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# Literature review and policy synopsis of the “Social Wage” in South Africa: Searching for Policy Definition Working Paper No 3



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## *Abstract:*

*The social wage has wide currency in South Africa today in a political-policy sense but the economics and social policy framework remain illusive, both in definition and consequently measurement. The main focus in South Africa is the role of the social wage in alleviating poverty for those with the low or no wage income. It is viewed as an aggregation of state provided or funded inputs which off-set the absence of wages but is also taken to mean state provided free basic services. These are generally taken to be redistributive and progressive in the effect of shifting resource allocations within society: the question remains whether these are sufficiently so. The review concludes that the absence of a coherent policy framework limits meaningful measurement of the social wage. It concludes that policy choices and prioritization is required if the social wage is to become less an aggregate of government social spending and more a distinct policy instrument.*

*Keywords: social wage, welfare state, social policy*

# Table of Contents

Introduction ..... 1

Conceptions of the Social Wage ..... 5

Social Wage and the Welfare State ..... 8

The Social Wage in South Africa ..... 12

Conclusion ..... 23

# 1 Introduction

Unusually for a society undergoing such a recent democratic transition the South African policy environment reflects high levels of comparability to, and many topical issues are shared with, high income, democratic societies and. The sophistication of the policy and legislative framework, would, taken by itself, suggest a highly evolved and entrenched “social compact” in South Africa. A people centered public administration, an obligation to promote administrative justice, equality and fairness, justiciable commitments in the Constitution to progressively realize second-generation socio-economic rights are examples where South Africa’s policy framework is well in advance of many countries in the world.

The progressive intent and content in the political and policy framework however lives in a society deeply, and until very recently, divided, oppressed and highly unequal in all spheres of life. Arguably the developmental deficit in South Africa is unique in its deliberate design, implementation and longevity – that is to say, the systemic and systematic implementation of colonialism, apartheid-capitalism and Apartheid itself; with its concomitant underdevelopment of the majority of South Africans, present democratic South Africa with daunting backlogs in the most critical spheres of human development and socio-economic progress. No other society in the world confronts the challenges faced by South Africa. Few societies in the world have the deep and profound commitments to the realization of human equality, dignity and development as we have in our Constitution. This, in part, contributes to the well documented “gap” between policy intentions and peoples realities.

Academic and policy discourse often tends to obscure, diminish or ignore South Africa’s inherited underdevelopment and social configurations in relation to the current policy and legislative framework. While it is common place, almost trite, to “acknowledge” the legacy of Apartheid, the enduring effect this has on implementing the rights people have acquired is often overlooked or downplayed.

The advent of democracy receives the “Year Zero” treatment, consciously or otherwise, positing 1994 as the date at which South African polity and society started. Policies, laws and rights are easily compared to societies with similar policies, laws and rights with only minimal recognition of the substantive un-comparability of South Africa and those societies in significant respects.

This sometimes has a distorting effect in analysing the efficacy, deficiency and potentialities within and about the South Africa state compared to other states and societies. In the making of analysis, in the framing of research questions and methodologies of inquiry, in the drawing down of information and statistics and most of all in the arena of theoretical paradigms, researchers are heavily dependent on comparisons. On the one hand policy research cannot be generalized and usefully extrapolated in the absences of comparisons and comparative data; on the other hand the specificity of the subject cannot be ignored in precisely those features which do not lend themselves to comparison or which make comparison difficult.

This cautionary note is of significance for the subject of this research paper: the social wage in South Africa. The conundrum is being drawn attention to because it relates quite profoundly to the emergence of the discourse surrounding, and in many ways giving rise to, the social wage in South Africa. It is argued here that the social wage is not in fact a policy of government – certainly not in any way social scientist would attribute to the meaning “social policy”. Instead the social wage is an ideological and political construct (with which certain policy instruments are linked).

Much of the international study of the social wage, both as measurement and determinant in (and of) social policy, is set in highly industrialized democratic societies with decades of experience in providing certain guarantees to individuals or households (or combinations thereof) – in the absence of or in addition to that which is received as wages. A series of defined “public” goods or benefits are funded by the state from revenue received in taxes. Income support, housing, education and healthcare are generally taken as that basket of goods which the state insures for its citizens, more or less equally. In South Africa the evolution of what may be called a social wage is in a nascent stage, and still confronts, as we have noted, a set of specific challenges both as policy instrument and measurement tool to assess the efficacy of government spending.

Unlike other areas of social policy in South Africa today, the “social wage” does not arise **directly** from the Constitution. Most social policy is connected quite immediately to provisions in the Constitution of the Republic of South: access to adequate shelter, social protection, healthcare, water, education, and so on, is all provided for in the Constitution. The state has to make policies and legislation to progressively realize, within the limits of available resources, these rights. Their definition, measurement and impact can be gauged, although in a sometimes murky manner, and evaluated along those very contours. This is not the case with the “social wage”: it does not constitute a specific state policy or programme driven or delivered by a specific line ministry. While progress is being made, it cannot as yet be said to be a definitive set of goods or services easily identifiable for policy review or measurement.

Rankin (1996) remarked that the social wage is often used in a “journalistic” sense, lacking scientificity. In South Africa we can substitute “political” for journalistic and be nearer to the truth of the matter. The social wage has currency in a political-policy sense; its economics and social policy framework remain illusive.

It may surprise many that, given its frequent use in South Africa, a common or single definition and usage of the term “social wage” has not come into being in international literature. The term is encountered in multiple yet related fields of human endeavour and study: economic, political and social study (and the many combinations thereof). In the political sense it can be taken as an indicator of the right people have to support from society (as represented by the state) – or conversely the obligation that exists on the state as the custodian of society to provide for or meet the needs of individuals and communities.

Popular organisation such as trade unions, community groups or political parties are known to speak about the “social wage” in sometimes very animated fashion; its burden on the tax paying public being too high or its distributional effects on poverty and inequality being too weak. It is strongly linked to social benefits or a system of benefits people derive from a “welfare state” and this may be extended to political economy theorist concerned about the interaction between rights, social citizenship, the state and the private economy.

Social theorists would share similar concerns with perhaps less emphasis on the actual economics of the system but greater focus on the social impact of the system of benefits (or lack thereof) on individuals, families and communities. The “social wage” here may be taken as a measure and economic measurement of social inclusion/exclusion, social mobility, integration and overall social cohesion.

It may be said that when people make use of the term “social wage” they know what they mean, and mean what they know, positing a lived phenomena, an actuality. The burden of definition is lessened when one is analysing a pre-existing arrangement of ideas, values and structures, benefits and obligations – often determined over decades. This may in part explain the definitional weakness in international work on the subject.

The wide spectrum of meanings vexes any attempt to define the concept conclusively. Given the diversity of uses of the term the greatest danger may well lay in making assumptions about the use and meaning and purpose various authors attach to it. Care must be taken when interpreting its use and its meanings to account for

- i) the context it is being used in and
- ii) the broader discourse in which it is occurring (be that historical, political, economic and/or social).

Lest the reader be disappointed it is important to point out that this review is on the existing literatures on the subject on the social wage. It seeks to arrive at some form of synopsis of the thinking and information about and on the “social wage”, with particular reference to their implication for policy development and instruments of measurement in the South African context. As such it seeks to find in the literature the following:

- What components of general state spending constitutes the social wage?
- Is it possible to obtain a money-metric individual equivalent of the social wage?
- How do you measure how targeted the spending is – in other words, the degree to which the social wage is “pro-poor”?
- How do you quantify the benefit compared to the investment by the state?
- To what extent can state spending on the social wage be calculated as having raised the income of a specific household?

These questions, possessing a certain connective logic, presume the existence in policy and implementation of the “social wage”; discreet, known, defined and thus measurable. Taken individually of course each may return a semblance of a reasonable “answer” or finding/s, and some of this work has been undertaken – but in the absence of an agreed definition and framework a series of alternate or differing answers emerge to all questions.

Taken in their logical connection they present more basic challenges, specifically whether there is a reasonable definition of the social wage in the South African context. The appropriateness of disaggregating components, measuring individual equivalence, social distribution and beneficiation, quantifiable/measurable impact, ando forth become not only difficult but questionable **of a policy which does not coherently exists.**

## Conclusion and recommendations

The research finds in the existing literature that:

- No universal definition of the social wage exists
- The social wage is not a coherent policy nor does it exist in a coherent policy framework in South Africa at this time
- Attempts at its measurement and quantification generally suffer from this definitional and policy weakness
- A strong case exists for policy choices to be made which may arrive at a form of the social wage appropriate to South Africa and consistent with the Constitutional obligations on the state – if a social wage is to be had, a definition must be arrived at (which is workable and reasonable)
- It would be unwise and unhelpful to continue to regard the social wage as the aggregate of government expenditure; equally it may not be useful to regard the social wage as a total basket of “socio-economic” rights contained in the Constitution – this basket being too large and unwieldy
- The link between labour market policy and what may be called the social wage is weak in the South African context; a stronger connection should be established to arrive at an effective social compact which delivers a social wage
- Ordering social priorities to achieve a social wage requires a series of transitional interventions to reclaim the “private sector” as a public good, a series of contestations which necessitate negotiations between the state and social actors

## 2 A Note on Conceptions of the Social Wage

The provenance of the term social wage is unclear. It appears to have come into use post-World War II (HSRC, 2004)<sup>1</sup> and is consequently linked, in most readings, to the Keynesian/post-Keynesian economics of the welfare states which came into being during this period. Historically the social wage is used in conjunction or as an adjunct to terms such as “welfare incidence” and “welfare benefits”.

The connection between the “welfare state” and the “social wage” are explored further in Section 3. In brief it appears that, in various forms, the “social” is meant to reflect society, in particular the distribution of *wealth and rights* within it. Societies regard the (economic) well-being of people not merely as a function of the market or private sector economy, but as a matter of right, legal and/or moral. The public domain or public goods are essential components of the social wage – meaning the aggregate value of society’s economic activities as distributed to individuals. The “wage” in some instances refers to the distribution of that aggregate across the population, or at the very least in relation to the population as a whole. More narrowly “wage” is taken as the compensation/insurance against the lack of income for those who are economically active – that is a safety-net against the lack of income for those active in the labour market and vulnerable to the loss of that income.

The “social wage” is broadly then concerned with income distribution as well as the distribution of goods and services within a given economy. It is almost always articulated in relation to the functioning of the state, as collector of incomes and custodian of the public domain, although not necessarily exclusively so. Publications from the Australian Economic Planning Advisory Council (EPAC) in the 1980’s are widely cited on the social wage as “that part of government spending which provides benefits, either in cash or in kind, to individuals and families”<sup>2</sup>. Harding adds to this definitional framework by arguing that:

“Perhaps the most workable definition is to regard it as that segment of government expenditure devoted to the provision of income security, goods and services which confer a personal benefit to individuals”<sup>3</sup>.

According to Lars Osberg et al (2003):

“European discussions of social policy sometimes refer to the concept of a ‘social wage’ (or ‘family income package’), as shorthand for the aggregate value of the goods, services and transfer payments that the state provides to all residents, as a basic right of citizenship.”<sup>4</sup>

<sup>1</sup> Human Sciences Research Council) The social wage in South Africa. Phase 2 report. (A review on behalf of the Social Cluster Task Teams on Free Basic Services and the Comprehensive Social Security Framework) 2004

<sup>2</sup> Peter Saunders with A. Cronin, M. Cunningham and J. Cox The Social Wage: A Review of Social Expenditures and Redistribution, Office of EPAC, Council Paper, No.27. 1987

<sup>3</sup> Harding, A. An Introduction to the Social Wage, Social Security Journal 1982

<sup>4</sup> Osberg Lars, Smeeding Timothy & Schwabish, Jonathan Income Distribution and Public Social Expenditure: Theories, Effects and Evidence 2003

From these considerations the “social wage” becomes an exceedingly broad, perhaps unwieldy concept, taking into its ambit all state expenditures from military and policing, to tax concessions, infrastructure, etc, etc. The “social wage” is then the value per capita all state expenditure, which is generally taken as a weak social and economic indicator, hiding more than it actually reveals. Osberg et al (2003) draw directly from Sefton (2002) who seeks to establish the quantifiable benefit citizens receive from the social wage:

“The social wage is a measure of how much better off individuals are with the provision of publicly funded welfare services than they would be without these ‘in kind’ benefits (i.e. if they had to pay the full cost of these services)”<sup>5</sup>

According to Saunders:

“In principle [the social wage] encompasses all government transfers and services, even though it is often difficult if not impossible to quantify the size of all of the effects... The more one searches for a conceptual solution, the more difficult the issues one uncovers. Rather than pursue this further, a pragmatic approach is adopted which includes the social wage expenditures in the areas of education, health, social security, welfare services, and housing and community amenities.”<sup>6</sup>

As Harding put it:

“The social wage could be defined in a number of ways. Some would regard all government expenditure as the social wage, on the grounds that all expenditure is ultimately for the benefit of the entire community. Others would adopt a much narrower definition and view it as expenditure on education, health, social security and housing.”<sup>7</sup>

While Rankin speaks of the social wage gaining widespread use in the Antipodes, largely taken to mean the “narrow” items Harding articulates, he says the concept received little interrogation from economists. He notes that:

“The term ‘social wage’ is used frequently in the journalistic sense, to mean the provision of an ill-defined set of public services... The term does not have widespread currency in international academic circles.”<sup>8</sup>

He argues further that the paucity of definitional clarity of the concept is well illustrated by its absence from the majority of textbooks on economics. He quotes, with apparent approval, Harding, who says:

“There is no consensus about exactly what the social wage consists of, how it can be measured, or the extent to which it is to be an instrument for achieving greater equality.”<sup>9</sup>

<sup>5</sup> Sefton, T. Recent changes in the distribution of the social wage, Centre for Analysis of Social Exclusion, CASE paper 062 2002

<sup>6</sup> Saunders, P. Welfare and Inequality: National and International Perspectives on the Welfare State, Cambridge University Press 1994

<sup>7</sup> Harding, A. An Introduction to the Social Wage, Social Security Journal 1982

<sup>8</sup> Rankin, K. The Social Wage as a Definitive Component of Political Parties' Philosophies 1996

<sup>9</sup> *ibid*

According to Harding:

“The concept of the social wage initially appears straight forward, but it is difficult in practice to isolate which items of government expenditure comprise the social wage and to measure their value to individuals or families...”<sup>10</sup>

In Germany or the Netherlands, for example, it might be justified to emphasise the ‘tightly coupled’ domains of social insurance on the one hand and industrial relations on the other (Manow, 1997; Hemerijck et al., 2000), and to express this link as ‘social wage’, i.e. the entitlement to a wage replacement benefit rendered by employment-based contributions to social insurance, complemented by a high level of employment protection. This is what one can term a “labour market driven social wage” which places emphasis not so much on social goods and services but on labour market regulation which emphasis employment and through industry, company and plant social contracts/ co-determination arrangements protects the living standards and wages of workers. In turn through relatively high levels of taxation those benefits recycle into society by the (state) provision of education and housing benefits to society as a whole. This model requires high levels of employment; strong social cohesion between employers, workers and the state and positive distributional effects of benefits on the labour market and its capacity to absorb new entrants. People are prepared to pay high levels of tax for example, in exchange for free quality education up to and including tertiary education.

Questions of sustainability here become acute in situations of negative population growth and/or prolonged economic downturns: the trade-offs the working population are prepared to make may have to be financed from the wages of future generations, for whom the benefits are less than attractive.

<sup>10</sup>Harding, Ann “An Introduction to the Social Wage”, Social Security Journal 1982

### 3 The Social Wage and the Welfare State

The social wage is associated with the system broadly described as capitalist, i.e., societies characterised by the private ownership of capital. This self-evident observation is important in understanding the emergence, evolution and use of the concept of the social wage – it arises from and relates to capitalist (market) economies. Secondly the social wage is strongly linked to democratic forms of government; societies in which the state seeks not only to recognise rights but also to ensure them through legislation and regulation. At a certain point, under certain conditions, democratic capitalist societies opt to reallocate resource and rights in favour of progressive redistribution within and between members of society.

The theory and practice of the social wage, as it historically emerged, relates directly to societies in what we now term the “welfare state” also came into being. For this reason an evaluation of the social wage is aided by reflecting on the characteristics and differences between welfare states. Many, and not merely of ideological or political reasons, have argued that “welfare” has failed. Indeed significant, at times structural, reforms have occurred to those models of welfare with which the social wage is associated and a key focus in that reform has been that portion of state expenditure on the social wage.

The validity and outcomes of those reforms are subject much debate and will continue to be so for some time to come. According to Cantillon, Marx and Van den Bosch (2002):

“Welfare states in OECD countries appear to be deadlocked...The overwhelming impression, however, is of progress in the field of poverty reduction having stalled.”<sup>11</sup>

From the point of view of South Africa the natural advantage of course exists in the accumulated experience of these experiments and policies: what may be useful learnt and what discarded.

#### The welfare state

An early version of the welfare state appeared in China during the Song Dynasty in the 11th century. Prime Minister Wang Anshi believed that the state was responsible for providing its citizens the essentials for a decent living standard. Accordingly, under his direction the state initiated agricultural loans to relieve the farming peasants. He appointed boards to regulate wages and plan pensions for the aged and unemployed. These reforms were known as the “new laws,” New Policies, or xin fa.<sup>12</sup>

Modern welfare states developed through a gradual process beginning in the late 19th century and continuing through the 20th century and continuing into present. Historically they differed from previous schemes of poverty relief due to their relatively universal coverage. But in taking this view, it is helpful to be reminded of Therborn’s contention that an over-emphasis is placed on governments and civil servants in shaping the lens through which the welfare state is viewed:

<sup>11</sup> Cantillon, B., Marx, I. and Van den Bosch, K., conference paper, Welfare State Protection, Labour Markets and Poverty: Lessons from Cross-Country Comparisons 2002

<sup>12</sup> Mote, F.W. Imperial China: 900-1800 Harvard University Press 1999

“Social security, to the extent it existed and/or was envisaged, was not an aspect of the state, but of autonomous class or popular institutions, friendly societies and trade unions in Britain, mutual aid societies and *compagnonnages* in France. ‘Combination’ was a key word in early British working class parlance and practice, ‘association’ that of the French working class from the 1830s. Herein were combined trade union struggle, mutual aid in case of need, and a socialist or cooperative reorganization of society.”<sup>13</sup>

According to Ian Gough:

“The post-war settlement in many Western countries cemented the place of an extensive and comprehensive social policy in modern polities. These emerging national welfare systems frequently replaced or displaced cooperative, enterprise or workers’ welfare provision: in the process they extended territorial, socio-economic and occupational coverage. Though the form of social policy differs across countries and policy domains, it is a massive feature of all Northern states in the second half of the twentieth century. Therborn (1983) defined ‘welfare states’ as those states where more than one half of all government expenditures are devoted to social policy, as opposed to the economy, the military, law and order, infrastructure and other traditional functions of the state. On this basis even the United States qualified as a welfare state in the last quarter of the twentieth century.”<sup>14</sup>

The idea of the “welfare state” means different things in different countries. Clustering these national phenomena often results in rather ill-defined groupings with apparent shared characteristics - dependent more heavily on the (political) perspective of the writer than objective criteria. Given the richness of the experiences it seems more can be gained, for the purposes of this review, on a highlighting the various nation-specific formations of welfare.

### **Germany**

The post-war German settlement was based on the idea of a ‘social state’, sometimes rendered as a ‘social market economy’. The first, central principle was that economic development was the best way to achieve social welfare. The structure of social services had to reflect this priority. The principle is represented most clearly in the close relationship of services to people’s position in the labour market. Social benefits are earnings-related, and those without work records may find they are not covered for important contingencies. Less clear, but probably even more important, is the general concern to ensure that public expenditure on welfare is directly compatible with the need for economic development and growth.

Second, the German economy, and the welfare system, developed through a corporatist structure. This principle was developed by Bismarck on the basis of existing mutual aid associations, and remained the basis for social protection subsequently. Social insurance, which covers the costs of health, some social care and much of the income maintenance system, is managed by a system of independent funds.

<sup>13</sup> Therborn, G. *The Working Class and the Welfare State: A Historical-Analytical Overview and a Little Swedish Monograph*, Papers on Labour History 2002

<sup>14</sup> Gough, I. conference paper, *European Welfare States: Explanations and Lessons for Developing Countries* 2005

Third, there is a strong emphasis on the principle of “subsidiarity”. This principle is taken in Germany to mean both that services should be decentralised or independently managed, and that the level of state intervention should be residual - that is, limited to circumstances which are not adequately covered in other ways. Higher earners are not.

### **The United Kingdom**

Asa Briggs, in a classic essay on the British welfare state, identified three principal elements. These were

- a guarantee of minimum standards, including a minimum income;
- social protection in the event of insecurity; and
- the provision of services at the best level possible.<sup>15</sup>

This has become identified, in practice, with the ‘institutional’ model of welfare: the key elements are social protection, and the provision of welfare services on the basis of right.

Between 1944 and 1951 the Welfare State began, which attempted to address Lord Beveridge’s five evils of society. The school leaving age was raised to 15. National Insurance, a tax paid by workers was introduced to pay for free medical treatment for all, and pensions. New council houses were built and new towns established to house people living in poor conditions. Industries were nationalized to help lower unemployment

In practice, social welfare in the United Kingdom is very different from this ideal. Coverage is extensive, but benefits and services are delivered at a low level. The social protection provided is patchy, and services are tightly rationed.

### **France**

Social protection in France is based on the principle of solidarity: the commitment is declared in the first article of the French Code of Social Security. The principle is used in a number of different senses. The idea seems, at first sight, to refer to co-operative mutual support. Some writers apply the term in relation to ‘mutualist’ groups (friendly societies) and emphasise that people insured within national schemes (*les assurés sociaux*) are called to contribute and benefit on an equal footing. Others stress that relationships of solidarity are based in interdependence. Solidarity is usually understood, in this context, in terms of common action, mutual responsibility and shared risks.

The pursuit of ‘national solidarity’ was undertaken in the first place by attempting progressively to extend the scope of existing solidarities, most notably through the creation of a ‘régime général’ for health and social security, and subsequently through its progressive expansion. Since the 1970s this pattern of solidarities has been supplemented by additional measures designed to bring ‘excluded’ people into the net. The most important of these measures is the *Revenu Minimum d’Insertion* (RMI), introduced in 1988, which combines a basic benefit with a personal contract for ‘insertion’ or social inclusion.

<sup>15</sup> Briggs, A. The Welfare State in historical perspective, *European Journal of Sociology* 1961

The French system of welfare is a complex, patchwork quilt of services. This kind of arrangement is relatively expensive, and much of the focus of social policy in recent years has fallen on the control of expenditure – filling ‘the hole in the social’, *le trou de la Sécurité*. The main areas of concern are not dependency or unemployment, but pensions, because of the special privileges accorded to particular occupational groups, and spending on health care, where the stress on independent, market-led services (*la médecine libérale*) presents considerable problems in cost control.

### **Sweden**

The Swedish model is seen by some as an ideal form of ‘welfare state’, offering institutional care in the sense that it offers universal minima to its citizens. It goes further than the British model in its commitment to social equality.

Titmuss’s<sup>16</sup> ‘institutional-redistributive’ model combines the principles of comprehensive social provision with egalitarianism. This is an “ideal type”, rather than a description of reality. Social protection is not necessarily associated with equality; the French and German systems offer differential protection according to one’s position in the labour market. The Swedish system, looked at in greater detail, has many of the same characteristics: Ringen describes the system as “selective by occupational experience”.<sup>17</sup>

However, the importance of equality - sometimes identified with ‘solidarity’, in the sense of organised co-operation – is considerable. The model of this is the ‘solidaristic wage policy’ advocated by the labour movement, which emphasised improving standards, limited differentials, and redistribution.

### **The United States**

The United States is sometimes described as a ‘liberal’ welfare regime, in the sense that it represents individualism, laissez-faire, residualism and a punitive view of poverty. These issues often seem to dominate US debates on welfare: examples are the introduction of ‘workfare’, the exclusion of long-term benefit dependents, and the criticism of the ‘underclass’.

The US does not, however, have a unified welfare system. Federalism has meant that many important functions are held by the States, including public assistance, social care and various health schemes (Minnesota and Hawaii have state-funded health systems). By comparison with other developed countries, central government has had a limited role in social welfare provision: the main developments of federal provision were during the Roosevelt administration of the 1930s, which laid the foundations for the social security system, and the “War on Poverty” of the 1960s, which provided some important benefits (notably health care for people on low incomes) and engaged the federal government in a wide variety of projects and activities at local level.

<sup>16</sup> Titmuss, Richard Morris and Alcock, Peter Welfare and Wellbeing: Richard Titmuss’s Contribution to Social Policy, The Policy Press, 2001

<sup>17</sup> Ringen, S, The possibility of politics, Clarendon Press 1989

## 4 The Social Wage in South Africa

*“Government as a whole needs to do more research work to improve our understanding of the composition, value and distribution of the benefits of the social wage. The creation of an enhanced knowledge base for the targeting of social policy will greatly improve our ability to address the challenges ahead.”<sup>18</sup>*

Dr. Zola Skweyiya, Minister of Social Development

### The Evolution of the Social Wage Debate

The term social wage has currency in South Africa because of its use by government, its agency, politicians and more sporadically, the trade unions with which it shares an alliance. The exact emergence and provenance of the term is difficult to date with any accuracy, but newspaper reports suggest 1998 represents a fair starting point for discourse in the South African context<sup>19</sup>. In subsequent years the term has continued to grow in usage, and is now an almost unquestioned and critically under-examined stock phrase, gracing the State of the Nation address by the President, the Budget Speech by the Minister of Finance and various and assorted luminary publications by the ruling party, government departments, state agencies and ministerial missives.

The concept of the social wage in the South African context is arguably derived from the Reconstruction and Development Programme (RDP) of the ANC (1994), although the term itself is not used in the RDP. The developmental approach to meeting basic needs is in many respects rather unique in its search for congruence between people, their needs and the role of the state. As a more or less organic outcome of the struggle against Apartheid the RDP represents a form of a social compact between the African National Congress, the Congress of South African Trade Unions, the South African National Civics Organisation, progressive academics and NGOs. At the heart of this compact the ANC said that “The RDP is an integrated, coherent socio-economic policy framework. It seeks to mobilise all our people and our country’s resources toward the final eradication of apartheid and the building of a democratic, non-racial and non-sexist future.”<sup>20</sup>

While seemingly overtaken by subsequent events, it is worth quoting the six principles of the RDP in full:

“Six basic principles, linked together, make up the political and economic philosophy that underlies the whole RDP. This is an innovative and bold philosophy based on a few simple but powerful ideas. They are:

**An integrated and sustainable programme.** The legacy of apartheid cannot be overcome with piecemeal and uncoordinated policies. The RDP brings together strategies to harness all our resources in a coherent and purposeful effort that can be sustained into the future. These strategies will be implemented at national, provincial and local levels by government, parastatals and organisations within civil society working within the framework of the RDP.

<sup>18</sup> Dr. Z. Skweyiya, Minister of Social Development, *Towards a South African Developmental State: Challenges Ahead* 2005

<sup>19</sup> Weekly Mail & Guardian, “Social Wage is all the rage” 22 May 1998

<sup>20</sup> African National Congress, *Reconstruction and Development Programme* 1994

This programme is essentially centred on: **A people-driven process.** Our people, with their aspirations and collective determination, are our most important resource. The RDP is focused on our people's most immediate needs, and it relies, in turn, on their energies to drive the process of meeting these needs. Regardless of race or sex, or whether they are rural or urban, rich or poor, the people of South Africa must together shape their own future. Development is not about the delivery of goods to a passive citizenry. It is about active involvement and growing empowerment. In taking this approach we are building on the many forums, peace structures and negotiations that our people are involved in throughout the land.

This programme and this people-driven process are closely bound up with:

**Peace and security for all.** Promoting peace and security must involve all people and must build on and expand the National Peace Initiative. Apartheid placed the security forces, police and judicial system at the service of its racist ideology. The security forces have been unable to stem the tide of violence that has engulfed our people. To begin the process of reconstruction and development we must now establish security forces that reflect the national and gender character of our country. Such forces must be non-partisan, professional, and uphold the Constitution and respect human rights. The judicial system must reflect society's racial and gender composition, and provide fairness and equality for all before the law.

As peace and security are established, we will be able to embark upon:

**Nation-building.** Central to the crisis in our country are the massive divisions and inequalities left behind by apartheid. We must not perpetuate the separation of our society into a 'first world' and a 'third world' - another disguised way of preserving apartheid. We must not confine growth strategies to the former, while doing patchwork and piecemeal development in the latter, waiting for trickle-down development. Nation-building is the basis on which to build a South Africa that can support the development of our Southern African region. Nation-building is also the basis on which to ensure that our country takes up an effective role within the world community. Only a programme that develops economic, political and social viability can ensure our national sovereignty.

Nation-building requires us to:

**Link reconstruction and development.** The RDP is based on reconstruction and development being parts of an integrated process. This is in contrast to a commonly held view that growth and development, or growth and redistribution are processes that contradict each other. Growth - the measurable increase in the output of the modern industrial economy - is commonly seen as the priority that must precede development. Development is portrayed as a marginal effort of redistribution to areas of urban and rural poverty. In this view, development is a deduction from growth. The RDP breaks decisively with this approach. If growth is defined as an increase in output, then it is of course a basic goal. However, where that growth occurs, how sustainable it is, how it is distributed, the degree to which it contributes to building long-term productive capacity and human resource development, and what impact it has on the environment, are the crucial questions when considering reconstruction and development. The RDP integrates growth, development, reconstruction and redistribution into a unified programme. The key to this link is an infrastructural programme that will provide access to modern and effective services like electricity, water, telecommunications, transport, health, education and training for all our people. This programme will both meet basic needs and open up previously suppressed economic and human potential in urban and rural areas. In turn this will lead to an increased output in all sectors of the economy, and by modernising our infrastructure and human resource development, we will also enhance export capacity. Success in linking reconstruction and development is essential if we are to achieve peace and security for all.

Finally, these first five principles all depend on a thoroughgoing

**Democratisation of South Africa.** Minority control and privilege in every aspect of our society are the main obstruction to developing an integrated programme that unleashes all the resources of our country. Thoroughgoing democratisation of our society is, in other words, absolutely integral to the whole RDP. The RDP requires fundamental changes in the way that policy is made and programmes are implemented. Above all, the people affected must participate in decision-making. Democratisation must begin to transform both the state and civil society. Democracy is not confined to periodic elections. It is, rather, an active process enabling everyone to contribute to reconstruction and development.

An **integrated programme**, based on the **people**, that **provides peace and security for all** and **builds the nation, links reconstruction and development** and deepens **democracy** - these are the six basic principles of the RDP." (underscore added)<sup>21</sup>

<sup>21</sup> African National Congress, Reconstruction and Development Programme 1994

While the language of the RDP is significantly different, and it appears consciously so, from discourse on the social wage and welfare state in industrialized nations, its end objective is consistent with those societies:

- *ensuring a decent standard of living for all people,*
- *access to all the basic amenities of living (housing, electricity, education, health-care and so forth),*
- *and full participation in the economy.*

Naturally the RDP is focused on constructing, or in its words, reconstructing South African society and institutions towards this end, unlike existing democracies.

The disputes and social and political conflicts which have followed regarding the implementation/abandonment of the RDP, its approach and goals generated vast amounts of popular and academic analysis, occasionally even debate. The adoption and implementation of GEAR is now accepted as having been a form of home-grown structural adjustment, bringing with it a definite bent on government policy and spending towards austerity and fiscal restraint. Its critics have argued that this was done at the expense of pursuing social priorities – the very priorities highlighted in the RDP. Its proponents, not totally unreasonably, suggest that the “sound macro-economic management” of the GEAR project/policy framework created the space and resources to achieve the self-same RDP targets in the social arena in the current period. As stated in the ANC Today (2007):

“To implement one of the policy directives explicitly stated in the RDP document, we adopted GEAR in 1996, to address the challenge of correcting the negative macro-economic imbalances we had inherited from the apartheid years. One of the focal points of GEAR was the reduction of the budget deficit to ensure that our new democracy does not fall into a debt trap, as a result of which we would have to use a large part of our budget to service the national debt, necessitating even more borrowing.”<sup>22</sup>

While the contending views each have some validity, and point to differing and different sets of empirical and factual data in their arguments, it is clear that government has taken onboard a notion of the social wage – shared by the ANC – which meaning suggests that portion of government spending directed at alleviating poverty.

And here the context of the RDP/GEAR arguments is not incidental but rather intrinsic to this emerging discourse on the social wage. It must be remembered that quite aside from the heavy criticism of its immediate partners in the alliance, the SACP and COSATU, the government also engaged in often bruising public disagreements with public figures and bodies as diverse as Archbishop Emeritus Desmond Tutu, the SA Institute of Race Relations, journalist/activist/writers such John Pilger, Xolela Mangcu, Steven Friedman, the United Nations Development Programme, a broad spectrum of faith-based organizations and civil society groups and social movements.

In order to counter arguments about growing unemployment, jobless growth and consequently, increased levels of poverty, which underscored the arguments against GEAR, it appears the state frequently began to deploy both the

<sup>22</sup> ANC Today Volume 7, number 42 2007

concept and the term social wage to demonstrate its commitment to ending poverty and more problematically the effectiveness of these anti-poverty measures.

Typical of this “social wage” creep that demonstrates these concerns and its underlying thinking, is the following comments attributed to Joel Netshitenzhe, then head of Government Communication and Information Services, by the newspaper Business Day:

“A ‘social wage’ had also been introduced, reflecting government’s efforts to deal with poverty. This had contributed to an improved quality of life.

While partial data and focus on single points in time may attract shallow claims of no delivery and increasing poverty a contrary conclusion follows from a rounded picture of trends including the social wage, tax relief and social grants over and above cash income from employment.”<sup>23</sup>

Clearly at the heart of governments stance is a belief that “things have improved”. Social spending, particularly on healthcare and education as well as social grants, are pointers to serious and committed resource allocations in this area on the part of government. Further more their beneficial impact on the lives of the poor are held as incontrovertible by government. Trevor Manuel expresses this view:

“Welfare and social assistance, education, land restitution and housing have evolved into strongly redistributive expenditure programmes, bringing the average value of services, of the social wage, that goes to the poorest 40 per cent of households to an estimated R956 a month.”<sup>24</sup>

The point being made here is how widespread government has taken its use of the social wage and consequently how dubious it has become for making and measuring policy in South Africa. The social wage is then, just on these two quotes, made up of:

- Tax relief
- Welfare and social assistance
- Education
- Provision of free basic services
- Land restitution
- Housing

<sup>23</sup> Business Day, State has to correct views on poverty, March 26 2003

<sup>24</sup> Manuel, T. Budget Speech, 2005

The usage would be, if not wholly logical or acceptable, at least defined if these six alone were then the agreed constituents of the social wage (or indeed any six). But in other deliberations healthcare is added in. Infrastructure and transport get honourable mentions every now and then. So do policing and military expenditure. It becomes an impossible entanglement which perhaps gives rise to the following remark in ANC Today (2004):

“The market economy, which encompasses both the First and the Second economies, is unable to solve the problem of poverty and underdevelopment that characterises the Second Economy. Neither can welfare grants and increases in the social wage.”<sup>25</sup>

It would be unfair to suggest that the authors of ANC Today on this occasion intended a meaningful critique of the problems of the social wage as policy instrument in South Africa today. It does however suggest a growing recognition that the broad use of the social wage in all manner of policy arena's and with such multiplicity of meanings is hindering rather than assisting clear policy formulation.

But there is one other context in which the concept of the social wage has been seriously deployed, namely the Taylor Committee of Inquiry. In its published report into comprehensive social security reform the Taylor Report notes that:

“The Apartheid state was a racially exclusive variant of the Australian ‘wage earners’ welfare state, i.e. a welfare state that sought to ensure a certain standard of living for Australians as wage earners rather than as citizens.”<sup>26</sup>

This off-hand assertion, in regards to Australia, is probably is open to debate. What is incontrovertible is the racial foundations of social protection and service provision and the inherent and intentional inequality which arose from these foundations. Secondly is the strong regulation of the market, not merely to ensure a wage earner model of social protection for whites but to achieve the suppression and control of black labour, wages and living standards. Prior to 1994 the South African state maintained an what may be described as an embryonic welfare state, albeit a racially exclusive one, which the Taylor Committee described as a variant of the Australian model of social protection.

What is being suggested here is that the social wage has found some expression in our policy framework through the process of reform of the social security system. In contradistinction to an almost deliberate vagueness in which the concept is clouded in other spheres of government, the Department of Social Development has implicitly steered its policy reforms towards completing a radical transition from nascent, racist social wage provision to a universal and democratic one, which includes income support for non-wage earners, income replacement benefits for those displaced from the labour market and a series of income support mechanism to children and the elderly in the form of the various grants. Its incremental roll-out of these reforms has clashed directly with the perspective of the National Treasury.

<sup>25</sup> ANC Today, Volume 4, number 47, 2004

<sup>26</sup> Consolidated Report of the Committee of Inquiry into a Comprehensive System of Social Security for South Africa, Transforming the Present – Protecting the Future, 2002

These views are well reflected in this statement by the Minister of Finance, Trevor Manuel (2004):

“We need to acknowledge that our social security net is under severe strain. Rapid growth in disability and foster care grant applications indicate both rising income support needs and apparent deficiencies in administrative systems. A sustainable social security system must balance bringing in everyone who is entitled to grants and keeping out everyone who is not entitled to them.”<sup>27</sup>

Between various government departments diametrically opposed policy positions have taken shape with each competing perspective attempting to claim continuity with the RDP as well as direct relevance as interventions as part of the social wage.

## **Estimates, Measurement and Further Contestations**

The South African government posits itself as delivering a social wage with monetary estimates being around R88 billion (HSRC;2004). Such claims have drawn criticism for the absence of consistent definition and usage and for the government’s methodology for its calculation/extrapolation of the expenditure on the social wage. These disagreements gain added animation in light of serious disagreement on levels of service delivery, service backlogs and poverty and unemployment in general and ultimately the value of the components of the social wage to actual individuals.

Government recognises both the potential for improved delivery and the urgent need to frame such delivery in a comprehensive, coherent and integrated way – regardless of all other considerations the state has Constitutional obligations which cannot be ignored. The policy direction being taken by the state has in broad outline the features associated with historic social democracies. Among the most recent initiatives the state has announced (Thabo Mbeki; 2007) are the following:

- Tax incentives for low wage earners
- Universal and compulsory pension scheme
- A national comprehensive anti-poverty strategy
- A national poverty measure/s
- A community survey and national poverty data survey

These interventions are in addition to existing government programmes which include free basic schooling, HIV/AIDS prevention and care programmes, provision of means-tested social grants, expanded public works programme and so forth. By themselves – and remembering that the efficacy of each, certainly their effectiveness taken as a whole, remains the subject of much contestation – these programmes do not as yet translate into an effective basket of goods and services which bridge the gap between what people have and what they need to be to effective members of society.

<sup>27</sup> MANUEL, T. (2004) ADDRESS TO THE NATIONAL ASSEMBLY ON THE TABLING OF THE MEDIUM TERM POLICY STATEMENT

In the sense spoken of above, those distributive and redistributive policies of the state have been taken as the “social wage” – that entitlement due each person from the national income, with specific focus on weighted benefit to the poor.

What is more, the social wage has come into sharpest focus with government attempts to quantify the so-called value of the social wage for each person – again generating significant disagreement.

The Human Science Research Council undertook a study into the social wage in 2004, to, as they put it, “review the social wage system in South Africa”.

The report views the emergence of the social wage in post-WWII Europe not so much as an instrument of measurement as much as a principle in public policy, in the first instance aimed at reducing income inequality in society through a redistributive tax-benefit system which also aimed to stimulate aggregate demand.

It asserts that this meaning of the social wage fell into dis-use by the late 20th century, while its “primary importance” became a concern of the “measurement of poverty and government performance”.

The poverty measurement-government performance measure usage of the social wage, if one may call it that, is explained rather enigmatically in the HSRC report as resulting from changes in macro-economic management and “changes in thinking about the role and obligations of the state in protecting the welfare of its citizens”. While there may be validity to this view it seems to ignore the significant debate and work centred on the policy purpose and on-going political-economy approach to advocating for improvements and/or changes to the social wage, such as those advanced by Rankin from the onset of the 1990s.

According to the report (HSRC; 2004):

“This has involved:

- a study of the different components of the social wage in South Africa,
- estimates of the value of the social wage by component, and
- a determination of whether and how the distribution of the social wage needs to be improved.

The sectors considered are:

- electricity,
- water,
- sanitation,
- solid waste/refuse removal,
- housing,
- healthcare, and
- primary and secondary education.”
- The reports main conclusion is that:

“In sum, the value of the social wage in South Africa is significant, not least as a principal component of the ‘universal protection’ contemplated by the Comprehensive Social Security Framework. Moreover, the distribution of the social wage is progressive in that it benefits poorer households more than better-off households. The fact that the social wage is not as progressive as the social grant system is largely due to the fact that better distribution of the social wage depends upon addressing the service backlog. However, it should be pointed out that the figures above do not take into account tax incidence and cross-subsidisation via user charges, which disproportionately affect non-poor households, and thus in effect renders the distribution more progressive than it appears above.”<sup>28</sup>

Whether intended to or not the HSRC report is thusly interpreted by government:

“The R956 a month estimate is based on HSRC research using 2002 household survey data. (The estimate includes schooling, health care, housing, social grants and access to subsidised water and electricity.)”<sup>29</sup>

But these figures are not universally accepted. According to Bond & Desai (2006):

“Disaggregating the state’s ‘gross fixed investment’ in 2002, only 33.4% went to social infrastructure (schools, hospitals and administrative services), down from 38.7% in 1995, while other economic infrastructure (roads, bridges, dams, electricity and water) dropped from 45.8% to 44.1%. In contrast, other ‘economic services’ - spending by business enterprises not included in the categories above - rose from 15.5% to 22.5% of the total. Amplified unevenness is also evident in income inequality and poverty data, as even the state agency Statistics SA confessed that what was amongst the world’s worst Gini coefficients actually degenerated after 1994.

According to an October 2002 report, in real terms, average black African household income fell 19% from 1995-2000 (to the purchasing-power parity level of \$3,714/year), while white household income was up 15% (to \$22,600/year). Not just relative but absolute poverty intensified, as households earning less than \$90 of real income increased from 20% of the population in 1995 to 28% in 2000. Across the racial divides, the poorest half of all South Africans earned just 9.7% of national income in 2000, down from 11.4% in 1995. The richest 20% earned 65% of all income.”<sup>30</sup>

<sup>28</sup> HSRC, The social wage in South Africa Phase 2 report (A review on behalf of the Social Cluster Task Teams on Free Basic Services and the Comprehensive Social Security Framework, November), 2004

<sup>29</sup> Manuel, T. Minister of the National Treasury, Budget Speech, 2005

<sup>30</sup> Bond, P. and Desai, A. Explaining uneven and combined development in South Africa in Bill Dunn (Ed), Permanent Revolution: Results and Prospects 100 Years On, Pluto Press. 2006

These criticisms are variously amplified by civil society groups and trade unions. An example is NALEDI (NALEDI;2001) statement in 2001 on key social indicators:

“Health – Since the 1980s private health has been promoted, particularly through deregulation. Today 16 per cent of the population utilise private health, costing R36 billion a year. This is more than the R32 billion spent by the public health sector that covers the remaining 84 per cent of the population. Over-servicing in private health has driven medical inflation to over 300 per cent in real terms since the 1980s. The poor are completely priced out of this private health market. The poor instead use the public sector that, due to fiscal constraints, has seen public health spending per person fall by 15 per cent in real terms since 1996, resulting in deteriorating healthcare for the poor. In addition, there has been a massive shift of key health professionals from the under-funded public sector into the private sector, increasing the public health crisis. The introduction of a National Health Insurance (NHI) discussed in the final section, would remedy this situation.

Water – While government has succeeded in rolling out more water infrastructure (taps and pipes) to the poor, communities are expected to pay. Even communities who never paid for water before now have to. While government has intended to contractually oblige the outsourced water management companies to deliver affordable and quality services, in practice contracts have been invariably renegotiated soon after privatisation, and tariffs increased. This has led to many of the poor being forced to go back to use rivers as a source of drinking water, contributing to the deadly cholera outbreak in KwaZulu Natal early this year. Recently national government announced a “free water” programme, but without the support of additional national funds this programme is likely to fail.

Electricity – Eskom, under public sector management, is one of the cheapest electricity producers in the world. However, government intends to permit private generation of up to 30 per cent of electricity, particularly through transferring a stake in ESKOM to a black empowerment consortium. Privatisation consultants advising government estimate that the cost of electricity for households will have to be increased by up to 50 per cent, following this partial privatisation. This is against a backdrop where there are already 10 000 electricity cut-offs to poor households in Soweto every month.

Transport – Public transport is an important basic service, desperately needed to counter the spatial effects of apartheid planning. In this regard, government, advised by international consultants, has proposed that the components of the public railway enterprise, Spoornet, be privatised. Part of the privatisation would require closing or downscaling “unprofitable” railway lines, mainly those serving poor areas.”<sup>31</sup>

<sup>31</sup> Naidoo, R, Director, NALEDI, Privatisation does not benefit the poor, Article prepared for The Sowetan 2001

In slightly different context, the Studies in Poverty and Inequality Institute (SPII, 2007) reflected:

“According to the Towards a Ten Year Review Discussion Document released by PCAS, since 1994, South Africans have grown wealthier (real per capita) at slightly more than 1% per annum (PCAS, 2003, page 35). However, according to a subsequent discussion document, A Nation in the Making. A Discussion Document on Macro-Social Trends in South Africa, 2006, the number of households living below an estimated poverty line of R322, per month rose from 28% in 1995 to 33% in 2000 (PCAS, 2006, page 12). Yet the document also claims that since 2000, the total number of people living in poverty has fallen from approximately 18.5 million poor people to 15.4 million (ibid). This claim, which has its origins in Van der Berg at al (2005) however has been vehemently rejected by economists such as Charles Meth (2006a; 2006b)”<sup>32</sup>

<sup>32</sup> Studies in Poverty and Inequality Institute, The Measurement of Poverty in South Africa Project: Key Issues, Working Paper No.1, 2007

## 5) Conclusion

*“What is laid down, ordered, factual is never enough to embrace the whole truth: life always spills over the rim of every cup.”<sup>33</sup>*

Boris Pasternak

Most criticism levelled against government is not a blanket condemnation but rather considered objections to perceived policy failures and decision-making. Aggregate estimates, per capita expenditure figures which government and its departments present as being representative of peoples' reality fly in the face of lived reality and most qualitative reviews of government performance. This is demonstrated in civil society organisations response to governments progress on meeting the Millennium Development Goals, shown here in the statement by the Peoples' Budget Campaign(2005):

“Government spending on the ‘social wage’ has increased significantly since 1994. There remains, however, a need for a more consultative and transparent process for determining the financial value of the social wage, and measuring its impact on the lives of the poor.

Disagreement exists amongst economists over whether the total amount of spending by government equals the total value received by the beneficiary. How does one equate the total education budget to the value in the quality of learning for the learner? There are a number of different positions on how the value of the social wage can be quantified. There should be a consultative process to reach consensus on this point before official figures incorporate the social wage in a manner which may skew some reports.

For instance, government's policy of requiring user fees means that many poor households cannot maintain access to services and a large percentage increasingly fall behind with payments, fuelling municipal debt. This phenomenon emerged dramatically through the housing programme. Until 2001, poor households received new RDP houses free of charge, but had to pay for improved electricity and water. Because they could not afford the service charges, many ended up renting out or selling the houses, in some cases even facing eviction.

The situation is even worse for telephones. In the late 1990s, government required Telkom to provide three million new landlines. During the Census 2001 process, the definition regarding telecommunications changed in a conservative direction. The 1996 Census measured the number of people using phones, whereas the 2001 Census only measured people having access 12 to a telephone (regardless as to whether they had

<sup>33</sup> Quoted in the Mathematical Experience by Davis, Philip J. and Hersh, R., Pelican Books 1981

resources to make a telephone call). This may explain in part why the parastatal cut off 80% of the new lines within five years, mostly because the new recipients could not pay for them.

The current initiatives around developing policy for local government on free basic services are also to be welcomed. The challenge faced by government is how to ensure that the policies are developed in accordance with need, rather than being dictated by the budget.”<sup>34</sup>

Despite strong arguments such as these government asserts, in a mixture of the factual and the fanciful, that all is well. As late as August 2007, the Department of Social Development (DSD, 2007) presented the following as slides at an HSRC conference on comprehensive social security:

#### “**Social wage**

##### **Water & Sanitation:**

- 74% of the population has access to Free Basic Services
- Access to water increased from 59% in 1994 to 86% in April 2007
- Access to Sanitation increased from 50% in 1994 to 71% of households by April 2007
- Bucket Eradication on target

##### **Social Assistance**

- Govt provides income support to more than 12.7m beneficiaries of which 8.4 million are children. Total cost constitutes 3.2% of GDP
- The majority of eligible target groups are registered
- Govt established the Social Security Agency to ensure efficient and effective delivery of social security benefits
- Govt continues to enhance the integrity of the system and the delivery of beneficiary

##### **Social wage**

##### **Health & Education Services:**

- Free Health Care for children under 6, Pregnant and for lactating women, and for people with disabilities
- Free Primary Health Care for all
- 1600 clinics built or upgraded since 1995
- 11 New hospitals built since 1998
- 5 996 050 learners in 18 039 schools are benefiting in the Nutrition Programme
- Department of Education is rolling out no School Fees Policy

<sup>34</sup> Peoples' Budget Campaign, South Africa Civil Society Speaks, (Summary based on civil society documents and submissions Our goals and visions including a commentary on the SOUTH AFRICAN GOVERNMENT MILLENNIUM DEVELOPMENT GOALS COUNTRY REPORT), 2005

## **Acquiring & Building Assets**

### **Housing & Human Settlements:**

- 2.35 M houses delivered since 1994
- 59 314 Hectares Of Land Transferred To Households

### **Community Assets include:**

- School sites
- Clinics,
- Community Halls,
- Taxi Ranks,
- Community roads”<sup>35</sup>

The Community Survey conducted by StatsSA and released in 2007 repeats the dubious use of statistics seen in publications such as the Ten Year Review and Macro-Social Trends. The illusionary pursuit of scientific data which affirms the positive impact and outcomes of government policy, budgets and their programme implementation has been a heady project, and a rather expensive one at that. Clouded in much of this data crunching and quantification has been the social wage, under which rubric all success is to be found.

If we consider that “South Africa now has one of the highest rates of unemployment in the world even on the official narrow (but potentially misleading) definition”<sup>36</sup>, according to Kingdon and Knight (2005), it becomes perhaps less mystifying why so much of governments failings and successes need the “social wage” – a policy of indeterminate location, function and purpose.

The organically developed vision and approach of the RDP has given way to technocratic estimates of programme and policy deliverables. Academics, statisticians and economist in particular, contest data sets, survey and results. Far from being sterile engagements in the minutia of data, the concerns and disagreements are animated by social forces seeking genuine, effective and lasting change in society.

The juncture at which the state and society finds itself at the moment is unique and in all likelihood decisive in determining precisely what a mature democratic South Africa will be like politically, economically and socially. A confluence of seemingly contradictory factors has occurred after 13 years of post-Apartheid government – a state with greater financial resources at its disposal than it is capable of effectively re-investing in society. The resources available to the state to meet peoples’ basic needs have never been greater; yet the capacity to do so democratically, efficiently and in a sustainable manner is uncertain.

The social wage as a definable, discernable, measurable and “bankable” transfer from state to individual or household can become an effective policy instrument. However it is currently none of these.

<sup>35</sup> Department of Social Development, Presentation to the HSRC Health Insurance Colloquium: Framework of Comprehensive Social Protection and Social Programmes 2007

<sup>36</sup> Kingdon, G. and Knight, J. Unemployment in South Africa, 1995 – 2003: Causes, Problems and Policies 2005

A critical issue is whether or not continued use of the term is helpful to social policy formulation and implementation in South Africa. For it to move from the realm of political-policy to social policy it requires definitions and choices to be made – and these are difficult choices because they require a degree of honesty and realism not present in current government thinking.

Providing safe and clean drinking water, adequate shelter and nutrition, sufficient and safe energy, safe and reliable sanitation are prerequisites for life. They are not the outer frontiers of human development in the 21st century. They constitute the minimum core which all people require and which the state must make adequate and reasonable steps to provide. While the developmental deficit created by Apartheid is acknowledged, the provision of these basic and Constitutionally defined rights can be met and should be met in middle-income country such as South Africa. It is perhaps the most terrible of indictments on the democratic government that 13 years on it still has not fulfilled its obligation to its people in this regard and worse still that it presents them as special economic benefits to be calculated as part of the so-called social wage.

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