conditions." [Lund Committee on Child and Family Support, 1996, ch.1 s.4]

The simulations that led to the recommended benefit level and age of eligibility were based on the assumption of the fiscal constraints under the GEAR strategy.

In March 1997, the Cabinet accepted the main thrust of the Lund Committee's recommendations and announced its intention to introduce a new child benefit of R75 for children up to the age of 6 and to phase out the state maintenance grant [Volster, 2000]. While the intention of achieving equal access to the grant was widely welcomed, the announced low level of the new child support benefit came under strong criticism from civil society organisations and academics. Increased pressure from civil society on the government led to parliamentary public hearings on the proposals in April and May 1997 [Volster, 2000; Liebenberg, 1997], during which civil society organisations raised serious concerns with the low benefit level and recommended the then current child allowance amount of R135 be sustained [Liebenberg, 1997]. That pressure from civil society resulted in an increase of the amount of the new child support grant to R100. The child support grant of R100 per month per child, payable to primary caregivers of children between ages of 0-6

⁹ "Plan to slash child grants," Sunday Tribune, 22 September 1996.

years, started from April 1998, intending to reach 3 million children in five years.¹⁰

In the history of social assistance in South Africa since 1928, this child support benefit reform was the first and so far the only case of a drastic cutdown of the benefit level of social grants. Given the “path dependant” quality of much social policy development [Pierson, 2000, 810], this kind of policy change can be regarded as an exceptional case. Although in this particular case the cutdown could be legitimized by the pressing need to achieve the racial parity, the proposed big decrease (almost 90% fall for state maintenance grant recipients with two children) was shocking enough to urge civil society organisations to form a coalition for lobbying.

In retrospect, successful joint efforts of civil society organisations to put pressure on the government to increase the amount of the new child support grant built the basis of the advocacy for a BIG. Organisations involved in the campaign surrounding the child support benefit reform include Black Sash, Community Law Centre at the University of Western Cape, South African NGO Coalition (SANGOCO), Women on Farms Project, COSATU, SACC, Southern African Catholic Bishops’ Conference (SACBC), Institute for Democracy in South Africa (Idasa), and the statutory Commission for Gender Equality and South African Human Rights Commission (SAHRC), most of which (except for Idasa and SAHRC) would become part of the BIG Coalition.¹¹

3. Basic Income Grant as a Policy Alternative

(1) Presidential Jobs Summit

It was in the Presidential Jobs Summit in October 1998 that a universal BIG emerged as a policy alternative. During the several months’ negotiation process prior to the summit, each constituency of the National Economic Development and Labour Council (NEDLAC) - community, labour, business, and government - presented proposals on how South Africa could fight unemployment and create jobs. The proposal of a BIG was included in the Labour input to the summit, and all the constituencies agreed that a BIG would be investigated as part of a “comprehensive social security system” [NEDLAC, 1998].

¹⁰ Poverty the focus of increase in welfare and social grants,” Business Day, 3 March 1998.

¹¹ The list of the organisations involved in the campaign is based on Liebenberg [1997], various news reports, and author’s various interviews. Of the two organisations that are not participating in the BIG Coalition, South African Human Rights Commission has shown its support for BIG in its 4th Annual Economic and Social Rights Report: 2000-2002 [South African Human Rights Commission, 2003a, 229; 2003b], while Idasa cautiously “commends” the Taylor committee’s recommendation of a BIG [IDASA Budget Information Service, 2003].

As mentioned earlier, during the consultation process regarding the White Paper for Social Welfare between 1996 and 1997, COSATU proposed a “general means tested social assistance scheme” [COSATU, 1997] but did not mention a universal, non-means-tested grant. However, several articles on a universal grant had already sporadically appeared in South African newspapers and books,¹² and the idea was already known to COSATU. When COSATU commissioned research during 1997-98 on the gaps and weakness in the social security system, researchers Claudia and Dirk Haarmann were mandated specifically to look at the option of the universal basic income grant as well as the option of extending the Unemployment Insurance Fund. To facilitate their research, COSATU set up a reference team including Vivienne Taylor, who would chair the Taylor Committee two years later. The research, which was concluded by early 1998, found that the over 13.8 million people in the poorest 40% of South African households did not qualify for any social security transfers, because they did not have members receiving unemployment insurance benefits or social grants. Out of this research result COSATU decided to include the proposal for a BIG in its input for the Presidential Job Summit.¹³

The main points of labour’s proposal on a basic income grant at the Jobs Summit were as follows:

- Every citizen would receive a grant of R100 per month. Those earning over R2,000 per month would pay back the amount they receive as a tax. People earning over R5,000 per month would pay back double what they receive as a ‘solidarity tax’.

¹² According to [Roukens de Lange, 2001], the first call for BIG in South Africa was by libertarian Leon Louw (‘A dozen popular South African Myths’ in McGregor’s Economic Alternatives, 1990), followed by economist Aart Roukens de Lange (“Hefty dose of shock therapy for economy,” Sunday Star, June 2, 1991). Roukens de Lange, who was at University of Stellenbosch when the article was published in 1991, is now with SA New Economics Foundation (SANE), which is a member of BIG Coalition (Margaret Legum, who strongly supports a BIG [Legum, 2002], is also with SANE). From within the labour movement, Jeremy Baskin, former national coordinator of COSATU, wrote “Pay the citizens of SA” for Mail & Guardian, 24-30 January 1997, where he listed the potential merits of a basic income grant (of R150 per month) for every adult and suggested that the idea be explored. Baskin’s article inspired for instance Zackie Achmat, who recalls he first knew about a BIG by his article and instantly thought it was a good idea (author’s interview). Achmat launched the Treatment Action Campaign in December 1998, which became one of the founding members of the BIG Coalition. Baskin was a member of the Commission to Investigate the Department of a Comprehensive Labour Market Policy during 1995-1996, for which Guy Standing from ILO coordinated the review on South African Labour Market [Commission to Investigate the Development of a Comprehensive Labour Market Policy, 1996; Standing et al, 1996]. Standing has been active in Basic Income European Network, and he often spoke about a basic income during his involvement in the commission (personal communication with Mr. Standing).

¹³ Author’s interview with Mr. Neil Coleman, Head of COSATU Parliamentary Office, 16 August 2002. See also Coleman ed. [2000, 46] and NEDLAC Labour Constituency [1998].

- The money would be claimed back from higher income earners through the South African Revenue Service and the balance will be paid by the fiscus.
- The old age grant system should remain in place since it has a proven track-record as government's most effective poverty alleviation programme. This will be reduced by R100 and the pensioner will get the BIG. Pensioners will therefore receive the same amount of money. The same should apply to the disability grant. [Coleman, 1999]

Although in the negotiation process prior to the Jobs Summit some negotiators at first did not take the proposal seriously at all,¹⁴ in the final declaration all constituencies agreed to investigate a basic income grant as a part of a “comprehensive social security system” to which all parties to the Jobs Summit declared their commitment [NEDLAC, 1998].

Following the summit, and before the Taylor Committee was appointed, an interdepartmental task team led by Welfare, and including the Finance, Labour, Transport and Health departments, was set up to review the social security system. The task team found the Unemployment Insurance Fund covered less than 40% of the labour force and offered benefits to less than 6% of the unemployed [Taylor Committee, 2002, 9], and proposed an income grant to fill the gap caused by structural unemployment. Lucy Abrahams, then welfare director general, said the grant was required because “while job creation is a top government priority, it is not going to happen in large enough numbers in the next year or two.”¹⁵

Although it was called a “basic income grant,” it was reported in the media that the proposed income grant was to be “based on a simple means test, such as length of unemployment,” which was basically the same as a “dole” system, and different from a universal BIG that COSATU had proposed at the Jobs Summit. When Minister of Welfare Zola Skweyiya announced in early 2000 that the government was investigating the feasibility of an income grant, it was again intended only for “people living under the poverty line.”¹⁶ For further investigation of policy options for a “comprehensive social security”, the Cabinet approved in March 2000 the setting up of a ministerial committee chaired by Prof Vivienne Taylor, who was a special advisor to the Minister for Social Development.¹⁷ The Taylor Committee would present a report that clearly supported the introduction of a universal basic income grant two years later.

(2) The Taylor Committee

Before the Taylor Committee was appointed, South Africa had had four governmental

¹⁴ Author's interview with Mr. Neil Coleman, Head of COSATU Parliamentary Office, 16 August 2002.

¹⁵ “Income grant for jobless proposed,” Business Day, 8 August 1999.

¹⁶ “Skweyiya unveils plan to fight poverty,” Business Day, 17 January 2000.

¹⁷ “Govt committee will look at social security options,” Business Day, 23 March 2000.

committees on social security policy reform since the late 1980s; the Mouton Committee of investigation into a Retirement Provision System for South Africa (1988-1992), the Smith Committee on Strategy and Policy Review of Retirement Provision in South Africa (1995), the Lund Committee on Child and Family Support (1996), and the Committee for Restructuring of Social Security (a.k.a. Chikane Committee, 1996). Compared to those committees, the Taylor Committee was comprised of more members who were close to the labour movement and civil society in general. As mentioned earlier, Taylor herself was a member of the reference team that COSATU set up for the commissioned research that led to its proposal of a BIG at the Jobs Summit. She also chaired the hearings on social security in the Eastern Cape, which was part of the National Speak Out on Poverty Hearings organised by the Commission for Gender Equality, the South African Human Rights Commission, and the South African NGO Coalition [SANGOCO, 1998]. Ravi Naidoo is the director of National Labour and Economic Development Institute (Naledi), a labour think tank which is independent but understood to be close to COSATU. As a result, Business South Africa, a major business organisation, recorded its disappointment that “it was not invited to be represented on the Committee” in a submission to the Taylor Committee [Business South Africa, 2000].¹⁸ The Department saw this complaint unjustified, however, because the committee was an “expert committee”, not representative of all interest groups; Naidoo participated in the committee in his personal capacity, not as representative of labour.¹⁹

Although the terms of reference did not specifically mention a BIG, it was understood from the beginning that the Committee would investigate it as a policy option.²⁰ The Committee commissioned a Cape Town based think tank, the Economic Policy Research Institute (EPRI) to simulate the social, economic, and fiscal impact of a BIG, which reached the conclusion that a BIG, assuming the amount would be R100 per month and the total population of South Africa being 44.9 million, was “feasible, affordable, and supportive of poverty reduction, economic growth and job creation” [Samson, Mac Quene et al, 2002]. EPRI researchers led by Michael Samson estimated the net cost of the BIG would be R23.9 billion. Although it was much more expensive than a “dole” system the Department was initially investigating whose cost was estimated between R6 billion and R7 billion²¹ and was as much as the total expenditure of existent grants,²² EPRI argued the fiscal impact would be mitigated by the positive impact of BIG on economic growth, and there was also room for tax reform to cover

¹⁸ On the contrary, the Smith Committee was dominated by business (retirement fund industry), and COSATU complained in its submission on the Smith Committee Report that the Committee did not made enough effort to involve labour in the process of drafting the report. [COSATU, 1996a]

¹⁹ Author’s interview with Mr. Fezile Makiwane, then Chief Director: Social Security, Department of Social Development, 6 June 2002.

²⁰ See for instance “Social Plan to Benefit the Poor” Mail & Guardian, 18-24 August 2000 .

²¹ “Skweyiya unveils plan to fight poverty,” Business Day, 17 January 2000

²² A projected expenditure for social grants in 2001/2002 was R20billion [Department of Social Development, 2002, 6].

the cost considering South Africa's relatively low level of taxation compared to other countries of similar income levels [Samson, Mac Quene et al, 2002].

Along with the research outcome supporting a BIG, pressure from civil society also mounted. Besides COSATU, mainline Christian organisations and Black Sash had endorsed the idea of BIG by the end of 2000 [BIG Coalition, 2003]. The People's Budget Campaign consisting of COSATU, SACC and SANGOCO presented its first alternative budget plan in February 2001, calling for a BIG of between R100 and R200 for all individuals [COSATU, SACC and SANGOCO, 2001]. In March 2001, civil society organisations working in the field of children's rights held a national consultative workshop on "Children's Entitlement to Social Security," which recommended the immediate extension of the child support grant to all children under 18 years as well as the introduction of a BIG as a long-term measure. From the workshop emerged the Alliance for Children's Entitlement to Social Security (ACCESS), an alliance to forward the workshop recommendations [Child Health Policy Institute et al, 2001].

The BIG Coalition was formed in June 2001 to coordinate various groups' efforts to campaign for a BIG. In July 2001, the BIG Coalition handed Prof. Taylor a memorandum calling for the introduction of a BIG to combat poverty. The BIG Coalition was successful in keeping the media's attention on the BIG, although not all articles were in favour of a BIG.²³ Along with the lobbying and media campaign, the BIG Coalition also put pressure on the government through mass action; the Treatment Action Campaign (TAC) organised a march to the parliament on the Budget Day, 20 February 2002, in which around 3000 supporters joined to raise their voices in support of a BIG [Treatment Action Campaign, 2003].

Although the Taylor Committee was supposed to finalise its report by July 2001, the process took much longer and it was only in February 2002 that the committee handed its final report to the Cabinet. The reasons for the delay are not clear, but pressure from the Treasury might have contributed to the delay; it was reported to have warned Taylor that it would reject the proposal of a universal income grant and she should present the Cabinet with some alternatives [Steinberg, 2001]. Nonetheless, the Taylor Committee recommended a phasing-in of a BIG anyway. The report was published in May 2002 for comment.

Following the UNDP terminology, the Committee adopted the "Comprehensive Social Protection (CSP)" approach which "seeks to provide the basic means for all people living in the country to effectively participate and advance in social and economic life, and in turn to contribute to social and economic development" [Taylor Committee, 2002, 41]. The Committee proposed a "CSP package" including measures to address income poverty (social

²³ While most newspapers welcomed the investigation into a BIG in the context of need to address poverty, some expressed concerns about its cost implications. For instance, see "Big question; hard answer," editorial, Star, 9 July 2001.

grants), capability poverty (health, education, water/sanitation, transport, housing, access to jobs and skills training), and asset poverty (land, credit, community infrastructure, etc.).

Although this “CPS package” approach had a lot in common with the “developmental” approach of the White Paper, the Committee’s emphasis was on the need to tackle income poverty first, before rolling out medium-term and long-term programmes to address capability poverty and asset poverty. This was a clear reversal of the “developmental” trend that entailed a shift away from cash transfers. “Income poverty” must be addressed first, the Committee found, because government programmes to address “asset” and “capability” poverty were being compromised because of unsustainable levels of income poverty; for instance, poor people were having difficulty in accessing health care and primary education “because they do not have even the most basic income for transport, food and basic clothing” [Taylor Committee, 2002, 56]. The Committee also found that “income poverty” measures were easier to rollout in the short term than more infrastructural and institutionally intensive “capability” and “asset” poverty programmes [Taylor Committee, 2002, 43]. The Committee recommended the basic income security be provided through social assistance grants, rather than through public works programmes, because the latter do not offer long term viable employment opportunities for the unskilled structurally unemployed, and such programmes are much more costly to run than simple cash transfers [Taylor Committee, 2002, 60, 73-74].

Unlike the Lund Committee, the Taylor Committee did not take the financial parameters under the GEAR framework for granted, and put more emphasis on the state’s constitutional obligation. With regard to the state’s constitutional obligation in terms of socio-economic rights, two important court cases since the Lund Committee Report should be noted; the Grootboom case and the TAC case.

As mentioned earlier, the Bill of Rights of South Africa’s new constitution includes several socio-economic rights as justiciable rights including the right to have access to “social security including, if they are unable to support themselves and their dependants, appropriate social assistance.”

In the Grootboom case, Irene Grootboom and other people, after they were evicted from an informal settlement where they were living, maintained the government was obliged to provide shelters for them, for they were supposed to enjoy the constitutional rights based on sections 26 (right to have access to adequate housing) and 28 (rights of children). Following the High Court ruling in December 1999 which upheld children’s right to shelter, the Constitutional Court in September 2000 ordered the Western Cape provincial government and the Oostenberg municipal government to provide the community with basic sanitation services.²⁴

²⁴ Grootboom and others v Government of the Republic of South Africa and others,

The judgment did not go as far as ordering the government to provide accommodation for them, and admitted that it was the task of the legislature and the executive, not of the judiciary, to decide on the content of measures required for the housing policy. The ruling found at the same time, however, that the measures must be “reasonable both in their conception and their implementation,” and thus gave room for the judiciary to judge whether policy measures were “reasonable” or not.²⁵

In the TAC court case against the government, this “reasonableness” of the government’s HIV/AIDS policy became the focal point. TAC maintained in its affidavit that the government was violating the section 27 of the constitution that guaranteed access to health care by refusing to provide pregnant women with HIV who gave birth in public hospitals with drugs to prevent mother-to-child transmission (MTCT) of HIV. Against this claim, the government argued that there were side effects from taking nevirapine, and that the government did not have resources to implement such policy as demanded by TAC.

The judgment of the Pretoria High Court in December 2001 was in favour of TAC. The court ruling said that, given the grim reality that 70,000 children were infected each year through MTCT of HIV, the government’s policy of prohibiting the use of nevirapine outside the 18 pilot sites was not reasonable and thus violated the section 27 of the constitution. The ruling depended heavily upon the preceding judgment for the Grootboom case.²⁶ Although the government appealed, the Constitutional Court again ordered the government to implement a national MTCT prevention programme.²⁷

The Taylor Committee was fully aware of the implications of these court cases, especially the Grootboom case. The Taylor Committee found that, while social assistance *inter alia* the old age grant was alleviating poverty of households in the second and the third deciles, the first (i.e., the poorest) decile received the *lowest* share of public transfers, and half of individuals in the bottom two quintiles lived in households that received no social assistance [Taylor Committee, 2002, 24, 25 and 59]. The Committee estimated (based on the research conducted by EPRI) that the existing social grants would close the poverty gap only by 37% even assuming the full take-up rate. The Committee pointed out that current programmes failed to satisfy the constitutional imperatives, and thus making the state vulnerable to the

CCT38/00 (21 September 2000), Order of court 21 September 2000 (available on the Constitutional Court website at <http://www.concourt.gov.za>). For the significance of the Grootboom case for the social assistance policy, see Liebenberg [2001].

²⁵ Government of RSA and others v Grootboom and others, CCT11/00 (4 October 2000) [<http://www.concourt.gov.za>].

²⁶ High Court judgment, case no 21182/2001 [<http://www.tac.org.za/Documents/MTCTCourtCase/mtctjudgement.doc>]

²⁷ Constitutional Court judgment, case number CCT8/02, Minister of Health and others v Treatment Action Campaign and others, 5 July 2002 [<http://www.concourt.gov.za>]

Constitutional Court challenges [Taylor Committee, 2002, 63]. Therefore, the Committee concluded that maintaining the status quo could not be upheld as an option, and recommended the two-phased approach towards a comprehensive social protection system, i.e., the extension of the child support grant up to the age of 18 by 2004, and then the introduction of a BIG.

(3) Response to the Taylor Report

Even before the release of the Taylor Report, the Treasury indicated its disapproval about a BIG, although its official line was that it was not against a BIG but exploring various alternatives including a BIG.²⁸ While announcing a R15 billion income tax cut that would only benefit those who earn enough to pay income tax, Finance Minister Trevor Manuel said a BIG was “fiscally unsustainable” and even criticised the BIG proponents as “populist” in the budget briefing for Parliament’s finance committee on the day following the 2002 Budget Speech.²⁹

Compared to the Treasury, the Department of Social Development (former Department of Welfare) was naturally more supportive of a BIG; Minister of Social Development Zola Skweyiya voiced support for the principle of a universal income grant to ease poverty. At the same time, however, he questioned whether South Africa had the resources and institutional capacity to implement it. He was reported to have said, “trade unions shout for BIG, but their members who work in the public service have been unable to deliver to the people.”³⁰

The first response from the government as a whole came in July 2002 after the Cabinet “lekgotla”. While the Cabinet did not entirely reject a BIG and postponed its decision on whether or not to introduce a BIG until January 2003, it was made clear that the Cabinet was having difficulties with the Taylor Committee’s recommendations. The reasons cited were more ideological than fiscal, however. Government spokesperson Joel Netshitenzhe told the press 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”. He also said “we would rather create work opportunities” and suggested the government was considering a “massive expanded public works programme,” which could cost much more

²⁸ Author’s interview with Mr. Daniel Plaatjies, Director: Social Security and Welfare Services, Public Finance, National Treasury, 5 June 2002.

²⁹ “Basic grant suggestion rejected as ‘populist’,” Business Day, 22 February 2002. Despite the opposition from the treasury, the fact that the treasury could give a massive tax cut gave a stronger ground for the argument that the BIG was actually affordable. This made the tone of media reports change slightly and for instance influential Mail & Guardian questioned in its editorial sympathetic to the BIG, “Might that R15-billion not have been better spent?” (Mail & Guardian, 22-28 February 2002)

³⁰ “Small chance of BIG now,” Mail & Guardian 3-9 May 2002.

than a BIG, if it is implemented in a “massive” scale (apart from the problem of practicality of a “massive” public works programmes at all).³¹ In sum, the Cabinet’s “philosophical approach” was different from that of the Taylor Committee.³²

The “philosophy” of the ruling party ANC was made clearer in the process culminating in the ANC 51st National Conference in December 2002, the resolution of which would be the principal guide for all sorts of policy in South Africa for next five years.

In August, Agriculture and Land Affairs Minister and the head of ANC’s social transformation department Thoko Didiza remarked that the BIG should be carefully considered because of its possibility of “creating dependency” and said “discussion at the moment is about the values underpinning such a grant.” She also implied a BIG could be linked with public works projects to provide the jobless with temporary employment, so that the grant would not be “a mere hand-out”.³³

From those remarks it is clear that the government/ANC preferred the “workfare” approach to the “basic income” approach. Therefore the ANC/government had fewer problems with the extension of the child support grant for children, despite the fact that the original age limit had been determined to meet the fiscal constraints of the supposedly “non-negotiable” GEAR framework.³⁴ Minister for Social Development Zola Skweyiya had announced in his budget vote speech in March 2002 that the Department would “put children first” in its social security policy [Skweyiya, 2002]. At its National Policy Conference in September 2002, ANC resolved that the age eligibility for the child support grant be raised [ANC, 2002b], and the ANC National Conference in December 2002 resolved to “review the age limit for child support grant to cover children up to the age of 14 years [ANC, 2002e].

At the same time the Department also ran a national campaign to register more children for the child support grant. The low take-up rate of the child support grant due to the cumbersome means tests had fueled demands for universal grants such as BIG, so the

³¹ According to Adato et al cited in McCord [2002], the cost of PWP implemented in Western Cape varied between R40 and R749 per workday (1999 prices).

³² “Cabinet puts poverty grant on ice,” Sunday Times, 28 July 2002.

³³ “Didiza cautious about basic income grants,” Business Day, 14 August 2002.

³⁴ Considering that the Aid to Families with Dependent Children (AFDC) in the United States was retrenched in the trend for the “workfare”, one might think the child support grant in South Africa could also follow that route. However, because the child support grant came into place by slashing the “parent allowance” part of the state maintenance grant, its characteristic as a grant purely intended for children is stronger than the state maintenance grant and AFDC in the United States. Moreover, the child support grant is based on a “follow the child” approach and is paid to the primary care giver who is not necessarily the child’s biological mother but often a grandmother or other member of the extended family because of the increasing number of AIDS orphans, which makes the “workfare” approach for the child support grant unpractical.

campaign's success could potentially weaken the grounds of arguments for a BIG. This posed some dilemma for the BIG Coalition, for most of its members, especially ACCESS, had interest in registering more children and adults for existing grants. The BIG Coalition could not expect to utilise the registration campaign very much to raise awareness about the BIG, because careful attention had to be paid not to cause confusion among people so that they would not try to apply for a BIG, which still did not exist.³⁵ The BIG Coalition member organisations cooperated with the Department anyway because poverty alleviation was a key concern for most members, and the registration campaign has borne fruits, with 2.7 million children registered for child support grant by May 2003 [Skweyiya, 2003] compared to 600,000 children in 1999.³⁶

Meanwhile, although a BIG was discussed at the Provincial Policy Conferences that preceded the National Policy Conference,³⁷ draft resolutions adopted at the National Policy Conference was silent about BIG [ANC, 2002b]. ANC secretary-general Kgalema Motlanthe implied the party's disapproval for a BIG by saying "we should assist the indigents in reclaiming their dignity rather than depending on a dole system,"³⁸ while it clearly supported "a major extension of community based public works programmes to create employment." [ANC, 2002a]

By the time of the Policy Conference in September 2002, some commentators seem to have thought that the political life of BIG was over.³⁹ However, the ANC leadership was aware that pressure from "new issue-based organisations" including TAC and the BIG Coalition which "mobilise around genuine grievances in particular communities or sectors" were not ignorable, and the outright dismissal of their demand could undermine the support base of the ANC [ANC, 2002d]. This awareness, intensified by the pressure from the BIG Coalition mainly through channels COSATU has as an alliance partner of the ANC, resulted in the insertion of a paragraph in the final National Conference Resolution that the ANC would "continue to engage progressive forces campaigning for the introduction of the Basic Income Grant (BIG) on our approach of focusing on a comprehensive social security system consistent with a people-driven and people-centered developmental approach to poverty eradication." This entire paragraph did not exist in the draft resolution adopted in the Policy Conference in September. It was reported that the Conference Commission on Social Transformation threw out a proposal from the ANC National Executive Committee calling for the rejection of a BIG [COSATU, 2003].

³⁵ Discussions at various BIG Coalition Western Cape meetings.

³⁶ "Pushing back the frontiers of poverty," Business Day, 22 October 2002.

³⁷ "Provinces put pressure on ANC over income grant," Mail & Guardian, 4-10 October 2002. Also see ANC [2002c].

³⁸ "ANC plans to boost child welfare," Business Day, 30 September 2002.

³⁹ For instance, Jonny Steinberg [2002] wrote on September 26, 2002 that "it is all but certain" that the BIG will be rejected .

What this paragraph really meant was not self-evident. Norman Reynolds [2002], who had voiced support for a BIG until the National Conference took place, interpreted the resolution to mean “the ANC will talk to the ‘progressive forces’ but only to tell them why it does not want the grant” and concluded that “ANC has decided to abandon the basic income grant.” However, the BIG Coalition perceived it as a victory because the resolution kept “the BIG on the national agenda,” despite fears that the Conference would ignore or reject the BIG [COSATU, 2003]. When we read the resolution having in mind that the draft resolution on social transformation did not mention a BIG at all, we could say there were good reasons for the BIG Coalition to welcome the final resolution.

It was a direct result of the ANC National Conference resolutions that the Cabinet “lekgotla” in January 2003 did not make the final decision on the BIG and postponed the decision again to the next “lekgotla” in July 2003. This has given the BIG Coalition at least two further opportunities to engage with policy makers in June 2003: the Growth and Development Summit on June 7, and the Portfolio Committee on Social Development Hearings on the Taylor Committee Report on 9-10 June, 2003. The Growth and Development Summit is of a similar character as the Jobs Summit in 1998, in which each of the four constituencies of NEDLAC would bring its own proposal and negotiate with each other. As was in the Jobs Summit, the labour constituency has included the proposal for a BIG in its position paper, as well as “publicly funded public works and community service programmes, especially for the youth,” as short-term measures [NEDLAC Labour Constituency, 2003]. At the Growth and Development Summit, the constituencies agreed to discuss the extension of the social protection framework, including for the long-term unemployed (including youth), pensioners, and those households with low incomes and people with disabilities based on the recognition that current social security measures form a crucial measure to fight poverty [NEDLAC, 2003]. It was also agreed that the government would take the framework for social protection back to NEDLAC for engagement with the constituencies [Ibid.].

It is understandable that the Government/ ANC leadership prefers spending limited resources on the policy combination of extending the child support grant and public works programmes by which they can appeal the nation that they are doing “job creation” as well as poverty alleviation. What they do not say, however, is that South Africa’s unemployment rate is so high that public works programmes would not be able to create enough jobs however “massive” they would be. The recognition of the impossibility of achieving full employment, or even the significant reduction of unemployment at least in the short to medium term, was at the bottom of the recommendation of the introduction of a BIG by the Taylor Committee [Taylor Committee, 2002, 15]. Although the whole debate is sometimes perceived to be “BIG vs. Public Works Programmes”, the BIG Coalition is not opposing the PWP but argues for the “package” of BIG, PWP and other interventions [BIG Coalition, 2003].

4. The Dynamics of the Basic Income Grant Coalition

The Basic Income Grant Coalition is a loose network of various civil society organisations that call for the introduction of a BIG. Member organisations include the labour movement (COSATU), faith-based organisations (SACC, South African Catholic Bishops' Conference, Anglican Diocese of Johannesburg, Church of the Province of South Africa, Diakonia Council of Churches, Ecumenical Service for Socio-Economic Transformation, and Joining Hands against Hunger), organisations with expertise of human rights law (Black Sash, Community Law Centre of University of Western Cape, National Association of Democratic Lawyers Human Rights Research and Advocacy Project), organisations working for certain sectors of the society (children: ACCESS, Children's Institute of University of Cape Town, and Resources Aimed at Preventing Child Abuse and Neglect, HIV/AIDS: AIDS Consortium and TAC, women: Gender Advocacy Programme and Women on Farms Project, youth: Joint Enrichment Programme and Young Christian Workers, and aged: Age-in-Action), research-based organisations (Co-operative for Research and Education, Foundation for Contemporary Research, South Africa New Economics Foundation, as well as Community Law Centre and Children's Institute cited above), and civil society in general (SANGOCO).⁴⁰

COSATU is without doubt one of the key members of the Coalition. The channels that COSATU has as an alliance partner with the ANC are crucial to the Coalition both in building campaigning strategies and in lobbying activities. Members of COSATU are employed in the formal sector, and not the poorest of the poor who need a BIG for their survival. While the working poor would directly benefit from the grant, most of its members would pay back and even have to subsidise the grant. Still it makes sense for COSATU to support a BIG, because the introduction of a BIG would indirectly benefit its members by reducing their burden of supporting the unemployed and poor within their households or through remittances to other households. COSATU has its organisational interest in the socialisation of welfare, because it is the working people who are bearing the major burden of providing private welfare to those who are not covered by the public social security system [Matisson and Seekings, 2002]. In other words, under the current social security system with huge gaps, "poverty is a tax on working people"[Coleman, 2003].

Although it is beyond doubt that COSATU has played an important role in the BIG campaign, it is rather misleading to say that the BIG Coalition is "dominated" by the trade union movement [Nattrass and Seekings, 2002]. The Black Sash, one of the oldest human rights NGOs in South Africa with a long history of assisting people with accessing social grants, is another key player in the Coalition. The Black Sash has advice offices in major cities to give people legal advice, and nearly half of the cases they deal with are on social grants (10,963 out of 24,786 cases in 2002 [Black Sash, 2003]). Cases related to social grants are especially prevalent in Eastern Cape, most of which are caused by problems with means tests

⁴⁰ The member list is based on the BIG Coalition [2003].

and/or administrative capacity. The Black Sash's call for a universal, non-means-tested grant stems from its first-hand knowledge of what is happening on the ground. It has also developed concrete proposals regarding the administration of social grants, including utilisation of smart card technology in the new Home Affairs National Identification System (HANIS) [Penderis, 2002; Black Sash, 2002]. The Black Sash does the secretarial jobs of the Coalition, such as organising meetings and circulating information among members, and often represents the Coalition in conferences and meetings.

The Community Law Centre has contributed to the Coalition with its constitutional insight [Community Law Centre, 2002]. Sandra Liebenberg, project coordinator of the socio-economic rights project, was deeply involved in the constitution writing process as a technical expert for the theme committee on fundamental rights, which was responsible for drafting the Bill of Rights of the new constitution. Since the constitution was finalised, the Community Law Centre has been involved in various research and advocacy projects to monitor the progress of realisation of socio-economic rights, and shed light on the significance of the landmark decision in the Grootboom case [Liebenberg, 2001]. The Black Sash and the Community Law Centre, as well as other organisations such as Women on Farms Project which would all gather under the banner of ACCESS, were at the centre of the campaign around the child support benefit reform following the Lund Report.⁴¹

Christian organisations are also quite active in the Coalition. Churches, which gave moral and material support to the anti-apartheid struggle, are now focusing on poverty-related issues. Among others SACC got involved in the BIG campaign from the early stage through collaboration with COSATU in the People's Budget Campaign. Besides the interest in attacking poverty which presents Churches with an "ethical crisis"[Tsele, 2002], SACC also argues that the introduction of a BIG could contribute to national reconciliation as a way to fulfill the Truth and Reconciliation Commission's recommendation around reparations [SACC, 2003]. The BIG became the main theme of the SACC Christmas campaign in 2002, and the materials produced for the Christmas campaign have been used by the entire Coalition for the purpose of raising awareness about the issue.

All these member organisations have various backgrounds and interests, and it is not always easy to reach consensus among the Coalition. The issue of the extension of the child support grant is a case in point. Before the release of the Taylor Report, there was a difference of opinion inside the Coalition as to whether they should advocate straight for a BIG or take a phased approach in which the extension of the child support grant would be regarded as the crucial first step for a BIG. Some members of the BIG Coalition thought it would be strategically better to focus solely on a BIG. On the other hand, the priority for children's rights organisations that formed ACCESS was the extension of the child support grant to

⁴¹ Author's interview with Ms. Allison Tilley, former Black Sash member, 16 August, 2002; author's interview with Ms. Denise Damon, Women on Farms Project, 19 March, 2003.

children up to the age of 18 years, although they also supported a BIG because social grants including the child support grant were being used for entire families and not only for the intended beneficiary, i.e., children in the case of child support grant.⁴² Once the Report was released, however, the BIG Coalition consensually welcomed the report as “revolutionary,” and acknowledged “the practicality of a phased approach, provided it is based on the principle of universality and abolition of the means test” [BIG Coalition, 2002].

The BIG Coalition emphasises that what they want is a universal grant which “would be available to everyone, from cradle to grave, and should not be subject to a means test” which is different from the “dole” system for the unemployed only. Meanwhile, the opposition party Democratic Alliance (DA) has expressed its support for an income grant of R110 per month for individuals who earn less than R7,500 per annum, which is basically a “dole”. The fact that the DA calls such a grant a “basic income grant” despite the fact that it is not a universal grant, seems to be creating some confusion in the debate surrounding the BIG. We cannot, however, attribute the responsibility solely to the DA, as the government was using the word “basic income grant” the same way during 1999 and 2000, as we have seen already. The DA’s initial response to the government’s announcement of investigating the feasibility of such a grant was total rejection; in January 2000, Douglas Gibson of the then Democratic Party (DP) was reported to have said “the Minister can surely not be serious.”⁴³ One month later, however, the DP proposed its own version of a BIG, suggesting it would be financed by raising the Value Added Tax (VAT).⁴⁴ Because of the regressive nature of VAT, the redistributive effect of the grant financed by VAT would be smaller than when financed by progressive income tax, which is COSATU’s preferred option.⁴⁵

In order to target beneficiaries the DA proposes the grant should carry a value 20 times larger for income tax purposes, so that those who earn more than R7,500 would pay more in tax than the value grant itself and thus be discouraged from applying for the grant; in other words, the idea is that the income tax system would take over the role of the problem-ridden means tests [Democratic Alliance, 2002]. Although it might sound innovative, COSATU has pointed out that it is actually unworkable because there is no income tax for those earning below the tax threshold (currently R30,000 per year), and there is no disincentive for those who earn between R7,500 and the threshold to apply for the grant [COSATU, 2002b]. Therefore, unless the tax threshold is drastically lowered to include those who are currently exempted from paying income tax, it would require means tests to identify those who earn below R7,500, which contradicts the DA’s claim that there would be no means test [Democratic

⁴² Author’s various interviews and discussions with BIG Coalition members. See also ACCESS [2002].

⁴³ “SA may get dole system,” Citizen, 17 January 2000.

⁴⁴ “DP wants dole for poor” Financial Mail, 18 February 2000.

⁴⁵ The BIG Coalition as a whole is open to various options, but just says “a substantial portion of cost of the grant should be recovered progressively through the tax system.” (BIG Coalition Platform [BIG Coalition, 2003, appendix B])

Alliance, 2002].

There are significant tensions between the DA and the BIG Coalition, especially COSATU; COSATU has criticised the DA for turning the BIG issue into “a party political football” and called its support for (what it calls) a BIG as “rank opportunism of the worst kind” intending to win black votes (that it has been failing to attract so far) in the 2004 elections [COSATU, 2002b]. The DA leader Tony Leon dismissed this criticism as a “hysterical attack on the DA” and maintained COSATU made “a range of silly accusations that require a response”. However, he has not given any explanation regarding the unworkability that COSATU pointed out about the DA’s proposal [Leon, 2002].

Some researchers argue that COSATU’s position in the tripartite alliance might become a weakness for the Coalition because COSATU’s interest in protecting leverage in the government prevents the Coalition from adopting a more confrontational approach and put more pressure on the government. [Matisonn and Seekings, 2002, 20; Habib, 2002] However, the BIG Coalition member organisations generally see the “strategic engagement” [Coleman ed., 2000, 5] with the structure of policy and law making as more productive than a mere confrontation. The TAC’s campaign for the universal access to HIV/AIDS treatment, which is without doubt the most successful social movement in the post-apartheid South Africa, has been fought with COSATU’s support. A BIG would have not become an alternative in the first place without COSATU’s engagement.

Campaigning as a broad civil society coalition has merits for COSATU as well, because it would strengthen its bargaining power in the tripartite alliance. By working with other civil society organisations COSATU can also testify it is working not just for the narrow interest of organised workers but also for broader social interests, against the widespread criticism of “labour aristocracy”.

5. Conclusion

With the interest in how we could understand the debate around a BIG in South Africa in the international context, section one has shown that the idea of “basic income” emerged as a response to the crisis of welfare states, and even though South Africa has never been a welfare state, the BI approach is relevant to South Africa as well, because the problem the country faces, namely mass structural unemployment, has some similarity in structure with problems of Northern welfare states against the backdrop of globalisation and post-industrialisation. It has also been shown that extreme poverty and inequality, insufficient administrative capacity and the existence of a relatively well-developed social assistance system have further accelerated the demand for a BIG, making South Africa one of the first countries in the world where policy makers seriously consider a BIG as an alternative. Influenced by the debate in

South Africa, neighbouring Namibia has also started considering the introduction of a BIG.⁴⁶

While we have understood that a BIG is a reasonable response to the crisis South Africa is facing, it was not self-evident at all that it would become a policy alternative. Therefore the analysis of policy process is required, which was done in the sections two to four. We have seen the crucial role COSATU has played in bringing and keeping the BIG on the agenda, although it has been also pointed out that reducing the entire BIG Coalition to COSATU is wrong. Other member organisations such as the Black Sash, SACC, ACESS, and Community Law Centre have also been playing important roles. This could be understood if we see the call for a BIG as the most recent part of the series of campaigns and policy engagements by civil society organisations to reverse the policy trend of shift away from cash transfers. In addition, the significance of socio-economic rights provisions in the new constitution was explored.

Although the Coalition has not seen the prospect of the introducing a BIG, the policy trend has been clearly reversed, and now there is a broad consensus among policy makers that expanding social assistance should be at the centre of policy intervention to address poverty. The amount for social grants was raised above the inflation rate both in 2002/03 and 2003/04 fiscal years. It has also been determined that the child support grant be gradually extended to children under the age of 14. Although to what extent social assistance would be expanded each year would be subject to fiscal constraints, this newly set policy trend would not be easily reversed again, considering the constitutional obligations put on the state to “take reasonable legislative and other measures... to achieve the progressive realisation” of socio-economic rights, including the right to have access to social security.

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⁴⁶ “Good News for Poor,” The Namibian, 12 June 2003.

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