

Name and student number:

Mzingaye Brilliant Xaba G13x2656

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Professor Lucien van der Walt

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Abstract

Amartya Sen argued that poverty was the “deprivation” of the capability to lead a “good life”, therefore ending poverty meant meeting basic physical and social needs, and enabling meaningful economic and political choices. The principal objective of this research was to investigate whether (and if so, in what ways) post-apartheid state-provided non-contributory cash social grants in South Africa reduced “poverty” in Sen’s sense. This thesis used Ezibeleni, a historically black working class township at Queenstown, in the Eastern Cape, as a reference area. Using in-depth interviews, it found that social grants did help *reduce* poverty, both in terms of helping meet basic needs and enabling grant recipients to make more choices, including facilitating job searches and small businesses. However, it was also found that grants fall short of *ending* poverty, as the grants were too small to adequately cover basic needs in the context of large family sizes, a serious and long-term lack of resources, persistent unemployment, and high indebtedness, and could also enable only a limited expansion of choices. The grants played a positive role, but were inadequate to remove the “unfreedoms” facing the poor.

Declaration

I declare that this thesis is my own unaided work. It is submitted for the degree of Master of Social Science in Sociology, Faculty of Humanities, Rhodes University, South Africa. It has not been submitted before for any other degree or to any other university.

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List of abbreviations

ANC: African National Congress

CDG: Care Dependency Grant

CSG: Child Support Grant

COIDA: Compensation for Industrial Industries and Diseases Act

DG: Disability Grant

FCG: Foster Care Grant

GIA: Grant in Aid

GEAR: Growth, Employment and Redistribution strategy

GNU: Government of National Unity

NP: National Party

OAP: Old Age Pension

RDP: Reconstruction and Development Programme

SASSA: South African Social Security Agency

SAIRR: South African Institute of Race Relations

SMG: State Maintenance Grant

UIF: Unemployment Insurance Fund

UNDP: United Nations Development Fund

WVG: War Veterans' Grant

Chapter 1:

Introduction and outline

1.1. Introduction

The African National Congress (ANC) inherited a fragmented social welfare system which was not initially crafted for the whole population. The state-run social welfare system was initially meant to cover whites primarily, and only gradually covered other races, and then on a discriminatory basis (Haarman, 2000:10). Having helped defeat apartheid by 1994, the incoming African National Congress (ANC) government, which won the first non-racial elections, has made steady progress in addressing poverty and creating an equitable society for all South Africans.

Addressing poverty and inequality has been one of the biggest goals of the post-apartheid South African government (World Bank, 2014: v). South Africa is emerging from years of segregation and apartheid policies, which resulted in large discrepancies between people based on race, in all areas of life, from education, to municipal services, to jobs, to state-provided social welfare. The policies of apartheid ensured that black people remained poor, uneducated and unable to earn an adequate wage (Brown and Neku, 2005:301).

Since taking office, the ANC government has sought to deal with endemic poverty through increasing social welfare, while promoting economic growth and employment through neo-liberal economic policies. Poverty alleviation in South Africa is one of the primary objectives of state-run social welfare policy (Republic of South Africa, 1996; Van der Berg, 1998a, cited in Triegaardt, 2005:249).

Welfare spending and coverage has, by most measures, increased substantially. Not only were racial disparities in grants removed in the 1990s, but much more systematic coverage was implemented. Since 1994, the state's welfare system has increased significantly due to policy changes. The increase in the numbers of non-contributory cash social grants was 537.5 percent from 1996 when 2.4 million people received some form of government grant, to 2011 when 15.3 million people had access to grants. In 2013, 60 percent of the government's R1.15 trillion Budget was reportedly channelled towards social spending aimed at the poor (Paton, 2013). Social grants reach almost half of South African homes (Paton, 2014). South Africa does provide more welfare than many other semi-industrialised countries, although it

is exaggerated to say that it is the “world’s biggest welfare state” (e.g. News24.com, 2010, Mail and Guardian, 2010).

The main aim of this study was to investigate whether (and if so, in what ways) state-provided, non-contributory, cash, social grants in South Africa reduce “poverty” (in Sen’s sense) by improving basic physical conditions *and* the ability to make economic and political choices. Sen (1999) argues that “poverty” cannot be understood in terms of low incomes only: poverty should be understood as “deprivation” of the capabilities to lead a “good life”. These capabilities include meeting basic physical needs, but also the ability to make economic and political choices in society. Sen describes poverty as a state of “unfreedom” or incapacity, and a disabling proposition on the part of a poor people in terms of their inability to access a good quality life (Sen, 1999). Poverty means not just a lack of access of basic *physical* needs such as food, water, education, health, but also to other *social* necessities.

1.2. Main aims

This thesis seeks to understand whether the current South African social grants reduce poverty, both in terms of an inability to meet basic needs, and in the sense of a lack of economic and political choices, as used by Sen (1999). In other words, do the grants allow people to meet basic needs? And do they enable people to escape the “unfreedom” of poverty, meaning its constraints on human capacities (Sen, 1999)? The focus is on non-contributory social grants. Related to this, the secondary aims are to investigate the role of grants in livelihoods, as well as to investigate local perceptions about how the grants are administered. This secondary aim provides a further way of examining whether grants enable choices, or impose further constraints on the poor.

Social grants in post-apartheid South Africa have been a source of great controversy, with some claiming that they are linked to a “dependency syndrome” in which people never escape depending on social grants. Proponents of the “dependency syndrome” argument often argue that social grants lead to harm in society in that social grants pay people to be irresponsible, and unproductive, in the long run creating a pool of dependant citizens. This then becomes a “permanent underclass” in the United States of America and Canada, without a “work ethic”, or the incentive to earn a living from a job (Mazibuko, 2008:08).

This is sometimes tied to the economic liberal argument that welfare is negative, because it restricts individual freedom and human dignity, and undermines the self-sufficiency of the family (Barry, 1995; Friedman, 1982; Mazibuko, 2008:08). A version of this argument is the claim, in South Africa, that poor women and teenage girls get pregnant to access government Child Support Grants (CSGs), which currently paid R310 per month, per child (e.g. *The Sowetan*, 2014). In other words, welfare creates new problems and rewards bad behaviour (e.g. *Times Live*, 2013).

Therefore critics have often argued that grants are not a solution to poverty, and that jobs and economic growth are the solution to poverty. A related argument is that, as welfare spending grows, it could become unsustainable, taking South Africa to a “fiscal cliff” where the “welfare bubble” bursts (*Business Day*, 2014; *Financial Mail*, 2014; Goko, 2014). This critics point with worry to the South African government is considering extending the eligibility age for CSGs from 18 to 23 (Oderson, 2014).

The issue of “welfare dependency” has been widely debated in South Africa, and has led to serious research. The charge that poor women, especially teenage girls, get pregnant to access CSGs, has no serious evidence to support it (see Makiwane, Udjo, Richter and Desmond, 2006; Xaba 2013; also UNDP 2011). The related charge that access to grants leads the able-bodied to avoid work, has also been challenged (Leubolt, 2014: 12-13). Rather, the economy has serious problems that prevent it creating adequate jobs, and this creates dependency on welfare (Marais, 2011). The country has an extremely high unemployment rate, despite its high level of development and has the worst employment level among middle income countries (Prinsloo, 2010; Siedman-Makgetla, 2004). It is however not clear whether the welfare system is fiscally sustainable, although the state insists that it is (Paton, 2013).

There is also substantial literature on the various effects of the South African welfare system, including the grants (e.g. the CSG on child health: Delany, Ismail, Graham and Ramkissoon, 2008), and on how household dynamics shape grant use and how grants are used (e.g. Mosoetsa, 2006, 2011), and the gaps in the welfare system – notably, the very limited system of unemployment insurance in a context of mass unemployment (e.g. Whitworth and Noble, 2008).

Although much is known about the impact of the grants on poverty, in the sense of basic physical needs (e.g. Neves, Samson, van Niekerk, Hlatshwayo and du Toit, 2009:05; Xaba,

2013), the literature has only started to examine how grants affect “capabilities” (Hassim, 2008).

Whether the grants can end “poverty”, in the broader sense that Sen (1999) has in mind, has not really been explored. This thesis tries to examine these issues – whether social grants help reduce poverty, both in the sense of an inability to meet basic needs, and in Sen’s sense of a state of unfreedom with severely limited choices. It does this by using a case study based on qualitative data, of Ezibeleni Township, Queenstown, in the Eastern Cape. Queenstown is situated in the Chris Hani District (Lukhanji, 2011:83), one of the most deprived parts of the province (Edwards, 2011:124, 127). It is under the Lukhanji Municipality, which is predominantly rural (Mears, 2005:85). Ezibeleni, situated 10 kilometres from the Queenstown city centre, was established in 1974 as a township for Africans (Lukhanji, 2011:83). I interviewed household heads who included pensioners, middle-aged parents and young mothers, and used in-depth interviews.

In 2009, Ezibeleni Township housed 26 937 people, dependent for livelihoods on various sources: grants, formal employment, informal business and self-employment, remittances, casual work and farming; black poverty and unemployment in the city was at 74.7% and 62.9% (Webb and Kasumba, 2009:30). Many residents of the township are recent rural immigrants to town, affected by post-apartheid agricultural restructuring. Agriculture has experienced dramatic liberalisation after 1994 (Helliker, 2013:79), Parker (2013) stating that it shed 700 000 jobs from 2000-2007, and Venter (2013) saying that the number of commercial farmers fell from 66,000 15 years ago to 28,000 today. Land reform has not provided an alternative income source for the displaced poor (Wotshela, 2011:283).

1.3. Research approach

My method was qualitative partly because the method allows access to information about experiences and meanings (Lune, Pumar and Koppel, 2010:79; Tracey, 2013:05). It would be difficult, although possible, to explore issues like whether grants improve human capabilities using quantitative methods. Further, issues like low incomes, hunger, poverty, hopes and disappointments are sensitive. Qualitative research does not only allow insights through in-depth conversations that would not be accessed quantitatively, but is also ideal for gaining people’s trust (Moseotsa, 2006: 17, 87).

I used snowball sampling, starting with contacts in Ezibeleni, who introduced me to social grant recipients. I examined households that received at least one grant, regardless of whether the household also received income from other sources. Since grants are allocated through means-testing (Makino, 2004:01), their recipients are, by definition, poor. Members of the initial sample were then asked to identify others with the same characteristics as them, who I, as the researcher, then contacted (Mathews and Ross, 2010:162). I relied on semi-structured interviews, with the questions repeated in the same order and in the same wording, but allowing some probing of issues (as advised by Tracy, 2013:139).

I interviewed the household heads, as they are the people most likely to manage household spending, and to have the best overall insights into household issues. Judging from my previous research (Xaba, 2013), I thought fifteen (15) to twenty (20) respondents would be a good number in terms of the point of data saturation (Xaba, 2013). In the end, I was able to interview sixteen (16) grant recipients. Guest, Bunce and Johnson (2006:74) state that the point of data saturation is likely to be twelve when using this method (12). Given the amount of time for this Masters thesis (1 year), 15 to 20 was also a practical sample size.

I also did some documentary analysis in the form of using government reports on Queenstown, and newspapers. Documents are often better for getting a wider picture of an area or topic than individual interviewees (Mathews and Ross, 2010:278), and also allow statements in interviews to be cross-checked.

There were few research difficulties encountered. I am fluent in Xhosa, and this greatly assisted my research as there were no language barriers, all the respondents being Xhosa-speaking. In some cases, other people joined the interviews. I have tried to show where this happened, but my focus remained on the household head. All respondents were advised of the nature of the research and no inducements or pressures were used, everyone being told clearly that they could withdraw at any stage. Anyone who wanted to be anonymous or have their name hidden could do so, although most did not request this step.

My research was in-depth and involved the qualitative study of several households, rather than a representative survey, but its findings are of wider interest. The study is in-depth and qualitative, so issues of representivity are less important than the richness of the data. Since I used snowball sampling, starting with an introduction through contacts I had in the township, I recognise that I may only have accessed a specific network. However, what I found (see last two chapters) is consistent with a lot of existing work.

1.4. Grants in the context of the social welfare system

Hagen-Zanker, Morgan and Meth (2011:01) observe that South Africa has three types of social welfare: *social services*, like state schools and public health services (including fee exemptions for categories like pregnant women: Haarman, 2000:23), *contributory social insurance* schemes (e.g. the Unemployment Insurance Fund/ UIF for employed workers), and *non-contributory (cash) social grants* provided on a needs-only basis (see below for examples). A “social grant” is a means-tested non-contributory cash transfer that is tax-funded and targeted at specific categories of people (UNDP, 2011:364).

These South African “social grants” are means-tested non-contributory cash transfers that are tax-funded and targeted at specific categories (UNDP, 2011:364). They are basically “liberal” rather than “social democratic,” as they are not provided universally to citizens: they are only for those who cannot enter the labour market, and who fall within low income brackets (Leubolt, 2014: 12). They are a “right” (Malan, 2005:01), but only for some.

The grants are mainly for the elderly, the young and the ill, and their caregivers. This is the true of all seven social grants: State Old Age Pensions (R1350 at 1 April 2014), the Disability Grant (DG) (R1350), the War Veterans’ Grant (WVG) (R1370), the Foster Care Grant (FCG) (R830), the Care Dependency Grant (CDG) (for the disabled or chronically ill, R1350), the Child Support Grant (CSG) (for children under the age of 18 years, R310), and the “grant in aid” (GIA) (additional grant for recipients of old age, disability or war veteran grants, who are unable to care for themselves, R310) (Kelly, 2014). The grants do not cover the unemployed, as such, although many obviously unemployed people access grants through family relations (Paton, 2013). There is however also a Social Relief of Distress Grant, which is a discretionary short-term grant of varying amounts for people facing emergencies, like natural disasters or sudden loss of breadwinner.

These grants are paid monthly, and access is through a means-test (Woolard, Harttgen and Klasen, 2010:04). The South African Social Security Agency (SASSA) evaluates the income and assets of the person applying for social assistance, in order to determine whether the person’s means are below a stipulated amount: grants are indeed meant only for those who have insufficient other possibilities to support themselves (SASSA, 2012:07).

The grants are means-tested to distinguish between the “deserving poor” and the “non-deserving citizens” (Leubolt, 2014:11). This has been the justification for the shape of the

post-apartheid system of social assistance. The most important aspect of this strategy is that it is exclusively designed for individuals who are not able to work, such as pensioners, family caretakers, disabled and chronically ill. These are the elderly, the disabled, and children, as well as anyone who lives with the recipients (Seekings and Natrass, 2005:377).

1.5. Larger debates over state welfare

There has been considerable debate on the aims and effects of state-provided social welfare. The South Africa-specific debates and controversies should be located in bigger theoretical debates over state welfare. Many of the views described earlier, like the view that grants undermine work ethics and promote pregnancy, can indeed be linked to the economic liberal approach to state welfare. Economic liberals reject subsidised services and non-contributory grants as limiting individual freedom, undermining economic efficiency (Friedman, 1982:2, 12), and leading to “welfare dependency” (UNDP, 2011:379; Potts, 2012:75), and all of this distorts labour markets while consuming resources through taxation and state spending. There is no need for social welfare in a functioning free market (Sowell, 2012:11), except for those who cannot participate in markets for various reasons beyond their control, like severe disability (Friedman 1982).

Keynesians have favoured state welfare on the reasoning that private investors are attracted to economies with high aggregate demand (Williams and Williams, 1995:72): since welfare boosts aggregate demand, it should attract investment and thus generate employment (Stewart, 1986:82). So, rather than welfare being a threat to the capitalist economy, it can benefit capitalism and profits, as well as the underprivileged.

Marxists have argued that poverty is intrinsic in capitalism, and cannot be undone by welfare. However, welfare may be desirable as it provides some temporary protection from capitalism. These are points with which anarchists/ syndicalists agree (van der Walt, 2006:01), but add that state welfare is problematic in that it is administered in authoritarian and inefficient ways by self-interested state elites (Millet, 1997).

Since the anarchists see capitalism and state as based on coercion and exploitation, with unemployment and inequality permanent they argue that state welfare cannot solve the problems. But the state is seen as a ruling class organisation, with functions that are largely coercive, its use of welfare also has elements of coercion (Holton, 1980:14). State-run welfare reduces working class self-reliance, independence and mutual aid organising, also

increasing the power of the ruling class. Welfare was even pushed onto the working class, in a more top-down approach, undermining mutual aid and voluntary systems based on a bottom-up approach to mutual insurance and self-help schemes by the workers (Ward, 2011:277, Holton, 1980:14).

These debates have played out in South Africa to some extent. The ANC's 1994 Reconstruction and Development Programme (RDP), aimed to expand as well as deracialise welfare (Stacey, 2014:98), and was influenced by Keynesian ideas (De Wet and Harmse, 1997:23; van Niekerk, 2011:64). Welfare was explicitly described in the RDP as helping "build the economy". The neo-liberal 1996 Growth, Employment and Redistribution strategy (GEAR) (Stacey, 2014: 98) however viewed welfare as a limited temporary, safety net: the real solution to poverty was job creation through free markets (van der Walt, 2000:71).

In terms of the effects of the grants on the abilities of individuals to make choices, and live meaningful lives, Sen's, and the anarchists/ syndicalists' arguments bring these issues into focus. Sen insists "poverty" cannot be understood in terms of low incomes only. It should be understood as "deprivation" of the capability to lead a "good life," which requires basic physical conditions (such as health and shelter) and the ability to make economic and political choices (Des Gasper, 2002). Sen's "capability approach" suggests the need to look at policies in terms of effects on "well-being" (Sen, 1999).

The challenge is to remove "unfreedom," and promote people's capabilities to make key life choices (1999: 87; also Walker and Unterhalter 2007:02). Means-tested social provision for people "capability handicapped" by economic circumstances is potentially valuable (Sen, 1999:134). But the anarchists/ syndicalists point out, a lot depends on how welfare is actually administered: does the system itself disempower (Millet, 1997; also Holton, 1980)? So, what if the way that the state welfare system works actually helps limit choices and build in "unfreedoms"?

Using this approach, the effects of South Africa's welfare system can be judged in a different light: does it enable the "good life" in Sen's sense? This study aims to examine this issue, by looking at the effects of non-contributory social grants on poor urban households, in terms of whether social grants improve basic physical conditions and enable choices.

1.6. Outline of the chapters

This dissertation starts with a description of social welfare system in South Africa. Chapter 1 sets the scene by explaining the aims and questions of the study, Sen's theory, the choice of the case study and the methodology used in the study. This chapter also discusses the South African welfare system and the outlines the broader debates over welfare in South Africa, and more generally. It briefly explains the three types of welfare: non-contributory grants, social insurance and other social services. The main stated aim of state welfare is to reduce poverty. The debates over social grants are examined, and linked to broader social welfare debates. This explains how liberals, Keynesians, Marxists, anarchists and many in the public view social grants and social welfare.

Chapter 2 provides a contextual analysis of the state run welfare system in South Africa, both past and the present. The chapter describes, the history of state-run social welfare in South Africa, expenditure on social grants, the current social welfare system, the number of social grants recipients, international experiences of cash grants, social insurance, social grants, and other social services in South Africa. This chapter traces the history of social welfare in South Africa and notes that the provision of social welfare under apartheid was racialised. State-run social welfare during apartheid prioritised the needs of whites partly in order to address the so-called "poor whites" problem. The current social grants system, which was established in after 1994 following the Lund Committee recommendations, is also discussed. Notably, the post-apartheid government social welfare system has no racial exclusions, is meant to be "developmental" and is targeted at poorer groups.

Chapter 3 is a literature review, including of the debates on state welfare. This explains how traditions like liberalism, Keynesianism, Marxism and anarchism/syndicalism view social welfare and grants. The chapter explains the debates on social grants and links them to larger debates on social welfare. The chapter also defines poverty and explains the meaning of poverty. So, there is also a section getting into the details of Sen's theory. The chapter also discusses the effectiveness of social grants, the expenditure on social grants, the abuse of grants, and the other possible negative aspects of the grants system, defining poverty, and Sen's (1999) capability approach.

Chapter 4 discusses the findings from the case study of Ezibeleni, a historically black working class township situated in Queenstown, in Eastern Cape. The data collected shows that social grants play a positive role in the livelihoods of many poor South Africans.

Additionally, the study finds that grants do allow more choices as defined by Sen in his theory of “development as freedom”, as compared to not having grants. Social grants help recipients to meet basic needs and buy household equipment, to look for jobs, to pay for funeral covers, to start small businesses and partake in community activities. However, as it will be revealed in the findings chapter, the effectiveness of these grants and choices depends on family size. The smaller the size of the family, the higher chances of having many choices but a bigger family limits the choices. One must hasten to mention that while grants offer more choices, grants are inadequate to fully offer choices – and end poverty – as conceptualised by Sen, as they are too small.

Chapter 5 is the conclusion and the basic overview of the findings on the impact of social grants. The principal objective of this research was to investigate whether (and if so, in what ways) state-provided non-contributory, cash, social grants in South Africa reduce “poverty” (in Sen’s sense). This dissertation draws the conclusions that social grants do reduce poverty in the sense of helping meet basic needs, and that the grants offer recipients more choices, in Sen’s sense as well. However, it was also found that grants fall short of ending poverty (in both the sense of basic needs, and in Sen’s sense), meaning that while they are beneficial they are not adequate.

Chapter 2:

Historical overview of the social welfare system in South Africa

2.1. Introduction

This chapter will discuss the South African state-run welfare system in general. The purpose of this chapter is to provide a discussion about the social welfare system, particularly focusing on the history of social welfare and the expenditure on welfare in South Africa, with social grants as part of this discussion. This chapter is divided into several parts. The first section discusses the larger welfare system in South Africa, and its history. This places the current state-provided, non-contributory cash social grants in their larger context. This includes a discussion of social insurance and other non-grant welfare. This section is followed by a discussion of the current system, including the seven types of social grants in South Africa, private social insurance and other social services.

2.2. Overview of the historical and current social welfare system in South Africa

Brown and Neku (2005: 301) note that apartheid involved large discrepancies between people based on race, in all areas of life, including the provision of state social welfare. The apartheid social welfare system prioritised whites, with limited assistance for coloureds and Indians, and with Africans largely left reliant on traditional kinship systems.

The last years of apartheid saw substantial welfare deracialisation by the then-ruling National Party (NP), including for sections of Africans (Nattrass and Seekings, 2005), but this was only completed after 1994 by the ANC. But under the ANC, welfare was not equalised at the levels once received by whites. The final deracialisation of welfare entailed cuts in previous spending on whites, and to a lesser extent, coloureds and Indians, but only modest cash increases per grant for Africans: so, the ANC's universal welfare, including grants, covered far more people, but it was provided at very low levels per person covered (Leubolt, 2014: 5, 7-8). Although South Africa provides millions of people with cash grants, the individual cash grants provided are usually very small, and far lower than whites generally received in real terms before the 1980s.

2.3. History of social welfare in South Africa

For most twentieth century welfare states, social policy and, particularly, social protection was seen as powerful instrument for transformation (Marais, 2011:238). In the area that became South Africa, poverty relief was largely carried out by charitable institutions, like churches, before 1910. Over time, and as the strains of capitalist industrialisation were felt, it became accepted that poverty relief needed systematic state assistance (Lekezwa, 2011:70). Social services provided by the different republics, colonies and kingdoms in the South Africa region did exist before 1910, but were rudimentary, and deeply shaped by race and class inequalities.

In 1910, the various states became a single Union of South Africa, which was a white-ruled “Dominion” in the British Empire. Elements of a more coordinated state poverty relief and social grants system began from this time (Haarman, 2000:12). Much of the focus was on whites, especially for the growing number of poor whites (Lekezwa, 2011:70).

In 1911 there were moves towards income support for miners with phthisis (silicosis), and compensation for workplace injuries. This resulted in the first Workmen’s Compensation Act (1914) (Ehrlich, 1992:03, cited in Borat, 1995:595), which was and is still based on a no-fault system. The Children’s Protection Act (1913) provided maintenance grants for children. Workers could claim income support in case of illness and injuries sustained at work, while parents could receive maintenance grants (Bhorat 1995:595). In 1916, the Transvaal Provincial Council started the first school feeding scheme, which partly relied on funds from parents, and provided meals in the winter months.

According to the revised Workers Compensation that was introduced in 1941, employers were required to contribute to the Accidents Fund and that money was then paid to employed workers below a threshold income who were temporarily or permanently disabled as a result of injuries or diseases sustained at work (van der Berg, 1999:17). The system covered all workers for occupational injuries and diseases, except diseases on mines. It eventually became the Compensation for Industrial Injuries and Diseases (COIDA) Act of 1993. Mineworkers’ disease claims fell under separate legislation, dating back to the Miners’ Phthisis Act (1911), which eventually became the Occupational Diseases in Mines and Works Act (1973). This paid out a lump sum, depending on extent of illness.

The system greatly increased state aid to the poor, but it was discriminatory from an early stage. The general spending pattern prioritised whites, followed by coloureds and Indians, then urbanised Africans, with rural Africans at the bottom, or even outside the system. According to Camay and Gordon (2004:156), this pattern carried on throughout the segregation (1910-1948) and apartheid (1948-1994) periods; even reforms in the 1980s left stark inequalities. It was only in 1993 that the last racial discrimination was removed from the Occupational Diseases in Mines and Works Act.

So, workers' compensation payouts were unequal depending on race, and child grants were not given to rural Africans, since it was expected that children would be supported by extended families in "native reserves" ("homelands") under chiefs (Nattrass and Seekings, 2005:83; Pauw and Mncube, 2007:12). Urban Africans, who were not integrated into chiefly rural systems, were often excluded from welfare, on the basis that they were not easily distinguishable from their rural counterparts (Bhorat, 1995:596). Another reason for denying urban blacks social grants was the fear that it would encourage urbanisation, weakening segregation (Seekings, 2007:16, cited in Lekezwa, 2011:77).

From the 1920s onwards, state social assistance and interventions expanded, and became a key anti-poverty policy measure in South Africa (Lekezwa, 2011:13). According to Triegaardt (2005:250), from 1924 onwards, white South Africans and coloureds were given increasing protection against poverty and vulnerability in the form of social welfare. The expanding social welfare system gave priority to protecting whites against contingencies, by way of social insurance or social assistance, and to empowering whites through state social services like schooling. Poor whites often lacked employable skills, and therefore competed for jobs with poor blacks, and were often underemployed or unemployed (Brown and Neku, 2005 302). State welfare was a means of addressing the situation.

However, there was also pressure from employers, who wanted the state to help provide a cheap but healthy black labour force (van Niekerk, 2003:363). This required better healthcare, housing and municipal administration of sanitation and related services. Running alongside the growing state welfare system were a range of private and voluntary schemes for social assistance. The first system for unemployment aid was a private one, developed in the printing and newspaper industry, after the negotiations between management and labour, in the late 1880s; the state played no part (Moll, 1985:03, cited in Bhorat 1995:596).

A complex system of occupational retirement schemes emerged, both in the private and state sectors. These schemes only covered a section of workers, usually both white and skilled, and so coverage was uneven. The problem of a large number of retired wage earners who had no income was the background against which non-contributory state old age pensions introduced for elderly whites, then coloureds: these were subject to age criteria and means-tests to make sure that only the needy benefited (van der Berg, 1999:14). This provision for the elderly was introduced in through the Old Age Pensions Act (1928), and it did not pay whites and coloureds the same amounts in the State Old Age Pension (Haarman, 2000:12).

A Department of Welfare emerged from the Department of Labour in 1933. Welfare provision to the population could now be channelled institutionally, and a segregated social policy became consolidated (Bhorat, 1995:596). In 1937, whites and coloureds were given access to a Disability Grant (DG), getting unequal amounts. This disability grant evolved out of state pensions for blind persons, which were introduced in 1936 (van der Berg, 2008:487).

The Child Protection Act (1913) was followed by a system of expanded family assistance introduced by the Department of Welfare in 1937, which then provided the basis for the introduction of a State Maintenance Grant (SMG) in 1947. The SMG was a social grant for single parent families, targeted at whites, covering children under the age of 19 years (in case the child was still in secondary education under 22), although it later included coloured and Indian children (and from the 1970s, a small but growing number of Africans) (van Niekerk, 2003:373).

Also, in 1937 the Unemployment Benefit Act was passed, a social insurance fund to which workers and employers contributed. It first covered 88 000 workers, but excluded agricultural, domestic and mining workers (Bhorat, 1995:596). It also excluded African workers earning less than 78 pounds per annum, which was the vast majority. In 1946, the Unemployment Benefit Act was replaced with the Unemployment Insurance Act. Both employers and employees pay into the fund, which is state-run. Until the 1970s, blacks were generally excluded from the cover provided by the Unemployment Insurance Fund (UIF) (Haarman, 2000:13). The state-run unemployment insurance scheme, the UIF, only covered workers who had been in employment for a set time, and paid a proportion of lost income for a limited period.

In 1944, the blind and State Old Age Pensions were extended to Africans and Indians (Brockerhoff, 2013:21), and the Disability Grant Act (1947) extended disability grants to all

the racial groups. Grants and pensions for different races set at different levels, and were often administered separately. For instance, the administration of African pensions fell under the Native Affairs Department (Brown and Neku, 2005:303).

In 1941 the War Veterans Pension Act was passed, creating the WVG (Brockerhoff, 2013:21; van der Berg, 1999:14). The WVG was originally intended to support those who fought in the World Wars I and II, the 1906 Zulu uprising, and later, the Korean War was added (Hagen-Zanker, Morgan and Meth, 2011:09). Race stayed key to the growing state-run welfare system. For example, the WVG excluded Africans who had served in the Native Military Corps in the First World War, a very large proportion of African servicemen, and by 1947, the maximum pension for whites was five times that of Africans, and coloureds and Indians were paid half as much as whites (Haarman, 2000:12).

The National Party (NP), which came into power in 1948, built on the racial divisions that had been set before, and tried to protect white workers from the rapidly urbanising African workforce (Bhorat, 1995:597). In the early NP period, elements of state welfare for Africans were reduced: for example, school feeding schemes were abolished for Africans in 1949. Another argument by NP leaders was that white taxes were paying for African pensions, and should become more reliant on the taxation of blacks (Bhorat, 1995:598).

Discrimination was further reinforced through increased segregation in administration, and by administrative delays, corruption, and inefficiency, particularly in rural areas. Finance for African old age pensions was given to the South African Native Trust for disbursement (Bhorat, 1995:598). The Trust was a body was set up in 1936 through the Land Trust Act, and provided a means to govern the homelands. For example, the Department of Indian Affairs, established in 1961, dealt with issues like social welfare for Indians (Brown and Neku, 2005:303).

In the 1950s and 1960s the NP enshrined in a battery of legislation that subordinated all those who were not members of the white minority group (Lund 2011:07). Over time, the NP started to increase state social services for other races, but in an underfunded and segregated way. Bantu Education provided the first comprehensive state schooling system for Africans, but it was very controversial due to its low quality, and also undermined independent African schools. It aimed at basic literacy and skills, in preparation for semi-skilled jobs, and so contributed much to the current skills shortages in the country's labour market (Leubolt, 2014:09).

From the early 1970s, there was a gradual shift from strict apartheid dogmas, for various reasons, like economic stagnation (Bhorat, 1995:595). The period from 1972-1990 is often described as a “trend towards re-incorporation and reduced inequality” (van der Berg, 1994:3 cited in Haarman, 2000:13). Bhorat (1995:600) argues that the NP realised the economic imperative to more fully integrate blacks into the capitalist economy: this included changes to the social welfare system, the removal of job reservation laws, and full union rights for trade unions for Africans.

Additionally, Brockerhoff (2013:21) argues that a key rationale for moving towards equality in social assistance from the late 1970s and early 1980s was the attempt to give the apartheid state more legitimacy. Laws in 1951, 1959 and 1970 were intended to develop the African homelands into self-governing “states” and four were formally “independent” by the 1980s. Indians and coloureds were given separate parliaments in 1984. The administrative system became very complex, with around 14 legislatures and dozens of departments, and welfare split between all of these (van der Berg, 2008:486). Many Africans did not live in the homelands and were not homeland “citizens”, making things even more complex.

In terms of the social welfare system, need rather than race was adopted more, but many aspects of the race-based welfare system continued. For instance, in the period between 1973 and 1986 state expenditure on pensions for black people grew by over 1500% (Rycroft 1987, cited in Breckenridge, 2012:01). One result was that the State Old Age Pensions that Africans received had by 1993 reached a level of 85% of the whites’ pensions. More money was put into education, including higher education, and other services.

Spending increased but it was funnelled through the increasingly segregated state, and often remained unequal. For example, in 1977, racial differentiation of benefits in the UIF was removed, but the income restriction, a minimum income level set for African workers to qualify for benefits, remained (Liebenberg and Tilley, 1998:05). Although seemingly non-racial in design, the UIF automatically excluded most blacks by setting the minimum income restriction for participation at a high level (Nattrass and Seekings, 2005:81).

The administration of the SMG remained discriminatory. Grants for coloured, Indian and white children stopped at 18 years while those for Africans stopped at 16 years. Grants could only be obtained if the mother was in paid employment, which reduced the number of eligible coloured, Indian and African mothers (Pollack, 1981:168, cited in Bhorat, 1995: 600). By this time, it was however possible to get both an SMG and a Child Support Grant (CSG) in

certain cases (DSD, SASSA and UNICEF, 2012:01). In practice, the SMG went mainly to poorer white, coloured and Indian women and children, while very few of the poorest African women received it (Lund, Noble, Barnes and Wright, 2008:08).

2.4. Post-apartheid social grants in South Africa

In 1994 the establishment of a democratic government led by Nelson Mandela's ANC (at first, with the NP as a coalition partner) marked the formal end of apartheid. The new Government of National Unity (GNU) inherited the racially and administratively divided social welfare system and state and dismantled it (Woolard, Harttgen and Klasen, 2010:09). Self-governing and "independent" homelands were abolished, as were the separate parliaments. All government departments were merged, and multi-racial local governments and provinces were formed.

The government then moved swiftly to institute welfare reform. The White Paper on Social Welfare published by the Department of Welfare in 1997, after the 1996 adoption of GEAR, contained the policy framework for restructuring of social welfare in South Africa (Marais, 2011:242). The new social welfare system was geared towards overcoming the racial inequalities of the previous system, and to reducing poverty.

In 1995 the GNU had set up the Lund Commission to evaluate the existing system of social assistance (Woolard, Harttgen and Klasen, 2010:09). A second major commission, the Taylor Commission, was set up in 2000 and reported in 2002 (Taylor, 2002). The Lund Commission focused on family assistance, but the Taylor Commission examined the entire state-run social welfare system.

The Lund Committee's Report on Child and Family Support recommended completely phasing out the SMG over five years (Lund Committee, 1996). The CSG would however be retained, and made more accessible. In March 1997, the Cabinet accepted the main thrust of the Lund Commission's recommendations: the SMG was to close, but the non-racial basic CSG was set at a very low figure (initially R75 per child), and only covered up to the age of 6 (not 16 or 18) (Vorster, 2000, cited in Makino, 2004:13; Haarmann, 2000:21; also see van der Walt, 2000). This marked the first major social grant reform in post-apartheid South Africa (Barrientos and DeJong, 2006:544).

When it was implemented in 1998, the figure was R100 per child, per month, for children between 0-7 years (Rosa, Leatt and Hall, 2005:11). This actually cut income for many poorer

families, who received the SMG and / the CSG. Only in recent years has the age eligibility of children been raised to 18, but the amount paid in 2014, R310, is roughly the same in real money (SASSA, 2012:04; also Kelly, 2014).

In South Africa, everyone has the right to have access to “social security, including, if they are unable to support themselves and their dependants, appropriate social assistance” (RSA, 1996: s27 (1) (c), cited in Malan, 2005:01; also Camay and Gordon, 2004:156). However, the post-apartheid social welfare system was also stated as “developmental” in approach, meaning built on the view that social development and economic development go hand-in-glove (Haarmann, 2000:15). Real social development required economic growth, but economic growth without social development was meaningless. This was meant to avoid a situation whereby economic gains would be made while a lot of people would continue to suffer from poverty and inequality. “Developmental” social welfare attempts to integrate social and economic policies with an ongoing dynamic development process (Ntenga, 1999:13).

In the GEAR context, the larger development model was that the basic solution to poverty was economic growth and jobs, with grants a safety net measure (Marais, 2011:113). In the words of Brockerhoff (2013:24), “GEAR no longer placed the emphasis on government changing things for the better, but on market forces solving the existing problems”. With the strong emphasis on promoting growth by encouraging the private sector, there was concern that state welfare spending should take place in the context of limited state spending, and that welfare grants should not keep people out of the labour markets. Most importantly, it was emphasised that jobs were the solution to poverty, not grants *per se* (Republic of South Africa, 1996:22; Visser 2004:09).

The grant system was not intended to keep expanding, but to remain as a limited support system (Marais, 2011:113). The new system of social welfare emphasised “exit strategies”, and much effort went into “community development” to counteract possible “dependency” on grants, and to trying to link welfare recipients to other income opportunities (Marais, 2011:242). Grants were not meant to be universal social democratic-type “hand-outs”, but were means-tested, targeted at the most needy, only paid small amounts in cash, and did not compete with labour market pressures (Seekings and Natrass, 2005:363).

Access to these principles, state-provided social grants are based on an income-based means test, with the South African Social Security Agency (SASSA) responsible for the

implementation of these social grants (Mutshaeni, 2009:39; Woolard, Harttgen and Klasen, 2010:04). SASSA evaluates the income and assets of the person applying for social assistance all in order to determine whether the person's means are below a stipulated amount. This means-test is a way of determining whether a person qualifies, as grants are indeed meant for those who have insufficient means to support themselves (SASSA, 2012:07). A beneficiary is most likely to be a child from a poor household who receives a grant via his/her parent or caregiver, followed by an older person on the pension grant, followed by people with disabilities (Patel, 2013:02).

But the use of means-testing stands for something deeper, an attempt to distinguish between different categories of poverty, which is the “deserving” and “non-deserving” (Hassim, 2008:111). Thus, means-testing is done to ensure that social grants cover the poorest, who really need it and have no other options (van der Berg, 2008:485), and not open itself to abuse by the lazy or act to undermine the “work ethic”. Means-testing means a socio-economic basis, rather than a race basis, for grants allocation. Also, all grants are targeted at South Africans, resident in the country, with some space for recognised permanent residents who are not South African, and recognised refugees.

In terms of the current post-apartheid grants, the CSG “is a means tested non-contributory cash transfer targeted at children 0-18 years of age” (United Nations Development Programme/ UNDP, 2011:363). According to the Constitution of South Africa, the child’s best interests are very important in every matter concerning the child, and the CSG is seen as one way to apply this for poor children (Mutshaeni, 2009:23). It was at R310 in April 2014 (Kelly, 2014). It was also argued that the CSG should “follow the child”, meaning that the benefit of was to be independent from the family structure that the child lived in (Haarmann, 2000:22), so it does not reward some family structures over others.

The Foster Care Grant (FCG) (R830 in April 2014) is not means-tested, but a subsidy to families who legally foster children, and amounts to R830 at present (Kelly, 2014). The aim is to move children out of orphanages and similar institutions. The FCG is paid to non-parents of the child (guardians) to reimburse non-parents for the cost of raising foster children (Barrientos and DeJong, 2006:544; Frye, 2008:30). The uptake rate for the FCG increased around the 2000s, a trend set to continue as more people continue die of HIV-AIDS (Marais, 2011:239).

Related to the CSG is the Care Dependency Grant (CDG), for the disabled or chronically ill, set at R1350 in April 2014 (Kelly, 2014). The CDG is payable to parents, or care-givers, of children, between 1 and 18 years old, in instances in which the child is medically certified to be care-dependent, with a value equivalent to that of the Disability Grant (DG) (Lekezwa, 2011:69). Disabled children in need of full-time home care are eligible for the CDG, instead of the DG, and then, at age of 18, they can be moved on application to the DG (Whitworth and Noble, 2008:249).

The DG is a means-tested grant, and it is also subject to medical eligibility criteria. It was at R1350 monthly in April 2014 (Kelly, 2014). Eligibility for this grant is based on medical diagnosis assessing the percentage of disability (Harman, 2000:21). The DG is available to “severely physically and mentally disabled persons” between the ages of 18 and 60, who are unable to work due to their disability (Marais, 2011:241; Patel, 2013:03). It should also be noted that people living with HIV with a certain CD4 count qualify for this grant. In the context of HIV widespread HIV-AIDS, the DG has already become one of the country’s most prevalent income mechanisms (Standing, 2008:23; van der Berg, 2008:494).

The State Old Age Pension is a means tested benefit and payable to people of retirement age or older. It was at R1350 in April 2014 (Kelly, 2014). Retirement age was initially defined as 65 years or older for men, and 60 years or older for women, but the age has now been equalised, at 60 years for both. The State Old Age Pension enables many households that otherwise may have sunk into destitution to remain afloat, or rather to survive as long as the recipient is alive (Marais, 2011:239). After the CSG, it is the most common grant (Patel, 2013:02).

WVG is nowadays paid to South African citizens over 60 years who fought in the Second World War or the Korean War (Pauw and Mncube, 2007:17). The candidate must be over 60, or disabled, meet a means-test, not receive another state grant for himself or herself, and not be in a state institution. Obviously this grant as currently set up will eventually close. It was at R1370 in April 2014 (Kelly, 2014).

The “grant in aid” (GIA) was at R310 in April 2014, and is an additional grant for recipients of old age, disability or war veteran grants (Kelly, 2014). These are for people who cannot take care of themselves, meaning, the beneficiary requires full time attendance by another person due to his or her mental or physical disabilities. This amount is meant to cover the costs of such full-time care, and is really meant to support people caring for the aged or

people with disabilities at home (Haarmann, 2000:22). Lastly, there is a Social Relief of Distress Grant, which is a discretionary short-term grant of varying amounts for people facing emergencies, like natural disasters or sudden loss of breadwinner.

Social grants have become an increasingly common and important source of income for poor South Africans from the 1990s onwards (Siebets and van der Berg, 2011:85). South Africa, in common with a number of middle-income countries, has substantially expanded its system of social grants in the last decade (Neves, Samson, van Niekerk, Hlatshwayo and du Toit, 2009:05). Harman (2000:14) states that poverty is severe in South Africa, that South Africa has one of the highest income inequalities in the world, as well as mass unemployment. This is why grants have become a major source of income, rather than a limited safety net, as planned by GEAR.

2.5. Post-apartheid social insurance in South Africa

The state-run social insurance system has also been restructured in the post-apartheid period, to increase coverage and reduce exclusions from the past. Many of the changes follow the recommendations of the Taylor Commission. These schemes are generally not housed in SASSA, unlike the grants.

The Unemployment Insurance Act (2001) amended the rules and administration of the UIF, with a further change in 2003. The UIF provides benefits for employees who are in formal employment, and who are paying into the Fund on a regular basis (Haarman, 2000:22). It does not cover the long-term unemployed, people who quit their jobs, or who lose their jobs due to certain disciplinary reasons, foreigners on contract, or civil servants; and it only applies to workers employed at least 24 hours weekly, and who are not covered by other unemployment insurance.

Beyond these exclusions, the UIF covers all workers, including domestic, seasonal and other informal workers (Seekings and Nattrass, 2005:364). It is financed by contributions, worth 2 percent of workers' salaries, up to a prescribed ceiling (Brockhoff, 2013:17). Payments are short-term, and for a set number of days, depending on type of claim. The UIF covers loss of employment, for example, being retrenched; but also loss of breadwinner by death; loss of work due to illness; maternity leave; and during adoption (Brockhoff, 2013:17). The benefit schedule currently gives higher proportional benefits to low-income workers than high-

income workers, but involves payment for a limited period of a fixed proportion of previous income (Seekings and Natrass, 2005:364).

The Compensation for Industrial Industries and Diseases Act (COIDA) was amended several times, providing much more improved coverage and removing remaining racial barriers (Brockerhoff, 2013:18). Benefits are related to medical assistance, compensation for temporary disability, and lump sum payments or pensions on permanent disability (van der Berg, 1999:17). Its Fund is financed by levies paid by employers on the basis of the annual earnings of their employees, but it is a no-fault system. The Occupational Diseases in Mines and Works Act still covers mining diseases, amended in 1993.

There are four main Compensation Funds, two run by the government and two run by the private sector. There is the Compensation Fund, it is run by the Department of Labour, and covers employees outside of mining and construction; the Mines and Works Compensation Fund, administered by the Department of Health, compensates miners and former miners, mainly for lung diseases; the Rand Mutual Association provides injury cover for workers in the mining industry; and the Federated Employers Mutual Assurance which covers workers that are injured in the construction industry (Brockerhoff, 2013:18).

The Road Accident Fund (RAF), which dates back to the Motor Vehicle Insurance Act (1942), is a compulsory state insurance scheme that provides compensation for loss of earnings, general damages, medical and funeral costs to victims of road accidents. The fund is financed by a fuel levy collected, and payment depends on how responsible the person claiming was for the accident (Brockerhoff, 2013:18).

Running alongside these state insurance systems are various private schemes, which the state has encouraged with tax and other incentives. A section of employees benefits from health insurance, or medical aid, schemes (van der Berg, 1999:17). There are private occupational insurance schemes to protect workers from possible fall of income due to loss of work or illness (Brockerhoff, 2013:17). Under the Pensions Fund Act of 1956 (in its amended form), a pension or provident fund is set up to provide an income to a person on retirement or income to their dependants if the member dies (Brockerhoff, 2013:19).

The State Old Age Pension (OAP) is intended for people who lack other means of income. A growing percentage of employees are under occupational retirement fund schemes, of which the two main types are pension funds and provident funds. It is usually mandatory for

employees in certain grades to join the funds, to which workers and employers each contribute monthly wage (van der Berg, 1999:16). Government employees, including in state-owned companies, are also covered by various pension schemes.

These schemes are contributory, unlike the OAP. Workers then claim benefits upon retirement. Retirement funds also give withdrawal options to employees that resign or get dismissed, as well as sometimes benefits to workers who are disabled, or benefits to the dependants of workers who die (van der Berg, 1999:16).

Coverage varies, and pension rates are usually linked to type of job. There is a long history of uneven coverage based on race and on job type, in both private and government schemes, Occupational retirement insurance is not available to those outside the formal wage economy, who must then opt for private policies, or turn to the state OAP.

2.6. Other social services in post-apartheid South Africa

There are also state-provided social services in South Africa, partly funded by nationally collected tax and other revenues, sometimes topped up by user fees (Brockhoff, 2013:19). These include services like health and education.

In 1994, the new ANC government introduced a healthcare programme that provides free health care for pregnant women and children under the age of six (Studies in Poverty and Inequality Institute/ SPII, 2007:13; also Haarmann, 2000:23). State hospitals, no longer segregated, provide a range of facilities, with fees charged depending on patient means. In 2013, 60 percent of the government's R1.15 trillion Budget was reportedly channelled towards social spending (Paton, 2013). Additionally, the government has introduced limited public works programmes, and the primary school nutrition programme (Haarmann, 2000:23).

2.7. Why focus on social grants?

The state-run social welfare system in South Africa is much more than the social grants, and there is also various private sector insurance schemes. There are several reasons for focusing upon social grants, rather than on other elements of social welfare.

First, social grants are the main form of income redistribution in South Africa, being tax-funded and allocated to low-income people, and, second, they are the main direct state "tool" to reduce poverty (Leubolt, 2014: 11). Third, the social grants are an extremely important

source of income for millions. Much more widely used than social insurance, they are accessed by ever-growing numbers: in 2010, South Africa had more people receiving grants (13.8-million) than employed in wage labour (12.8-million) (Prinsloo 2010). By 2014, there were 16 million on welfare (Kelly, 2014).

Many poor households rely partly, but sometimes entirely, on social grants (Whitworth and Noble, 2008:250). With mass unemployment, whole families share grants meant for children, the aged and the disabled (van Driel, 2009:133; Mosoetsa, 2006, 2011). Grants account for up to half the income of many households (Leubolt, 2014:11), and are the largest single welfare income (Mosoetsa, 2011:04). By mid-2013, unemployment was 25.6% (narrowly defined), or 36.8% (broadly defined) (Statistics South Africa, 2013: iv).

By 2013, 45.5 percent of households received at least one social grant, a large increase from 29.9 percent in 2002 (Paton, 2014). For most households living in extreme poverty, social grants are the sole income, and grants are shared amongst other members of households (van Driel, 2009:127). South Africa is already the largest welfare state in the developing world. 4 out of 10 South African households rely on social grants as their only source of income according to some reports (*Times Live*, 2013). The number of social grants recipients is reportedly on the rise (*Times Live*, 2014B). In 1995, social grants recipients were about 3 million, but by 2013, the number of social grants recipients was about 16 million (Patel, 2013:03; also Oderson, 2014).

According to Oderson (2014), this number is likely to increase by another million in a few years. In 2013/2014 Budget just under 16 million South Africans were receiving a grant, costing the state R109 billion (*Times Live*, 2014B; World Bank, 2014:24). “Of the total 15, 932, 473 grant recipient last year (2013), 70 percent received CSG. A total of R39, 6 billion was paid out on CSG during 2013/2014” (Oderson, 2014).

Poverty in South Africa is a big problem and a big chunk of South Africa’s population, the majority of whom are black, is distressed and insecure, with very little ability to withstand shocks like serious illness, injury or death (Marais, 2011:203). Internationally and locally, the evidence is clear that social grants assist poor people (Marais, 2011:243; also Barrientos and DeJong, 2006:548). According to Gharagozloo-Pakkala (2014) “in South Africa, the child grant reduced poverty gap by 47 percent; in Kenya unconditional cash transfers saw a 19 percent increase in primary school enrolment among ‘hard to reach’ children; in rural Ghana,

for every one Cedi transferred, 1,50 Cedi of income can be generated into the local economy”.

This does not mean the grant system is fiscally sustainable, or that it must be the main means of addressing poverty. It be remembered that social grants were set up in post-apartheid South Africa as a safety net for those who were not employed (Mazibuko, 2008:27; Pauw and Mncube (2007:03), not as the main solution. Pauw and Mncube (2007:04) add that social grants are often regarded as fiscally unsustainable because a small population of people is required to finance grants (through taxation) to a large proportion of people who are recipients.

Although many people particularly view social grants with scepticism, social activists contend that the social grants are an effective way of dealing with poverty and that eligibility needs to be extended to many poor South Africans. According to the Black Sash, an advocacy group, grants are only provided to children, disabled and the old. Unemployed and terminally ill people are currently *not* included in the social grants system, even when they suffer extreme poverty. This means that for their survival, they must rely on children and pensioners who receive grants, as they do not have any other source of income (Oderson, 2014).

2.8. Conclusion

This chapter has traced the history of the social welfare system from the racialised form of social welfare during segregation and apartheid, into the introduction of a racial inclusive social welfare system in 1994. The discussion of the history of social welfare includes the introduction and principles of state-run social grants, social insurance and other social services. The chapter also shows the shift from a racially exclusive provision of social welfare to the post-apartheid racially-inclusive provision of social welfare on an income bases. The new social welfare system in 1994 was said to be “developmental” in that it had the principle that economic growth should go hand-in-glove with social assistance. The next chapter looks at the debates around the social welfare and grants. This literature review explores how traditions like liberalism, Keynesianism, Marxism and anarchism/syndicalism view social welfare and grants.

Chapter 3:

Literature Review/Debates

3.1. Introduction

This chapter explores and discusses the main debates on social grants, and links these to larger debates about social welfare. Since grants are supposed to be a method to reduce “poverty”, the chapter also examines the debates over the meaning of “poverty”. The discussion will include among other issues around the effectiveness of social grants, the expenditure on social grants, the abuse of grants, and the other possible negative aspects of the grants system, defining poverty, and Sen’s (1999) capability approach.

3.2. The critics of social grants

As noted in chapter 1, the policy of state-provided social grants is controversial. There are many points taken in these arguments, that are specific to the South African case, but these can be linked to larger debates in the literature, linked to theories like liberalism, Keynesianism, Marxism and anarchism. Economic liberalism is generally critical on state-run social welfare systems in general, while Keynesianism is generally favourable to state-run social welfare systems; radical theories like Marxism and anarchism/ syndicalism are more conflicted.

One of the key debates in South Africa is over the sustainability of the social grants provided by the state. It was seen in the last two chapters that nearly half of the country’s households receive a grant and that nearly as many people rely on grants as their basic means to survive. Additionally, it is important to note that there are more people on welfare now, than people who work for wages (Patel, 2005:07; also Goko, 2013).

The debate becomes huge when people debate whether the grant system is fiscally sustainable. With recent announcements of Budget cuts by the South African government, much focus has been on social grants (Oderson, 2014). It is important to note that grants were not meant to be primary means of poverty alleviation, but instead, jobs and economic growth were drivers (Republic of South Africa, 1996:01). The reality has been that mass unemployment has continued throughout the post-apartheid period.

The state itself has long seen the fiscal unsustainability of expenditure on its welfare system (Marais, 2011:238). When Trevor Manuel was the Finance Minister, in the mid-2000s, he warned about the sustainability of the grant system. His successor, Pravin Gordan, in his final Budget speech, warned that if the government had continued with its rate of expenditure growth on welfare including grants, the point would be reached at which it would be not possible to maintain its welfare payments and also the costs of its other development projects (Sparks, 2014). The deeper issue is that social grants are funded through taxes, and the number of high-income earners and businesses that pay taxes is relatively low (Pauw and Mncube, 2007:04).

Experts warn that if these trends are to continue, social grants and state jobs together would account for all government revenue by 2026 (*Financial Mail*, 2014). According to the Treasury's National Budget Review for 2013/2014, "spending on social grants accounts for 3 percent of the country's gross domestic product (GDP) and is projected to rise from R118 billion in 2013/2014 to R145 billion by 2016" (Oderson, 2014). In a 2014 *Business Day* column, Peter Bruce said that welfare payments and the public service, were consuming 56.4 percent of all state revenue, leaving only 43.6 percent for everything else (Sparks, 2014). Public service costs include spending on welfare, and much of this goes to wages for people employed in education.

Some claim that the expansion in grants was only affordable when the economy was growing well, especially in the second half of the 2000s. Even with the GEAR framework, the government revenues were increasing. But as the economy faces more problems like inflation and rising prices, and a stalling economy, it is harder to fund the grants, or increase their coverage (*Business Day*, 2014; Jacobs, Ngcobo, Hart and Baipheti, 2010:04; World Bank, 2014:22). With a slowing economic growth, a high fiscal deficit and a rising state debt burden, some argue that the issue is not whether grants help shield people from poverty, but the rate at which many families resort to grants as form of survival (*Times Live*, 2013).

Arguments that the grants system is not sustainable in its current form hold much water, as South Africa seems to be walking into a debt trap as its fiscal deficits mounts, because government expenditure is now greater than its income (Sparks, 2014). In this way, there is growing danger that South Africa government might run out of income to cover growing government expenditure. Liberal think-tanks like the South African Institute of Race

Relations (SAIRR) have therefore urged the South African government to find alternatives to the social grants (Goko, 2013).

The question is then: why are so many people on grants? One argument is that the ANC has no choice but to keep providing grants, since grants win votes. According to the *Financial Mail*, although the new Finance Minister Nhlanhla Nene has tried to avert a debt trap by reducing spending, and planning some privatisation to raise money, seriously reducing welfare payments would be politically suicidal (*Financial Mail*, 2014). Grant recipients make up a significant proportion of the voting population, leading some to think the grants are simply a vote-buying mechanism by the ANC (Patel, 2005:10), regardless of what GEAR or the Finance Ministry demands. Political pressure has kept the government providing these grants (Marais, 2011: 238).

This argument seems to be a quite strong one, but the next one is more controversial or debatable. This is the argument that the grants system grows because it rewards people for choosing to be on grants. Many in the public hold such views, as seen in chapter 1.

Some call the CSG the “thigh grant”, meaning that girls “spread their legs” to “get the grant” (Marais, 2011:253). One woman told a researcher (Bahre, 2014) about a heated argument she had with her daughter, aged fourteen, who already had a child. During the argument, her daughter threatened her mother, saying that she was going to have more children, and live on state’s CSG at her parents’ house (Bahre, 2011:383). Sky News once even claimed that some South African women deliberately drink alcohol during pregnancy so that they can claim for a disability grant (DG) for the child (Davies, 2013).

Reacting to the Finance Minister’s budget speech in 2014, which promised to maintain the grants, many people on social media were critical, the historically “black” newspaper, *The Sowetan*, reported people saying “It’s time to do away with these grants, especial the children grants. You (you) give birth (you) on your own, I am tired of these kids having kids and we all have to feed them” said one respondent on social media (*The Sowetan*, 2014).

A similar view is that, instead of young men and women earning money and grabbing opportunities, they prefer to be dependent on their parents’ pension grants. Poorer parents often complain that their children, particularly young men, are lazy and prefer to live off their grants-receiving elders (Marais, 2011:245). Mamphela Ramphele, formerly a Black Consciousness radical, the leader of the liberal Agang party, argued (Bond, 2014:02):

The whole approach of the post-apartheid government was to deliver free housing, free this, free the other. This has created expectations on the part of citizens, a passive expectation that the government will solve problems.

Interestingly, many leading ANC leaders hold this view as well. “If you have all these nice social benefits, where is the incentive to want to go back to work?” asked ANC parliamentarian Michael Masutha (quoted in Marais, 2011:245).

These sentiments have long been expressed by senior ANC members. Former South African President, Thabo Mbeki of the ANC, argued that there was a need “to cultivate the spirit of self-reliance among our people” (Marais, 2011:252).

Current ANC leader, and South African President, Jacob Zuma, argued that “service delivery protests” (protests by township residents over municipal and related services) are not a result of government failure as such (*New Zimbabwe*, 2014). In his view, South Africa has “hope” unlike the rest of Africa. “What is it that causes protests and demonstrations in South Africa when the rest of Africa is not doing it?” asked Zuma (*New Zimbabwe*, 2014):

Once the countries were free, it was each one for themselves. There were no programmes to deal with the poor. The reality you cannot find protests in other places is that there is no hope. When foreigners come to South Africa, because they are not used to government handing out things, they get here and see opportunities and thrive.

Zuma’s argument is that South African citizens are waiting for the government to deliver, they have a problem of “passiveness” and a sense of “entitlement”, so rather than acting to generate income to break the cycle of poverty, they demand more government services and grants. Thus, Zuma has argued for the need “to link the social grants to jobs or economic activity in order to encourage self-reliance amongst the able-bodied” (Marais, 2011:252).

This line of argument has close links with economic liberalism, which is also the framework of the GEAR programme. Economic liberalism argues that state welfare creates a “dependency syndrome”, where people rely on the state for assistance, rather than on their own efforts, and that social grants can create a disincentive to find work or ways of self-employment (Mazibuko, 2008:08). Labour markets get distorted, the argument says, because people prefer grants to low-wage work and state finances get out of hand, as more people choose the life offered by grants (Marais, 2011:245, 253; Patel, 2013:03). This then leads to

the argument that social and economic problems cannot be solved by government intervention but through the free market, but that the free market cannot operate while large-scale state welfare exists (Patel, 2013:03).

3.3. The defenders of social grants

But what does the evidence suggest? As noted in chapter 1 and 3, it is not clear whether the welfare system is fiscally sustainable (Paton, 2013). This is not a simple issue, because a lot depends on the future growth of the economy, and various other unpredictable economic conditions. Also, the arguments around sustainability sometimes suggest that high state spending is always problematic, which is a view that would be rejected by Keynesians who argue high state spending including welfare can really promote growth (Williams and Williams, 1995). South African supporters of this theory even argue that more spending on grants and welfare can lead to or cause job creation and economic growth, so long as this is part of a move from GEAR to RDP-type policies (e.g. Siedman-Makgetla, 2004).

The notion that the ANC promotes grants in order to keep voters happy is probably true, but as seen earlier, some ANC economic policy and senior leaders are actually against too much grant spending. As seen in chapter 1, there is no real evidence for the claims that the CSG is basically paying poor women to have more children (see Makiwane, Udjo, Richter and Desmond, 2006; Xaba 2013; also UNDP 2011).

It is sad to see that there *is* real evidence that the disability grant is sometimes abused. For those who get the grant due to severe HIV-AIDS related illness, the grant is given when the beneficiary's CD4 count is at a certain level (Marais, 2011: 241). There is evidence of people opting to discontinue ARV treatments that improve the CD4 count, so that they do not lose the grant when they get healthier, "exercising a literal, pitiless choice between the 'money or your life'" (Marais, 2011:241). Leubolt (2014:13) adds that there really is an incentive here "to not take necessary drugs for the immune system, as successful treatment will lead to loss of benefits". Standing (2008:24) has described South Africa's disability grant system as "one of the worst designed cash transfer schemes in the world".

However, the charge that access to grants leads the able-bodied to avoid work has also been challenged (Leubolt, 2014: 12-13). As explained last chapter, the able-bodied population of working age in South Africa does not get unemployment grants, and UIF only covers previously employed workers briefly. Patel (2013:05) refutes the claims that grants

discourage work seeking and creates by noting that the grant system targeting those persons who are not able to work, or who are not economically active.

Poverty is closely linked to unemployment (Republic of South Africa, 1996), and South Africa is characterised by a mass, long-term unemployment. There is credible evidence that jobs are scarce, despite the willingness of many to accept low wages (Marais, 2011:245). Regardless of whether grants are available or not, research shows that the labour market is shifting to demand more highly skilled workers (Burger and von Fintel, 2009:06). Many poor people do not have the skills to compete in the labour market, this is partly a result of the apartheid education, and it means that many poor people are trapped in poverty (Patel, 2013:04).

Widespread unemployment, especially amongst younger people, is due to low absorption into the labour market in the face of large numbers of new entrants and people having large families (Burger and von Fintel, 2009:02). Besides skills issues, low absorption is linked to serious problems in the economy, the causes of which can be debated. Economic liberals blame the serious problems in the South African economy on factors like excess state regulations, high wages and corruption, and welfare, and therefore advocate measures like GEAR, but the Keynesians suggest that the problems are more complex, and can only be solved with more state action and spending (Seidman-Makgetla, 2004).

This debate goes beyond this thesis, but the main point is this: instead of grants creating unemployment, unemployment leads to reliance on grants, and to people doing everything in their power to keep access to the grants (Marais, 2011). This includes cases of grant abuse, as with people failing to use ARVs to keep disability grants. But the grants' value is too small an amount to discourage people to look for jobs (Patel, 2013:05), and anyway, there are not many jobs to look for, for many of the long-term jobless. One should also bear in mind that unemployment is higher amongst females, who are the main caregivers who receive CSGs (Statistics South Africa, 2012: xv), poor women with CSGs are usually deserving recipients. Contrary to popular beliefs, researchers have found that grant recipients do not wish to be "dependent" on and continue to value paid employment with most recipients extremely agitated to look for jobs and exit the welfare system (Patel, 2013:06).

Additionally, while many people believe that grants recipients misuse the grants, researches reveal that most grant recipients spend much of their money on food (Patel, 2013:07). According to Jacobs, Ngcobo, Hart and Baiphethi (2010:04) social grants foster social

cohesion, promote human capital development, mitigate risks by providing a cushion against livelihood shocks and stimulate local demand. Research on impacts of social grants reveals that households receiving state pensions spend more money on food and education, and less on alcohol, tobacco and entertainment, than non-recipient households (van Driel, 2009:141).

Patel (2013:09) notes that there is compelling evidence that suggests that the social grants system reduce poverty irrespective of which poverty lines are used. In spite of all the negative public sentiments about the grants, the social grants have been an effective way of dealing with poverty (Davis, 2013; also Barrientos and DeJong, 2006:543).

This effectiveness of social grants is even accepted by the World Bank, in a recent report entitled “South Africa economic update: Fiscal policy and redistribution in an unequal society”. According to this report (World Bank, 2014:03):

... about 70 percent of outlays on social grants and 54 percent of spending on education and health go to the poorest half of the population in South Africa. Cash grants and free basic services lift the incomes of some of some 3.6 million individuals above \$2.50 a day. The rate of extreme poverty measured as the share of the population living on \$1.25 per day or less is cut by half from 34.4 to 16.5 percent...

Thus this report argues that the tax system in South Africa is slightly progressive, and spending is highly progressive (World Bank, 2014:02). The richer people in South Africa bear the brunt of taxes and the government channels tax resources to the poor, thereby raising incomes (World Bank, 2014:22). So it is actually a redistribution system that reduces inequality.

The World Bank report also suggests that funding the social grants pie also closes reduces inequality (2014:02). Although the level of inequality in South Africa is still high, “before taxes and social spending the income of the richest 10 percent in South Africa is more than 1000 times bigger than the poorest 10 percent” but after “taxes and social spending, this gap falls so that the income of the richest 10 percent becomes 66 times bigger than the poorest 10 percent” (*Times Live*, 2014B; World Bank, 2014).

In this way, South Africa has achieved the largest reductions in poverty and inequality of 12 middle-income countries (*Times Live*, 2014B). 3.6 million people have been lifted out of poverty by social benefits, which are effectively redistributing income from rich to poor

(*Times Live*, 2014A). Absolute “poverty” rates amongst the poor have fallen from 46.2 percent to 39 after receiving the cash transfers (*Times Live*, 2014B). Social grants seem to be one of the most effective tools of reducing absolute poverty (Oderson, 2014). This leads social justice activists like Elroy Paulus of the advocacy group Black Sash, to argue that “social grants should not be decreased, but instead should be increased as it is in the interest of social cohesion and the government must be bold” (Oderson, 2014).

Other observed effects include reduced stunting in children and better nutritional levels, as well as a positive association between receipt of CSG and the school enrolment of young children (Whitworth and Noble, 2008:249, Williams, 2007:21, Marais, 2011:246). In his study of the impacts of CSG, Mutshaeni (2009:78) found young mothers have the ability to raise healthy children, as the children can receive nutritional food.

Children in low-income earning households who receive grants are likely to attend school compared to those in low earning households that do not receive social assistance (Marais, 2011:246). Additionally, Rebecca Davies, found that child-focused cash transfers like the CSG can reduce the incidence of HIV-ANC by lowering the prevalence of risky sexual behaviour, particularly amongst adolescent children (Davies, 2013). The rationale for this argument is that social grants reduce instances of “sugar daddies” who swap food and money for sex.

3.4. Marxism, anarchism/ syndicalism and welfare

The main problem with arguments that see the problems like unemployment as a result of individual behaviour, and that see the grant system as linked to moral degeneration, is that they ignore bigger structural causes of poverty (Bahre, 2011:382). Even where grants are abused, as with HIV-AIDS patients, it is severe poverty, not laziness, which drives this behaviour (Marais, 2011:241). According to Patel (2013:04) the negative discourses around social grants are misleading because “limited account is taken of the role the wider social and economic context plays in shaping human behaviour and motivation, as is the case in South Africa, where there is unacceptably high rates of poverty, unemployment and inequality”.

The neo-liberals view these problems of poverty and unemployment as resulting from capitalism being too heavily restricted and distorted by outside forces (e.g. Friedman, 1982; Sowell, 2012). The Keynesians view the problems, on the other side, as due to capitalism being unregulated, or badly regulated. Therefore they advocate more and better state-

management of capitalism (Williams and Williams, 1995). These debates played out in South Africa, with GEAR close to the liberal position, and RDP close to Keynes.

By contrast, the Marxists start from the position that capitalism is fundamentally unable to solve problems like poverty and unemployment, it is in fact the main cause. Capitalism can be reformed, but the reforms are limited and unstable because the system has regular crises and conflicts (Gough, 1995). State welfare is an attempt to address certain problems in capitalism, like retired workers and working class pressure, but also creates new problems, like putting pressure on the state budget and on rich taxpayers.

Welfare is an unhappy compromise that improves working class lives, but does so inside the capitalist system, even protecting that system by hiding its nature (Gough, 1995). So welfare reforms are called “tokenistic” because they do not address the bigger problems (Bond, 2014). Grants are presented as “state philanthropy”, an attempt by the state to deal with the plight of the poor and marginalised without real changes (van Driel, 2009:139).

The anarchist/ syndicalist position is similar but has important differences. In its early years, the anarchist/ syndicalist movement actually opposed state welfare, on grounds that it would extend state control over the working class (Holton, 1981). The anarchists/syndicalists did not want state protection from capitalism through welfare, but they wanted protection from both the state and capitalism. The state was seen as a ruling class organisation, just as bad as capitalist corporations, so its motives in providing welfare were distrusted (Holton, 1980:14). The movement preferred welfare arrangements like pension and benefit funds, which would be run by independent organisations of ordinary people (Ward, 2011).

Today, the issue is more complex. Anarchists/ syndicalists opposed state-run welfare originally, but now that it has happened, they do not want existing welfare to be removed since this will harm ordinary people (Millet, 1997). But the criticism of state-run welfare for reducing working class self-reliance and independence is still made, with this tradition arguing in favour of dealing with welfare issues in a way that promotes organising from the bottom-up. State welfare is seen as run in authoritarian and inefficient ways by self-interested elites (Millet, 1997). So, this tradition argues for defending and even extending existing welfare through campaigns that empower people (van der Walt, 2006), and also for strengthening mutual aid and self-help systems that are “neither state nor market” (Millet, 1997; Ward, 2011). So, they share the liberals’ stress on individual freedom but reject the liberal belief in capitalism and the state.

3.5. What is “poverty”?

Social grants are presented as a way of addressing poverty, and jobs are also presented as a way of addressing poverty. But it is important to see that the term “poverty” is actually quite a complicated one, and that different research uses the term in different ways. Until we unpack this issue, the importance of Sen (1999) will not be clear.

Poverty is at the centre of debates about development. Major international institutions have committed themselves to addressing poverty, such as the World Bank, through its Poverty Reduction Strategies, and the United Nations, through its Millennium Development Goals (Case, Hosegood and Lund, 2005:01). But “poverty” is multi-faceted and no single measurement adequately captures it (Lekezwa, 2011:41; Marais, 2011:206). When people say that, in spite of all these efforts to deal with poverty, most people in South Africa still languish in poverty (Woolard, Harttgen and Klasen, 2010:03), or others say poverty levels are actually falling in South Africa (World Bank, 2014:22), what is happening is that they are defining poverty in different ways.

It is necessary to define poverty because social grants are aimed at reducing poverty (Lekezwa, 2011:41), but the way it gets defined is very complicated. The usual way is the concept of “absolute poverty”. According to Webster (1990:16), ““absolute poverty” describes a situation in which people are barely existing, where the next meal may literally be a matter of life or death as the cumulative effects of malnutrition and starvation enfeeble all, particularly children”. Triegaardt (2005:251) defines poverty in absolute terms as “the inability to attain a minimal standard of living, measured in terms of basic consumption needs or the income required to satisfy them”.

This is different from “relative poverty”, which is an expression of the poverty of one entity in relation to another entity. The concept of “relative poverty” means people whose basic needs are met, but whom, in terms of their social environment, still experience disadvantages. Therefore, whereas absolute poverty refers to a desperate situation, the difference between life and death, relative poverty refers more to a comparison of different groups of people (Swanepoel and Beer, 1997:02).

A difficulty here for defining absolute poverty is about what is meant by a “minimal standard of living”, and how it should be measured. How much food is “minimal”, and does the

minimal standard include items besides food (Webster, 1990)? For defining “relative poverty”, it is even more complex.

In a study, Samson, Lee, Ndlebe, Macquene, van Niekerk, Gandhi, Harigaya, and Abrahams (2004:15) assessed poverty in South Africa using three different measures. First, they used a poverty headcount measure, which quantifies the number of people in South Africa below a given income or expenditure threshold. Second, they used a “rand gap measure” which quantifies the total rand value of the magnitude of the gap between the incomes of the poor and the income required to keep people out of poverty. Third, they used a relative poverty gap measure, which quantifies the average magnitude of the gap between the incomes of the poor and the income required to keep people out of poverty and the rand poverty gap measure.

These three measures all depend on calculating a poverty line in money terms, which is really based on setting a poverty line that represents the minimum income or expenditure necessary to keep a household out of “poverty”. In order to calculate the impact of poverty interventions, you must first determine a definition of poverty, and then draw a poverty line (Samson, et al, 2004; 17).

But there is no universal definition of what a “poverty line” is, and approaches vary from country to country (Webster, 1990). There is also no official poverty line in South Africa (Dieden and Gustafsson, 2003; Taylor, 2002). It has recently been proposed that the official poverty line is the money income required to attain a basic minimal standard of living – enough to purchase a nutritionally adequate food supply and to provide for other essential requirements (Statistics, South Africa, 2007:03).

But then this needs a clear, strong definition of what is meant by things like “adequate” food and “minimal standards” anyway. Samson et al (2004:15-25) state that what is an “essential requirement” is quite complicated, and they speak of two types of poverty lines, which are the absolute and the relative poverty lines. An absolute poverty line aims to define a minimum standard, often based on a cost-of-needs assessment, such as the cost of a basket of food items that provide a basic level of nutrition, whereas a relative poverty line can be defined as that income level that differentiates the poor in general, from the very poorest percentage of the population (Lekezwa, 2011:44). For instance, the World Bank defines the “poor” as the bottom forty percent of households, and defines the “destitute” as the bottom twenty percent of the income distribution, which is matching absolute and relative poverty

respectively (Samson, et al, 2004;17). The above measures suggest that reducing poverty means more income and consumption.

3.6. Amartya Sen's Capability Approach

However, the absolute poverty approach does not capture how households experience poverty, and what they feel about it, or how deprivation affects areas of life beyond eating, sleeping and other basic *physical* needs. People are part of a society, and their needs are also social, and this is where the idea of relative poverty helps show the importance of social considerations in defining poverty.

Sen (1999) rejected the ideas that income level should be used as the main indicator of poverty, which is what the poverty line is all about. He argued that this was a one-dimensional approach that did not look at the *social* part of poverty: poverty should not only be seen as the deprivation of income and physical needs, but should also be seen as deprivation of choices (Lekezwa, 2011:42). Sen argued that the aim of society was to increase human capabilities, and that the expansion of human freedom should be the “primary end and ... principal means” of development efforts (Sen, 1999: xii, 01).

Development consists of the ongoing removal of various types of unfreedoms that leave people with little choice and little opportunity of exercising their reasoned agency (Selwyn, 2011:69). Development is the expansion of the freedom to exercise the basic and inborn human capabilities requiring political freedoms, economic and social opportunities, security of the person and “transparency”.

So development for Sen should focus on empowering people, not just on feeding them (Clark, 2003:173). When freedom is brought in, then solving “poverty” only by making sure that people can eat enough and meet other physical needs, is not enough. For Sen, “the general enhancement of political and civil freedoms is central”, and these “freedoms include the liberty of acting as citizens who matter and whose voices count, rather than living as well-fed, well-clothed and entertained vassals” (Sen, 1999:288).

What people choose to do with their capabilities is their choice, and the “selection and weighting of capabilities depend[s] on personal value judgments” (Clark, 2005:05; also Clark, 2003:178). One of the valuable capabilities is the ability to “live long, escape avoidable morbidity, be well nourished, be able to read, write and communicate, take part in

literary and scientific pursuits and so forth”, but not everyone would want to exercise this capability (Sen, 1984:497, cited in Clark, 2005:05).

Walker and Unterhalter (2007:02) note that people have alternative combinations of things that they can do, and freedom involves being able to achieve what an individual considers valuable after thinking it through. Many people believe, for example, that a “good life” must include the power to reason and make choices, as well as develop “natural assets” like determination, motivation and self-reliance (Clark, 2003:188). Often, cash income from a job is really just a way to achieve certain goals, many of which are social and personal goals and relationships: jobs provide access to better housing and living conditions, education, food and clothing, but also as ways to access their family and friends, religion and church, free time and recreation, and the ability to live long and well (Clark, 2003:181-185).

If freedom means having choices, then poverty is about not having choices. Sen’s (1999:04) work views poverty as involving a lack of ability to exercise capabilities, due to factors like low income, poor education and health, or a lack of human and civil rights, poor economic opportunities, neglect of public facilities, and intolerance and repression.. Thus poverty is seen in terms of shortfall of “basic capabilities” or “basic capability failure” (Clark and Qizilibash, 2005:07). It is a deprivation of basic capabilities, rather than just lowness of income, the standard criterion for the identification of poverty (Sen, 2000:87).

Thus poverty for Sen is more than income and expenditure levels (Lekezwa, 2011:42). It is about the “deprivation” of the capability to lead a “good life,” which requires basic physical conditions to be met (such as health and shelter) *and* the ability to make economic and political choices to be provided. A person could be well-fed but still be poor, because poverty involves various blockages on the ability to make choices on exercising human capabilities. To move people out of poverty means to increase their ability to exercise their capabilities, enabling greater freedom. Having enough income to survive can still mean that people are trapped in “poverty” in Sen’s sense. This is because there can be poverty traps based on cycles of low income and limited assets, with few opportunities for the “poor” to exercise their capabilities and invest their resources in health, education and livelihoods. But Sen added (1999:11):

With adequate social opportunities, individuals can effectively shape their own destiny and help each other. They need not be seen as primarily as passive recipients of the benefits of cunning development programs.

The people who are directly involved should have the opportunity to participate in deciding what should be chosen, not local elites or “cultural experts” (Clark, 2005:08). This is because the “means” and the “end” of poverty reduction is enabling individuals to make choices, and live meaningful lives.

Sen’s ideas seem to have similarities with liberals and anarchists/ syndicalists. Sen’s book *Development as Freedom* actually says that free markets can play an important role in promoting freedom and reducing poverty (Sen, 1999: 27, 263). But for Sen (2000) there is also “extensive evidence” that economic globalisation is beneficial, but works best with democracy, social services and “safety nets” that “supplement the market mechanism”. Markets are only useful if they are means to achieve freedom: so, steps must be taken when they fail to achieve this, and markets must be shaped by moral values (Clark, 2003:181-185).

Like the anarchists/ syndicalists, Sen is opposed to welfare and central planning that reduces choices, and also wants more equality and more initiative from below (Sen, 1999: 27, 263). But unlike the anarchists, he is in favour of using capitalism and the state to promote freedom and reduce poverty. The anarchists / syndicalists share Sen’s view that freedom is the most important “means” and “end”, and the view that uplifting the poor means more than just meeting physical needs, it means increasing the ability to make economic and political choices.

3.7. Conclusion

This chapter has explained the main debates on social grants as well as linking these debates to the bigger theoretical debates about social welfare. Since grants are meant to be a way of reducing “poverty”, the chapter examined the debates over the meaning of “poverty” itself. This chapter also discussed the effectiveness of social grants, the growing expenditure on social grants, the abuse of grants, and the other possible negative aspects of the grants system, defining poverty, and Sen’s (1999) capability approach. The next chapter provides the analysis and presentation of findings. In sum, the findings chapter presents the grants as playing a positive role in the livelihoods of many poor people although grants are inadequate to fully offer choices – and end poverty – as conceptualised by Sen.

Chapter 4:

Analysis and presentation of findings

4.1. Introduction

This chapter presents the main findings from the case study of Ezibeleni, a historically black working class township situated in Queenstown, in Eastern Cape. The aim was to examine the impact of social grants on poverty, meaning “poverty” in two senses as explained in the last chapter: poverty as an inability to meet basic needs; and poverty as a lack of economic and political choices, as argued by Sen (1999). Do the grants allow people to meet basic needs, and do they enable people to escape the “unfreedoms” of poverty, its constraints on human capacities (Sen, 1999)? Besides the impact of grants on livelihoods, a secondary aim was to examine whether the state’s administration of grants was perceived as inefficient or authoritarian. This was an additional way of examining whether grants enabled choices, or imposed further constraints on the poor, and as a way of thinking about criticisms of state welfare for being disempowering. The findings are grouped in themes to avoid confusion. In this study, pseudonyms were used to protect the privacy of the respondents who participated in the study.

4.2. Role of social grants

Most recipients interviewed agreed that the grants are helping them in that they are able to buy food, clothes, pay rent, pay school fees, electricity, pay for funeral covers and other basic needs, as well as sometimes buy items like furniture. One respondent also said that the grants help her to cover her medical costs. When asked about how life would be like without the grants, the respondent said “Hey, it was going to be difficult because my pension is very small”. She uses the grants on medical costs and food. In the same vein, some respondents said they were happy with the grants as they survive on them. “Well, it’s not the same, my son” explained one respondent, “at least we manage to go to shops, doctors and buy some stuff. It is things like that: we can manage our lives with these grants. You see, we buy food and we go to doctors when we are sick” (Interview: Bukeka Sitela, 4 November 2014).

Most of the recipients live in four-roomed houses (with backyard shacks in some cases). In most households studied, grants were said to be the only income and those interviewed claimed that they do not get any financial help from their neighbours or relatives. “No one

lends money nowadays. My children have their own homes now. My children are now working. They don't even support us" said one older respondent (Interview: Thuba Mayekiso, 3 November 2014).

Most recipients said that without the grants their lives would be worse; and some even said without the grants they would not have been alive (Interviews: Vuyisile Mancam, 3 November 2014; anonymous, 3 November 2014). "Without grants, life would be hard because I wouldn't have had what I have. It was going to be hard to have something to eat" said one respondent (Interview: Nomvelo Klaas, 4 November 2014).

Although the recipients said that life without the grants will be tough and that grants are helping them, many recipients added that the grants are too small (Interview: Ntombomzi Khumalo, 3 November 2014). One result was that many of the people studied went into debt, as they were not able to meet their needs with the cash paid. They relied on borrowing, as well as on buying larger goods on credit, which attracts interest. One pension grant recipient did not get his grants at all, in that it all went straight to deductions from a furniture shop from which he purchased (Interview: Thuba Mayekiso, 3 November 2014).

Obviously this has a big effect on happiness, and choices, both seen as critical to getting a "good life" as envisaged by Sen. Judging from this instance (Interview: Thuba Mayekiso, 3 November 2014), recipients who are in debt are constantly reminded of their problems at home, as they fail to buy enough food etc. due to monthly deductions. Hence debts increase stress. Inasmuch as grants are seemingly offering choices in some cases, they can cause stress, and where money is limited, they also limit choices and promote indebtedness.

Grants have thus become a "debt curse" for some people. To add salt to the injury, the fact that they are in debt means they cannot borrow money from neighbours (or even from loan sharks), because it would be impossible for them to pay money back (Interview: Thuba Mayekiso, 3 November 2014). One must also note that many elderly people on the OAP are illiterate: therefore they are vulnerable to unscrupulous dealers. This means that the OAP recipients might sign for something that they do not understand. In the meantime, the debts will be accumulating. In the case of the pensioner who did not get his grant due to it all being deducted for furniture debts, he alleged that the furniture shop did not properly explain its deals to the recipients (Interview: Thuba Mayekiso, 3 November 2014).

4.3. Physical needs: life, health and grants

Most households said the grants decreased the hunger in the households, as they “eat what is there” (Interview: Ntombomzi Khumalo, 3 November 2014). In one interview respondents said the grants are decreasing hunger because they manage to eat often, and that “food lasts the whole month” (Interview: Nomvelo Klaas, 4 November 2014). Although they do not eat what they liked most, they eat three times a day.

Out of sixteen interviews conducted, five households said the grants do not decrease hunger, yet those households also said they ate three times a day (Interviews: Akhona Ntshika, 3 November 2014; Nolwazi Potwana and her granddaughter, name not provided; Vuyisile Mancam, 3 November 2014; NoRepublic Khwephe, 3 November 2014; Gwiba Xaba, 3 November 2014). What this mixed message actually means is that the food gets finished before month-end, so although the grants help, they are not decreasing hunger overall. Recipients also indicated that if food gets finished before the pay date, they go around begging door-to-door.

Other respondents showed better indication of satisfaction, in that they eat often, but they certainly do not eat what they *prefer* (Interview: interviewees: Ncebakazi Busaphi and friends). They appeared to be living well, as they had lots of food and they eat what “they want”, meaning adequate portions. Their responses cannot be understood as eating what they prefer as they said they “eat anything that is there”. So they do not eat what they prefer *per se*, they only eat all they “want” (Interview: Ncebakazi Busaphi and friends, 3 November 2014).

Therefore the grants are decreasing hunger, but there is also the issue of the quality of the food, and the small choices involved, to think about. Out of sixteen interviews conducted, thirteen households said they do not eat the best meals. They eat what they afford and not what they prefer, because food is expensive. Their staple diet is mostly starches – *pap* (fine ground maize), *samp* (rough ground maize), rice– with some vegetables. There are only three households that said they ate what they preferred (Interviews: Bukeka Sitela, 4 November 2014; Silindokuhle Mntwazi, 4 November 2014; Vuyokazi, 4 November 2014). Hence, recipients are merely surviving on these grants; at the most basic physical level, they have few choices and serious gaps.

What about other basic needs? In some cases, because money was short, prepaid electricity was finished before the pay date, and recipients began using candles and firewood. The pressure on finances was worsened by the fact that most of the interviewed household heads were elderly, meaning that they were constantly sick, and that means they needed constant medical attention. Most households claimed that the grants were not enough for them to go to hospitals; hence they relied on free (but nearby) state clinics, with inferior facilities, when sick. Some people reportedly died because of lack of medical attention (Interview: Thuba Mayekiso, 3 November 2014).

4.4. Economic choices and dignity

Despite all the hardships, the grant recipients could still make choices, and the grants assisted with allowing more choices, even if the choices were still limited; they all wanted to see themselves as having dignity and respectability. One must hasten to mention that these choices are made under dire circumstances, as there are so many needs that these families have to meet, using the limited resources provided by grants. But still, recipients were able to have funeral policies, to look for jobs and start small businesses using grants. Most importantly, most recipients interviewed valued paid work, and did not actually want to be on the grant system.

Most respondents reckoned that it is possible for grant recipients to generate their own income using grants. Another respondent gave the example of selling fruits to supplement income (Interview: Thuba Mayekiso, 3 November 2014). Another grant recipient was using her grant to run a small sweet selling operation (Interview: NoRepublic Khwephe). One respondent argued that the grants can only help those who are clever enough to start businesses (Interview: Kamva Toli).

Interestingly, a number of grant recipients, mainly older people, claimed that some people did abuse the grant system to avoid work, or buy alcohol. Some claimed to know of parents burdened with unruly youth, who did not buy food or pay rent although they expected to eat (Interview: Thuba Mayekiso, 3 November 2014). They believed that grants led to laziness because “some people do not bother looking for jobs because of grants. They [lazy recipients] know that each and every month they would get money” (Interview: Nolwazi Potwana and her granddaughter, name not provided, 3 November 2014).

Asked on whether the grants lead to “laziness” one man said

Ja, I do agree with that statement ... I am not accepting this argument because people are different. Some people always say there are no jobs, but who will create a job for you? Jobs are there; it's just that people do not look for opportunities. There is no employer who will go around looking for people; people have to go and look for jobs. Jobs are there, be it garden jobs or any other odd jobs. Some people will even tell you point-blank that they do not want garden jobs. That is not right. I do not understand that (Interview: Kamva Toli, 4 November 2014).

Also tensions arise over grant use. One elderly respondent recipient said his sixty-year old adult child spends her grant "alone", that is, does not share the grant with the family (Interview: Thuba Mayekiso). This was alleged to be a larger problem, with certain adult children who received DGs: these adults would get grants, but not contribute in the household, but when the grant finished, they would expect help from their parents on OAPs. It was reported that the adult child of "a neighbour" returned from working in Johannesburg, and sold his parents' house, only to live in a shack (Interview: Thuba Mayekiso). These scenarios indicate how elderly parents can struggle with "lazy" adult children.

Importantly, most recipients interviewed valued paid work and independence, rather than dependence on state grants because grants are small and not enough, with even food running out. When recipients go around borrowing money, non-recipients would not lend recipients money, because they think recipients are better off than them.

It was reported by some that there is friction between recipients and non-recipients because non-recipients view social grants recipients as people "with money" (Interview: Ncebakazi Busaphi and friends, 3 November 2014). Hence, when recipients are starving and begging, non-recipients would not care to help them. They would say: "you get a grant, so why are you in need of food?" So non-recipients can perceive recipients as well-off, or as well taken care of by the government. Non-recipients would say: "you can't be ... short of something when you get a grant". One recipient even said there was an "uprising" against them. They would say "ah, you get a grant". Non-recipients assume that grant recipients always have money. Non-recipients would say "how did you spend your [grant] money?"

On the other hand, those with jobs look down on grant recipients: "They look down upon us because we are not working; we are only dependent of social grants" adds one recipient (Interview: Nomvelo Klaas, 4 November 2014). Some recipients said the grants do not give

them self-respect as non-recipients assume that they abuse the grants. “People assume that we are just abusing these grants. So if you buy yourself a t-shirt, neighbours [are] quickly assuming that you used the grant money. You see. So it appears as if you would have abused the grants” said one young mother (Interview: Sihle Booi, 3 November 2014). However in some cases, community members know that grant recipients are suffering and they help them. In one instance, a female respondent said the local ANC municipal councillor helps them with food and other basic needs (Interview: Vuyisile Mancam, 3 November 2014).

Various respondents agreed that the grants enabled recipients to get jobs – or at least seek them – as people managed to print CVs and make other necessary arrangements for job hunting (Interviews: Silindokuhle Mntwazi, 4 November 2014; Kamva Toli, 4 November 2014; Bukeka Sitela, 4 November 2014; NoRepublic Khwephe, 3 November 2014; anonymous, 3 November 2014; Nolwazi Potwana and her granddaughter, name not provided, 3 November 2014). The grants also aided people to find jobs, as they gave job seekers money for taxi fares, to look for jobs in different places. In one instance, a grandmother said one of her grandchildren (who was in Cape Town) was helped by her to go to Cape Town to get a job. The grandchild is now reportedly helping them financially (Interview: Akhona Ntshika, 3 November 2014). However, some respondents claimed that the grants were finished before they can even think about applying for jobs (Interview: Vuyisile Mancam, 3 November 2014).

Most respondents valued paid work because they believed employed workers have a better income and that grant recipients have a lower social standing. They valued paid work because workers get more money and benefits, and the grants were so small (Interview: Nolwazi Potwana and her granddaughter, name not provided, 3 November 2014). Grant recipients have a lower standing because their grants are not enough, and “by the time they are approaching another pay date, food will be finished” (Interview: NoRepublic Khwephe, 3 November 2014). “Children cannot survive the whole month with this money because they need food, clothes and napkins: it would be better if they remove the grants and give us jobs” said one (Interview: Silindokuhle Mntwazi, 4 November 2014).

Most respondents said the grant application process was relieving because they know that they will be getting something after that, but that it could be difficult and stressful. At SASSA offices they were often asked about their income, and they usually did not see any problem with the questions (Interview: Thuba Mayekiso, 3 November 2014).

However, SASSA officials were said to be rude and inconsiderate if recipients have problems with their grants. “They don’t even attend to you” one respondent described them: “They hardly take action” (Interview: Nolwazi Potwana and her granddaughter, name not provided, 3 November 2014). They tell recipients to “call Pretoria”. Thus some recipients said they are not treated well.

The application process was annoying because “there is a lot of going up and down, together with lots of unnecessary waiting”, according to one respondent (Interview: Sihle Booi, 3 November 2014). Asked on how they are treated if they complain at SASSA offices, she said “*Tjo!*, they are stubborn: I once lost a card; the official who handled my case shouted at me because I failed to answer some questions” (Interview: Silindokuhle Mntwazi, 4 November 2014).

“Sometimes SASSA officials are not receptive. That’s why it takes long for one to start getting money” through the grant, added one recipient, “The new system with SASSA is confusing. There are unexplained deductions at times. So I feel uncomfortable with those things” she said. Asked about whether they have a say in the administration of the grants, she said “we do not. And when we complain they give us unsatisfactory answers. They usually give us a number to call Pretoria” (Interview: NoRepublic Khwephe, 3 November 2014). Hence the SASSA system can be “frustrating” (Interview: Babalo Magoqwana, 3 November 2014). In this way, the grants can increase choices, but also be administered in a way that reduces choices and increases “unfreedoms”.

4.5. Social expectations and stress

An elderly recipient resented the low value of the grants, saying that the government had forgotten that they paid taxes when they were working, even during apartheid (Interview: Thuba Mayekiso). Some recipients argued that during apartheid they were highly exploited, while the government subsidised its own people, the whites. Thus, in their own view, the black majority government should do likewise and give them more adequate grants. The recipients said that even poor whites during apartheid had feeding schemes, but the post-apartheid government was not offering this to poor blacks, which made the recipients feel neglected.

The recipients complained that even though the government was preaching the gospel of self-sufficiency, there was no start-up capital for black people. Although some recipients were

evidently able to buy furniture, they do so in dire straits, as they were heavily in debt. Shops were also believed to deliberately overcharge elderly grant recipients, as they were aware of their illiteracy. With high living costs, expensive food and other necessary expenses, the recipients were often stressed.

Because of the high living costs and the fear of dubious shop and dealers, one recipient suggested that the government should introduce food vouchers instead (Interview: Thuba Mayekiso). Judging from the interviews, elderly people generally expressed a feeling of vulnerability about the many scams out there, and this was why they proposed that the government should employ food vouchers. Cash grants could make the stress of poverty worse because of the debts that get incurred; and they did not feel safe at night as robbers target them (Interview: Nolwazi Potwana and her granddaughter, name not provided, 3 November 2014).

Recipients argued that the grants, particularly in households with various grants, also created tension as different people had different needs and wants. For instance adult children who get CSGs, and OAP recipients, have different needs and wants, and that in some instances there is a feeling of selfishness. At the end of the day, this creates tension as shared items like food have to be bought. In some instances, parents claimed that adult children who got grants would insult them when they were drunk, usually around payday. It was alleged that people fought over these grants because it was difficult to coordinate expenditure, so stress levels go up. Older people can end up becoming victims as they have to buy the food (Interview: Thuba Mayekiso, 3 November 2014).

Unfortunately stress and worry about the future was always there, because of shortages and debts. Grants could make family relations sour, causing problems because there was not enough and because different people had different needs and wants. “My child might want this whereas my sister’s child may want something different; but with less money it causes stress” said a young mother (Interview: Sihle Booi, 3 November 2014). One recipient claimed that the grants do not keep the household “safe” as they get finished quickly (Interview: Thuba Mayekiso). The recipient said that he was able to participate in community life, but that it was hard: even his church did not expect him to contribute anything, because they knew that he was of one the suffering people. So, grants do not always give self-respect, as they are not adequate.

But the picture is mixed. Although the grants have been linked to increased tension amongst household members, in this study, out of sixteen respondents interviewed, ten respondents said the grants made the relations better, while only two respondents said the relations in their own households were strained worse because of grants. Normally when people spoke about conflicts in homes due to grants, they were speaking of the households of *other* people they had “heard” about,

In some instances, recipients said the grants helped them to come together, as families, and jointly contribute towards shared expenditure (Interview: Ncebakazi Busaphi and friends, 3 November 2014). The grants enabled them to buy furniture and clothes. Thus, for some recipients the grants made their family relations better. In this situation, the grants reduced stress by far, at the very least because they usually had enough food until month-end.

There are also indications that the grants can reduce stress and worry about the future. Nine respondents said the grants reduce stress and worry about the future as they are able to meet basic needs like food, although five respondents said grants increased stress as they had got caught up in debt. Nine respondents said the grants helped to keep their households safe, while four said the grants do not help to keep their households safe. Nine respondents said the grants helped them to partake in community activities like churches and funerals whereas only four respondents said the grants did not help them to partake in community life.

Importantly, seven respondents said grants gave them self-respect while only two said grants did not give them self-respect. Some added that the grants helped their household to be safe, as no criminal could enter a household where security was fitted (Interview: Ncebakazi Busaphi and friends). The grants also helped them to participate in community activities. Grants gave them self-respect, at the very least because they have enough food to eat. They also said it gives them respect and social standing because they “stay indoors” most of the times. They do not have to keep bothering anyone for things (Interview: Ncebakazi Busaphi and friends, 3 November 2014).

“There isn’t much worry because of these grants” said one respondent (Interview: Nomvelo Klaas, 4 November 2014). Asked whether the grants reduced stress and worry about the future, she said “Well, it’s better. It’s not the same, you know. The children understand that there is no other source of income” (Interview: Bukeka Sitela, 4 November 2014). One man who was getting a DG had this to say: “It decreases stress: when I was in hospital, my family members were able to buy a few things that are needed in this household. They used to come

and visit me, using this money. This money protects me from many things. I am able to buy my son a few things that are needed at school” (Interview: Kamva Toli, 4 November 2014).

Said another: “For me it reduces the stress. As I told you, I have no income after losing my job. I was just wondering where I was going to get the money to see a doctor, you see. At least we have hope. We [old people] also have problems with painful bones: at least we manage to see doctors because of these grants” said this pensioner (Interview: Vuyokazi, 4 November 2014).

Out of sixteen interviews conducted, however, only six households said the grants enabled them to spend better time with family and friends, while nine households said the grants do not enable them to spend better time with family and friends. It appears that most households do not have enough resources to buy furniture they want. Ten respondents said the grants did not enable them to buy the furniture they wanted, while five respondents said the grants enabled them to buy the furniture they want, through instalments (although this could lead to debt issues). Most households said they were able to buy the clothes they wanted (ten households), although four households said they are unable to buy the clothes they want.

4.6. Political: choices and information

In terms of access to information on politics, the recipients rely on polling stations, political campaigns, pamphlets and television. The situation is tough, so much so that most of the recipients do not bother about paying for TV licences. Most respondents said that the grants do not enable them to pay for such licences – although they helped to pay for electricity that allowed them to use these services.

Some recipients claimed that they voted because if they did not, the grants would be taken away, while others said they voted because they were exercising their rights and that they had to vote as citizens of South Africa. Some said they voted because they did not like the stigmatisation attached to people who do not vote. However, in one case, a respondent said he do not vote because he did not see the need: “We are so broke, we do not have jobs, the government creates jobs but we do not get those jobs” she said (Interview: Vuyisile Mancam, 3 November 2014).

All the recipients said they would not vote for a party that wanted to remove grants because they relied on the grants for a living. One respondent said “Never! What will we eat?”

(Interview: Thuba Mayekiso, 3 November 2014). “How will we survive without grants?” one woman asked: “We survive on these grants” (Interview: Nomvelo Klaas, 4 November 2014).

All the recipients said that no one forced anyone to vote for a particular party. Therefore, no one coerced them to vote for a certain political party. “We are not forced. It’s our choice. Vote because at the end of the day, you go alone in the ballot box. No one will ask you questions like ‘why did you vote for a certain party?’ So we are free to choose” said one respondent (Interview: Kamva Toli, 4 November 2014).

However, one has to hasten to mention that most recipients believe that if they do *not* vote for the party that gives the grants, which they believe is the ANC, they will lose the grants. Some of them also believe that, by voting, they are appreciating what the government is doing for them with the grants system. In one case, a respondent said she votes because she believes she has to vote because the government is helping them with grants (Interview: Bukeka Sitela, 4 November 2014). Others do not believe politicians can remove the grants because they have a “right” to get grants.

One woman claimed that politicians cannot really remove grants “because they [politicians] want people to live a better life. If they are going to remove the grants what are we going to eat? We will not have energy to be part of ANC because we would not be getting anything [if the grants are to be removed]. How are we going to support ANC without grants?” she asked (Interview: Vuyokazi, 4 November 2014). Thus for this respondent, grants were provided by the ANC, not the state.

Asked whether the grants make her feel in charge of her life, one respondent said she felt that the grants made one a better person, because at least the grants played a positive role in the household (Interview: Ntombomzi Khumalo, 3 November 2014). Yet she also thinks this is made possible by giving up the choice of who to vote for: she said she felt pressured to vote for the party (ANC) that gives the grants because there are no jobs.

So, in a way, one would be justified to argue that the recipients are coerced indirectly and psychologically. Put differently, some recipients “vote for grants” because they believe that, somehow, the grants could be threatened otherwise. This does seem to confirm the view that grants act as a vote-buying mechanism for the ruling party, the ANC, to win support from poor voters (Patel, 2005:10). I would suggest that this is a sort of indirect coercion, to vote for

a certain party regardless of what else it did besides the grants, and that grant recipients' political choices are hence limited by the existence of the grant system itself.

4.7. “Good life” and grants

Out of sixteen respondents, ten respondents believe that the grants make one a better person because at least the grants play a role in the household in that they manage to buy food. Only three respondents said the grants do not make them better people. Asked on whether the grants made them feel in charge of their lives, one of the respondents said: “We are by far better people. Because of the life that we get because of this grant. We have a good livelihood” (Interview: Ncebakazi Busaphi and friends, 3 November 2014). One man explained:

These grants help people, they are the reason most people are alive. Oh, but let me talk about my own life: I am alive because of these grants, I can go to church with an ironed shirt because of this grant, I can travel because of this grant. If this money was not there, I would not be owning this [points at a stove], I would not be owning a bed, I would have been living in shack, I would not be sleeping in the blankets that I am sleeping in now. I can wear anything that I want (Interview: Kamva Toli, 4 November 2014).

Another respondent added “I would not be able to bury them [kids] if they die, I would not be able to send him [son] to the mountain [traditional circumcision] ... I will use that grant to send him to the mountain. I buy food for him remember and I also send him to school using this money” (Interview: NoRepublic Khwephe, 3 November 2014).

They feel in charge of their lives because they can meet more of their basic needs and a few things more: “The thing is, if you do not have money, you cannot have happiness. Let me put it that way. If you have money, it is nice, because you can open a fridge and get what you want” (Interview: Vuyokazi, 4 November 2014). Some of the recipients felt that the grants did not make them feel in charge of their lives, but they felt “alright” because grants were like “gifts” to them (Interview: Nolwazi Potwana and her granddaughter, name not provided, 3 November 2014). So they appreciate that. They like the grants because they believe they would have “died” without the grants.

But what is the “good life”? For Sen, this will depend partly on the individual. One recipient described a “good life” as a “new life, a life with peace of mind, stress-free, where people

afford to buy what they want or need, and without corrupt businesses” (Interview: Thuba Mayekiso, 3 November 2014). A good life is “a life that is full of happiness, a life that is free of poverty” (Interview: Vuyisile Mancam, 3 November 2014). A “good life is when one has access to everything that one desires, including being able to go to school/education. Being rich, having a nice phone and a beautiful home” (Interview: Ntombomzi Khumalo, 3 November 2014), a “life without any worries, a happy life, going to church and not watching TV” (Interview: Akhona Ntshika, 3 November 2014).

Most importantly, most of them value independence and having money. Their choice of life would be the kind of life that the whites used to live (Interview: Thuba Mayekiso, 3 November 2014). “A life full of peace and love, a life that is free of suffering, and life without stealing each other’s stuff” (Interview: Thuba Mayekiso, 3 November 2014). They would choose a life that is “free of poverty, a life where I would eat anything that I want, without bothering people or getting involved in street fights, things like that” (Interview: Akhona Ntshika, 3 November 2014).

Five recipients said they do not get a “good life” from grants, while four people said the grants did enable them to have a “good life”. The grants, some said, did not give them a “good life” because the money was too little (even though it helped). One respondent argued that the grants did not give them a “good life” because the loan sharks kept harassing them, so they “do not have a peace of mind” (Interview: Thuba Mayekiso, 3 November 2014). Another respondent stated that the grants did not give him a “good life” *per se*: he was just accepting them because he did not have a choice (Interview: anonymous, 3 November 2014). Some respondents said the grants give them a “good life” as they said, “we are living with this grant. It’s the one that I would say its giving us good life” (Interview: Ncebakazi Busaphi and friends, 3 November 2014).

4.8. Is the grant system efficient?

Interviewees were satisfied with SASSA, in comparison with previous provider systems, because SASSA was more effective and reliable. Most recipients use the new SASSA card system (money is transferred to a SASSA-issued bank card) and they reckon it is good; for one thing, it is not necessary to queue at SASSA offices for grants every month. There were many indications that the SASSA offices were efficient and that they administered the grants well and honestly.

Recipients generally said they were fine with the way SASSA administers the grant. Most OAP grant recipients applied for these grants when they reached the eligibility age. One elderly respondent said the application process makes them, the elderly, feel happy, as they would be expecting to get money afterwards – although also complaining that the money “does not get them anywhere” as it is too little (Interview: Thuba Mayekiso). Another stated that, if they had a problem they were treated well, although they did not have a say in how grants were run or the recipients selected: “They treat us well; I wouldn’t say they are bad people because if there are certain deductions, they can look at that and sort the problem” (Interview: Ncebakazi Busaphi and friends, 3 November 2014).

However, there were problems that left people feeling quite disempowered. The application procedure involved a strict reliance on rules: “There is a lot of going up and down, together with lots of unnecessary waiting”, said one. Sometimes SASSA officials are not receptive. “That’s why it takes long for one to start getting money [grant]”, one woman complained (Interview: NoRepublic Khwephe, 3 November 2014).

Many respondents complained about certain deductions from their accounts: they did not understand these, and could not get clarity or solutions. Judging from what the recipients said, it appears that the state’s frontline officials at SASSA operate in a highly centralised system, and avoid dealing with complaints and problems where possible. For instance, some recipient said that if they had problems, SASSA authorities told them to call SASSA offices in Pretoria. This is particularly strenuous and not very practical, as these recipients are very poor. It is very costly for them to have air time to “call Pretoria” repeatedly.

These recipients claim that back in the days before SASSA came, they had the opportunity to sit down with the local grants manager and resolve any problems, but they do not have that opportunity with SASSA today. “What happens is that if they go to SASSA offices to sort their problems, they give them numbers to call. Some are illiterate, so it becomes difficult. Some end up not getting their monies” (Interview: Thuba Mayekiso, 3 November 2014). The same respondent said that he wanted to secure grants for his grandchildren, but he has been going back and forth to SASSA, which had not sorted the problem.

4.10. Some conclusions

The data collected generally reveals that social grants play a positive role in the livelihoods of poor people and that it increases the choices available to recipients. In this way, the grants

definitely help remove, in part, the “unfreedoms” described by Amartya Sen (1999). In this sense, the grants are a contribution to the roll-out of “development as freedom”.

There is evidence that grants not only help people to access basic needs but they also help recipients to look for jobs, pay for funeral covers, start a small business, help people to partake in community activities. Out of sixteen interviews that were done, nine of the households are dependent on grants and the grants are their only income. But for the same reason, the grants were also problematic. They paid small amounts, which most agreed were inadequate; they reduced absolute poverty but not relative poverty; they assisted in increasing choices, but always kept the choices limited, both by being very small in cash, and by being administered in a top-down and bureaucratic way; also, many recipients clearly believed that the grants required support for the ANC, and in this way they also limited political choices.

Of course, these limits were not totally due to the grants. The country has a long history of inequality and mass unemployment, so the grants cannot be expected to solve all the problems; people’s own choices before the grants also affect what the grants can do, because the impact of grants depends on family size, the bigger the family the less there is to go round. The next chapter concludes the study.

Chapter 5:

Discussion and conclusion

Judging from the data collected at Ezibeleni, Queenstown, it is evident that the social grants, paid in cash transfers by the post-apartheid state, not only assist people in meeting some basic physical needs but offer a limited means to exercise increased economic and political choices – all of which Sen (1999) argues are keys to escaping the “unfreedom” of poverty. However, it is also found that grants fell short of ending poverty both in the sense of fully meeting basic physical and social needs, and in the Sen sense (1999) of allowing the full exercise of human capabilities through choices.

Choices are deeply limited by the small size of the grants, in the context of large family sizes, a serious and long-term lack of resources, persistent unemployment, and high indebtedness. The recipients’ needs are consistently bigger than their grants. This means that they meet their needs to a limited extent only, in stressful conditions. For example, most recipients said they ate what they afford, not what they prefer, because food is expensive.

For most households that were interviewed, grants were the only income. Without these grants, recipients would have even more livelihood stress, including issues like a shortage of food, difficulty in accessing healthcare and education, and meeting needs like bathing. The grants also assisted some recipients to generate other income, such as starting small businesses, and funding searches for waged work. A good deal depended on the amount of grant money: some exhausted their funds before such actions could even be considered.

This links to the point of Williams (2007:15) that grant income may be used to finance small enterprise creation, through accessing credit, hiring equipment and buying inputs. It is however important to note that the small businesses set up were mainly micro-trading, not productive or high income yielding activities. With small grants and large responsibilities, there was very limited scope to move beyond micro-trading. Money also did not seem to be invested in mutual aid systems like self-administered benefit funds, which the anarchists/syndicalists (e.g. Ward, 2011) favoured. This however could be a gap in the data caused by the research design. But since people had few other sources of income, it was unlikely that they had substantial mutual finance or welfare systems, which the state destroyed (cf. Holton, 1980).

This data does however help confirm the findings by Williams (2007:14; also see Financial Diaries, 2005) that social grants are sometimes used to finance small enterprise creation. It also seems to confirm findings by Jacobs, Ngcobo, Hart and Baiphethi (2010:04) that people living in low-income households that receive grants may have a higher rate of employment than low-income households that do not get grants. This is partly because social grants have proved to be helpful in financing job searches and applications.

Contrary to negative social discourses on grants, as producing a “dependency syndrome” and laziness, this study found that grant recipients did not wish to be “dependent” on grants, and continued to value waged employment. Most recipients extremely interested in finding jobs, and in exiting the welfare system. For some, this was because paid work would provide a higher income and more benefits, while for others, it meant a higher status in the community. Many did not like being independent on grants, which were inadequate and not able to overcome the stresses of low-income and high-unemployment households.

Recipients also indicated that grants could help them meet various social needs, such as participating in local community life, child-rearing and family roles, attending church, and obtaining more expensive items that were considered to be vital. Grants enabled the purchase, usually through debt-financing, of household furniture and equipment, like beds, cupboards and TVs, as well as desired clothes. This confirmed the point of Williams (2007:15) that a steady income from grants may be used for financing.

Several respondents said that grants enable them to attain a “good life”: the researcher did not define what this should mean, bearing in mind that different people could define this differently, as Sen (1999) explains (also Clark, 2003:178; Clark, 2005:05).

However, the small size of the grants meant this could place people in severe debt, some even mentioning the use of loan sharks. While receiving one or more grants meant a higher social status than that of those without grants, it also meant a lower status than people with waged work. In fact, when people with grants ran out of money, they were sometimes accused of abusing grants by community members. Some grant recipients, mainly older ones, also believed that grants were abused by young people, and promoted laziness and disrespect to elders. So, while some recipients said the grants give them respect and dignity, they also came with some stigma.

Poverty also limited choices, in that recipients generally felt that they should vote for the political party that gave grants. All of them said that no one coerced them to vote for the ruling party, but all of them said they will not vote for a party that does not give grants. It was assumed that grants came from the party, not from post-apartheid legislation, and that party was assumed to be the ANC. Obviously much of that legislation and policy was driven by the ANC, but the link made between voting and grants was so strong that it also seemed to mean that people would overlook other problems in the ANC since they would tend to “vote for grants”.

It is difficult to see how another party could make headway as so long as the state grants were seen as ANC grants. Many suspected that if they did not vote for ANC, grants might be removed. This does seem to confirm the view that can act as a vote-buying mechanism (Patel, 2005:10), and that it would be political suicide for the ANC to cut grants, even if the grant system led to a fiscal crisis (*Financial Mail*, 2014). In such a situation, it is difficult to make a political choice besides choosing the ANC.

That is not to say that the ANC should not be given credit for the expanded grants system, and its benefits, but just that political choices seem limited as a result. This also does create a certain sort of dependency on “state philanthropy” in a highly unequal capitalist society, as the Marxists say (van Driel, 2009:139) or involve using grants to control working class people, as the anarchists/ syndicalists say (Holton, 1980).

The administration of the social grant system of SASSA led to mixed feelings. The respondents sometimes felt that staff could be very rule-bound, and that with serious problems, recipients were told to phone the SASSA offices in Pretoria. This is particularly strenuous as these recipients are extremely poor, and it is very costly for them to have air time to call make such calls. None of the recipients felt that they controlled the grants system, and many expressed frustration with the amount from the grants, but without really having a way to change the situation. This does seem to confirm the claim by Ward (2011) and Mitchell (2007), that state-run social welfare tends to be top-down in approach, rather than enabling bottom-up actions.

However, while the positive role of social grants in most households is noted, one must also add that choices are limited though due to bigger families, unemployment, small amount of grants and the general cycle of poverty that most families are in. One must hasten to mention that grants do offer more choices than not having grants, this is to a limited extent because,

although the recipients are able to make more choices, they do so, in dire straits because of debt, small amount of grants, unemployment and poverty in general. For instance, some recipients complained of being in debt because they buy their stuff in instalments.

In closing, the social grants do assist people to meet basic physical and social needs, and to make more economic and political choices. However, they do this to a limited extent only, and the stressful conditions people endure continue. The grants have a positive role in most households and offer more choices, but are inadequate to fully offer choices – and end poverty – as conceptualised by Sen. Grants do not end the “unfreedom” as described by Sen (1999) *per se*, they only reduce the “unfreedom”.

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List of dates, times and places of interviews

- a) Interview 1. 3 November 2014, Ezibeleni. Name of interviewee: Thuba Mayekiso. Sex: Male, Age: 70s. Family role: grandfather.
- b) Interview 2. 3 November 2014, Ezibeleni. Names of interviewees: Ncebakazi Busaphi and her three friends, their names not provided. Sex: Female. Age: 63. Family role: mother.
- c) Interview 3. 3 November 2014, Ezibeleni. Name of interviewee: Ntombomzi Khumalo. Sex: Female. Age: 18, Family role: young mother and daughter.
- d) Interview 4. 3 November 2014, Ezibeleni. Name of interviewee: anonymous. Sex: Male. Age: 72. Family role: grandfather.
- e) Interview 5. 3 November 2014, Ezibeleni. Name of interviewee: Akhona Ntshika. Sex: Female. Age 87. Family role: grandmother and mother to an adult daughter.
- f) Interview 6. 3 November 2014, Ezibeleni. Names of interviewees: Nolwazi Potwana and her granddaughter, her name not provided. Sex: Female. Age: 80. Family role: grandmother.
- g) Interview 7. 3 November 2014, Ezibeleni. Name of interviewee: Vuyisile Mancam. Sex: Female. Age: 42. Family role: mother.
- h) Interview 8. 3 November 2014, Ezibeleni. Name of interviewee: Sihle Booi. Sex: Female. Age 24. Family role: young mother and daughter.
- i) Interview 9. 3 November 2014, Ezibeleni. Name of interviewee: NoRepublic Khwephe. Sex: Female. Age 47. Family role: young grandmother.
- j) Interview 10. 3 November 2014, Ezibeleni. Name of interviewee: Gwiba Xaba. Sex: Female. Age 62. Family role: grandmother.

- k) Interview 11. 3 November 2014, Ezibeleni. Name of interviewee: Babalo Magoqwana. Sex: Male. Age: 45. Family role: uncle.
- l) Interview 12. 4 November 2014, Ezibeleni. Name of interviewee: Nomvelo Klaas. Sex: Female. Age: 55. Family role: mother.
- m) Interview 13. 4 November 2014, Ezibeleni. Name of interviewee: Bukeka Sitela. Sex: Female. Age: 65. Family role: grandmother.
- n) Interview 14. 4 November 2014, Ezibeleni. Name of interviewee: Kamva Toli. Sex: Male. Age: 48. Family role: father.
- o) Interview 15. 4 November 2014, Ezibeleni. Name of interviewee: Silindokuhle Mntwazi. Sex: Female. Age: 25, Family role: young mother.
- p) Interview 16. 4 November 2014, Ezibeleni. Name of interviewees: Vuyokazi, no surname given. Sex: Female. Age 60, Family role: Mother.