

# The debate on the Basic Income Grant in South Africa: Social citizenship, wage labour and the reconstruction of working-class politics<sup>1</sup>

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*The 2002 report of the Taylor Committee of Inquiry into a Comprehensive Social Security System for South Africa recommended widespread social policy changes. A key suggestion in the report was the phased introduction of a Basic Income Grant (BIG) on a universal, non-means tested basis. In this way, the report addressed widespread demands by labour and civil society organisations for a form of income to be provided independently from individual employment conditions. The Taylor committee's support for the BIG remains, however, largely rhetorical, as the basic thrust of its final report continues to see social inclusion primarily as a matter of labour market participation. Using an approach influenced by Harold Wolpe's view of the relations between class politics and the contestation of state ideology, this paper relates the current stalemate in policy debates on the BIG to shortcomings in organised labour's strategy, despite the unions' vocal support for the grant. The reassertion of a wage-centred paradigm of social inclusion, therefore, interrogates the limitations of working-class politics in shaping the policy orientations and discourse of the new democracy.*

## Introduction

An important aspect in the theoretical contribution of Harold Wolpe's work consists in the way in which he problematised the reproduction of wage labour as a challenge facing capitalist development. His assessment of structuralist Marxism, in fact, criticizes the abstract centrality of economic relations, while his view of the "articulation of modes of production" refuses to see social relations as merely functional to the development of the dominant mode of production.<sup>2</sup> Wolpe's reading of African migrant proletarianisation and the Bantustans system in Apartheid South Africa maintains that wage labour is the product of contestation, whereby capitalism's pervasiveness as a form of domination relies on its ability to discipline and reorder, rather than eradicate and replace, different forms of economic rationality.<sup>3</sup> Such functions were performed by state ideologies and juridical forms, which defined the

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<sup>2</sup> H. Wolpe, 'Introduction', in *The Articulation of Modes of Production. Essays from Economy and Society* (London, Routledge and Kegan Paul, 1980), pp. 1-43.

<sup>3</sup> H. Wolpe, 'Capitalism and Cheap Labour-Power in South Africa: From Segregation to Apartheid', *Economy and Society*, 1, 4 (December 1972), pp.425-456.

peculiarly subordinate condition of the rural African migrant. For Wolpe these were integral to the very definition of the mode of production, rather than being its mere reflections. His analysis of Apartheid portrayed a form of state whose power rested upon the articulation of capitalist and pre-capitalist formations. The racial state constructed to that effect a hierarchy of citizenship prerogatives based on differential modes of insertion into wage labour across the rural-urban divide.

Wolpe's conclusions on the relations between the racial state form and the reproduction of "cheap labour" have been convincingly criticized as echoing the very functionalism he purported to avoid.<sup>4</sup> His emphasis on state ideologies to explain socio-economic domination remains, however, quite relevant. Furthermore, he saw the need to contest ideological formations as part of a class politics that he refused to mechanically derive from the objective economic relations that constitute class.<sup>5</sup> The need to critically address the state's policy discourse, and the social hierarchies which it presides, is evident in Wolpe's approach to class, a notion that he refers to social agency more than mere socio-economic location.

Wolpe's work provides an adequate starting point for this paper, which develops some of his methodological suggestions in the post-Apartheid context. It argues, in particular, that in the new democratic dispensation wage labour continued to define hierarchies of rights and citizenship structured by official policy discourse. The salience of such connections has not disappeared, even if institutional social hierarchies are no longer constructed along racial lines. The policy discourse of the post-Apartheid state has in fact considered wage labour as the cornerstone of social inclusion, regardless to the fact that waged employment is facing a profound crisis both as a stable, diffuse social condition, and as a vehicle for social rights. At the same time, the centrality of wage labour in post-Apartheid social policy is increasingly criticised, as emphasized by recent debates on the possibility to introduce a basic income grant (BIG), or an individual, universal transfer not related to employment status. My case study of such debates critically evaluates the ways in which working-class organizations have related to the centrality of wage labour in social policy discourse. It assesses, in particular, trade unions' approaches and strategies, questioning to what extent they reflect possibilities to renew independent working-class politics.

In the decade that followed South Africa's first democratic elections in 1994, the country has confronted enduring poverty and inequality, and a growing inability of waged employment to provide an effective avenue for social inclusion. According to official statistics, the unemployment rate has been consistently hovering at around 35-40 per cent, if discouraged jobseekers are included. Only one third of the African economically active population is in full-time jobs, and most jobseekers in their 20s and 30s (Africans for the overwhelming majority) have never had a formal occupation. Most new jobs are created as 'atypical', casual and informal employment with low levels of unionisation, poverty wages, scant protections, high vulnerability and limited social benefits.<sup>6</sup>

At the same time, public sector withdrawal from policies of redistribution has followed orthodox macroeconomic prescriptions of fiscal discipline and public spending thrift. As a result, the post-Apartheid social policy discourse has continued to rely heavily

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<sup>4</sup> Y. Moulier-Boutang, *De l'esclavage au salariat. Economie historique du salariat bridé* (Paris, Presses Universitaires de France, 1998), pp.640-44.

<sup>5</sup> H. Wolpe, *Race, Class and the Apartheid State* (Paris, UNESCO, 1987).

<sup>6</sup> H. Bhorat and M. Oosthuizen, 'The Post-Apartheid South African Labour Market', Working Paper 05/93 (Cape Town, Development Policy Research Unit, 2005).

on individual labour market participation as a primary condition of social inclusion. 'Job creation' rhetoric and work ethic remained central in the anti-poverty approaches of the post-1994 African National Congress (ANC) government. Its policy paradigms have given wage labour powerful disciplinary and pedagogical meanings, educating the poorest sections of the population to the idea that full citizenship revolves around individual responsibility, labour market activation, and the avoidance of 'dependency' on public spending. Conversely, the government regards with suspicion policies of generalised access to social provisions funded via redistributive transfers. Official policymaking regards such ideas as conducive to 'unsustainable' fiscal burdens that, while sapping private investor confidence, would encourage poor people's claims and expectations for more state 'handouts'.

The next section provides a framework of the scholarly and policy debates on the relationships between wage labour and social policy in post-Apartheid South Africa against the background of relevant international trends. The following section looks at the development of a post-Apartheid social policy discourse that has remarkably privileged the role of waged employment while marginalizing resource redistribution and state transfers. The final section examines the ways in which the Taylor committee has rethought such a policy framework, and how the proposal for a basic income grant relates to demands by labour and civil society for anti-poverty measures not primarily dependent on the labour market.

### **Social Citizenship, Social Policy and the South African Transition**

The public provision of social benefits that do not strictly depend on individual employment positions is a central feature of the concept of 'social citizenship', which – from T.H. Marshall's original definition<sup>7</sup> to more recent elaborations like G. Esping-Andersen's<sup>8</sup> – includes different forms of social insurance, social assistance, healthcare and retirement benefits funded through public spending. At the same time, social citizenship is a terrain of contestation because the provision of benefits outside the labour market is not intended to exempt recipients from participating in waged jobs, but it rather aims to facilitate their employment as a mechanism to fund social provisions. Moreover, different social benefits are usually available to the employed and the unemployed.<sup>9</sup> Contestation, therefore, tends to take place between government policies that tie social provisions to employment status, and demands by organised labour and social movements that want to expand social benefits through redistributive transfers to minimize individual dependence on employment.

In an age of welfare reform and social security downsizing, neoliberal governance in the industrialised world has emphasized the role of market relations in disciplining individuals, for which public provisions are supposed to play an increasingly residual, 'enabling' and supportive role. Downsized public services become increasingly functional to inserting the individual in the labour market, rather than minimizing its dependence upon it. In 'workfare' schemes, for example, social benefits are temporally limited and conditional upon the recipient's success in finding employment.<sup>10</sup> Such a coercive use of social provisions is usually loaded with a moral

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<sup>7</sup> T.H. Marshall, 'Citizenship and Social Class', in T.H. Marshall, *Class, Citizenship and Social Development* (Chicago, University of Chicago Press, 1964), pp.71-134.

<sup>8</sup> G. Esping-Andersen, *The Three Worlds of Welfare Capitalism* (Cambridge, Polity Press, 1990).

<sup>9</sup> F. Fox-Piven and R. Cloward, *Regulating the Poor. The Functions of Public Welfare* (New York, Vintage, 1993).

<sup>10</sup> J. Handler, *Social Citizenship and Workfare in the United States and Western Europe. The Paradox of Inclusion* (Cambridge, Cambridge University Press, 2004).

discourse opposed to 'dependency' on public spending. Concurrently, vulnerable recipients, such as lone mothers with children, are stigmatised and presented as morally corrupt and behaviourally undisciplined.<sup>11</sup>

Over the past three decades, African societies affected by structural adjustment have also seen a deepening erosion in the social welfare functions of the state. The limited numerical extent of the waged working class, moreover, has historically provided in such societies a limited fiscal basis to fund social insurance and social assistance schemes. As a result, colonial as well as postcolonial states have heavily relied on a policy discourse of self-help, family-based solidarity, and community development to deliver social security to the majority of poor, unemployed and informal workers. The colonial origins of this discursive modality has initially allowed African states and employers to limit their obligations to relatively small layers of urbanised waged workers.<sup>12</sup> In the context of structural adjustment during the 1980s and 1990s, demands of public sector downsizing by international financial institutions have portrayed urban beneficiaries of full-time jobs and formal social security as relatively privileged social strata, from which sacrifices and cutbacks were required in the interest of the very poor. Moreover, formal employment as a basis to fund social security has also shrunk as a result of public spending cuts and trade liberalisation. African systems of social security have remained poorly developed, covering a minority of formally employed workers and addressing a very limited number of contingencies.<sup>13</sup> Finally, social assistance funded through taxes has been increasingly confined to groups with special needs and vulnerabilities (children, elderly, disabled), while already limited public pension and healthcare systems have undergone extensive privatisation. As a result, the vast majority of the African population does not enjoy any form of access to social security schemes.<sup>14</sup>

South Africa's socioeconomic structure differs to a large extent from that of other African countries as an early industrialisation process has seen here the emergence of a sizable, permanently urbanised working class,<sup>15</sup> which potentially provides a meaningful fiscal foundation to build comprehensive social security systems. The establishment of a form of state based on racial domination and white minority rule, which entrenched racial segregation as the rest of the continent was decolonising, has however largely limited access to social security to people of European descent. Similarly to colonial government elsewhere, the Apartheid state retained, however, a strong scepticism towards universal social provisions funded through redistribution. As Seekings and Natrass argue,<sup>16</sup> even the well-developed social security system for the white minority relied more on employment-related protections, like racially segregated occupations, benefits, education and training, rather than on publicly funded retirement or healthcare. Conversely, social movements' and trade unions'

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<sup>11</sup> S. Schram, *After Welfare. The Culture of Postindustrial Social Policy* (New York, NYU Press, 2000).

<sup>12</sup> F. Cooper, *Decolonization and African Society. The Labour Question in French and British Africa* (Cambridge, Cambridge University Press, 1996) and J. Lewis, *Empire State-Building. War & Welfare in Kenya, 1925-1952* (Oxford, James Currey, 2000).

<sup>13</sup> E. Kaseke, 'Social Security and Older People. An African Perspective', *International Social Work*, 48, 1 (March 2005), pp. 89-98 and S. Adejumobi, 'Economic Globalization, Market Reforms and Social Welfare Services in West Africa', in T. Aina, C. Chachage and E. Annan-Yao (eds), *Globalization and Social Policy in Africa* (Dakar, CODESRIA, 2004), pp. 23-46.

<sup>14</sup> W. van Ginneken, 'Extending Social Security: Policies for Developing Countries', *International Labour Review*, 142, 3 (June 2003), pp. 277-294.

<sup>15</sup> M. Mamdani, *Citizen and Subject. Contemporary Africa and the Legacy of Late Colonialism* (Princeton, Princeton University Press, 1996), pp.218-264.

<sup>16</sup> J. Seekings and N. Natrass, *Class, Race, and Inequality in South Africa* (New Haven, Yale University Press, 2005), pp.128-165.

opposition to Apartheid, which was revived by strike waves and urban township insurgency in the 1970s and 1980s, has increasingly targeted racial segregation and exclusion in social provisions. The late Apartheid state was forced to expand access to services for the black majority, as testified by the increasing coverage of old-age pension grants for Africans and the admission of African employees to employer-subsidised retirement and healthcare.

The trend, visible in developing and developed countries alike, to make access to state-funded social benefits conditional on the individual's ability to find waged employment is challenged by scholars arguing that decent and stable wage jobs are a reality for only a shrinking portion of the economically active population. As an alternative, many scholars propose forms of 'basic income' or 'citizenship income'. According to them, the changed welfare and labour market realities of globalised capitalism – with rising occupational instability and declining levels of social benefits coverage – require forms of income that minimize dependence on the labour market. In this perspective, basic income takes the form of monetary transfers that are universal in nature, aimed at individual recipients, and not related to means testing or employment status.

Different, often contrasting views characterize international scholarly debates on basic income. Some still support this idea as an intervention to relieve joblessness, help workers to retrain themselves for new occupations and facilitate individual insertion in employment.<sup>17</sup> Therefore, basic income as such does not challenge the centrality of wage labour as the main vehicle of social citizenship and inclusion. Other authors<sup>18</sup> advocate universal cash transfers to replace earnings lost to what they see as a structural decline of waged employment. For Claus Offe there is a stark contradiction between the collapse of the 'centrality of the labour contract' as a basis of social order and its persistent influence on individual lives. Unemployment and precarious employment define a scenario of vulnerability as 'shakiness and harmful unpredictability, as well as the lack of social recognition and appreciation'<sup>19</sup> as the labour contract fails to provide an adequate social protection. In more radical views, unemployment actually ceases to be only a social problem, and becomes an opportunity to think alternative forms of social citizenship capable to liberate individuals from waged work, labour market dependence and their associated forms of social discipline.<sup>20</sup>

Debates on universal basic income are relevant to a South African context characterised by massive long-term unemployment and the predominance among the jobless of low-skill workers with limited hopes for full-time employment with benefits.<sup>21</sup> At the same time, the idea of generalised cash grants to be provided regardless to the occupational status of recipients could be at the centre of intense controversy in the post-Apartheid reality. Conflicts on the issue are made possible by the particular conjunction of political liberation and economic liberalisation that has characterised the country's democratisation in the last two decades. Following a remarkable process of unionisation in the 1970s and 1980s, the black labour

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<sup>17</sup> A. Gorz, *Reclaiming Work. Beyond the Wage-Based Society* (Cambridge, Polity Press, 1999) and G. Standing, *Beyond the New Paternalism. Basic Security as Equality* (London, Verso, 2002).

<sup>18</sup> C. Offe, 'Towards a New Equilibrium of Citizens' Rights and Economic Resources?', in W. Michalski, R. Miller, and B. Stevens (eds), *Societal Cohesion and the Globalising Economy. What Does the Future Hold?* (Paris, OECD, 1997), pp.81-108 and M. Hardt and A. Negri, *Empire* (Cambridge, Mass., Harvard University Press, 2000), pp.401-403.

<sup>19</sup> C. Offe, 'Towards a New Equilibrium', p.82.

<sup>20</sup> A. Dinerstein and M. Neary (eds), *The Labour Debate. An Investigation into the Theory and Reality of Capitalist Work* (Aldershot, Ashgate, 2002).

<sup>21</sup> J. Seekings and N. Nattrass, *Class, Race and Inequality*.

movement provided a decisive contribution to the downfall of Apartheid. The demands and expectations of the unionised working class were reflected in many features of the new democratic dispensation. The 1994 *Reconstruction and Development Programme* and the 1996 Constitution were broadly favourable to redistributive policies and the institutionalisation of social rights like education, welfare, healthcare and housing.

Moreover, the translation of constitutional principles into social policies was largely left to corporatist-styled bargaining institutions, especially the National Economic Development and Labour Council (NEDLAC), based on the centralised national representation of the organised interests of labour, business, civil society and the state.<sup>22</sup> In a context where union membership is linked to employment, however, the union movement does not directly represent the interests of the jobless, which, apart from a poorly organised NEDLAC 'community constituency', have a very limited impact on corporatist policymaking.<sup>23</sup> The union movement gained nonetheless an important voice as a partner in the negotiation of proposed social and employment legislation. The 1995 Labour Relations Act, moreover, protected as never before the unions' right to organise, bargain and strike.

The sphere of macroeconomic policymaking, however, told a different story. The transition to democracy took the form of a negotiated compromise that committed the ANC government to protect corporate prerogatives and adopt an orthodox, free-market path to financial adjustment in the interest of economic stability and investor confidence.<sup>24</sup> The 1996 Growth, Employment and Redistribution (GEAR) strategy privileged budget deficit containment and public spending thrift, which ended up subordinating the realization of the universal social rights of the 1996 Constitution to the resource constraints defined on a yearly basis by an increasingly powerful Department of Finance.<sup>25</sup> In contrast with its newly found political and institutional status, the main union federation, the ANC-allied Congress of South African Trade Unions (COSATU) felt marginalised by the new course in economic policymaking and vociferously opposed GEAR.

The democratic transition was ultimately characterised by a contradiction between a social and political framework that enabled expectations for redistribution and access to jobs, services and resources, and a macroeconomic orientation based on containing social claims in the interest of fiscal discipline. As a response, many commentators have tended to de-emphasize the government's obligations towards the poor and the unemployed, placing on these latter the main responsibility for their own uplift. In such analyses, therefore, access to a job, independently from its wage and conditions, remains a necessary, albeit not always sufficient, requirement for effective social inclusion.<sup>26</sup> Seekings and Natrass go as far as to see a new class divide emerge between the employed and the unemployed.<sup>27</sup> They argue that union protections and collective bargaining enforced by law strengthen the 'privileged' status of the minority of full-time, unionised workers while preventing measures to create jobs in low wage sectors that can absorb the low-skill unemployed. Wage-

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<sup>22</sup> G. Adler and E. Webster (eds), *Trade Unions and Democratization in South Africa, 1985-1997* (Basingstoke, MacMillan, 2000).

<sup>23</sup> A. Desai, 'We Are the Poors'. *Community Struggles in Post-Apartheid South Africa* (New York, Monthly Review Press, 2002).

<sup>24</sup> A. Hirsch, *Season of Hope. Economic Reform under Mandela and Mbeki* (Pietermaritzburg, University of KwaZulu-Natal Press, 2005).

<sup>25</sup> W.M. Gumede, *Thabo Mbeki and the Battle for the Soul of the ANC* (Cape Town, Zebra, 2005).

<sup>26</sup> H. Bhorat, M. Leibbrandt, M. Maziya, S. van der Berg, and I. Woolard, *Fighting Poverty. Labour Markets and Inequality in South Africa* (Cape Town, University of Cape Town Press, 2001).

<sup>27</sup> J. Seekings and N. Natrass, *Class, Race and Inequality*.

centred views of social inclusion often praise individual industriousness and independence in ethical terms, stigmatising state 'handouts'. In 2003, president Thabo Mbeki underlined this point in his view of South Africa as characterised by 'two economies', one productive, skilled and competitive, and the other affected by unemployment, lack of skills, informality and dependence on welfare grants.<sup>28</sup>

Recent South African debates have, however, embraced a notion of 'chronic poverty', which, focusing on the prolonged nature of joblessness and the availability of low-wage jobs for most unemployed, questions the validity of policies that overwhelmingly rely on the labour market. Authors inspired by such a paradigm often regard job creation at poverty wages as part of the problem of social exclusion in South Africa, rather than of its solution.<sup>29</sup> Refusing to see 'inclusion' and 'exclusion' as the opposite polarities in a dualistic framework, they regard working class poverty as a subaltern, precarious, vulnerable form of inclusion. They therefore see an exclusive reliance on individual initiative and labour market activation as a factor that actually reproduces deprivation and inequality.

The concept of 'chronic poverty', however, is also sceptical of universal income transfers that allegedly would not address the lack of development of the poor's own 'capabilities' and immaterial assets, including social capital. Theorists of chronic poverty prefer to see public interventions as targeted and aimed to make the poor stably 'function' in society. Their emphasis is therefore on a combination of 'state-assured' (but not necessarily 'state-provided') safety nets with services like education, training and healthcare.<sup>30</sup> South African followers of the chronic poverty paradigm advocate basic income grants de-linked from the employment status of recipients, but they still see them as temporary relief measures aimed to enable labour market participation.<sup>31</sup> South African proponents of basic income, therefore, tend to see this measure as enabling wage labour, rather than providing a monetary resource in alternative to the wage.

Local scholarly debates on basic income have nonetheless started to explicitly criticise the policy centrality of individual responsibility, work ethic and waged employment. The next section looks at how the social security and welfare policies of the new South African democracy have shifted to include proposals for a basic income grant in the government's agenda. It also focuses on changes in the orientations of organised labour and on how they have contested official paradigms.

### **Challenging the Centrality of Wage Labour: From 'Developmental Social Welfare' to the Basic Income Grant**

South African welfare policy and social security frameworks are historically characterised by unevenness in forms of provision and coverage, the lack of

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<sup>28</sup> G. Hart, 'Post-apartheid Developments in Historical and Comparative Perspective', in V. Padayachee (ed), *The Development Decade? Economic and Social Change in South Africa, 1994-2004* (Pretoria, HSRC Press, 2006), pp.13-32.

<sup>29</sup> M. Aliber, 'Chronic Poverty in South Africa: Incidence, Causes and Policies', *World Development*, 31, 3 (March 2003), pp.473-490 and A. Du Toit, "'Social Exclusion' Discourse and Chronic Poverty: A South African Case Study", *Development and Change*, 35, 5 (November 2004), pp.987-1010.

<sup>30</sup> D. Hulme, K. Moore, and A. Shepherd, 'Chronic Poverty: Meanings and Analytical Frameworks', Working Paper 2 (University of Manchester, Chronic Poverty Research Centre, 2001), p.30.

<sup>31</sup> C. Meth, 'What to Do Until the Doctor Comes. Relief for the Unemployed and for Poorly Paid Workers' (unpublished paper, Durban, 2003) and M. Samson et al., 'The Social and Economic Impact of South Africa's Social Security System', final report for the Economics and Finance Directorate, Department of Social Development (Cape Town, Economic Policy Research Institute, 2004).

universalist state-funded systems, a residual, means-tested approach to public spending, and a predominant role of the private sector in the provision of healthcare and retirement benefits.<sup>32</sup> The country's social security system reveals a radical separation between social assistance, provided by the state as grants to the poor, children, the disabled and the elderly, and social insurance in the form of employer-subsidised benefits and provisions that are usually linked to stable, unionised employment relations. Most social grants paid by the state are directed to the elderly: The means-tested state old-age pensions cover approximately two thirds of all social grants. A remarkable expansion of the social assistance system was produced by the increase in the number of recipients of the Child Support Grant (CSG), which in 2003 has been extended to caregivers of children under 9, up from the previous 7-year age limit.<sup>33</sup> Between 1997 and 2004 the number of CSG beneficiaries has soared from 2.5 to 7.5 million.<sup>34</sup> It should be noticed, however, that the CSG was established in 1997 after a previous, and substantially more generous, State Maintenance Grant was scrapped on account of its privileging coloured families as a remnant of Apartheid-age segregated welfare system.<sup>35</sup>

Compared to social assistance, the state's responsibilities in social insurance are greatly reduced, also as a result of conservative macroeconomic policies adopted during late Apartheid and under the new democracy. The government does not contribute to the national Unemployment Insurance Fund, financed by labour and business, and the country has no publicly financed retirement system or national health insurance. More generous retirement and healthcare provisions are linked to company-based schemes that prioritise the long-term employed. The country's spiralling unemployment and the rise of contingent occupations underlie the widening ranks of low-wage, vulnerable workers which fall outside state grants and are not covered by company-based provisions.

The 1997 government decision to replace the State Maintenance Grant with the CSG was an important turning point in post-Apartheid social policy discourse. The decision was recommended by the state-appointed Lund Committee, which in its 1996 report supported the cutback of state family allowances and strongly prioritised strategies based on wage labour. Openly referring to the spending constraints contained in the GEAR economic strategy, the report argued that social insertion is largely a matter of individual ability to find employment and pay for social services, rather than of state redistributive policies. The underlying argument was framed with a clearly moral and pedagogical intent:

In South Africa the new government . . . aimed to instil in the general populace a culture and acceptance of paying rates and taxes in the areas in which they lived. The campaign has had to contend with years of conditions during which a culture of resistance to an illegitimate government condoned - and even lauded - non-payment. A similar

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<sup>32</sup> M. Olivier, M. Okpaluba, N. Smit, and M. Thompson (eds), *Social Security Law. General Principles* (Durban, Butterworths, 1999).

<sup>33</sup> Department of Social Development, *Annual Report, 2000-2001* (Pretoria, Government Printer, 2001) and Department of Social Development, 'Draft Summary and Analysis of the Annual Report of the Department of Social Development, 2003/04', presented to the Parliamentary Portfolio Committee on Social Development, Pretoria, 28 October 2004.

<sup>34</sup> National Treasury, *Budget Review 2004 – National Expenditures Framework* (Pretoria, Government Printer, 2004).

<sup>35</sup> D. Haarmann, 'From State Maintenance Grants to a New Child Support System: Building a Policy for Poverty Alleviation with Special Reference to the Financial, Social and Developmental Impacts' (PhD thesis, University of the Western Cape, 1998).

campaign to build a culture in which parents accept their responsibility towards their children, and in which those who pay are regarded as responsible and laudable citizens rather than weak and silly fools, is urgently needed.<sup>36</sup>

In 1997, the Department of Welfare and Population Development issued a 'White Paper' that re-elaborated this line of argument. Its 'developmental social welfare' approach praised 'community development' as centred on individuals' and families' initiative and self-help to counter welfare 'dependency', depicted as pathological, 'disempowering' and financially unsustainable. The White Paper confined the role of public welfare expenditures to the 'special needs' of individuals, largely the elderly, children and persons with disabilities, which were structurally impeded from entering the labour market.<sup>37</sup>

COSATU rejected both the Lund report and the main thrust of the White Paper. Neil Coleman, the federation's parliamentary officer, denounced the idea of 'developmental social welfare' as the

appropriation of a developmental discourse to serve conservative ends and legitimise the idea that social security depends on community self-help, which is ludicrous. The fact is that one of the tragedies of the first term of government was that people can be attracted by these discourses, it is an emperor with no clothes sort of phenomenon. And really, we saw that in the context of South Africa, which has extreme poverty and extreme dependency, with the majority of people who don't have access to social welfare, they were trying somehow to pass the burden onto them to develop their own social security networks which was part of a broader economic package to divest the state of responsibility and to shift the burden from the state to poor communities.<sup>38</sup>

Despite its alliance with the ruling ANC, COSATU has not only criticised GEAR, lambasting it as 'neoliberal', but has also demanded more determined government interventions in job creation, the protection of stable employment and the extension of social rights to the unemployed and the marginalised. As a trade union organisation, however, COSATU's position is weakened by the fact that it does not directly represent the unemployed and most contingent workers. Despite its advocacy for universal social rights, moreover, COSATU has a more immediate stake in the defence of its members' benefits, which are tied to company schemes. Labour's paradox of enforcing a selective system of benefits tied to wage labour while demanding universal social citizenship rights is adequately captured by what Dinga Sikwebu, from the National Union of Metalworkers of South Africa, calls 'labour-driven privatisation of social welfare':

We are aware that we can't continue just to win these benefits against the employers without seeing that they are spread throughout society as a whole because that reinforces accusations to the working class of being an elite. Anyway, I think it is counterproductive where there is a

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<sup>36</sup> Department of Welfare, 'Report of the Lund Committee on Child and Family Support' (Pretoria, 1996), para. 5.3.2.

<sup>37</sup> Republic of South Africa, *White Paper for Social Welfare. Principles, Guidelines, Proposed Policies and Programmes for Developmental Social Welfare in South Africa* (Pretoria, Government Printer, 1997).

<sup>38</sup> Neil Coleman, interview, 24 October 2000, Johannesburg.

high unemployment that brothers and sisters will not be able to enjoy these benefits, so we must be able to fight for a universal welfare system.<sup>39</sup>

At the same time, the awareness that contingent, non-union jobs are on the increase has led the labour movement to engage the policy process to try and devise systems of social protection for the jobless and the casual employees. In this way, trade unions have tried to connect debates on labour market policy to social security reform.

In October 1998 NEDLAC convened a Presidential Jobs Summit, which the government saw as an attempt to 'maximize the application of financial and organisational resources to strengthen the employment impact of existing policy initiatives'.<sup>40</sup> Rather than subjecting its conservative economic policies to discussion, therefore, the government prioritised employment creation within the GEAR paradigm. Three union federations, COSATU, the National Council of Trade Unions (NACTU) and the Federation of Salaried Staff Associations (FEDSAL), jointly responded by submitting twenty-one 'programmes for job creation'. The programmes maintained a strong emphasis on promoting waged employment.<sup>41</sup> Programme number 20, however, recommended 'to provide a basic income grant for poor South Africans, particularly for the unemployed'. Such a basic income grant (BIG) was seen as part of a 'comprehensive social security system', in explicit reference to Section 7.26 of the welfare White Paper. The demanded BIG was set at R100 per month to be provided on a universal, non-means tested basis. Monthly incomes higher than R3000 would repay the BIG in the form of taxes, while incomes higher than R5000 would repay twice the BIG in the form of a 'solidarity tax'. The unions, however, still saw the BIG as a measure to facilitate job seeking and employability, while the R100 amount was a very prudent estimate of a 'winnable' gain.<sup>42</sup> Labour's demands in the Jobs Summit were strongly influenced by COSATU's 'social wage' notion, which was adopted by the alliance of the ANC, COSATU and the South African Communist Party at a September 1997 summit. In that occasion, however, no consensus was found on the minimum standards that should define the 'social wage'.<sup>43</sup> Moreover, COSATU rejected the ANC's emphasis on 'active labour market' policies, which the labour federation considered a 'workfare' type of approach.<sup>44</sup>

NEDLAC played a decisive role in COSATU's strategy to pressure the ANC to endorse the BIG, which combined civil society mobilisation, parliamentary work and building consensus among social interests. At the Jobs Summit the government, however, did not have a definite view of the BIG, and chose to delay any decision on the matter to a future overall reform of social security emanating from the summit's recommendations<sup>45</sup>. NEDLAC representatives from the Department of Finance, however, stonewalled the proposed BIG on account of financial sustainability

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<sup>39</sup> Dinga Sikwebu, interview, 18 April 2000, Johannesburg.

<sup>40</sup> Republic of South Africa, 'Government Working Document for Use in the Supervisory Committee Meeting of NEDLAC', Pretoria, 11 August 1998.

<sup>41</sup> Labour Caucus at NEDLAC, 'Labour Audit for the Jobs Summit', Johannesburg, 7 August 1998.

<sup>42</sup> Fiona Tregenna (COSATU Parliamentary Office), personal communication, 27 March 2002.

<sup>43</sup> Congress of South African Trade Unions, 'Report on the Alliance Summit, 31 August – 1 September 1997' (unpublished paper, Johannesburg, 1997).

<sup>44</sup> N. Coleman, 'The Relevance of Workfare to South Africa', *South African Labour Bulletin*, 23, 2 (April 1999), pp.41-44.

<sup>45</sup> Ravi Naidoo (National Labour and Economic Development Institute), interview, 15 October 2000, Johannesburg.

considerations.<sup>46</sup> Delays and obstructions from the government made COSATU's Oupa Bodibe conclude that not enough attention was paid for building 'critical mass' through social mobilisation, while 'we have relied too much on parliamentary work and NEDLAC'.<sup>47</sup>

The limitations of the NEDLAC process and organised labour's lack of representation of broader social interests probably explain how the BIG emerged only timidly and tentatively within a COSATU agenda that continued to focus on job creation and employment-based demands. For Bodibe the BIG is not so much a measure to alleviate the compulsion to labour, but is rather 'about facilitating entry in the labour market and participation in the economy'.<sup>48</sup> COSATU enunciated the BIG's benefits as 'reducing poverty, redistributing resources within the country, and enhancing people's employability and opportunities for self-employment'.<sup>49</sup> Its view of the BIG as a policy to facilitate employment, and the modest amount it suggested for the grant, ultimately reflected moderate positions in international debates on basic income.

The deepening of the employment crisis and the tempo of civil society debates eventually led COSATU to step up its initiative in support of the BIG.<sup>50</sup> The 1996 Lund report had already come under criticism by civil society organisations that rejected the dichotomy between labour market insertion and welfare 'dependency'. In 1998 the South African National NGO Coalition (SANGOCO) convened 'poverty hearings' that revealed how most job creation was taking place in low-wage, precarious, exploitative occupations, which deepened poverty and exclusion from social provisions.<sup>51</sup>

In March 1999, NEDLAC established a task team to investigate principles of a future system of 'comprehensive social security', including social provisions for people excluded from the labour market.<sup>52</sup> Few months before the government had also started an 'interdepartmental task team' to elaborate an integrated approach to the reform of social security. Initially, both task teams did not discuss the BIG. In early 2000 the government's view was still that income grants had to be limited to beneficiaries living below the poverty line.<sup>53</sup> In July 1999 the NEDLAC task team drafted a 'conceptual framework' arguing that public social assistance should 'try to reduce dependency on the state through promoting self-sufficiency'.<sup>54</sup> NEDLAC's business representatives remained opposed to a universal BIG, preferring the European model of the 'guaranteed minimum income', means tested and conditional upon availability to work. They saw such a system as more favourable to a 'work orientated contributory system of social protection' where 'great importance is

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<sup>46</sup> Neil Coleman, interview, 1 December 2000, Johannesburg.

<sup>47</sup> Oupa Bodibe, interview, 5 December 2001, Johannesburg.

<sup>48</sup> *Ibidem*.

<sup>49</sup> Congress of South African Trade Unions, *Accelerating Transformation. COSATU's Engagement with Policy and Legislative Processes during South Africa's First Term of Democratic Governance* (Johannesburg, COSATU, 2000), para. 9.5.

<sup>50</sup> O. Bodibe, interview and J. Baskin, 'Pay the Citizens of South Africa', *Mail & Guardian*, 24 January 1997.

<sup>51</sup> M. Ray, 'The Poor. Paying the Price', *South African Labour Bulletin*, 22, 2 (April 1998), pp.6-13.

<sup>52</sup> National Economic Development and Labour Council, 'Draft Report of the Working Group on Social Security, Social Wage and the Social Plan', Johannesburg, 6 April 1999.

<sup>53</sup> K. Makino, 'Social Security Reform in Post-Apartheid South Africa. A Focus on the Basic Income Grant', paper presented at the World Congress of the International Political Sciences Association, Durban, 29 June-5 July 2003, p.15.

<sup>54</sup> National Economic Development and Labour Council, 'Social Security Task Team. Draft Conceptual Framework for Developing a Comprehensive Social Security System in South Africa', Johannesburg, 22 July 1999.

attached to work generally for reintegration into society and economic independence'.<sup>55</sup> Finally, the director general of the Department of Social Development, Lucy Abrahams, argued at NEDLAC that social security 'is more about economic realities than social realities', hence 'one cannot talk about a comprehensive social security system outside the current macro-economic environment'.<sup>56</sup>

In July 1999 the government's Interdepartmental Task Team released its report,<sup>57</sup> whose language was couched in an overarching emphasis on social control and the prevention of 'crime and unrest'.<sup>58</sup> Far from adopting a universalist orientation, the report explicitly recommended the stratification of recipients in three target categories, which reflected existing divisions between the 'poorest of the poor', dependent on social assistance grants, and 'middle to high income' recipients, able to supplement public provisions with 'well regulated' private services. The BIG proposal, ignored by the government report, resurfaced nonetheless in the March 2000 final report of the NEDLAC task team. This indicated four short-term programmes as priorities: employment, retirement, safety nets (including the BIG and disability grants) and healthcare.<sup>59</sup> Despite the government's hostility, the basic income concept remained on the agenda of societal negotiations, and it climbed the priorities of both labour and civil society organisations. The next section discusses how the growing social concerns with basic income eventually penetrated government policy debates.

### **The Taylor Committee and the Reassertion of a Wage-Centred Policy Paradigm**

At the end of 1999, social policy debates still mirrored a marked divergence between the government's indifference, when not overt hostility, to the BIG idea, and this latter's growing relevance for labour and civil society representatives, as reflected in the NEDLAC process. Changes in ministerial personnel, which followed the ANC victory in the 1999 national elections, revealed shifts in the government's position on the BIG and its relations to waged employment. In January 2000 a new minister for Social Development, Zola Skweyiya, announced that the country was facing 'a deep social crisis . . . , a time bomb of poverty and social disintegration [which] has the potential to reverse the democratic gains made since 1994'. His call for reform was linked to doubts about the ability of individual self-reliance to lift citizens up from poverty, which starkly departed from earlier government utterances:

Our social policies assume the ability of families and communities to respond to the crisis. Welfare has proceeded as if these social institutions are fully functional and provide the full range of social support that is required to restore the well being of people. Such a 'business as usual' approach cannot continue.<sup>60</sup>

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<sup>55</sup> Shipman (Chamber of Mines) to Koestlich, 29 February 2000, author's collection.

<sup>56</sup> National Economic Development and Labour Council, 'Report of a NEDLAC Workshop on the Commission for Social Security' (unpublished paper, Johannesburg, 1999).

<sup>57</sup> Republic of South Africa, 'Social Security in South Africa: A Proposal for Reform', report of the Interdepartmental Task Team Investigation into an Integrated, Comprehensive Social Security System, Pretoria, 30 July 1999.

<sup>58</sup> *Ibid.*, p.30.

<sup>59</sup> National Economic Development and Labour Council, 'Social Security Task Team. Draft Report of the Social Security Task Team Meeting', Johannesburg, 1 March 2000.

<sup>60</sup> Department of Social Development, 'Mobilising for a Caring Society. People First For Sustainable Development', statement by the Minister of Welfare and Population Development, Zola Skweyiya, Pretoria, 18 January 2000.

In March 2000 the Cabinet appointed the Committee of Inquiry into a Comprehensive System of Social Security for South Africa, chaired by Prof. Vivienne Taylor. The composition of the 18-member Taylor committee included academia-based experts, with a substantial predominance of jurists and economists, representatives from various government departments and labour-aligned research organisations. The lack of direct representation from civil society associations was compensated with a series of public hearings, which followed a model already used for the 1997 White Paper, scheduled for the end of 2000. The mandate of the Taylor committee included – for the first time in the history of South African social policy – investigation, recommendation and budgeting on an integrated set of policies and government departments related to social security. It addressed in particular the national pension system, social assistance grants, retirement schemes, unemployment insurance and healthcare financing. Part of the committee's job was also to overcome the fragmentation of South Africa's social security system and address areas of exclusion and lack of coverage.

Labour-aligned and BIG-friendly research structures like the National Labour and Economic Development Institute (NALEDI) and the Economic Policy Research Institute (EPRI) provided substantial inputs. The BIG was also supported, however, by conservative committee members who regarded it as a limited cash transfer, to be kept moderate enough to prevent recipients from refusing low-wage jobs, but sufficiently high to promote the 'entrepreneurialism' of the 'disadvantaged'.<sup>61</sup> Other committee members simply advocated a 'job creation programme paying low wages'<sup>62</sup> in alternative to the BIG. The opinions of left supporters of the BIG in the committee converged in arguing for a universal grant to be funded through redistributive policies as a way to remedy persistent poverty and labour market failures. NALEDI's Ravi Naidoo arrived to conceptualise the BIG as a way to reduce the dependence of the poor on employment and market relations. He argued that in defining poverty the distinction between employed and unemployed was of limited usefulness, as wage labour *per se* insufficiently guarantees the individual's ability to stay out of poverty.<sup>63</sup>

Most labour-aligned committee members continued to see the BIG largely through the lens of active labour market policies, or as an intervention aimed to facilitate individual job-seeking behaviour.<sup>64</sup> Some warned against the possibility that the BIG could entrench welfare 'dependency'. Olivier, for example, had argued for a BIG infused with 'adherence to the *work ethic imperative*' and a 'movement to *active labour market policy measures*'.<sup>65</sup> He also emphasized, to counterbalance possible burdens on the fiscal system, the supportive role of poor people's 'mutuality' and 'reciprocity' in the form of micro-lending and savings schemes. COSATU's own submission to the committee stopped far short of demanding a form of redistribution-subsidised basic income alternative to the wage. It modestly saw the BIG as 'a

<sup>61</sup> P. Le Roux, 'The Case for a Basic Income Grant in South Africa', unpublished research paper for the Taylor Committee of Inquiry into Comprehensive Social Security, 4<sup>th</sup> Draft (Bellville, 2001), p.28.

<sup>62</sup> A. Asher, 'The Fight against Poverty: Social Security, Job Creation and Responsibility', in *Defining a New Citizenship for South Africa and the Fundamental Values that Will Shape It*, seminar proceedings (Johannesburg, Konrad Adenauer Stiftung, 2001), pp.63-70.

<sup>63</sup> 'Transcripts of the Committee of Inquiry into Comprehensive Social Security', meeting of 19 and 20 April 2001, v.2, p.230, author's collection.

<sup>64</sup> M. Samson, 'The Social, Economic and Fiscal Impact of Comprehensive Social Security Reform for South Africa', *Social Dynamics*, 28, 2 (December 2002), pp.69-97.

<sup>65</sup> M. Olivier, 'Towards Social Protection: Lessons from a Comparative Perspective', paper presented at the European Institute of Social Security Conference, Goteborg, 6-10 September 2000, p.35 (own emphasis).

relatively small sum' that would 'reach not only the unemployed but also the working poor' and for which 'obviously, the key aim is to alleviate poverty'. The grant's 'broader developmental effect', however, would include 'laying the foundation for more productive and skilled communities' and letting 'the poorest households have a little cash, which could contribute to their economic potential'.<sup>66</sup> During 2001 COSATU had tried, nonetheless, to muster civil society mobilisation in support of the BIG, by participating in a 'basic income grant coalition', which included non-governmental organisations, academics and church groups.<sup>67</sup>

The chair of the committee, Vivienne Taylor, looked at the task of reforming social security in ways that recalled the sense of urgency of minister Skweyiya's 'social crisis' statement. In her view, addressing the needs of poor communities required a departure from a 'community survival and coping mechanism discourse', which, similarly to the 1997 White Paper, shifted on the poor the responsibility for their own betterment. She preferred a concept of 'income poverty' as a socio-systemic concept emphasizing how people in formal employment could also be socially excluded and marginalised.<sup>68</sup> In the committee's discussions and deliberations, however, positions that looked at the restructuring of South Africa's social security in the direction of universalism and redistribution were fiercely contested. In the final analysis, the view that social security is subordinated to job creation and wage labour discipline prevailed over the provision of income alternative to wages. The rhetorical question raised by ANC parliamentarian and committee member, Michael Masutha, 'If you have all these nice social benefits, where is the incentive to want to go back to work?',<sup>69</sup> seemed indeed to reflect the mood of the majority.

The committee's work was also conditioned by the macroeconomic policy environment, as one of its overarching preoccupations was to issue recommendations that the Department of Finance could find fiscally 'sustainable'. According to Taylor,<sup>70</sup> the very publication of the committee's report, which was ready by July 2001, had to be delayed until November while waiting for guarantees that the Department of Finance would make its objections clear before publication, avoiding an *ex post* veto on the report's recommendations. On the BIG issue, Finance's representative in the committee was, on the other hand, quite direct in explaining that what concerned the government was not the grant's potential to create jobs, but rather its costs combined to that of other grants.<sup>71</sup>

The final report of the Taylor committee reflected many unresolved tensions surrounding the relationships between wage labour and social security, between wage and non-wage forms of income, and the nature and functions of these latter. The document recognized that 'poverty and inequality in South Africa are rooted in the labour market',<sup>72</sup> where 'the wage-income relationship is breaking down',<sup>73</sup> as

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<sup>66</sup> Congress of South African Trade Unions, 'Submission on Comprehensive Social Security. Submitted to the Taylor Task Team on Social Security' (Johannesburg, 2000), para. 3.2.

<sup>67</sup> I. Frye and K. Kallmann, 'The BIG Coalition in South Africa: Making it Happen', in G. Standing and M. Samson (eds), *A Basic Income Grant for South Africa* (Cape Town, University of Cape Town Press, 2003) pp.102-119.

<sup>68</sup> Vivienne Taylor, interview, 8 August 2001, Pretoria.

<sup>69</sup> 'Transcripts of the Committee of Inquiry', meeting of 6 October 2000, p.17, author's collection.

<sup>70</sup> Interview, 8 August 2001.

<sup>71</sup> *Transcripts of the Committee of Inquiry into Comprehensive Social Security*, Meeting of 19 and 20 April 2001, Vol.2, p.217.

<sup>72</sup> Republic of South Africa, *Transforming the Present – Protecting the Future. Report of the Committee of Inquiry into a Comprehensive System of Social Security for South Africa* (Pretoria, Government Printer, 2002), p.25.

<sup>73</sup> *Ibid.*, p.32.

emphasized by unemployment and casualisation of jobs. Racial, gender and sectoral inequalities – penalising Africans, mainly women, in vulnerable sectors like agriculture and domestic work – rather than the society-wide pervasiveness of contingent employment, were blamed for working class poverty.<sup>74</sup> The report recognized, nonetheless, that a system of employment-based social insurance benefits greatly penalises the unemployed, informal and temporary workers.<sup>75</sup> It then contradictorily argued that the lack of public social provisions pushes wages upwards, undermining ‘any worker support for labour flexibility’.<sup>76</sup> This seemed to regard state social grants as facilitating, rather than minimizing, the creation of contingent jobs.

The report mainstay was the notion of ‘comprehensive social protection’ defined as:

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. Comprehensive social protection is broader than the traditional concept of social security, and incorporates developmental strategies and programmes designed to ensure, collectively, at least a minimum acceptable living standard for all citizens.<sup>77</sup>

Such a ‘package’ of strategies and programmes responded to the report’s conceptualisation of deprivation, which, in explicit reference to the ‘chronic poverty’ approach, involves ‘income’, ‘capabilities’ (like health, housing and education) and ‘assets’ such as social capital. Therefore the report emphasized the need to ‘avoid dependence on cash benefits’. At the same time, its social protection ‘package’ includes universal ‘non-work related’ provisions,<sup>78</sup> among them the BIG.

The fifth chapter of the report supports the idea of a monthly R100 BIG to address coverage gaps and ‘encourage risk-taking and self-reliance’.<sup>79</sup> The report, however, acknowledged that ‘the conditions for an immediate implementation of the Basic Income Grant do not exist’.<sup>80</sup> Even if this conclusion was motivated on the basis of institutional inadequacies, it nonetheless represented a capitulation to the government’s discourse of fiscal discipline. The report in fact opted for a ‘phased’ introduction of the BIG, due to take place from 2004 to 2015, in accordance with ‘issues of fiscal feasibility’.<sup>81</sup> A much more ‘urgent social imperative’ was provided, instead, by job creation and active labour market policies, including labour-intensive public works programmes, despite the possibility that they could pay extremely low wages.<sup>82</sup>

The Taylor committee’s support for the BIG idea has made very limited inroads in subsequent policy debates, as the proposal has been essentially forestalled by the intensifying hostility of the government and the ANC. COSATU’s pressures managed to place the BIG on the agenda of ANC discussions and of the 2003 Growth and

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<sup>74</sup> *Ibid.*, p.26.

<sup>75</sup> *Ibid.*, p.35.

<sup>76</sup> *Ibid.*, p.31.

<sup>77</sup> *Ibid.*, p.41.

<sup>78</sup> *Ibid.*, p.42.

<sup>79</sup> *Ibid.*, p.61.

<sup>80</sup> *Ibid.*, p.62-63.

<sup>81</sup> *Ibid.*, p.148.

<sup>82</sup> *Ibid.*, p.73.

Development Summit convened to identify responses to the unemployment crisis. Such discussions, however, gradually foreclosed the spaces of possibility to introduce the BIG. The resolutions of the ANC's 2002 National Policy Conference supported the implementation of the Taylor committee's comprehensive social protection framework, but they never specifically mentioned the BIG. Rather, they placed a major emphasis on the creation of short-term employment in the form of public works programmes for the sake of 'pride and self-reliance of communities'.<sup>83</sup> The praise of volunteerism as self-sacrifice, responsibility and renunciation of financial rewards was far more prominent in the ruling party's public discourse, as shown by its new *Vukuzenzele* ('Arise and Act') campaign, than redistribution of resources and universal social grants.<sup>84</sup>

In his 2003 *State of the Nation* address President Mbeki reaffirmed that the task of his government is to 'reduce the number of people dependent on social welfare, increasing the numbers that rely for their livelihood on normal participation in the economy',<sup>85</sup> while minister of Finance, Trevor Manuel, lambasted the BIG as an 'unsustainable' and 'populist' idea.<sup>86</sup> ANC ideologue and government spokesperson Joel Netshitenzhe argued that the best form of social inclusion for South Africans remains to 'enjoy the opportunity, the dignity and the rewards of work', only to be rebuked by COSATU's Neil Coleman, for whom in the country's context of mass unemployment, 'offering the "dignity of work" as opposed to social grants' is a 'cruel illusion'.<sup>87</sup> The sidestepping of the BIG and the aggressive enforcement of work ethic and wage discipline, lead Makino to conclude that the government and the ANC have ultimately preferred a 'workfare' over a 'basic income' response to the structural crisis of waged employment.<sup>88</sup> The limitations and timidities with which the Taylor report approached the BIG issue, however, did not provide a promising ground from which a successful battle for more substantial, redistributive social grants could be waged.

## Conclusion

Commenting on South Africa's welfare policy discourse, Sevenhuijsen *et al.* write:

We may conclude that there are different normative vocabularies at play that do not always fit easily together. The overarching framework can certainly be characterised as neoliberal; this shows in the emphasis on (economic) self-reliance, the development of human capital and respect for human rights. The neoliberal vocabulary is joined, however, by the more social democratic-orientated values of need, equity and basic welfare rights.<sup>89</sup>

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<sup>83</sup> African National Congress, 'Draft Resolutions of the National Policy Conference', *Umrabulo*, 17 (October 2002), available at <http://www.anc.org.za/ancdocs/pubs/umrabulo/umrabulo17/index.html>, retrieved on 22 August 2006.

<sup>84</sup> C. Twala, 'The "Letsema/Ilima" Campaign: A Smokescreen or an Essential Strategy to Deal with the Unemployment Crisis in South Africa?', *Journal for Contemporary History*, 29, 1 (June 2004), pp.184-198.

<sup>85</sup> T. Mbeki, 'State of the Nation Address to the Joint Sitting of the Houses of Parliament', Cape Town, 8 February 2003.

<sup>86</sup> K. Makino, 'Social Security Reform', p.19.

<sup>87</sup> N. Coleman, 'Current Debates around BIG: The Political and Socio-economic Context', in G. Standing and M. Samson (eds), *A Basic Income Grant for South Africa* (Cape Town, University of Cape Town Press, 2003), p.122.

<sup>88</sup> K. Makino, 'Social Security Reform', p.20.

<sup>89</sup> S. Sevenhuijsen, V. Bozalek, A. Gouws, and M. Minnaar-McDonald, 'South African Social Welfare Policy: An Analysis Using the Ethics of Care', *Critical Social Policy*, 23, 3 (September 2003), p.305.

This article has confirmed such observations pertaining to the hybrid nature of post-Apartheid South Africa's policy discourse. On one hand, during democratisation expectations for radically redistributive policies were voiced by important grassroots constituencies, especially organised labour, and they were amplified through corporatist-style forms of policymaking. On the other hand, macroeconomic policies remained insulated in the hands of the government and the ruling party, where they quickly turned towards fiscal conservatism and public spending thrift. Macroeconomic paradigms have greatly constrained the government's ability to use state expenditures and social grants to address massive poverty and social inequality arising from the country's deepening employment crisis. The ANC government has therefore opted for symbolic compensation by continuously praising wage labour as the cornerstone of social discipline and inclusion. In this way it has, ironically, operated in substantial continuity with Apartheid-era social policy discourse<sup>90</sup>, which, moreover, and similarly to the post-1994 dispensation, praised community self-help and family support as alternatives to both unemployment and dependence on public spending. The 'developmental social welfare' discourse of the democratic state resonated with Apartheid-era injunctions in which, as Wolpe noticed quoting Meillassoux, 'self-sustaining communities . . . are able to fulfil functions that capitalism prefers not to assume . . . the functions of social security'.<sup>91</sup>

The story of the struggles and debates on the basic income grant in post-Apartheid South Africa reveals to what extent the government's wage-centred social policy has marginalised fiscal transfers and social grants non dependent on individual employment, despite the many signals on the growing inadequacies of wages to keep citizens out of poverty. The emphasis on the poor's own initiative and responsibility also allowed the government to construct poverty in moral and behavioural terms to further condemn the threat of welfare 'dependency'. In the end, the Taylor report continued to see social inclusion as dependent upon wage labour, confining the BIG to the vague enunciation of intentions that subsequently became an easy target for the government's macroeconomic conservatism.

The BIG's final stalemate also indicates, however, substantial problems in organised labour's support for redistributive interventions. COSATU, in particular, has never really departed from a view of the BIG as an active labour market policy measure, or as a device to facilitate individual employment, rather than as a form of income alternative to the wage and aimed to minimise dependence on the labour market. In this way, the unions were not able to seize the opportunities opened by the Taylor committee report, a labour-friendly exercise motivated by the government's perceived need to reassess its earlier social policies. The permanence of a strongly productivist orientation in COSATU's discourse was combined to its over-reliance on institutional channels and corporatist intermediation, with which the federation renounced to prioritise civil society mobilisation. In this case, institutional compatibilities and the inability to transcend an emancipatory discourse centred on wage labour seemed to decisively constrain organized labour's capacity to articulate an independent working-class politics capable to shape social policy contestations.

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<sup>90</sup> E. Van Eeden, E. Ryke, and I. de Necker, 'The Welfare Function of the South African Government before and after Apartheid', *Social Work/Maatskaplike Werk*, 36, 1 (March 2000), p.22.

<sup>91</sup> H. Wolpe, 'Capitalism and Cheap Labour-Power', pp.434-35.