

Overview of the Incidence of Poverty in South Africa for the 10-Year Review

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1 Introduction

There are three points that succinctly summarise the story of poverty in South Africa over the past eight to ten years:

- the poor have got poorer, while inter-race inequality has perceptibly declined in favour of inter-class inequality;
- this continues a trend that pre-dates 1994 by at least a decade; and
- the single most important underlying variable is change in the labour market.

The formal sector has experienced a net decline of 800 000 jobs between 1994 and the first quarter of 2002.¹ This is a decline of around 13%. Meanwhile, over 3 million new entrants have entered the labour market between 1995 and 1999 (Poswell, 2002). The unemployment rate (broad definition) stands at 36% overall, and at over 45% for Africans and Coloureds. Informal sector employment and self-employment do exist as alternatives and in some measure have increased to compensate for the net loss of formal sector jobs, but they are less remunerative and offer a lower standard of living than the formal sector jobs that were lost. They may help prevent destitution but are certainly no guarantee against poverty. Although it is certainly correct that the fall of formal employment and the corresponding increase in poverty were not caused by the transition to democracy or by the new government, it is also true to say that the post-1994 government's success in halting and reversing this trend has been limited.

The plan of this paper is as follows. First, we present the evidence showing how poverty has changed in the past decade. Second, we discuss the different forms of poverty, first of all in terms of the broad dimensions of poverty, then in respect of experiential aspects of poverty, and finally enumerating specific categories of people that are especially prone to poverty. Third, we examine the relationship between poverty and employment status. Fourth, we try to understand the persistence of inequality in light of the earlier discussion of poverty and employment status. Fifth, we survey government and civil society poverty alleviation interventions, and try to draw some broad inferences as to which of these are and are not efficacious. And finally, we conclude by outlining priorities for further research.

The paper draws mainly on other studies, and for that matter includes liberal excerpts from the author's own earlier studies. There is however some new work presented based on analysis of secondary data.

It is important to bear in mind what the paper does not do. There are two main limitations. First, although the paper does examine patterns of employment and unemployment, it is not a paper about the labour market and therefore does not attempt to analyse what is driving labour market trends. Second, in a related vein, the paper does not analyse macroeconomic developments, although these clearly do have implications for poverty.

¹ This is comprised of two parts: a net loss of approximately 700 000 non-agricultural formal sector jobs (SARB, 2002), plus a net loss of about 100 000 permanent farm worker jobs (Simbi and Aliber, 2000).

2 Poverty and Inequality Trends

Up-to-date, national-level inter-temporal comparisons of poverty are rare at the moment. Among the products of Stats SA, the census and the October Household Survey (OHS) are not suitable data sources, because they do not accurately establish household income.² Stats SA's Income and Expenditure Survey, which was conducted once in 1995 and again in 2000, is a vast improvement, however survey results for the 2000 round have not yet been released. Many recent analyses of the incidence of poverty still cite figures calculated on the basis of the 1995 Income and Expenditure Survey.

The most useful survey for our purposes would therefore appear to be the annual All Media and Products Surveys (AMPS) conducted under the auspices of the SA Advertising Research Foundation. Based on data from these surveys, Schlemmer assembled the following series of 'headcount' poverty measures, based on the household poverty line of R400 in 1989 Rand, and disaggregated according to population group:

Table 1: Proportions of households below poverty line, by year and population group

	African	Coloured	Indian	White
1989	51%	24%	6%	3%
1993	50%	26%	8%	3%
1996	57%	22%	9%	3%
1997	55%	21%	6%	4%
2001	62%	29%	11%	4%

Source: Schlemmer, 2002.

The table reveals that the proportion of African and Coloured households living below the poverty line has increased substantially from 1993 and 2001. It also reveals that racial disparities *in the incidence of poverty* remain great.

Also based on the AMPS data, Schlemmer indicates that there has been an expansion of the African middle class and a partial closure of the gap between average white and average African incomes. This leads to the conclusion that inter-race inequality is diminishing while overall inequality is as great or greater.

From a regional perspective, the most rigorous and illuminating example is the KwaZulu-Natal Income Dynamics Study (KIDS), in which about 1200 African households in KwaZulu-Natal that had been interviewed as part of the 1993 SALDRU survey were re-surveyed in 1998. This study reveals a similar trend in the incidence of household poverty. According to KIDS, between 1993 and 1998 the proportion of households in poverty increased from 33.7% to 41.6%. The headcount measures are quite different from those based on the AMPS data, largely because the poverty line used as a reference was quite a bit higher in the latter.³ What is significant however is that the direction and magnitude of change is quite similar, although

² The OHS, which was issued each year from 1995 through 1999, did collect information on household expenditure, however this was done by asking a single question requiring the respondent to indicate in which band total monthly household expenditure fell. By contrast, best practice is to ask the household about its expenditure on a whole long list of items so that nothing is omitted.

³ A poverty line is typically based on some measure of what a household needs in order to ensure adequate food and to enjoy a certain standard of living. An example is the 'household subsistence level' poverty line established by the Institute for Planning Research of the University of Port Elizabeth. However, any such poverty line is essentially arbitrary and must be understood as such. The well-known 'dollar a day' measure of poverty used by the World Bank is arguably even more arbitrary.

not fully comparable because there is no indication what has happened in the 3 or 4 years since 1998.

3 Current Forms of Poverty in South Africa

The objective of this section is to convey a picture of the diverse aspects of poverty in South Africa. There are three sub-sections. In 3.1, we scan major poverty 'dimensions', by which is meant salient facts regarding the incidence and nature of poverty. Then, 3.2 pays discusses qualitative/experiential aspects of poverty, making the point that poverty is not simply a question of not having enough money. Finally, 3.3 identifies categories of people who are especially vulnerable to becoming stuck in poverty.

3.1 Dimensions of poverty

- The incidence of poverty is closely related to unemployment, under-employment, and unremunerative forms of employment. This theme is substantially enlarged upon in section 4 of this paper.
- Rural poverty is more common than urban poverty. According to the Income and Expenditure Survey of 1995, 62% of rural dwellers are poor, compared to 32% of people living in small towns, 25% of those in secondary cities, and 13% in major metropolitan areas (Woolard, 2002). Moreover, 74% of the poor live in rural areas, and only 7% live in the metropolitan areas, notwithstanding the large size of the latter.
- The incidence of poverty (still) reflects apartheid geography. Poverty is concentrated in former homelands (Woolard, 2002), which accounts for the fact that the provinces that are home to the most poor people – Eastern Cape, Limpopo, and KwaZulu-Natal – are those that encompass the most populous former homeland areas.
- Female-headed households are more likely to be poor than male-headed households. According to the 1993 SALDRU data, *de jure* female-headed household has a 48% chance of being poor, and a *de facto* female-headed household has a 53% chance of being poor; by contrast, a male-headed household has a 28% chance of being poor. A number of factors contribute to this asymmetry, for example that female-headed households are more apt to be in rural areas where there is little economic opportunity, gender discrimination in wage levels, etc. (Woolard, 2002).
- A disproportionate number of poor people are children living in poor households. Fifty-eight percent of children live in poverty, and two thirds of children in the Eastern Cape live in poverty (Woolard, 2002). Childhood poverty is also revealed by the appallingly high incidence of visible malnutrition among children: around 23% of children under 6 are stunted, indicating a protracted period of under-nutrition (Steyn, 2000). The most seriously affected children are those in rural areas whose mothers have relatively little education. Also, the infant mortality rate is 8 to 10 times higher for blacks than for whites.
- Many poor people can be described as chronically poor. Based on the KIDS data, it would appear that more than half of those households that were poor in 1998, were also poor in 1993, meaning that they are chronically poor (Roberts, 2001). At least for KwaZulu-Natal, the incidence of chronic poverty tends to be much higher among rural households, female-headed households, households with older household heads, and those households with below-average access to less arable land. The experience of 'transitory' or 'episodic' poverty – i.e. households that escaped poverty between 1993 and 1998, or conversely, fell into poverty between 1993 and 1998 – is largely a

function of employment transitions, in terms of a household member getting or losing a key job (Cichello, Fields and Leibbrandt, 2000).

3.2 Quality of life and experiential aspects of poverty

Money-metric indicators of poverty are helpful in appreciating the incidence and distribution of poverty, but tell only part of the story. Over the course of the past two decades, there has been increasing attention to the fact that poor people's experience of poverty involves a great deal more than inadequate income or consumption (Chambers, 1994; Kanbur and Squire, 1999). This has been forcefully illustrated in South Africa by means of a number of qualitative research initiatives, of which perhaps the most ambitious is the excellent South African Participatory Poverty Assessment, or "SA-PPA" (1998). We draw on the SA-PPA and other sources to describe some of the key experiential aspects of poverty, and where possible indicate what the trends are with respect to these.

Vulnerability

Poor people are vulnerable to a number of harmful and potentially devastating threats, which they may not have the resources or power to avert. Among such threats are fire (e.g. shack fires, which destroy one's home and possessions); floods (because poorer people often end up erecting their shelters in flood-prone areas); job loss; crime (theft of money and possessions, and bodily harm); poor agricultural conditions (e.g. for those who rely in part on food production for sustenance); and illness and death in the family (often with no resources to seek medical care).

The experience of vulnerability is an aspect of poverty in and of itself, that is, a palpable disturbance to one's 'peace of mind'. In the SA-PPA, this sense of vulnerability was articulated in a number of different ways. For example, many participants expressed concern for their ability to cope with unpredictable crises. Bedford (1995, cited in May *et al.*, 1997) notes the extreme stress and anxiety suffered by street children, who are exposed to constant threats of violence and sexual abuse. Chopra and Ross (1995, cited in May *et al.*, 1997) indicate that African women in northern KwaZulu-Natal were particularly aware of the threat of children falling ill during certain times of year.

The migrant labour system, female-headed households, and gender roles

South Africa's migrant labour system developed in distinctive ways owing to a combination of the singular importance of employment on mines (a 'male job'), influx controls which limited the mobility of non-employed family members, and inadequate land resources left to black people on account of the inequitable land distribution. We focus here on one particular consequence of this system, namely a large number of effectively female-headed households.

In its 'ideal' form, the migrant labour system means that husbands earn an income in relatively lucrative jobs outside of the labour reserves (homelands), which they remit to their families back home and/or save. While this may often happen as planned, it frequently does not. First, migrant workers may lose their work, and thus have nothing to remit. Some of these industries, especially mining, are highly dangerous, and over the years many workers have sustained disabling injuries, succumbed to occupation-related illnesses,⁴ or been killed.

⁴ South Africa's Chief Inspector of Mines recently stated to the media that some 196 000 former mineworkers

Second, migrant workers may find other uses of their earnings, and may send remittances intermittently and insufficiently. From OHS 1999, we find that 21% of all households have one or more family members who are considered migrant workers, of whom 19% send remittances back to the household no more than once per year.

The SA-PPA relates the experience of many disillusioned women whose male partners failed to send remittances according to plan (May *et al.*, 1997, p.37). Bank's study of a community in the Eastern Cape as part of the SA-PPA, revealed that: "In Duncan Village, we discovered that the classic formula for chronic impoverishment for female-headed households seemed to be the absence of a reliable male breadwinner in two consecutive generations" (1995, p.69; cited in May *et al.*, 1997). Many of these women have the worst of both worlds. On the one hand, they receive inadequate or unreliable support, while on the other hand, by virtue of cultural norms, they often lack rights (e.g. in land), independence (e.g. to make own economic decisions), and voice (see below).

An important development over the past two decades is the increasing frequency with which children are often left in the care of their grandparents, and in particular grandmothers, on rural homesteads. This reflects the increased participation of women in the formal sector, town-based workforce, and the need to have someone look after their children while they do so. While this arrangement may benefit the household economically as a whole, it may also put undue pressure on elderly people, whose old age grants end up being used effectively to support whole households rather than just themselves.

Access to infrastructure, services, and amenities

Improved access to infrastructure, services, and amenities, is of course a major challenge of the post-apartheid government. The cholera epidemic currently rampaging through KwaZulu-Natal is a vivid example of the human costs of the infrastructure backlog.

A formidable amount of information is available on the extent of people's access, including disaggregations by race and place of residence (e.g. Stats-SA, 2000; May *et al.*, 1995); on improvements since 1994 in this access (Khosa, 2000); on the problems with maintenance that have been discovered in respect of new infrastructure, e.g. water pumps (Department of Housing, 2000); on the capital costs associated with remedying the delivery backlogs (e.g. Jackson and Hlahla, 1999); and on the institutional mechanisms that must be put in place in order to accelerate delivery and ensure sustainability (e.g. Stavrou, 2000; Jackson and Hlahla, 1999). The number of different kinds of infrastructure and services is of course large, including electricity, water (for home use and production), communications, education, the judicial system, health care, sanitation, housing, refuse removal, financial services, and so on.

An important point however is that, notwithstanding large strides in improving infrastructure and access to services and amenities, even when services are present, lack of access to them may still be experienced by the most marginalized members of communities. The SA-PPA shows how some community members' ability to access services is hampered by a range of factors, some of which have to do with the design of the services themselves, and others of which relate to the extremity of people's poverty. For example, even where a health clinic does exist in the vicinity, and where it may offer free basic care, travelling costs may still be prohibitive, and people may find it difficult to be at the clinic during the times when it is open (May *et al.*, 1997, p.61). Employees such as farm workers may hesitate to miss work in order

suffer from occupation-related diseases (SAPA, 19 September 2000).

to visit a clinic, for fear of being retrenched (Simbi and Aliber, 2000). Foreign workers who are undocumented migrants may be denied access to health services by xenophobic clinic staff (*Mail & Guardian*, 25 September 2000).

Crime and violence

Crime and violence contribute to the experience of poverty at two levels. On one level, the exposure to crime and violence directly detracts from the quality of life of its victims and those fearful of being victimised. On another level, the high incidence of crime and violence that forms a salient feature of everyday life in South Africa, are symptomatic of a profound social malaise, wherein the cycle of poverty and the cycle of violence are indistinguishable.

Crimes such as burglary and robbery can result in poor people losing what little assets they have (May *et al.*, p.18), while the prevalence of violence adds to people's sense of vulnerability and oppression. While state-sponsored violence ended with apartheid and political violence has greatly subsided, violence among people who know one another in poor communities is rife, and is often linked to substance abuse. A 1996 study of homicide in the Eastern Cape found that 93% of all cases were linked to alcohol and drugs, while in Northern Cape, research had similar findings, and found as well that most cases were related to family disputes (CIAC, 1997, cited in Hamber and Lewis, 1997).

Violence and crime are increasing in rural areas (Hamber and Lewis, 1997), and in fact homicide rates are higher in South Africa's rural areas than in its urban centres (Hamber, 1999). That poor people are more likely to be victims of violent crime is borne out by the statistics, which show that a poor person is 80 times more likely to be injured or killed through violent crime than a wealthy person (Steinberg, 1999, cited in Hamber, 1999).

Women and children are especially likely to be victims of violence. Women face abuse by partners, while women and girls are subjected to a high risk of being raped. The incidence of rape is already high according to official police statistics (119 per 100 000; SAPS, 1999), but women's rights groups estimate that only 1 in 20 to 1 to 35 rapes are reported (People Opposing Women Abuse, 1995, cited in Hamber and Lewis, 1997). The highest incidence of rape is in rural areas (CIAC, 1997, cited in Hamber and Lewis, 1997).

Some studies suggest that the growing incidence of rape over the past 15 years or so, and particularly of gang rape, are aspects of a broader 'culture of violence', which in turn is a function of the protracted marginalisation experienced by many young men (Vogelman and Lewis, 1993). Arguably, the fact that economic opportunities accessible to many young men have not improved since 1994 despite the political watershed of that year, has served only to exacerbate the experience of marginalisation (*ibid.*). It is noteworthy that, of all South African men between the ages of 18 and 40, approximately 2-3% are presently in prison.

A study of perceptions of crime in Alexandra township in Gauteng (Stavrou, 1993), stressed residents' view that unemployed youth in search of an identity and status (e.g. through gang allegiance) are the most apt to commit violent and other crime, and that this was aggravated by the rapid influx of residents in the township. Residents' quality of life was seriously affected by the prevalence of crime, not least because its perceived randomness means that it is difficult to take precautions to avoid it.

Lack of voice and social exclusion

One other aspect of the experience of poverty as revealed in the SA-PPA, is that of lack of 'voice', which is a growing area of attention internationally. Broadly, a person 'has voice' when she feels she has an opportunity to somehow participate in decisions that may affect her life, as well as having avenues to lodge grievances with relevant authorities and institutions if she so wishes. Lack of voice was of course an acute aspect of many people's experience under apartheid, and was reversed in a significant way with the first all-inclusive democratic elections in 1994. The importance attached in the new dispensation to local government is a further reflection of the new government's earnestness to allow people these means of expression.⁵

However, much of the experience of voicelessness in South Africa, particularly among the poor, is not at the formal political level, but at the level of communities and households. In their study of trends in public participation, Roefs and Liebenberg (2000) note that the majority of South Africans have little understanding of the role of local councils and parliament (80% and 73%, respectively), and only a minority of poor people specifically participate in any way in local councils or public hearings (23% and 22% respectively). However, 46% of poor respondents surveyed reported that they participate in some sort of community activity or organisation, and 30% of respondents indicate that community organisations are the most appropriate venue for addressing "problems in the community". While these figures are encouragingly high, they underline the fact that more marginal members of these same poor communities are apt to have an acute sense of social exclusion and voicelessness in their communities. This comes through vividly in the studies conducted as part of the SA-PPA. Chopra and Ross (1995, cited in May *et al.*, 1997), for example, led their community participants in an exercise to identify the distinguishing characteristics of the poorest homes in their village in northern KwaZulu-Natal. Amongst the five characteristics identified, low income was not included, but not being part of community gardens or crèches was.

Social exclusion is experienced in distinct ways by different sub-groups. For the elderly, for example, the experience of social exclusion can be the result of fraught or absent family relationships. Maphorogo and Eager's study in Northern Province (1995, cited in May *et al.*, 1997) identified that "a 'bad' or 'rude' daughter-in-law is a main cause of unhappiness of older people", as was living without one's spouse. Poor support generally from one's children or partner is thus considered emblematic of poverty. Apart from the fact that loneliness diminishes one's sense of well-being, the absence of supportive family members can attenuate one's links to the community, and render more difficult tasks such as collecting one's pension on pension day, etc. A recent report by the Ministerial Committee on Abuse, Neglect and Ill-Treatment of Older Persons (Department of Social Development, 2001), draws a frightening picture of the insensitive and/or exploitative treatment to which some elderly people are subjected. In addition to the abuse directed at some elderly people by their own family members, the report highlights poor conditions in residential homes, at pension pay-out points, and at clinics.

People with disabilities face forms of social exclusion which contribute directly to their likelihood of missing out on economic opportunities. This social exclusion operates independently of the actual physical or mental challenges that disabled people may face. As

⁵ In the words of the RDP policy framework document of 1994, "Local authority administrations should be structured in such a way as to ensure maximum participation of civil society and communities in decision-making and developmental initiatives of local authorities."

such, 'disabilities' are in large measure a social construct which has the effect of excluding certain individuals (Yeo, 2000).

3.3 Categories of poor people

One can fairly ask what personal attributes or environmental factors tend to keep people in poverty. The circumstances in which one finds poverty are in fact quite diverse. In addition to unemployability and poor business prospects, poverty can be a function of discrimination, or due to the severance of social networks, or in still other cases it can be the outcome of complex processes such as the migrant labour system. This subsection describes some of the main categories of poor people in South Africa, and attempts to relate this poverty to underlying causes and influences.

The rural poor – Poverty is especially prevalent in rural areas, and particularly among Africans and Coloureds. The national data on poverty and unemployment, together with some of the statistics derived from the KIDS data, indicate that, as a group, rural blacks have a high chance of being poor. Lack of access to employment is arguably the single greatest cause of rural poverty. In 1999, over 51% of the rural African workforce was unemployed, versus 43% for Africans in urban areas. However, rural poverty is aggravated by lack of access to productive resources. According to the Rural Survey (Stats SA, 1999), in 1997 there were some 900 000 African households living in former homelands that had no access to arable land, 1.4 million that had no livestock other than chickens, and 770 000 households that had neither.⁶ This is largely a function of the overcrowded conditions in these areas. For those people dwelling in former homeland areas that do have access to arable and grazing land, that access can make a significant difference, though it does not often offer a route out of poverty. Based on the 1993 SALDRU data, it was estimated that among the poorest 20% of households in former homeland areas having access to arable land, agricultural production contributed 35% of total income (LAPC, 1996). Moreover, as Ardington has shown (1988), poor households in particular rely on selling livestock to offset financial crises. Shackleton, Shackleton, and Cousins (1999) have shown that beyond conventional land-based products such as grains, vegetables, meat and milk are numerous other valuable products that can be harvested or derived from the land, whether their own land or from the commons.

Female-headed households – From the 1999 October Household Survey, 42% of all African households, i.e. 2.7 million, are female-headed. By and large, these can be considered single-parent households, though they may occasionally receive remittances from absent males.⁷ In one third of these households, the household head is the only adult (18 years and older) in the household. Around 17% are so-called 'granny households', i.e. the female household head is the grandmother rather than the mother of the children in her care. The reasons for which female-headed households have a high probability of being stuck in poverty are numerous. The most obvious reason is that many female-headed households rely only on the income of the mother, or worse, she may not have an income at all. She may rely mainly on child support grants from government, or on remittances from relatives or gifts from benefactors.

⁶ These figures represent 38%, 59%, and 33%, respectively, of the total number of households residing in the former homelands as of 1997.

⁷ The October Household Survey does not operate according to a formal definition of "household head", rather enumerators are instructed to interview the actual or "acting" household head, who is identified by members of the household themselves. The "acting" household head would typically be a woman whose husband is considered to be the household head despite being absent much or most of the time. A weakness of this approach is that it assumes a single head where the reality may be more complex, and makes no distinctions in terms of household decision-making, responsibility for economic sustenance, etc. (Rogers, 1980).

As likely, the household head does have some form of employment, but there is a good chance that it will be self-employment or employment in the secondary labour market with a low level of remuneration and under poor conditions.

People with disabilities – According to the 1996 census, 2.7 million people in South Africa have disabilities (Stats SA, 2000).⁸ Of these 2.7 million people, 1.6 million are adults between the ages of 20 and 65. Disabilities can reduce one's chances of obtaining a job, can impede one's pursuit of self-employment in the informal sector, and can also impose medical and other costs that one would not otherwise have to bear. Of course, being disabled does not imply that there are not other household members who earn decent incomes. Surprisingly, data from the 1996 census show that there is not a strong link between disabilities and unemployment. The unemployment rate for Africans with disabilities, for example, is 45.3%, which is only marginally above the unemployment rate (broad definition) for Africans for that year of 42.5%. Likewise, for Coloured people with disabilities, the unemployment rate is 26.7%, versus 20.9% for all Coloured people. Moreover, the occupational profiles of the disabled are not very different from those for the general population. Presumably in a tighter labour market the discrepancies would be more stark.

The elderly – Elderly people are a specific concern in terms of poverty especially if, like the disabled, they must fend entirely for themselves and for dependants. Many elderly people who do not have others on whom to rely for support do receive old-age grants, but it is clear from Roberts (2001) that these grants are in no way sufficient to keep a household out of poverty. In other words, the widespread allocation of old-age grants is not an indication that there are no poor households effectively headed by elderly people.

Retrenched farm workers – Agricultural employment peaked around 1968-1970 at over 1.6 million workers, of whom 99% were African, Coloured, or Indian (Department of Agriculture, 2000). It is not possible to say how many of these were regular, and how many were seasonal or casual workers. Very likely around 8%-15% were casual or seasonal, and the rest regular. In 2000, the total number of regular farm workers was around 580 000, implying a decline over the past three decades of some 860 000 jobs, of which the majority were almost certainly through retrenchments. Bekker *et al.* (1992) argue that former farm workers are particularly susceptible to social exclusion. The reason is that, having been retrenched, farm workers are usually evicted from the farms where they have resided. Many retrenched farm workers were in fact born and raised on the farm from which they are eventually ejected, thus they have no 'roots' elsewhere to which to return. (In principle these types of evictions should have ended with the Extension of Security of Tenure Act Bill of 1997, but in practice this has often not been the case.) Retrenched farm workers are thus severed from their existing social network – e.g. other farm workers in the immediate area – and forced to settle, typically with little or no savings or other capital, in townships, squatter settlements, or communal areas. Some attempt to switch to seasonal agricultural employment, as other employment prospects may be even poorer, given the non-transferability of farm workers' skills.

Cross-border migrants – Refugees, asylum-seekers, and undocumented migrants face particular kinds of exclusion and deprivation in South Africa. The vast majority of these people come to South Africa from neighbouring African states in search of economic

⁸ As Stats SA points out, the term "disability" can mean different things to different people as well as to different governmental statistics agencies, as clearly shown by the fact that official statistics for Australia indicate that 23% of all Australians have disabilities. For the purposes of the 1996 census respondents were asked whether any household member had a "serious sight, hearing, physical, or mental disability". One problem noted is that the census did not cover residents of institutions, including those that exist specifically to serve people with disabilities (Stats SA, 2000a, p.73).

opportunity. Some migrants indeed manage to improve their circumstances significantly over what they left in their country of origin, particularly those with entrepreneurial skills (CASE, 1998). The number of undocumented migrants is by definition difficult to gauge. Estimates range from 250 000 to eight million (National Population Unit, 2000; CASE, 1998). If the trend observed among visa-overstayers is any indication, of whom there were an estimated 800 000 in 2000, then 70% to 80% have probably arrived in South Africa since 1994.

The 'street homeless' – 'The homeless' is an amorphous category. This is particularly so in South Africa due to the fact that there exist hundreds of thousands of people living in informal squatter settlements who do have homes, but whose homes are obviously very unsatisfactory. Many are former farm workers, as discussed above. Many are wage-earners in urban areas who cannot afford decent housing there, and for whom the costs of commuting into and out of the city are a significant burden. Their solution may be to pay rent in overcrowded flats in urban slums (Central Johannesburg Partnership for the Homeless, 2001). Those homeless living 'on the street' would appear to be a somewhat different category, though there may not be a clear line separating the two. These people, who are often referred to as the 'street homeless', are typically lone individuals or children rather than family units, and have severed or lost ties with social networks they may once have had.

AIDS orphans and households with AIDS sufferers – AIDS orphans are defined by UNAIDS as children under the age of 15 who have lost their mother or both parents to AIDS. The number of AIDS orphans is set to rise as South Africa's high HIV prevalence rate among adults translates into a higher prevalence of AIDS and then AIDS deaths. UNAIDS estimates that at the end of 1999 there were around 371 000 living AIDS orphans in South Africa (UNAIDS, 2000, p. 3), while 50 000 AIDS orphans have already died (presumably from AIDS but also other causes, as HIV-negative AIDS orphans have a higher mortality rate than non-orphans). The Metropolitan Life model estimates that by 2005 there will be 920 000 AIDS orphans in South Africa, and by 2010 there will be roughly two million (reported in Whiteside and Sunter, 2000). By contrast, according to the 1996 census, the total number of motherless orphans 14 years and younger in the country was about 400 000. This figure is presumably inclusive of AIDS orphans of that time, but at any rate the number of AIDS orphans will soon account for a very large increase in the total number of orphans in the country.

Left untreated, adults who become infected with HIV develop symptoms of AIDS within 6 to 8 years, and most die within 10 years. Treating HIV to delay the onset of AIDS and opportunistic infections means a longer life, but in the absence of government support this will generally be affordable only to those who are relatively wealthy. For everyone else, the economic effects of the infection will mainly occur when one develops AIDS, from which point the economic effects on the AIDS sufferer and his or her family can be devastating. A study of urban households in Côte d'Ivoire, for example, showed that the average decline in household income when a household member becomes ill with AIDS is 52% to 67%. Meanwhile, household health expenditure quadruples and food consumption declines by 41% (UNAIDS, 1999). A study by the HSRC on AIDS-affected households in rural KwaZulu-Natal supports these findings.

4 The Role of Employment Status and Unemployment

This section has two goals. The first is to document the incidence of unemployment and to describe changes in the quality of employment over time. The second is to establish a link between employment status and one's quality of life. In both cases, statistics are derived mainly from the October Household Survey of 1999.

4.1 A profile of employment and unemployment

Unemployment is high and rising in South Africa. Between 1994 and 1998, the aggregate unemployment rate rose from 20% to 26%, according to the "narrow definition" used by Stats SA, whereby a person is unemployed if he or she has actively sought work in the past four weeks. According to the "broad definition" of unemployment, whereby one wishes to be employed but has not necessarily sought work in recent weeks, the change between 1994 and 1998 was from 31% to 39%. As Kingdon and Knight (2000a) point out, the gap between the narrow and broad definition figures suggests that a large fraction of the work force is 'discouraged', that is, have ceased actively searching for employment out of frustration, or for lack of resources, or both.

Table 2 shows that the incidence of unemployment is considerably greater for Africans and Coloureds than for Whites. It also disaggregates employment by 'sector', by which we mean here informal and formal, and employment versus self-employment. Overall, Africans and Coloureds are more likely to be employed or self-employed in the informal sector, and in absolute terms whites comprise a relatively tiny share of activity in the informal sector.

Table 2: Incidence of employment and unemployment, by race and sector, 1999

	African and Coloured		White	
	millions	percent	millions	percent
unemployed	6.7	45.5%	0.2	8.5%
employee, formal sector	5.4	36.9%	1.5	69.4%
employee, informal sector*	1.4	9.6%	0.1	2.4%
self-employed, formal sector	0.1	1.0%	0.3	14.3%
self-employed, informal sector	1.0	7.0%	0.1	5.4%
total	14.7	100.0%	2.2	100.0%

Source: calculated from OHS 1999.

* Note: includes domestic workers.

Not surprisingly, the incidence of unemployment is strongly differentiated according to race, gender, and place of residence. In 1999, the incidence of employment and unemployment was as follows, where unemployment is understood according to the broad definition⁹:

Table 3: Unemployment rates, by race and gender, 1999

	African		Coloured		White	
	women	men	women	men	women	men
full-time	18.8%	32.0%	32.9%	50.5%	78.37%	86.7%

⁹ It is important to note that these figures are inclusive of informal sector employment, which is readily captured in the October Household Survey. Also note that in general figures for 'Indians/Asians' are not reported in this section, as they comprise a very small fraction of the workforce participants captured in the Survey.

part-time	3.4%	4.2%	3.3%	3.3%	9.6%	4.2%
casual	2.5%	3.2%	6.1%	5.6%	2.5%	1.6%
unemployed	75.3%	60.5%	57.8%	40.5%	9.6%	7.6%

Source: calculated from OHS 1999.

Table 4: Unemployment rates, by race and location, 1999

	African		Coloured		White	
	urban	rural	urban	rural	urban	rural
full-time	45.6%	37.5%	57.3%	71.1%	82.8%	84.1%
part-time	6.9%	5.7%	5.0%	3.8%	6.7%	5.5%
casual	4.2%	5.5%	8.6%	8.1%	1.9%	3.0%
unemployed	43.3%	51.4%	29.1%	17.0%	8.6%	7.4%

Source: calculated from OHS 1999.

Unemployment is clearly more severe among women than among men, and among Africans is considerably more severe in rural areas than in urban areas. The fact that unemployment among Africans is higher in rural than in urban areas, is something of an international anomaly, and probably in large measure is due to the insufficiency of African's access to agricultural land. Part-time and casual employment make up relatively small shares of employment, though it must be noted that the survey picks up those who have been casually employed within the previous week, as opposed to those who may have had casual work within, say, the year.

In addition to the static picture presented above, we note the following salient facts (following Kingdon and Knight, 2000b), based again upon data from the 1999 October Household Survey:

- Seventy percent of those who are presently unemployed have never had a job. The figure for women is 73%; for Africans 73%; for rural dwellers 76%; and for rural African women 79%.
- Around 69% of those who are presently unemployed have been unemployed for more than one year, while 41% have been unemployed for more than three years; among the African unemployed, the figures are 72% and 44%, respectively.

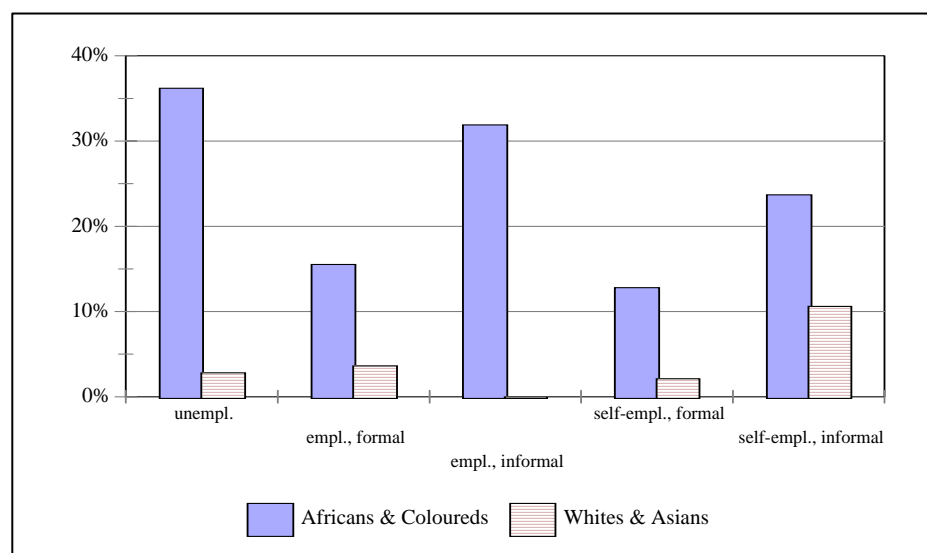
The situation is complicated by the changing nature of formal sector employment in South Africa. The overall pattern of formal sector employment in South Africa over the past several years is that fewer people have employment but those who do have enjoyed real increases in remuneration. However, there is also a broadening grey area involving more employment through the secondary labour market, whereby tasks that had previously been performed by permanent, regular workers are increasingly being performed by temporary, casual, and part-time workers, or what are sometimes euphemistically called "independent contractors". The decline and 'flexibilisation' of employment in the commercial agricultural sector are especially damaging for rural livelihoods, because commercial agriculture represented almost one third of formal sector employment in rural areas in 1998, and yet the total amount of regular employment on farms has declined by about 20% over the past decade.

4.2 The link between employment status and poverty

The link between employment type and unemployment on the one hand, and personal or household welfare on the other, must be established. One way of doing this would be to calculate headcount poverty measures for different categories of employed and unemployed households. Unfortunately, as noted above, the OHS is not suitable for this task, while the author does not have the AMPS data on hand. We therefore use a proxy for household welfare from OHS 1999, namely whether or not a household reports not having enough money to purchase sufficient food for its children at some point during the year.¹⁰ The virtue of this measure as a proxy is that it focuses on a feature of welfare that is universally considered important – the ability to eat. The downside is that this particular measure applies only to those households with children aged 7 or younger.

Figure 1 below shows the frequency with which respondent households indicated that they had not had enough money for food, according to the employment status of the household head or acting household head.

Figure 1: Frequency with which households experience problems feeding children, by employment status of household head



One can draw a number of conclusions from the figure:

- For Africans and Coloureds, the fact that the household head or acting household head is unemployed significantly raises the chances that the household will face severe poverty;
- For Africans and Coloureds, it is significantly better to be in the formal sector than the informal sector;

¹⁰ The exact question from OHS 1999 reads, "In the past year, was there ever a time when children under 7 years of age went hungry because there was not enough money to buy food?"

- For Africans and Coloureds, being employed in the informal sector is almost as bad as being unemployed, and is significantly worse than being self-employed in the informal sector; and
- The discrepancy between Africans and Coloureds on the one hand, and Whites and Asians on the other, is great, with households in the latter category much less likely to experience severe poverty regardless of the household head's employment status.

One problem with the picture presented above is that it does not take into account the fact that household members other than the head or acting head may also perform an important role in supporting the household. If we look at the employment status profile of households (excluding households in OHS 1999 that comprise only one person), we find that 42% of all African and Coloured households have no member with formal sector employment or self-employment; only 19% of those without a member in formal sector employment or self-employment have a member engaged in some form of informal sector employment or self-employment; and 34% have no member with any form of employment or self-employment at all.¹¹ One would be mistaken in thinking that households lacking employed members tend to be small relative to those having employed members – in fact, a disproportionate number of larger households are exactly those households in which there is no member engaged in the formal sector or in which all the adults are unemployed. Presumably these are households that rely on a combination of social grants and remittances, e.g. 'granny households'. The implication of all this is that unemployment and under-employment tend to run in households, and one would expect these to be the most vulnerable households of all.

¹¹ The balance of about 6% would appear to be households where no adult member is in the workforce.

5 Inequality

The previous section on the relationship between employment status and poverty does much to explain the present trends in inequality. Inequality appears to be deepening, as a large share of the population is not being accommodated by the changing economy. Industries that traditionally employed large numbers of unskilled and semi-skilled workers are those that have most dramatically reduced their workforces since 1994. According to the latest figures from the Reserve Bank, 210 000 mining jobs have disappeared since 1994, together with 250 000 manufacturing jobs and 150 000 construction jobs (SARB, 2002). Add to this approximately 100 000 farm worker jobs, and the picture that emerges is that those who were already earning relatively modest incomes are now worse off. Meanwhile, remuneration per worker in the private sector has increased by 22% in real terms from 1994 to 2002 (SARB, 2002), meaning that those maintaining or gaining employment over this period have advanced significantly.

The vast majority of those hurt by the decline in formal sector employment levels are Africans and Coloureds. This is obvious from the differential unemployment rates reported in Table 2 above. However, significant numbers of Africans and Coloureds have also advanced during this period, presumably due to assimilation in the civil service and to black empowerment. The consequence is that the greater share of income inequality is now attributable to 'intra-group' rather than 'inter-group' differences. According to Whiteford and van Seventer (2000), between 1991 and 1996 the Gini coefficient for income distribution among Africans rose from 0.62 to 0.66. As summarised by the Taylor Commission report, "...relatively poor African and white households experienced absolute declines in their income, whilst relatively rich African, coloured, and Indian households saw big income gains" (2002).

The government does have at its disposal mechanisms for promoting redistribution. A cursory glance at these will show however why they are not sufficient – at least in the short and medium term – to ensure a path towards greater equality.

The most obvious form of redistribution is through fiscal policy. As the next section will show, a large share of government expenditure directly benefits low-income households. Of this, however, only spending on social grants becomes disposable income for low-income households' pockets. The money going to social grants amounts to around R20 billion. To put this in perspective, for 2001 the final consumption expenditure of all South African households was R609 billion, in comparison to which the social grant expenditure in that year was less than 3%. In fact it is inconceivable that government transfers could ever rise to such a magnitude as to lead to a closure of the income distribution gap.

One of the other direct redistributive initiatives is the land reform programme, and in particular land redistribution. Unlike the transfer of cash, redistribution of land would appear to have in its favour that land is a productive asset and thus can provide an opportunity for self-advancement. However, as the discussion in the following section will bear out, the majority of beneficiaries of land redistribution will most likely be existing farm workers endeavouring to maintain their jobs. To the extent a class of middle class black farmers may also be fostered by land redistribution, their number is unlikely to register in the larger scheme of things.

6 Poverty Alleviation

This section starts with a macro-view of anti-poverty initiatives and the resource flows associated with them. The following three sub-sections then describe three distinct types of anti-poverty initiative, partly because these are important in themselves, and partly because they are emblematic of problems besetting the first against poverty generally.

6.1 An overview of resource flows for poverty alleviation

The following matrix summarises the main types of poverty alleviation initiatives and programmes (Table 5). The purpose of the matrix is to indicate the typical activities of government, private sector, and other types of civil society entities, in terms of the broad categories of social security and promoting development. The table also ventures some rough order-of-magnitude estimates as to the average annual expenditure associated with each sector for the main types of initiatives. (To avoid double-counting, for NGOs and CBOs, these estimated expenditure figures do not include what originates from the government or private sectors.) Although expenditure is not synonymous with impact, the figures begin to convey a sense of which sectors are and are not relatively significant in these two broadly defined areas of intervention.

Table 5: Typical poverty-related activities of different sectors, 2000¹²

	Government/ Parastatal	Private sector	NGOs and CBOs	FBOs
Social security	<ul style="list-style-type: none"> • Social grants (i.e. old age, disability, etc.) • Subsidised health care • School feeding programmes <p>[R48 - R50 bn]</p>	<ul style="list-style-type: none"> • Occupational insurance (unemployment insurance, medical aid, etc.) • Grants for charitable causes, e.g. child welfare <p>[R5 - R10 bn]</p>	<ul style="list-style-type: none"> • Community-based home-care, e.g. for orphans • Charities, child welfare organisations, etc. <p>[R1 - R2 bn]</p>	<ul style="list-style-type: none"> • Soup kitchens • Health services • Shelters/missions <p>[R0.5 - R1.5 bn]</p>
Development and Job Creation	<ul style="list-style-type: none"> • Poverty Alleviation Fund • SMME support • Land redistribution • Community-Based Public Works, Land-Care, Working for Water <p>[R1 - R2 bn]</p>	<ul style="list-style-type: none"> • SMME investment and support <p>[R0.2 - R0.5 bn]</p>	<ul style="list-style-type: none"> • SMME support • Income generating community projects <p>[<R0.2 bn]</p>	<ul style="list-style-type: none"> • Income generating community projects <p>[<R0.2 bn]</p>

Three conclusions can be drawn. First, spending on social security is many times greater than spending on development and job creation. Second, spending on social security to low-income households comes predominantly from government. And third, although spending on development and job creation is relatively modest, that also is largely dominated by the government sector.

¹² Note that the figures may or may not be inclusive of personnel costs, depending upon whether the benefit consists primarily of cash transfers or of services rendered.

One implication of these observations is that a major reorientation of spending may be necessary if government is to truly foster 'developmental welfare'. The obvious question is, how can this be afforded given the absolute necessity of leaving the safety net in place? A more searching question, of course, is whether this vision has merit in the first place. In the sub-sections that follow, we make the case that, at any rate, the pattern of expenditure revealed above does not appear to correspond to a credible short or medium-term strategy for addressing South Africa's massive inequalities.

6.2 Public works programmes

There are three main public works programmes operating in South Africa: the Community-Based Public Works Programme, Working for Water, and LandCare. The programmes have accomplished a great deal and in many instances have generally been managed well. At the community level, the effects have been both positive and negative, as is evident in a recent review of secondary information on Working for Water and LandCare (Aliber, 2002). First and foremost, the participation of a large fraction of a community's members in these programmes as wage earners means a large infusion of cash into the chosen community. This has allowed participants to pay off debts; eat more and more nutritious food; repair dwellings and replace worn-out clothes; invest in livestock and fencing, and pay for tractor services; stock small businesses such as spaza shops and shebeens; and afford long-delayed medical attention. Spillovers to non-participants have included boosted sales of vegetables to participants who no longer have time for gardening; increased firewood sales, including to adjacent communities; and less danger of stock theft due to fewer trees impeding supervision of one's animals.

A less auspicious effect ascribed to the programmes has been the failure of numerous income-generating activities that had been at a formative stage when the programmes were introduced. The failure of these projects is apparently due to the fact that those who can get employment on a project do so, even if it means abandoning another activity, simply because the daily wage through the project is so high by local standards. Also, rather than investing more in agriculture, many households apparently stop ploughing altogether, and others build up new layers of debt, not least through hire-purchase contracts with furniture shops.

On a macro level, however, one draws a different conclusion as to the poverty reducing effects of the programmes. At the conclusion of financial year 2000/01, roughly 50 000 people were employed under the three public works programmes in that year. To put this number in perspective, the total number of 'jobs' created under the three programmes represents about 1.7% of the estimated 2.9 million unemployed rural Africans and Coloureds. Bearing in mind that the number of regular farm worker jobs that have been lost in an average year since 1990 is 14 000, the public works programmes collectively are insufficient in scale to stem the tide of increasing rural unemployment, much less reverse it. Although the employment generating aspect of the programmes is certainly laudable, the programmes cannot be said to be having a palpable effect on poverty eradication in a direct sense, except for the relatively few individuals or communities who have had the good fortune to be selected.

There are indications that government is considering expanding public works programmes, which, notwithstanding some of the misgivings indicated above, is probably a worthy way of contributing to livelihoods in poor communities. The figures above suggest however that the programmes will have to be scaled up by a factor of 10 at least to make discernible inroads

into poverty, and will have to be sustained if positive spin-offs will be generated and translate into sustainable growth.

6.3 Promotion of SMMEs

Stats SA's reported employment trends based on consecutive OHS 1996 and OHS 1998 purported to show that employment levels had stabilised, but mainly because formal sector job losses were roughly off-set by increases in informal sector employment and self-employment. While the fact that these consecutive surveys do not comprise a panel does not allow us to know for certain, it seems likely that many of those entering self-employment in 1998 were those who lost formal sector employment in 1996 and 1997.

Notwithstanding the fact that informal sector employment is inferior to formal sector employment, from both an individual and societal point of view it is preferable to unemployment. Kingdon and Knight (2000b) marvel at the fact that the share of informal sector employment in South Africa's economically active population is so low, despite such high levels of unemployment. Drawing again on Table 2, we see that among Africans and Coloureds in 1999, there were 6.7 million unemployed people versus 1 million self-employed in the informal sector. By contrast, 90% of India's workforce are self-employed in the informal sector.

Kingdon and Knight therefore ask the question why the unemployed do not enter informal sector self-employment in larger numbers, and conclude that, in so far as the unemployed are much worse off than the informally employed across a range of indicators, then there must be barriers to entry. Among these barriers to entry are possibly lack of capital, lack of entrepreneurial skills, and inability to penetrate informal community networks that may control opportunities, e.g. by controlling access to street space or taxi routes. The fact that informal sector self-employment is on average more likely to ease household poverty than informal sector employment (as revealed in Figure 1 above), also suggests that there are barriers to entry that must be contended with. Unfortunately, quite possibly the biggest limitation on the SMME at this point in time is not an entry barrier but that lack of an effective market.

Government is not well placed to foster the SMME sector. Thus far, it has attempted to do so in two ways, indirectly through the creation of institutions that render support to the SMME sector (e.g. Khula and Ntsika), and directly through the promotion of income-generation projects. Neither strategy has proven very effective, and the direct promotion of income-generation projects has been downright discouraging. The reasons very likely have less to do with whether or not government is 'doing its job well', than with the question whether this is the sort of function that government is suited to performing. As suggested above, there is reason to suspect that, no matter how assiduously government pursues its multi-pronged SMME promotion strategy, it is doomed to bear little fruit in many areas so long as disposable income in poor communities remains so low. As Ardington (1988) shows, for example, income-earning opportunities from self-employment tend to diminish when formal sector ("core economy") employment falls, since lower remittances to rural areas means less disposable income fuelling the informal economy there. The decline in formal sector employment may have intensified the need to see the SMME sector thrive, but it has also imperilled the prospects for exactly that to happen. It is likely that the most efficacious SMME promotion strategy would be to ensure that disposable incomes are increased on a broad basis, whether this is through a massively scaled-up public works programme or the introduction of a basic income grant. But apart from this, it must be acknowledged that a

more vibrant SMME sector will do little to remedy the country's massive inequalities unless it becomes much larger and more vibrant.

6.4 Land redistribution

Land redistribution was initiated by the Department of Land Affairs in 1995 with a flat household grant that was gauged to match the new housing grant. The programme had multiple objectives, arguably the most central of which was to provide tenure security to rural households that lacked it. The economic case for the land redistribution programme was never made clearly, except in early World Bank inputs which argued that the move to smaller farms would result in a rise of aggregate production, a claim that could generously be described as fanciful.¹³ The arbitrary target of redistributing 30% of agricultural land within 5 years compounded the confusion, in the sense that it further distracted policy makers from thinking through how many people land redistribution should seek to benefit, and in what way.

Problems with redistribution projects launched in the first 5 years led to a major revision of the programme, resulting in the Land Reform for Agricultural Development (LRAD) programme which was launched in August 2001. Many of the changes made to the programme made sense in terms of the analysis of what plagued the earlier generation of projects. However, there has been a failure to revisit the aims of redistribution and to realistically articulate in what way redistribution can benefit the rural economy or the rural poor. The meaningless target of redistributing 30% of the agricultural land was resuscitated, with little thought to what this would mean for rural employment or the rural economy.

LRAD is as yet quite new and it will take some time before it can be properly evaluated. However, a few comments can be ventured based on the types of projects that are emerging. Thus far, there appear to be two main types of projects. One kind of project involves members of the local elite accessing the grant in conjunction with loans from the Land Bank, in order to purchase a going concern. These projects involve a small number of beneficiaries, but a large amount of money from the government (on average R100 000 to R200 000 per household, versus R16 000 under the old programme). The other type of project involves farm workers applying as a group to purchase the farm on which they have been employed. Projects in this second category involve a larger number of beneficiaries, often accessing smaller government grants per beneficiary. A large fraction of these projects are seller-driven, and the motives of the would-be seller are mixed. On the one hand, farmers exit farming all the time, and if one's children do not wish to take over then one is forced to sell. However, increasingly the decision to sell is motivated by concerns for personal security. In any event, owners perceive land redistribution as the best opportunity to sell their land, and the introduction of LRAD, what with its much larger grants, has greatly facilitated their getting out of commercial agriculture.

Although in some cases the acquisition of an ownership stake will indeed benefit erstwhile farm workers, it is doubtful that the overall effects of the land redistribution programme can be said to make a significant positive difference to the rural economy. In the first place, there is little or no evidence of an intensification of land use on properties that have been transferred; and second, related to this, there is no net creation of new employment opportunities. To the extent LRAD will facilitate the emergence of a cadre of middle class

¹³ The claim is based on the belief by some academics that there exists an inverse relationship between farm size and productivity. While this is no doubt true in some contexts, that it would obtain in generally arid South Africa is implausible.

black farmers, it is unlikely they will ever comprise more than a fraction of 1% of the total number of rural unemployed. Redistribution may have laudable motives, notably in redressing past inequities, but the inattention to developing an economic logic for redistribution represents a significant weakness. Ironically, land redistribution is attracting ever more resources (though still very modest as a share of the total government budget), at the same time that there is a growing problem of under-utilisation of land in former homeland areas.

7 Conclusion and Suggestions for Related Research

This paper has attempted to make the case that the trajectory of poverty that obtains in South Africa is intimately linked to developments in the labour market. This is by no means a novel insight, but neither does it always receive adequate focus. The second message of this paper is that reversing the trend towards greater impoverishment will require a reversal of the decline of formal sector employment, and that other strategies (redistribution of land, promoting the SMME sector, etc.) will generally only help at the margins unless thoroughly modified. This relates to the third, more understated message, which is that government initiatives that in themselves are worthwhile often have little significance overall because the scale at which they are implemented is no where near commensurate with the scale of the problem they are trying to address. (Public works programmes are a case in point.)

South Africa enjoys the advantage that there is a prodigious amount of policy-relevant research being conducted on poverty and poverty-related issues. Our understanding of poverty is improving constantly, and benefits enormously from the increasing store of large-scale surveys, such as those conducted by Stats SA and the SA Advertising Research Foundation. What follows are specific suggestions for research that relate to the themes touched on in this paper:

- Deepening our understanding of poverty trends. There is a clear need for further work examining poverty trends. This will be facilitated with the imminent release of the Income and Expenditure Survey for 2000, with which one can make a direct comparison to 2000. Among the questions one would wish to probe are, what groups have become poorer and wealthier over time; whether these trends confirm the link to rising unemployment as argued here; whether one can extrapolate poverty trends for 2001 and 2002 in light of rising food prices, etc.
- Micro-studies of public works programmes. Our understanding of the exact effects of public works programmes is still too rudimentary. Most studies to date document the success of targeting and immediate, short-term impact on beneficiaries. While it is clear that there can be both positive and negative spin-offs, it is less clear how the former can be promoted and the latter minimised. Is it a function of how long a particular community is engaged in a project? Do the skills-building components pay off in the long run? Is there a critical scale at community level that must be reached before positive spin-offs are evident? Should complementary measures be initiated so that the positive spin-offs are more forthcoming and more durable? What is the correct wage rate for participants?
- Constraints on the SMME sector. Government has launched a number of initiatives that attempt to support the SMME sector. There is reason to suspect however that whether or not SMMEs thrive has more to do with the economic environment in which they are situated, and in particular the amount of disposable income available among one's target customers. This requires and merits a careful study, perhaps proceeding by means of comparative analysis between areas known to differ in terms of prosperity or, for that matter, density of grant recipients. The aim of this research would therefore be to better understand the complementarities between different interventions and efforts to promote SMMEs.
- Social security grants and dependency. One of the common concerns about the government's social security apparatus is that it has the effect of creating dependency. The aim of this research initiative would be to establish the extent to which this concern is justified. As such, it is complementary to the previous research topic, in that it helps

answer the question whether spending on social security grants stimulates the SMME sector or on the contrary inhibits it.

- Evaluating the impact of LRAD on the rural economy. The Department of Land Affairs will likely develop a system to monitor and evaluate LRAD in terms of project success. An equally important area of research – and arguably a far more challenging one – is to evaluate to what extent LRAD impacts the rural economy and how.
- Labour-shedding on commercial farms. One of the most alarming trends from the perspective of trying to address rural poverty, is the continued shedding of permanent farm worker jobs in commercial agriculture. While some research has already been done trying to understand the reason for this trend (e.g. Simbi and Aliber, 2000), it is mainly preliminary in nature and in any event is now out-of-date. It is critical that more rigorous research be conducted on this theme.
- Documenting and understanding the non-use of agricultural resources in former homeland areas. Anecdotal evidence suggests that in recent years there has been a significant decline in the utilisation of agricultural land in some former homeland areas. It is important that this phenomenon is researched, both to try to establish whether in fact this is the case and how widespread it is, and to understand the underlying reason for any such trend.

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