

Finding the Holy Grail? Making poverty history in the 21st century

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One of the most abiding stories of all time is the quest for the Holy Grail. Through the long twentieth century the Holy Grail was a symbol that was returned to, time and again to make sense of upheavals that accompanied industrialisation, the horrors of war and the erosion of the influence of Christianity.

It was the theme of probably the most popular English-language book of the 20th century, the *Lord of the Rings* by the Bloemfontein born J.R.R. Tolkien. But in Frodo's hands, the Grail is not the healing, heavenly talisman but powerful, corrupting and malevolent. Poets, too, got in on the act and TS Eliot's masterpiece, *The Waste Land*, drew from the Grail legend as Eliot responded to the Great Transformation of the 1920s that saw the destruction of the system reliant on hierarchy and tradition only to be replaced by a sense of despair and foreboding. No wonder, since Eliot was a Conservative and a Royalist. Movies followed. John Boorman's, *Excalibur*, George Lucas's *Star Wars*, *Indiana Jones and the Last Crusade* and Monty Python's *Holy Grail* were obviously re-tellings but there were many others in which the Holy Grail was less a literal artefact and more an almost religiously redemptive state of being to be found in a place, a person or a way of life.¹

And with the recent release of the last of the *Star Wars* episode and the amazing popularity of Dan Brown's *Da Vinci Code*, the Grail continues to re-invent itself as representing personal struggle, collective journeying and the need to achieve the ultimate goal which when found will reveal a deeper level of truth and meaning to a dispiriting post-industrial society.

In economics, the quest for poverty eradication often represents the struggle to find one magic explanation solution to bring an end to unnecessary worldly sufferings. Merlin-like characters abound, peddling various potions and expounding all manner of sage-like advice. The last century led to a host of approaches that ranged from colonialism (civilise the natives); the United States (bomb the natives); Pol Pot (exterminate the natives); the Bolshevik Revolution (that ran from permanent revolution to Stalin's socialism in one country and Castro's socialism on one island); the home-grown forms of state led socialism (Nyerere's ujamaa); the hybrid of state and market (the Asian Tigers) and the shock therapy economics (post-communist Russia and post-Allende Chile). And social scientists tried to explain the growing gap between the first world and the rest - through modernisation (Rostow's take-off); underdevelopment (Frank's development of underdevelopment); combined and uneven development (Lowy) and the articulation of modes of production (Banaji). The search for the magic bullet that will kill poverty ran, to mix metaphors, the full gauntlet of experiments.

The 'new' South Africa

On 10 May 1994, Nelson Mandela was inaugurated as President. Before our eyes, the racial hierarchy of apartheid morphed into the 'rainbow nation of god'. The twentieth century had come late to South Africa, but in this time of miracles, would not the last be first? While the right-wing threat, jittery investors and bureaucratic hostility could account for some inhibition in not opting for the most radical outcomes, the ANC set its sights, laudably, on an economic programme that was 'people-centred', labelled the Reconstruction and Development Programme (RDP).

¹ See Morgan, G *The Holy Grail*, Pocket Essentials, Hertfordshire, for a fascinating review of the many incarnations of the Grail.

Government ministers and big business preached that the RDP did not pay sufficient heed to the god of the market. In the era of globalisation, capital moves. Fast. Greater cognisance would need to be taken of the 'outside' forces. By not abiding by the commandment: 'Thou shall make maximum profits', South Africa ran the risk of being abandoned in the wilderness for another forty years. And so the RDP became apocryphal, and a new gospel was preached, Growth, Employment and Redistribution (GEAR). More compatible with the prevailing neo-liberal project, but still cleverly touted as an annexure to the commandments of the RDP.

It was widely believed, however, that in the land of small miracles, the negative effects of 'outside' forces would be mitigated. Here, neo-liberalism would never lose its human face; it was trusted that the Merlinesque magic of Madiba would never allow this to happen... "the saviour from on high, an incarnation of public virtue... a demiurge of history to break the chain of fatalism... The Word is made flesh, the immense and uncontrollable forces of history are incarnate in a personified Higher Being".² Under Mandela, the state, in the hands of the party, came to be seen as a 'magnanimous sorcerer' and 'acquired a providential hue'.³

While the Mandela presidency was valued for its emphasis on reconciliation, his successor Thabo Mbeki was seen as the 'deliverer' of transformatory goals such as the creation of jobs and alleviation of poverty. It was still a time when a once racially stigmatised people basked in the defeat of apartheid and a belief in an almost divinely determined better future.

More than a decade into the transition, it's a time when all the solidity of the anti-apartheid struggles and its aspirations has melted into air. Fifty years after it's unveiling in Kliptown a seminar on the Freedom Charter was hosted at the Kwa-Muhle Museum, Durban. Are ideas like the people shall govern and the land shall be shared among those who work it, artefacts of the last century? Now, the socialists of yester-year occupy the boardrooms of corporate capital. Capital flies in and out at the touch of a mouse. The Gospels that inspired our quest are not written in stone or fixed in a Bible that never changes. Now we read that the Samaritan first checked if the injured Jew had medical aid. Jesus divided the fishes and bread and sold them to the highest bidder. He could not cure the lepers because of financial constraints, dared not turn the tables on the moneylenders at the risk of offending the markets and preached that forgiveness of debts and transgressions only encouraged inflation and fundamentalism. What is a pilgrim to do? Poverty eradication, becomes poverty alleviation, becomes poverty reduction. The language about what can be achieved has changed. Changing the world has mutated into changing the word. All journeys must pass through toll-roads; all trips must begin and end at the market. The end of history is proclaimed at exactly a time when we are beginning ours. St Thomas you were right to doubt after all.

But we continue to be a land of 'small' miracles. At least if one reads the statements so loaded with agency and confidence that issue from a government that is reviving talk of developmentalism while at the same time mooting a relaxation of labour laws that will deny protection to a section of the work-force afforded by existing legislation. Whatever the merit of these initiatives, something I am sure there is many better placed than I to debate, it is all done with such a sanguine air.

If the holy grail is to be found, what will a crusader have to take cognisance of?

Macro-economic policy-making

A central concern for those approaching the issue of poverty is the global financial architecture. What are the ideological and policy options of the triad: IMF, World Bank and the World Trade Organisation (WTO)? What are the 'spaces' for macro-economic policy

² Löwy, M (2003) *The Theory of Revolution in the Young Marx*. Brill, Boston, 14

³ Coronil, F (1997) *The Magical State*. Chicago: University of Chicago Press, Chicago, 1

making at a national level in the context of these global 'regulatory' organisations and the growing power of corporate trans-nationals - the new rulers of the world as John Pilger puts it.⁴

For Sparks there can be no New Deal response that took place in the United States after the Great Depression, involving huge public works programmes because

“in the new world of neo-liberalism, or what is called the ‘Washington Consensus’, such state interventionism is considered a heresy and is difficult to swim against the current of approved economic behaviour if you wish to attract the foreign direct investment that all developing countries need... The ANC was elected to free its people from generations of oppression and exploitation, yet it finds itself having to undertake a radical reconstruction of the economy that is inflicting even greater hardship on many of its people. It is doing so in the hope that there will be long-term pay-off for the painful reforms it is making. But there can be no certainty about this. Investors in this hard new world go where they think they can make the greatest profits... Meanwhile the tough macroeconomic reforms go on swelling the ranks of the unemployed, and the government waits for the theory to turn into reality.”⁵

Contrary to Sparks' position that the ANC had limited choices in developing a macro-economic policy, a clutch of left analyses among them Bond⁶, Marais⁷ and Gumede⁸, have pointed that the ANC made some deliberate choices and had the space to make others.

Bond for example writes: “Flashing back, it is tempting to point out that neoliberalism was promoted by the IMF in December 1993 before being codified in *Gear*. But four prior decisions were also crucial: to formally drop ‘nationalisation’ from ANC rhetoric (April 1992, although within four months of Mandela’s February 1990 release the decision was already taken); to endorse the apartheid regime’s agreement to join the General Agreement on Tariffs and Trade (June 1993); to repay the \$25 billion of inherited apartheid-era foreign debt (October 1993); and to grant the SA Reserve Bank formal independence in an interim constitution (November 1993).

“Various other international economic incidents should be mentioned. In January 1995, privatisation began in earnest, notwithstanding the fruitless attempt by the ANC’s labour allies to lock Pretoria into a restrictive National Framework Agreement, which was often violated by the government. Abolition of the financial rand occurred in March 1995, in the immediate wake of Mexican capital flight that destroyed the peso’s value... Reserve Bank governor Chris Stals removed the country’s exchange-control condom so wealthy white people – beneficiaries of apartheid-era looting – could skip the country... South Africa’s only protection was to raise interest rates to a record high, where they have remained ever since, which further weakened the economy’s immune system. Later, during two episodes of rampant currency devaluation from 1998-2001, Manuel inexplicably granted permission to South Africa’s biggest companies to flee with their financial headquarters and primary stock market listings to London... Failure to achieve progress against global apartheid can be attributed, in part, to prevailing international power relations, and to Pretoria’s own Africa’s erratic positioning. The bottom line is that Mbeki, Erwin, Manuel and other ANC elites were actively engaged in the international centers of managerial power: but not *breaking* the chains of global apartheid, instead *polishing* them.”⁹

⁴ Pilger, J (2002) *The New Rulers of the World*, Verso, London

⁵ *Ibid.*, 27-28

⁶ Bond, P (2000) *Elite Transition: From Apartheid to Neoliberalism in South Africa*, Pluto Press, London.

⁷ Marais, H (2001) *South Africa: Limits to Change. The Political Economy of Transformation*, 2 edition, Zed Books, London.

⁸ Gumede, M (2005) *Thabo Mbeki and the Battle for the Soul of the ANC*, Zebra Press, Cape Town.

⁹ Bond, P (2004) *From racial to class apartheid, A critical appraisal of South Africa’s transition*, Paper Presented to, AIDC’s 10 Years of Democracy Conference, Cape Town,

At the heart of this debate, of course, is whether the state in these neo-liberal times has the 'space' and 'capacity' to prioritise redistributing wealth, creating jobs, providing social safety nets or does it have to prioritise creating a good investment climate and at best hope to use this as a 'take-off' period before launching on policies of redress? Or as the eminent historian Jeff Guy put it: "was the adoption of neo-liberal macroeconomic policy in 1996 an example of the capacity of global forces to undermine the autonomy of the nation-state and to make irrelevant the power of the people? Is it an example of the impotent essence of post-national democracy-in this case demonstrating that a courageous mass democratic movement, which had brought to its knees a violent racist state, could have its dearly-bought achievements negated by global forces-even before they had found their mode of political expression? Does the acceptance of macro-economic policies associated with GEAR indicate that power lies not with the people at all, but with faceless corporate bankers, financial speculators, and their bureaucratic allies in the treasury departments, or even perhaps an automaton, a computer programme seeking-out profit by endlessly shifting capital resources across regional boundaries?"¹⁰

In these times when space and time is so compressed, what room is there for the state to manoeuvre? At a more practical level Swilling et.al. ask a cogent question: "what happens to the relationship between macro-economic policy makers when you have a state that is simultaneously integrating itself into the global economy and responding to popular pressures from below to address poverty and inequality? In many cases, these two policy making communities get ripped apart- the former gravitates upwards into the world of global economic policy making (trade negotiations, investment promotion, international borrowing, multi-lateral governance, investment rating systems, balance of payments, exchange rate stabilisation, etc) where democratic counter-balances are minimised; while the latter gets sucked into the messy local worlds of mounting democratic pressures as diverse constituencies feel the differential impacts of service delivery."¹¹

Conceptualising the challenge

President Thabo Mbeki has tried to explain the South African economy by dividing it into first world and third world components. The former "is the modern industrial, mining, agricultural, financial, and services sector of our economy that, everyday, become ever more integrated in the global economy. Many of the major interventions made by our government over the years have sought to address this 'first world economy', to ensure that it develops in the right direction, at the right pace. It is clear that this sector of our economy has responded and continues to respond very well to all these interventions. This is very important because it is this sector of our economy that produces the wealth we need to address the many challenges we face as a country. ...the successes we have scored with regard to the 'first world economy' also give us the possibility to attend to the problems posed by the 'third world economy', which exists side by side with the modern 'first world economy'...Of central and strategic importance is the fact that they are structurally disconnected from our country's 'first world economy'. Accordingly, the interventions we make with regard to this latter economy do not necessarily impact on these areas, the "third world economy", in a beneficial manner."¹²

¹⁰ Guy, J 2004 Somewhere over the rainbow: the nation-state, democracy and race in a globalizing South Africa, *Transformation*, no.56 77

¹¹ Swilling, M (2005) et. al. Economic Policy-Making in a Developmental State: Review of the South African Government's Poverty and Development Approaches, 1994-2004

¹² Mbeki, T., 2003

This approach has now become the prevailing discourse in government circles, codified into the idea of the first and second economy and is seen as the central plank in addressing poverty and inequality. This approach is, at times, even presented as being a radical divergence from classic neo-liberal or trickle down economics in that it provides for substantial state intervention. The idea is that the first economy can get on with the business of following the global pattern of integration into the global economy, becoming increasingly capital intensive, with high technology and high skills while “the second economy must be targeted by government intervention directly”¹³. These interventions will provide and unlock resources for those stuck in the second economy and perhaps then eventually allow them to enter the first economy either as workers or entrepreneurs.

This two-economy thesis-as-solution has been challenged by a number of researchers and academics. For Andries du Toit the issue is not that there are ‘not enough linkages’ but the nature of those linkages, and the extent to which they serve either to empower poor people or simply to allow money to be squeezed out of them.”¹⁴ Du Toit’s research in the Ceres valley, the heart of wine and food production illustrates the consequences of new global competitive pressures and the effects of being all too well sutured into the first economy. Employers responded by restructuring the labour market. “For many, this meant the restructuring of their businesses to reduce their exposure to the risks, costs and administrative burden of employing permanent labour...temporary and seasonal workers were supplanting permanent workers, and large numbers of farmers...were opting to use third-party labour contractors. In addition, there was a significant move away from the provision of tied housing to farm workers...”¹⁵ Du Toit argues that labour on the farms of the Ceres Valley “are not people trapped in a second economy, unconnected from the first economy. Farm workers in Ceres, far from being excluded, are thoroughly incorporated into the first economy. Their poverty is produced and created by the normal operations of the market in that economy. This should give us cause to think twice about the simplistic notion that all South Africa needs to end poverty is growth. What matters is the kind of growth and the kinds of power relationships that shape the terms of economic exchange.”¹⁶

Gill Hart adds another angle to the debate arguing that Mbeki’s shift should be seen as part of “an effort to contain the pressures emanating from the rise of oppositional movements protesting the inadequacies of service provision, the snail’s pace of land redistribution, failures to provide anti-retrovirals, and the absence of secure jobs-as well as pressures from within the Alliance... . The operative question, then is not whether the First/Second Economy is an accurate portrayal of reality, but rather how it is being constructed and deployed to do political - or perhaps more accurately, depoliticizing work. What is significant about this discourse is the way it defines a segment of society that is superfluous to the ‘modern’ economy, and in need of paternal guidance...they are deserving of a modicum of social security, but on tightly disciplined and conditional terms.”¹⁷

The first/second economy thesis in its present incarnation marks a return to the convergence theories of the 1960s. Notwithstanding suggestions that it may be nothing new, or perhaps even a cynical invention, this thesis deserves serious and rigorous analysis. A particularly fruitful theoretical venture in this regard would probably be to explore the theory of combined

¹³ Turok, B., 2004. Overcoming Underdevelopment, *New Agenda*, Issue 16, 7

¹⁴ Du Toit, A (2004) Why Poor People Stay Poor: The Challenge Of Chronic Poverty, *New Agenda*, Issue 16, 29-30

¹⁵ Du Toit, A (2004) ‘Social Exclusion’ Discourse and Chronic Poverty: A South African Case Study, *Development and Change* 35(5): 994

¹⁶ Du Toit, A (2005) Hungry in the valley of plenty , *Mail&Guardian* April 15 to 21 2005

¹⁷ Hart, G (2005) Beyond Neoliberalism? Post-Apartheid Developments in Historical&Comparative Perspective in Padayachee, V (ed) *The Development Decade? Social and Economic Change in South Africa 1994-2004*, HSRC, Pretoria.

and uneven development. Another way to think through the first/second economy thesis is to view it as a descriptive category, impressing the need to research its changing interactions in the present conjuncture.

Key here is the issue of how they relate to each other. Are they structurally dis-connected, if they are connected what are the terms of the connection, does the first economy feed off and exacerbate the 'unequal terms' in which the second economy is incorporated into the broader body politic? And what theoretical implications does this have for the intellectual work that does exist in the form of O'Dowd's rendition of the 'take-off', Harold Wolpe's cheap labour power thesis, the SACP's theory of internal colonialism? Or do we simply have to approach these ideas, like Gear, as non-negotiable and get on with doing practical, if theoretically un-interrogated, things to make them work. Form co-ops, provide cheaper finance and skills, buy South African?

While income and resource transfers to the second economy remain an important and fashionable debating point, at the heart of any discussion on poverty alleviation and at the forefront of most plans to do so in South Africa, still lies the creation of jobs in the 'first economy'. This necessitates discussion of the labour market.

Employment

The literature on the state of unemployment in South Africa is awash with scraps over definitional issues. Government for example has made extravagant claims that that anything between 1.6 million net new 'jobs' created between 1995 and 2002, and 2.1 million in February 2004. These gains some have argued are almost exclusively in the precarious informal sector and are also the result of some ingenious 'accounting': 'Homemakers who help sustain themselves and their families out of backyard vegetable plots or who keep a few chickens are part of the new employed class. In fact, that vast army of the barely hidden jobless who stand forlornly on street corners for hire or who sell coat hangers, rubbish bags or handful of sweets at traffic lights or railway stations in the hope of making a few rand all add to this two million jobs figure. According to the latest statistics, in September 2001, 367,000 workers earned nothing for their labour, while a further 718,000 were paid between R1 and R200 a month.'¹⁸

There is the official definition of 30% which tallies active job-seekers who cannot find work. On an expanded definition that also counts those who have given up seeking employment, the figure hovers around 46%. The South African Reserve bank puts the unemployed (expanded) at 46,6 for males and 53, 4% for females. The number unemployed for over three years is placed at an incredible 43%. As sources of income some 79,2% relied on other persons in the household.¹⁹

Whatever figure is used, there is no denying the extent of joblessness in South Africa and that job losses continue to mount. The economic effects are devastating. "Given that black workers' wage packets tend to be shared extensively within the family and kin circles, each job lost diminishes consumer demand-hitting sales of semi-durable goods (especially furniture and appliances), groceries, shoes and clothing...low income families spend up to 75 per cent of income on these categories...the sacking of an average semi-skilled miner costs the economy R83 000 a year: for a skilled miner the figure climbs to R132 000. The calculations measure the social burden created by the loss of the miner's consumption

¹⁸ Bell, T. (2004), 'How "Non Jobs" come to the Aid of Government Election Propaganda,' *Sunday Independent*, 15 February.

¹⁹ South African Reserve Ban (2003) Labour Markets and Social Frontiers, No.4, 28

expenditure (that supports businesses and creates demand through a multiplier effect), as well as lost tax payments and the disappearance of remittances that support dependants.”²⁰

A key area of disagreement, which flows as much from ideology as from spin-doctoring, is how to understand the informal economy as a provider of sustenance to the unemployed. Are people selling sweets behind a table or who farm for subsistence even to be considered (self) employed? There are those who argue that much of what is described as the informal economy consists of very poor and desperate people engaging in essentially survivalist strategies to eke out some sort of existence²¹.

There are others who insist that government’s macro-economic strategy, Gear, has facilitated job-creation. The problem is that the number of new entrants to the job-market has simply increased and that there was a huge backlog of unemployment inherited from the past to take care of²². Most others take the view that Gear has failed to provide real growth in the labour market (in fact, for some, it played a key role in causing job-losses between 1996 and 2000²³). Many writers reflecting on the exclusion from the formal labour market as a marker of poverty have remarked on the phenomena of economic growth without a corresponding lowering of unemployment. When economic activity in a country markedly increases, as seen from signs associated with an expanding economy such as:-

- *an increasing GDP;
- *increasing consumption of goods and services;
- *a rise in property prices;
- *an expanding private sector;
- *low inflation,
- *decreasing interest rates;
- *a generally positive international investment rating;
- *a currency neither dramatically undervalued nor *overvalued; and
- *a stable political climate²⁴,

classical economics would have it that there is a corresponding growth in jobs, certainly in the non-agricultural sector. Despite the above conditions being present in South Africa, the expected and promised fruits of macro-economic stabilisation achieved between 1996 and 2000 have not filtered through to an expansion, it is generally agreed, in the labour market. It thus follows that if lack of employment in the formal economy is the factor most closely associated with poverty, then the fact that employment levels are not increasing much (or even decreasing) while there seems to be promising signs and prospects of economic growth creates a conundrum that needs to be unpacked.

And what about the creation of jobs that pay poverty wages? Is this part of the price as we wait, disciple like, for take-off into heaven? Are there micro-level projects like co-operatives that can make an impact? Will greater labour market flexibility be a vehicle for increased capital accumulation or create the environment for a windfall of jobs that are sustainable?

²⁰ Marais (2001) op.cit. 176

²¹ Naledi, Global Poverty Network Workforce Development Study, March 2004, p 61

²² Landman, “Breaking the Grip of Poverty and Inequality in South Africa 2004 – 2014”, p 9.

²³ See David Everatt, “The Politics of Poverty”, in *The Real State of the Nation*, Development Update, Vol 4 No. 3, page 84 who repeats the statistic that 1 million formal sector jobs were lost between the advent of Gear in 1996 and 2000.

²⁴ Taken from May, “Constructing the Social Policy Agenda: Conceptual Debates around Poverty and Inequality”, paper presented to the 50th anniversary conference, School of Development Studies, Durban, October 2004.

The outsiders: BIG versus PWP's

The labour market does not even come close to providing the resources necessary for a decent life for millions of South Africans. While there is some debate about the most appropriate level of income beneath which a person is considered to be poor²⁵, figures for the number of persons living in poverty range from 35.8%²⁶ to 50%²⁷. Up to 25% of South Africans are ultra poor, or earning less than half the income constituting the poverty datum line. Because of joblessness as well as lack of access to productive land, millions of South Africans are dependent on some sort of direct or indirect transfer of resources to survive. The principal mechanisms for delivering social security are:-

*A state old-age pension for citizens over 60/65 years;

*A child care grant for children under 14;

*Disability grants for those who cannot work because of physical or medical illness;

An important debate among development theorists is to what extent government can pursue redistributive and welfarist policies (higher taxes and a larger budget deficit) before these have so negative an effect on the economy as a whole that, with capital flight, high inflation, a run on the rand and the other threats to the fiscus that are assumed will be realised, the bad comes to outweigh the good. Writers of this persuasion seem to prefer trying to sponsor what Julian May calls good growth; growth that essentially does trickle down in the form of taxes and job-creation but only if capital is not unduly inhibited in its making of profits.

What happens to people who fall outside the welfare safety net. In South Africa a clutch of civil society organisations including Cosatu have thrown in their lot behind an income grant of R100 a month (BIG). A host of intellectual capital has been marshalled to show that it is 'affordable' and will make a significant impact on poverty. The idea behind the grant is that although, when viewed individually, R100 would not go far, households and communities would collectively be receiving significant infusions of cash each month which, if spent wisely and collectively, could make a difference in pulling significant numbers of the ultra-poor into the poor and some of the poor into the category of the non-poor. The fact that the rich received such an amount as well (which makes administrative sense, preventing the hassle and expense of means-testing) would be off-set by the fact that they would have to 'suffer' higher taxation to fund this measure. The R100 they receive would be more than off-set by the rise in personal income tax or company tax needed to fund this social transfer.

Critics such as Trevor Manuel have raised numerous counter arguments that run from cost to lack of specific targeting to acting as a disincentive to find work.

Each of these counter arguments have to varying degrees been addressed by proponents of BIG, most notably Charles Meth and Guy Standing.²⁸ Meth has particularly taken issue with

²⁵ see Hunter, May, Padayachee, Lessons for the PRSP from Poverty Reduction Strategies in South Africa, November 2003, p 5. The latest poverty figures from Statistics SA uses the figure of R800 per household per month as the maximum amount legally necessary to qualify for social security grants. Such an approach is rather circular because it is not based on food intake or special needs, nor the size of the household.

²⁶ World Bank, *World Development Report, 2000/2001, Attacking Poverty*, Oxford University Press, New York, p 64

²⁷ Woolard, I and Leibbrandt, M (2001) *Measuring Poverty in South Africa in Fighting Poverty: Labour Markets and Inequality in South Africa*, (eds), Bhorat, et al., University of Cape Town Press, Cape Town.

²⁸ Meth, C (2004) *Ideology and Social Policy, Transformation*, 56; Standing, (2004) *The South African Solidarity Grant*, Paper presented to 50th Anniversary Conference Reviewing the first Decade

the idea of dependency, which he sees as increasingly becoming part of the language in the ANC and government. Recently, for example, an ANC MP Ben Turok wrote that BIG “contains the risk of fostering a culture of dependency and entitlement which could bring major social strains if the funding should not be available in future years.”²⁹

An argument quite popular is that R100 could act as a (dis)incentive for people to look for work. Meth holds that it is difficult to countenance that R100 will act as a deterrent to the quest for self-improvement. “What cannot be called into question is the welfare improvement in, for example, workerless households, among whom the slightest risk (eg, job search requiring some expenditure) threatens an already precarious existence. Their menu of choices could be considerably expanded by the existence of a secure income source, be it ever so small.”³⁰

Gumede points to an additional rationale for BIG arguing that it “could be the basis of a new consensus, based on economic justice the TRC urged was needed if real reconciliation was ever to take place between black and white in South Africa. The government needs to urgently provide interim social security for those waiting for economic growth to trickle down to them. Even if robust growth finally arrives, it is unlikely to significantly narrow the gap between rich and poor.”³¹

Many in the ANC camp have countered BIG with the idea of public works programmes (PWP’s). A government spokesperson for example explained that the government’s approach had a different philosophical bent from the Taylor Report: “It is a kind of approach that motivates against an income grant. We would rather create work opportunities...Job creation proposals to be considered include a ‘massive expanded public works programme’, which would include partnerships with the private sector...only people who were disabled or ill should get handouts.”³²

The government has allocated some R15 billion for public works programmes for the next three years. “It is hoped that young work-seekers will gain experience of formal employment, and that older skilled men and women will have employment recourse in an economy where unskilled jobs are dwindling.”³³ In general McCord points out “A public works programme cannot reduce the number of people living in poverty or ensure workers will find alternative formal-sector employment, but if designed sensitively, it can reduce the depth of poverty In the context of mass poverty and unemployment that characterise South Africa in 2004, public works programmes are of limited impact, since the scale of such programmes is modest in relation to the size of the problem.”³⁴

BEE

Is Black Economic Empowerment (BEE) the highway to the Holy Grail? In response to increasing criticism, the leading lights of BEE have been touting it as a mechanism for the alleviation of poverty. Tokyo Sexwale has written that BEE is about the creation of “job opportunities, it is about rural development, it is about educating people and training them.

of Development and Democracy in South Africa, School of Development Studies, University of KwaZulu-Natal, 21st -22nd October, 2004

²⁹ Turok, B (2004) Overcoming Underdevelopment, *New Agenda*, issue 16, 7

³⁰ Meth, 2004, 22

³¹ Gumede, op.cit., 120

³² Sunday Times, July 28, 2002

³³ McCord, A (2004) The Zibambele Public Works Programme: Using Public Works to Address Poverty in Taking Power in the Economy, (eds) Brown, S and Fölscher, Institute for Justice and Reconciliation, Cape Town, 69

³⁴ Ibid., 71

It's about skills development. It's particularly about developing the young and women. And yes, it's about creating small businesses and large businesses."³⁵ It according to Sexwale is also about redistribution to the poorest and *their* empowerment: "Another myth about empowerment is that the rich get richer and the poor stay poor. The Absa transaction that we concluded last year clearly debunks this myth. The beneficiaries and shareholders of the Absa Batho Bonke transaction are 1.1 million. That transaction has empowered more than a million people through community trusts, community-based organisations, cooperatives and other structures". At the core of BEE is philanthropy according to Sexwale: "We give money to schools, we fight HIV/AIDS, we provide university fees, we build clinics, we build hospitals..."³⁶ The patriotic bourgeoisie as the mid-wife of accelerated redistribution? Modern day Robin Hoods, schooled on Robben Island, robbing the whites of contracts and business opportunities? Rebels involved in primitive accumulation?

BEE also throws up the issue of race. We might not neatly fit the two nation thesis, one white and rich, the other Black and poor. The situation is neatly put by Servaas Van Der Berg who writes "that although most whites are affluent, they have been joined by large numbers of coloureds, Indians and particularly now also blacks, so that the dividing line between the affluent and the rest of the population is no longer race-although race is still a major determinant of affluence. However, as far as the poor are concerned they are overwhelmingly black and rural..."³⁷

In looking at poverty and the policies available to deal with it, it is crucial to take cognisance of the changing class structure. It has the potential to impact on the kind of interventions that differing social groups are open to when it comes to poverty alleviation. Murray argues that the fostering of a black bourgeoisie "is not just a question of the deracialisation of South Africa, it is also a vital objective in providing the ANC Government with a firm social and political buffer against the demands of a restless black working class seeking comprehensive economic improvement of the type that it is unlikely to see under the restrictive GEAR programme."³⁸ Thus, Seekings and Natrass note that "The semi-privileged position of politically powerful African groups-including the urban, industrial working class, sections of the intermediate class and the semi-professional class (especially teachers)-gives them good reason to oppose a universal welfare system in that radical reform would require increased taxation on them, making them subsidisers of the poor rather than beneficiaries of redistribution from the rich."³⁹

The changing class composition of South Africa is an area of major interest in 'poverty studies', because policies are not created in a vacuum, but often are predicated on the ability to exercise power.

Power

In terms reminiscent of Percival's failure to grasp the Holy Grail because he did not ask the crucial question - whom does the Grail serve, there is the issue so absent in 'poverty studies' in South Africa - **Power**. Ralph Miliband makes the point that in looking at the question of poverty one should focus "first and foremost on the respective strength of conflicting forces operating in society, some making for the persistence of poverty, and others working against its persistence; and the trouble, for the poor, is that the forces operating against them are very much stronger than those working in their favour. What is involved here is not recognition, or the discovery of the right policies, or the creation of the right administrative framework, or

³⁵ Sexwale, T (2005) BEE is very simple-it's about fixing up the mess, Sunday Times March 6 2005

³⁶ *ibid.*

³⁷ Van Der Berg, S (2005) The Evidence on Poverty, New Agenda, 21-22

³⁸ Murray, G (2003) Black Empowerment: a Tripartite Engagement with Capitalism in Rethinking the labour movement in the 'New South Africa', Bramble, T and Barchiesi, F (eds), Ashgate, England, 83.

³⁹ Seekings and Natrass, *op.cit.* 10

even the good will of the power-holders. The matter goes deeper than that, and concerns the distribution of power in society.”⁴⁰ Yet this is an area sorely lacking with “remarkably little critical, sustained research and reflection on the changing power relations and processes of acquiescence and opposition that are emerging in the post-apartheid era.”⁴¹

There old chestnuts of rural poverty and the feminisation of poverty are still being roasted.

Gender and poverty

Colin Bundy makes the point that “Despite the fact that race and class are the most frequently mentioned lines of inequality, and the urban/ rural divide a major structuring factor, there is another basic, ubiquitous, and deeply entrenched vector of historic inequality - and **it** runs through race, class, and regional imbalances. It is gender.”⁴²

Migrant labour had a powerful impact on power relations in the household and women’s ability to enter the workforce. Wilson and Ramphela illustrate some of this impact: “We find our fathers with concubines yet our mothers are still starving...For our husbands we are just their old-age home or their hospitals. They really come back to us when they are too old to work or when they are sick.” The male migrants speak too: “We stay a full year without our wives. That makes us go beyond the bounds of the law and become adulterers...in towns we are split just like water on the ground.”⁴³

Pointing to this apartheid legacy Bond argues that “in structural-economic terms, contemporary South Africa retains apartheid’s patriarchal modes of surplus extraction, thanks to both residual sex discrimination and the migrant (rural-urban) labour system, which is still subsidised by women stuck in the ex-Bantustan homelands.”⁴⁴

Orr argues that, “Gender issues and household dynamics are almost completely invisible within the current macroeconomic strategy, contributing to the on-going marginalization of women. While GEAR might be called ‘gender blind’, it is certainly not gender neutral. For example, GEAR calls for greater labour market flexibility in order to attract foreign investment and to improve competitiveness. The implications of this are that the most vulnerable workers (that is, women) will remain unprotected and discriminated against, and where jobs are created they will perpetuate poor working conditions. With greater labour market flexibility the position of women will actually worsen, since this implies decreased benefits (such as maternity benefits) and less working time and parental responsibilities.”⁴⁵

The increasing casualisation of labour could also affect women in particular. As Orr points out “irregular and uncertain working hours have a particular impact for women with respect to safety and secure transport arrangements, and for mothers regarding child-care arrangements, childcare leave, and other household responsibilities. There are also problems with budgeting for household necessities when work is irregular. The fact that casual workers do not have access to benefits, such as maternity pay and leave and unemployment insurance have a major impact on the impoverishment of women in particular.”⁴⁶

⁴⁰ Miliband, R (1974) Politics and poverty in Poverty, inequality & class structure, Wedderburn, D (ed), Cambridge University Press, 187

⁴¹ Hart, G and Sitas, A (2004) Beyond the urban-rural divide: linking land, labour and livelihoods, Transformation 56, 31

⁴² Bundy, C (1993) Development and inequality in historical perspective in Wealth or Poverty? Critical Choices for South Africa (ed) Schrire, R Oxford University Press, Oxford, 32-33

⁴³ Wilson, F and Ramphela, M. op.cit. 199

⁴⁴ Bond, 2004, op.cit.

⁴⁵ Orr, L (2000) Globalising poverty: The gender dimension to Job Losses, Casualisation and Poverty, Paper prepared for COSATU Gender Conference, Naledi, 11

⁴⁶ Ibid., 22

Unemployment rates for women are higher than men, with unemployment of rural women in 2001 spiraling above 50%.⁴⁷ While 43% of African men are in wage employment, the figure for African women stands at 17%.⁴⁸

Rural Poverty

The Nelson Mandela Foundation Report provides a window into the broader dynamics of rural poverty in contemporary South Africa with communities emphasizing the “lack of basic infrastructure, water, electricity, roads, clinics, secondary schools and community halls.” The Report found that “The rural poor in our study are mainly women living in households facing food insecurity on a daily basis... They live in those areas of the country with the highest levels of poverty and unemployment and rely on meager sources of income derived from pensions, social grants or migrant labour.”⁴⁹

The question of land looms large in any discussion of rural poverty. As Wilson and Ramphele poignantly put it: “In South Africa one must never lose sight of the land... It is conflict over land, particularly between black and white, that has run like a seismic fault, through the body of South Africa...”⁵⁰

One way in which the ANC government has tried to deal with rural poverty is through a land reform programme. In its latest incarnation there has been a bias towards commercial farmers who would have access to larger government subsidies reaching a maximum of R100 000. Those who could not come up with a minimum of R5000 would not be able to qualify for a grant, effectively cutting off poor people from gaining access to land. Meanwhile the liberalization and deregulation of commercial agriculture has continued apace. This has impacted on employment levels as agriculture moves from labour to capital intensive forms. In thinking through the ‘rural’, Hart and Sitas correctly warn of not seeing the rural and urban as dichotomous. By acknowledging the on-going but changing urban-rural connection, it allows us to track the nature of poverty and its changing locations by asking ‘new’ questions: “How are multiple sources of insecurity-including the decline of urban employment, escalating service costs, and ravages of HIV/AIDS-connected with one another, and with efforts by many urban residents to forge or maintain rural connections? How are these processes playing out in relations between genders and generations; and the cultural and political conditions of access to land and other resources? What are the key patterns of regional variation?”⁵¹

This reinforces the call for “detailed historical and ethnographic studies” as “vantage points for illuminating processes of social and spatial interconnection, an a means for gaining a fuller understanding of the possibilities for social change.”⁵²

The Political Economy of AIDS

The literature on the impact of AIDS in exacerbating poverty is chilling.

⁴⁷ Statistics SA (2002) South African Statistics, Pretoria

⁴⁸ Bhorat, H, Liebbrandt, M, Maziya, M, van der Berg, S, Woolard, I (2001), (eds) *Fighting Poverty: Labour markets and inequality in South Africa*, UCT Press, Cape Town, 20

⁴⁹ Mandela, N (2005) *Emerging Voices: A Report on Education in South African Rural Communities*, Nelson Mandela Foundation, vii.

⁵⁰ Wilson, F and Ramphele, M (1989) op. cit. 34

⁵¹ Ibid., 34

⁵² Hart, G and Sitas, A (2004) op.cit. 37

“A wave of sickness and death is already sweeping through South Africa, and its impact will be felt throughout this decade and beyond by the millions of households that will be directly affected. Beyond the widespread personal and human costs created by the pandemic lies a second level of effects. South Africa’s economy, which has been struggling for two decades, is another indirect victim of the pandemic. HIV/AIDS adds one more ‘tax’ on South African firms trying to compete in a global market and burdens a government already facing pent-up demand for services that lie beyond its means. Just as society needs more resources to confront HIV/AIDS, the adverse impact of the epidemic on human capital, on productivity, and on government finances could impose a macroeconomic cost which would run as high as 1 per cent or more of the growth in GDP per capita, which is already too low to create enough jobs and alleviate widespread poverty.”⁵³

Discussion of the impact of AIDS on the economy has tended to be clouded by Mbeki’s alleged ‘denialism’ and spats about the number of people infected. Corporate South Africa aided by the huge army of labour has taken at best an ambivalent attitude.

Much more work is needed on the impact of AIDS on companies in different sectors – both direct and indirect. One significant attempt is that of Rosen et al., (2003) who try to discern the cost of worker getting infected today and found that “workers who tend to be at high risk of HIV infection, are not eligible for most of the benefits provided to permanent employees, nor do the companies invest substantial resources in training them.”⁵⁴

Very little work has been done on the effect of AIDS on households. One study by Booysen et.al. found that besides the increased prevalence of illness in affected households, the difference between affected and unaffected households had an impact on economic outcomes. “For affected households, the average household that utilised savings spent the equivalent of twenty-one months of savings, whereas unaffected households using savings spent only five months’ worth. How affected households used their savings differed as well. For affected households, the largest uses were funeral expenses (40 per cent) and medical expenses (24 per cent). In other words, nearly two-thirds of savings went for AIDS (or at least illness) related costs. For unaffected households, the pattern is more ‘normal’. There was some spending for funerals (8 per cent), but the largest shares went to asset maintenance (31 per cent) and education (30 per cent), which did not appear at all in the affected households’ spending.”⁵⁵

In face of this incredibly for some, the spread of AIDS has potential benefits. Allister Sparks writes that economic and other forecasters have not “taken sufficient account of the possible impact of this pandemic on the other doomsday scenario we hear so much only a few years ago - the population explosion...Well AIDS is not going to reduce South Africa’s overall population, but it is going to slow its growth rate...a smaller population can be better educated, and better education, especially of women who are then in a stronger position to determine their own choices, is by far the more effective method of birth control.”⁵⁶ Lazarus like Malthus has risen from the dead.

There is the collision between the provision of free basic services and its simultaneous commodification. This has led to a series of water and electricity disconnections and bloody street battles over the imposition of pre-paid water-meters.

Privatisation, commodification and poverty

⁵³ Lewis, J (2004) *Assessing the Demographic and Economic Impact of HIV/AIDS in AIDS and South Africa* Kauffman, K and Lindauer, D., New York, Palgrave Macmillan, 117

⁵⁴ Rosen, S et al. 2003 *The cost of HIV/AIDS to businesses in southern Africa*, 323

⁵⁵ Lewis (2004) *op.cit.*,111; relying on the data of Booysen et.al..

⁵⁶ Sparks, A (2003) *Beyond the Miracle*, Jeppestown, Jonathan Ball, 302-303

Government has made much of the delivery of basic services. A recent government publication highlighted the fact that “more than 10 million people have access to clean water since 1994. Free basic water reaches three-quarters of those in areas with water infrastructure. Two million housing subsidies have been allocated to the poor since 1994.”⁵⁷ It is figures like these that lie behind government claims “that increased social spending over the past decade has improved the effective income or quality of life of the poor in South Africa by over 40 per cent. In other words, since 1994 South African society has become more egalitarian through redistribution in the form of increased social grants, public works and access to infrastructural services such as housing, electricity, education, health, water and sanitation. This implies a substantial reduction in South Africa’s Gini coefficient....”⁵⁸ This was a position followed by Stellenbosch University professor Servaas van der Berg, who argued that between 1993 and 1997, social spending increased for the poorest 60% of households, especially the poorest 20% and especially the rural poor, and decreased for the 40% who were better off, leading to a one-third improvement in the Gini coefficient.⁵⁹ Gelb on the other hand questions the effectiveness of government’s redistributive programmes “where a service has to be delivered in an ongoing fashion to build assets (such as in education) or an asset has to be transferred (such as housing or land reform)...addressing the unequal legacy of apartheid-and enabling more effective participation in, and returns from, factor markets-has been less extensive than would appear from an examination of expenditure only.”⁶⁰ Pointing to the great strides in the delivery of housing Gelb following Rust argues that the government’s focus has been on quantitative aspects, yet subsidies are low compared to other developing countries “and housing quality undervalued, while diversity of housing demand is overlooked together with the need to locate housing development in the context of broader processes of community development. These points are strikingly similar to those made about education in the sense that apparently successful current expenditure programmes have not produced the sought-after improvement in outcomes, for reasons which may well lie in the inability (or unwillingness) of government to address the wider context of inequality”.⁶¹

Delivery has also been overshadowed by the marketisation of basic service delivery, the institution of cost recovery mechanisms and a rash of disconnections and evictions. The number of disconnections have been the arena of dispute between researchers and government. But there is no doubt this occurs on an on-going basis and is a constant threat to poor people. According to Bond “(T)he reason for the disconnection epidemic was obvious. Notwithstanding deeper poverty, the South African government – ranging from municipalities to water catchment agencies to Eskom - raised water and electricity prices dramatically from the mid-1990s. By 2002, they accounted for 30% of the income of those households earning less than R400 per month. One cause of higher municipal utility prices was that central-local state subsidies designed to cover operating/maintenance expenses suffered dramatic declines during the 1990s (85% in real terms, according to the Finance and Fiscal Commission).”⁶² The government responded to the wave of protests about water cut-offs with the introduction of a free basic minimum of water. “A very small lifeline (6000 litres per household per month), followed by very steep increases (along a convex tariff curve), such that the next consumption block became unaffordable. The free 6,000 litres represent just two toilet flushes a day for a household of eight, for those lucky enough to have flush toilets. It leaves no additional water

⁵⁷ Government Communication & Information System 2005, Building a South Africa that belongs to all

⁵⁸ Hemson, op.cit., 527-528

⁵⁹ Bond, 2005, op.cit.

⁶⁰ Gelb, S (2003) Inequality in South Africa: Nature, causes and responses, The EDGE Institute, Johannesburg, 57

⁶¹ Ibid., 58; Rust, K. (2003) No shortcuts to progress: South Africa’s progress in implementing its housing policy, 1994-2002. Institute for Housing in South Africa, Johannesburg.

⁶² Bond, 2005

to drink, to wash with, or to clean clothes or the house.”⁶³ The UNDP 2003 Report pointed to the issue of affordability: “Eskom’s full cost recovery approach has made access to electricity unaffordable to many Sowetans. The ‘free services’ policy has not been a particularly effective strategy for the urban poor because of the household density of many low-income households and their need for larger volumes of electricity. The number of electricity disconnections has increased drastically, especially since 1996: On average, disconnections increased from over 22 000 per month in 1996 to almost 100 000 by 2001.”⁶⁴

Hemson holds that while there has been progress in life-sustaining services, this development would have impacted on poverty alleviation “if there was a steady improvement in employment, earnings and income generally; in the absence of such progress, service delivery is retarded by anxieties about, and real difficulties in, ensuring the continuation of services over time.”⁶⁵

In thinking through this process, David Harvey has written about the continuing centrality of primitive accumulation. In these times new forms of accumulation through dispossession have emerged. This involves in the main, privatization. In South Africa Harvey holds that for example “total cost recovery by municipal owned utilities” has meant that “unable to afford the charges, more and more people were cut out of the service, and with less revenue the companies raised rates, making water even less affordable to low-income populations.”⁶⁶

Whatever the merits of Harvey’s reading of South Africa, his framework of accumulation through dispossession holds exciting possibilities for understanding the transition in South Africa especially if seen through the lens of earlier home-grown constructs like Harold Wolpe’s cheap labour power thesis and the South African Communist Party’s theory of internal colonialism.

Corruption, Inefficiency and Lack of Capacity in the Public Service

A neglected area of study, often touched upon only anecdotally, is the grave inefficiencies and lack of capacity that subsist in an often poorly trained, demotivated and, at times, spectacularly corrupt civil service. President Mbeki put it this way: “We must be impatient with those in the public service who see themselves as pen-pushers and guardians of rubber stamps, thieves intent on self-enrichment, bureaucrats who think they have a right to ignore the vision of Batho Pele, who come to work as late as possible and knock off as early as possible.”⁶⁷ Corruption, often at the expense of the poor, remains a neglected but crucial area of study.

Another severely under-researched poverty-alleviation strategy is an analysis of the optimal use of resources. A researcher in child-care grant take-up, in the Umtata and Mt Ayliff areas reports that 14 different civil servants are involved in processing one single child care grant⁶⁸. While this is possibly good for job-creation, vast amount of money and energies go wasted in the public service bureaucracy. A recent brief given to the Forum of South African Directors-General (Fosad), even considered potential constitutional changes as well as the consolidation of various ministries into a

⁶³ Ibid.

⁶⁴ United Nations Development Programme (2003), South Africa Human Development Report 2003, Oxford University Press, Oxford, 105.

⁶⁵ Hemson, op.cit. 532

⁶⁶ Harvey, D (2003) *The New Imperialism*. Oxford: Oxford University Press, 159

⁶⁷ Mbeki, T (2004) State of the Nation Address of the President of South Africa at the opening of parliament, Cape Town, 21.05.04

⁶⁸ personal communication, Solange Rosa, Childrens Institute.

super-ministry in order to eliminate extremely wasteful duplications and inefficiencies in the civil-service at the highest level.

Waste also occurs through lack of spending. The department of social welfare and provincial housing departments are notorious for under-spending.⁶⁹ Reasons for this need to be understood and addressed. The question of skilled personnel and targeted spending of money remains an issue and the drain to the private sector has exacerbated this problem. Figures point to a senior management vacancy rate in six national departments at 20% and at provincial and local government of 61%.⁷⁰ The question of capacity becomes even more crucial in the context of government's stated intention of becoming more interventionist, especially in relation to the 'second economy'. These kinds of capacity problems may well have a measurable effect on the lack of poverty-alleviation that is occurring, despite the many (and fragmented) initiatives to this end that government has launched.

Poverty as crime

Ari Sitas in a poem delivered at the opening of the KZN parliament spoke about the House passing a Bill abolishing poverty.

*On the first day
Of the 11th year
Of our democracy
The provincial house
Unanimously
Unambiguously
Famously
Promulgated a Bill
Abolishing Poverty*

*At night
As the moon made us
All jazzhappy
The subversives
Who still claimed to be poor
Were rounded up
And sent to other provinces
Provinces that deserve them*

This was meant to be tongue in cheek. But before the big Tourism Indaba in the city of Durban, street-kids were rounded up and sent to shelters out of the city. Reality catches up with parody. Banning poverty. Far-fetched. Bono in his foreword to the Sachs book wants to outlaw it!

Off course, if you ban poverty, then those who protest poverty are breaking the law. Criminalisation. Like magic, the wand becomes the sjambok. We see this in the language that the ruling class uses to describe those who protest their miserable conditions. Third Force. Misled by opportunists. The National Intelligence Agency is called upon to investigate the reasons for protest. Often, the poor find their quest for justice ending in the same way that the

⁶⁹ see Standing

⁷⁰ Business Day, March 23, 2005

Monty Python quest for the Holy Grail was subverted with the entire cast arrested. Alas, there is no Holy Grail at the back of a police van.

In journeying through the literature that describes, counts, divides and analyses the history of poverty and its present manifestations in South Africa, like the Book of Revelation, one gets an ambiguous message: hope and despair.

The new ‘crusaders’?

But there is hope. In the 21st century the answer to the Holy Grail has once again been found, we are told. ‘Make poverty history’ is the new rallying cry. Abracadabra. The one thing that this approach does not do is factor in history. How can the proponents of this approach do so when the very terms of trade continue to disproportionately benefit *them*? It is like the Illuminati crying out for transparency. Like Crusaders flying the flag of religious tolerance and understanding. This colonial throwback is hidden in technical discussions at the WTO about *their* rights over patents and *our* lack of rights over subsidies.

This attempt to making poverty history by exorcising the history of poverty had its genesis in the World Bank’s *Voices of the Poor*.⁷¹ Here we saw a deliberate approach of refusing to take seriously historical forms of exploitation and dispossession, even when they structure and are entrenched in the present. The editorial voice never inquires into the social forces that produced the arrangements that channel millions of lives into its twin categories of ‘us’-readers of the World Bank books and actors with the potential to effect social change-and ‘them’-‘the poor’, objects of our paternalistic sympathies and whose neediness legitimates ‘our’ control over ‘their’ lives. The World Bank gaze is locked into the present. With neo-liberalism we are always at the beginning of year zero. And without history poverty is naturalised, as is, by implication, wealth.⁷²

In Gordon Brown’s hands the exorcising of history is taken a step further. Britain must stop apologising for colonialism and the missionaries came to Africa out of a sense of duty he tells us.⁷³ History has not simply been ignored. It is been re-written, creating the conditions for another round of under-development and a new rationale for missionaries come to civilise the natives around issues of good governance, playing by the rules and corruption. Meanwhile the unfair trade rules, the subsidies to sugar farmers that allow them to sell sugar at 40% the production cost in Africa, the ‘forced’ privatisation of essential services as a condition of aid can continue. Good governance- Brown’s own government’s illegal occupation of Iraq and the carnage that has resulted are issues that Africans must not raise, otherwise they lose their place in the feeding queue.

Lurking behind this is the triumphant (re)turn of de-politicising scientific professionals offering a new cocktail of potions. Embodying this approach is Jeffery Sachs the new poster-boy of economics who writes of “the similarities between good development economics and good clinical medicine. On numerous occasions during the past twenty years, I have been invited to take on an economics patient-a crisis-ridden economy - in order to prescribe a course of treatment. Over the years I have marvelled at how the experience is akin to that of my wife Sonia’s clinical practice of paediatrics. I have watched in awe, often in the middle of the night, how she approaches a medical emergency or complicated case with speed, efficacy, and amazing results. Development economics today is not like modern medicine, but it should strive to be so. It can improve dramatically if development economics take on some of the key

⁷¹ Narayan, D., Chambers, R., Sha, M., and Petesch, P *Voices of the Poor*, Oxford University Press, Oxford.

⁷² Desai, A and Pithouse, R (2004) Dispossession, Resistance and Repression in Mandela Park in *The South Atlantic Quarterly*, 103:4

⁷³ Ben-Ami, D (2005) Throwing salt on ‘the scar of Africa’, Debate@lists.kabissa.org

lessons of modern medicine, both in the development of the underlying science and in the systematization of clinical practice, the point where science is brought to bear on a particular patient.”⁷⁴ I expect many of you could have a field day unpacking the language that denotes the arrival of western medicine (especially that part of medicine that deals with children) and clinical economics to help the sick but patient of Africa, many still recovering from global effects of shock therapy. Whatever the sickness of the ‘children’, whatever the causes of the sickness, there is only one royal road to science and Jeffrey Sachs and Bono (who writes the foreword to the book) hold the key to the secret sarcophagus where the grail is hidden. But this is the Frodian grail.

It was Arturo Escobar who warned about the professionalisation and institutionalisation of development through the filter of Western science: “development fostered a way of conceiving of social life as a technical problem, as a matter of rational decision and management to be entrusted to that group of people—the development professionals—whose specialised knowledge allegedly qualified them for the task. Instead of seeing change as a process rooted in the interpretation of each society’s history and cultural tradition...these societies sought to devise mechanisms and procedures to make societies fit a pre-existing model that embodied the structures of modernity...The Third World witnessed a massive landing of experts, each in charge of investigating, measuring, and theorising about this or that little aspect of Third World societies...At stake was a politics of knowledge that allowed experts to classify problems and formulate policies, to pass judgement on entire social groups and forecast their future—to produce, in short, a regime of truth and norms about them. The consequences for these groups cannot be emphasized enough.”⁷⁵ Now, of course, the experts do not only come from afar, but are also amongst us.

Should not the newly anointed ‘Sirs’ of the Empire start by invading the places where poverty and wealth is manufactured? There in those buildings where the terms of trade are skewed in favour of those who have already have, where the debts of the poor are multiplied but the amount borrowed is never subtracted, where economic policy for ‘independent’ countries are sub-contracted to Western experts who arrive in terms reminiscent of the Second Coming (the messiah in Sach cloth) catechism in hand.

The Path Ahead

We stand at a time when truths once understood are in danger of being forgotten, history shaped into an instrument of power, the ground laid for efficient modes of domination and control, potential activism diverted⁷⁶ and the suffering of people camouflaged in an abstracted empiricism and reliant on Band Aid every 20 years. Hopefully, the recent surge of organic community protests will shake the self-satisfied complacency that has permeated the ANC government (and the Alliance partners) and many in the academy working on issues of poverty which has manifested itself in quibbles about the extent of unemployment and the number of people dying of AIDS into a re-evaluation of present policies and the exploring of new roads. The soothsayers and prophets of this period dishing up a magic brew whose labels read ‘there is no alternative to neo-liberalism’, ‘the only way to the Grail is through genuflecting to the market’, have been exposed as simple profiteers. The commandment of ‘growth, growth’ is revealed as leading to the horn of plenty—for the few. There is a challenge here for left intellectuals in steady retreat through the 1990s to build on sustained critique and to illuminate an alternative path. Maybe an old but still relevant starting point is the “advocating of those kinds of fundamental reforms that while meaningful in the present-day

⁷⁴ Sachs, J (2005) *The End of Poverty*, The Penguin Press, New York, 75

⁷⁵ Escobar, A (2002) *The Problematization of Poverty*, in *Development*, Schech, S and Haggis, J Blackwell Publishers, Oxford, 87-89

⁷⁶ Chomsky, N (2001) *What is wrong with science and rationality?* in *Market Killing*, Philo, G and Miller, D (eds), Longman, England, 100

context, in the sense that they represent class defences for the oppressed, are nonetheless clearly anti-capitalist in character, consistent with a strategy of long-term transformation. Such a strategy, moreover, demands a class struggle perspective rooted in the needs of the bottom of society-what Marx called the ‘political economy of the working class’ as opposed to the ‘political economy of capital’- and not simply the drawing up of blueprints for better management designed to appeal to enlightened members of the dominant class...”.⁷⁷

After all was it not the government’s *Ten-Year Review* that warned: “The advances made in the First Decade by far supersede the weaknesses. Yet, if all indicators were to continue along the same trajectory, especially in respect of the dynamic of economic inclusion and exclusion, we could soon reach a point where the negatives start to overwhelm the positives”.⁷⁸

Clearly, that time has come to pass.

Some immediate challenges?

Clearly, the question posed by Francis and Ramphela in their study of the late 1980s confront us again.⁷⁹ Will the hard won gains of democracy be frustrated by economic policies that are designed to bolster the position of a new domestic post-apartheid elite or are the policies, as Jeff Guy suggested, perhaps the best we can come up with in order not to run foul of a new international post-communism elite? This off course raises the issue of the present phase of globalisation and the spaces it offers.

The issue of the first and second economy, especially planned ‘interventions in the latter are of crucial importance. The ruling party has signalled that it is to place great store by this, in its quest to alleviate poverty. Despite this, there has been no critical reflection of what constitutes the second economy, what are the mechanisms to ‘bring’ it up to the level of the first economy, and what are the potential consequences for employment, redistribution and poverty alleviation.

Surveying the literature, it is apparent that there is a need to achieve consensus, speedily, on what is meant by ‘poverty’ (and the rationale for the myriad of distinctions) in the South African situation so that the debate can move on from discussions that seek to describe poverty to those that seek to address it. Of course, the definitions of ‘poverty’ and ‘unemployment’ may remain a contested area and one would fully expect interest groups in society, such as political parties, to trumpet data in whose reception as fact they have an interest. However, it appears to be high time that serious academics reach some form of fixed understanding of what they are studying, even if it is to describe divergent but settled schools of thought on the subject; to leave readers with the idea that ideological or methodological aims explain the different targets they hit, and not the impression that South African researchers sloppily, shoot from the hip. At the moment however, one is tempted to agree with Maxwell when he complains about the “bewildering ambiguity with which the term ‘poverty’ is used, and by the many different indicators proposed to monitor poverty”⁸⁰.

⁷⁷ Foster, J.B. (1990) Liberal Practicality and the US Left in *The Retreat of the Intellectuals* in Socialist Register 1990, Miliband, R and Panitch, L (eds), Merlin Press, London, 278

⁷⁸ The Presidency (2003), *Towards a Ten Year Review*, Pretoria, South African Government Communication and Information Service, October, p.101.

⁷⁹ Wilson, F and Ramphela, M (1989) *Uprooting Poverty*, David Philip, Cape Town.

⁸⁰ Maxwell, S., ‘The Meaning and measurement of poverty’, ODI Poverty Briefing (1999), quoted in Everatt, D (2003) ‘The Politics of Poverty’ in Everatt, D and Maphai, V (eds) *The Real State of the Nation*, Development Update, Special Edition, Interfund, Johannesburg 87.

The contest between BIG and Public Works Programmes is set to continue. Inscribed into this debate, is a contestation over the language that is used to describe poverty alleviation programmes.

Black Economic Empowerment as a mechanism to (re)distribute wealth and alleviate poverty must also be interrogated.

The question of vulnerable groups needs greater research. In this context female-headed households are over-represented among the poor. Child poverty is on the increase, exacerbated by the HIV/AIDS pandemic. Are the copious attempts to separate the poor from the very poor, the new 'industry' of chronic versus transient poverty a stimulus for a more fruitful policy approach to addressing poverty or simply used by the ruling class to divide a united political challenge from the poor.

Labour market issues, especially around 'flexibility' will continue as an important focus. For the first time, Thabo Mbeki is signalling the government's intention to challenge unions head-on on this issue and a recent discussion paper from leading luminaries of the ANC give lie to the seriousness of this issue.

To update Clausewitz slightly, one might say that international relations is economics by other means. Perhaps the most effective level of analysis and action when it comes to domestic poverty-eradication is to forge geo-political alliances that may better secure a trade and economic policies that favour the South. With the exception of North Korea, there are no more autarchies and perhaps economics is now accordingly only a half-science, a discipline that needs to be twinned with its politics before it becomes whole. At the level of the international are new 'alliances' the answer? A focus on attempts to configure a new trading bloc between South Africa, Brazil and India (IBSA) is also an important area for debate. Are these countries a ganging up of sub-imperialist hegemons? In this context what are sorely lacking are comparative perspectives with other countries. Where there has been comparative work, like Gill Hart's ethnographic account of Taiwanese owned factories in northern KZN and mainland China, the insights into thinking about poverty has been extremely valuable. 81

Then there is the question of power and who will articulate the demands of the poor. Will the ANC take a 'left' turn, will COSATU break from the alliance, will community and social movements become an increasingly important player? Adam Habib's thesis that only with the introduction of some uncertainty into the domestic political and electoral scene can meaningful pro-poor economic reforms be expected is worth re-evaluating on a constant basis as the Alliance waxes and wanes.

⁸¹ Hart, G (2002) *Disabling Globalisation: places of power in post-apartheid South Africa*. Pietermaritzburg: University of Natal Press.

