

“Talk left, walk right” in South African social policy

Tokenistic extension of state welfare versus bottom-up commoning of services

By Patrick Bond
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ABSTRACT:

South Africa’s welfare state expansion is said to be one of the leading “social democratic” achievements of the post-apartheid era. However, *tokenistic* features – including a neoliberal (fiscally-austere) context, the extension (not transformation) of apartheid’s inheritance, and commercialization of state services – mean the deeper crises of society and economy are not being effectively mitigated, in spite of alternative strategies of decommodification pursued by civil society activists.

South Africa is the world’s most unequal large country, judging by the Gini Coefficient, with more than 10 000 protests recorded by police annually. Yet its political leaders include many who were formidable revolutionaries, trained in Moscow exile at the Lenin Institute, or in the fires of internal struggles where conflicts over social reproduction were as important as any component of the freedom struggle. These men and women did service to the cause of justice in the most liberatory sites of struggle across Africa. Many were anti-apartheid heroes, jailed and tortured from the 1960s until 1990 when most prisoners were released. They came to power on the back of one of the world’s greatest international solidarity movements, which in turn had been inspired by the near-revolutionary situation in the townships and workplaces of apartheid South Africa.

That is why it is so ironic that the policies adopted by the African National Congress (ANC) leadership, including the extension and tweaking of apartheid-era social welfare policies, are consistent with the neoliberal economic regime that came to rule the world at the time they took power in 1994. In addition to the government’s greatly intensified reliance upon cost recovery – now extending even to the sole megacity’s highways using a controversial e-tolling system – the state maintained what can be termed *tokenistic welfare policies*.

Such policies do not entail the delivery of much higher benefits to recipients than did earlier systems (although the racial bias of apartheid was removed, naturally). Nor do they dramatically change the existing system’s paternalistic orientation. The post-apartheid policies generally cut the depth of the prior system, while extending its breadth, a project embarked upon under the overall rubric of market-oriented service delivery policy, including a risky commercialized outsourcing of benefit payments.

To illustrate, the neoliberal “cost recovery” dogma has to be reconciled with state subsidies, and hence a *tokenistic* approach to policy offers subsidies based mainly upon *capital grants*, while insisting upon full payment for the operating and maintenance costs of a state service. As a result, the “Free Basic Services” policy adopted in 2001 provides a bare minimum (e.g. 50 kiloWatt hours of electricity or 6 kiloliters of water per household per

month), and then allows service providers to charge extremely high rates for subsequent consumption. It represents a strategy for “talking left” while “walking right” – or more precisely, “turning the tap right”, disconnecting those unable to pay.

This article sets out some of the seminal experiences in the extension of the South African government’s social policy after 1994 – including the oft-praised social grant to elderly people – and, in the Conclusion, contrasts these with activist initiatives informed by a more robust decommodification logic. Struggles over AIDS medicines and water/sanitation services illustrate stark differences. The latter achieved exceptional success, raising life expectancy dramatically, and compelling much greater water provision (including through illegal reconnections) than would otherwise have been granted. In these cases, it is much more in the spirit of Andre Gorz’s strategies that we can understand an alternative approach to social policy, in which (reformist) reformism is rejected in favour of a (non-reformist-reform) “commoning” strategy, both in policy and grassroots practice.

Poverty and welfare during South Africa’s elite transition

The context is the continuity – not change – in various systems of South African super-exploitation, from the era of racial apartheid to the post-1994 class-apartheid era (Bond 2005). For example, a core component of apartheid political economy, migrant labour, has persisted long after 1994. Even though black male and especially female workers were extremely underpaid in relation to their white counterparts and global norms in 1994, inequalities deep within the system were amplified. From 1995 to 2005, University of Cape Town researchers found, African households lost 1.8 percent of their overall income (including wages, salaries, and unearned income), whereas white households gained 40.5 percent (Bhorat *et al.* 2009: 8). A 2010 report of the Organisation for Economic Cooperation and Development by a team led by Murray Leibbrandt concluded that since 1994, “poverty incidence barely changed in rural areas, while it increased in urban areas” (Leibbrandt *et al.* 2010). If the \$43 “national poverty line” is an appropriate guide for monthly income, the percentage of poor people rose from 45.6 percent in 1994 to 47 percent in 2012, according to Haroon Bhorat (2013). Over the same period, the ratio of surplus in the economy given to labour versus that taken by business (i.e., wages to profits) shrunk by 5 percent (Forslund 2013a). High increases in fees for consuming basic state services began to kick in by the late 1990s, and the early 2000s witnessed a merely *tokenistic* Free Basic Services programme, in which cities like Durban (allegedly the most generous) doubled the overall price of water from 1997-2004 while offering a meagre 6 kiloliters a month per household free. The result was higher non-payment rates, higher disconnection levels and a full third less consumption of water by Durban’s poorest million people (Bond 2010).

Nevertheless, vocal neoliberal critics of the new South Africa sometimes bemoan a new “culture of entitlement” in which the government is expected to solve all social ills (Madywabe 2005). Former Black Consciousness movement revolutionary leader Mamphela Ramphele (a Managing Director at the World Bank during the early 2000s and later a wealthy venture capitalist and politician) argued forcefully against the rights-based strategy: “The whole approach of the post-apartheid government was to deliver free

housing, free this, free the other. This has created expectations on the part of citizens, a passive expectation that government will solve problems” (Green 2009). As for academics, Stephen Devereux considers SA social protection “exceptional not only because of the extensive coverage, relative generosity and efficient delivery of its social grants, but because these grants are underpinned by political commitment and legislated rights” (Devereux 2011). Jeremy Seekings (2005: 50) calls it “exceptionally generous”, but this is all relative, for he and Nicoli Nattrass argue that *tokenism* is fine: “The best that a labour surplus economy such as SA can aspire to is an American-style welfare state regime with a very inegalitarian labour market, where the state provides minimal and stringently means-tested public welfare” (Nattrass and Seekings 1997: 476).

Means-testing is typically contrasted with universalism, and the “American-style” regime is the object of scorn in Gosta Esping-Andersen’s “three worlds of welfare capitalism.” According to Esping-Andersen (1990), welfare states are functional insofar as they legitimise capitalism and secure a stable labour force, while Keynesians also promote the state’s spending capabilities to mitigate against capitalist crisis tendencies. Three types of welfare state regimes – social democratic (Scandinavia and some other northern European countries); corporatist (middle-Europe); and neoliberal (Anglo-Saxon countries) – reflect some of the institutional characteristics associated with the nature of the societies in which they arise (e.g., open/closed, early/late democracy and nature of state-society bargaining systems). Class power is usually the determinant factor, and the interests of workers are to “decommodify” their own labour-power, through assuring benefits that allow them to leave the job market, and to “destratify” access to welfare services through universal access. In the process, the workers’ interests are to insist upon redistribution within contribution systems such as unemployment insurance, health schemes and pensions. To these ends, class coalitions are crucial to understanding how a numerically-important but minority class (workers) can forge alliances with, e.g., rural people, to establish social-democratic systems, and conversely why close relations between capital and the state often lead to more neoliberal welfare systems that commodify labour and generate less generous, means-tested benefits.

In South Africa during the early 1990s, class divisions suddenly opened between the mass of poor people and employed working-class members of trade unions who were formerly resident in the same slums as the poor but then became geographically mobile after racial restrictions in suburbs were lifted. The latter forged a formal Alliance with the ANC and Communist Party during the early 1990s, and then became corporatist insiders whose leaders were assimilated into the power structure (many labour elites were given the tasks of state services commercialization, for example), until in late 2013 a break was initiated by the largest trade union (the National Union of Metalworkers of South Africa), in part because of the political contradictions represented by this malfunctioning class coalition. As a result of the fracturing of working-class power and growing distinctions within the class during the 1990s, the post-apartheid state adopted a version of neoliberal social policy: what we can term *tokenistic* welfare is provided to the majority of South Africans, including the 30 percent or so who receive monthly grants. Most grants are \$29/month for supporting each poor child under age 18, but in addition there is a \$125/month pension for people over 60 years old, whose relative generosity disguises deeper state commitments to neoliberalism.

Tokenistic social policy in philosophy and practice

A leading researcher in the SA Presidency, Alan Hirsch (2005), argues in what may be the most substantive, book-length defense of post-apartheid policies:

[A]t the centre is a social democratic approach to social reform – it is the state’s job to underwrite the improvement in the quality of life of the poor and to reduce inequalities, but with a firmly entrenched fear of the risks of personal dependency on the state and of the emergence of entitlement attitudes... The ANC’s approach is sometimes summarized as elements of a northern European approach to social development combined with elements of Asian approaches to economic growth, within conservative macroeconomic parameters. This remains the intellectual paradigm within which the ANC operates.

In fact, the “conservative macroeconomic” policy is quite closely matched to neoliberal micro-developmental parameters. According to Franco Barchiesi (2005: 382), the state’s 1997 *White Paper* “reaffirmed the notion of ‘developmental social welfare’ as geared towards providing citizens with an ‘opportunity to play an active role in promoting their own well-being’.” The priority on individual self-activation, under the guise of ‘empowerment’ discourse, was combined with a view of social security and social services as ‘investments which lead to tangible economic gains.’” To illustrate, there is no question that social spending directed towards low-income people has a higher economic “multiplier” effect than subsidies given to multinational corporations (of which there are many), since basic-needs consumption requirements such as food and municipal services are produced locally (Samson *et al* 2004).

However, under this logic, welfare becomes oriented to the economy’s needs, not the society’s, leaving no rationale for welfare programmes – aside from a brief six-month period of unemployment insurance – for the 35 to 40 percent of the working-age population who cannot find either formal work or even engage in informal entrepreneurial activity, at any given time. An official 2002 commission on welfare reform (the Taylor Committee) argued that social grants should be “inducements for productive economic activity, not as an alternative to depending on the labour market,” leading Barchiesi (2009) to remark, “the South African system of social grants has therefore the effect of generalizing, institutionalizing, and perpetuating social precariousness.” As for an alleged work disincentive associated with state handouts, Leibbrandt *et al* (2010: 38), clarify: “There is some concern about negative labour supply effects from these transfers. However, there is little empirical evidence to support this concern.”

Another alleged behavioral incentive is that the Child Support Grant encourages teen pregnancies, as poverty-stricken girls seek the \$29/month support. But pregnancy rates were higher than before 1998 when the grant was introduced, and moreover, only a fifth of teen mothers became grant beneficiaries, according to a Human Sciences Research Council (HSRC) team (Makiwane *et al* 2006). As for another grant-related incentive, the \$123/month disability grant to people in advanced stages of AIDS, there are occasional

reports, as Steven Robins (2006) notes, “that some poor and unemployed citizens are consciously infecting themselves, or threatening to stop treatment, to access the disability grant” given to citizens and permanent residents with low CD4 counts, though again, empirical evidence is not available to know whether this is an urban myth. Still, it is a useful myth for budget cutters, peddled by no less than then finance minister Manuel, in a 2005 press conference at the International Monetary Fund (2005):

We have a peculiar problem in South Africa where people are entitled to a disability grant while they are receiving medication for tuberculosis. So when they heal, presumably, their disability grant, it’s about US\$150 a month, ends. So people have no incentive to get well. And so, they tend to come off treatment.

But three studies conducted at the same time, according to HSRC researchers, showed

no evidence to suggest that grants, particularly the Disability Grant, act as a perverse incentive to influence individuals to deliberately neglect their health in order to access the welfare system. While this research does not exclude the possibility that such abuses may occur, it highlights the fact cases are rare and should not serve as an argument against the introduction of a necessary and constitutionally guaranteed social service (Makiwane and Hamnca 2010).

For James Ferguson (2013: 223-242), the ANC’s expressed fear of “dependency” is not simply a “lamentable manifestation of a reactionary and retrograde yearning for paternalism and inequality,” it is instead “an entirely contemporary response to the historically novel emergence of a social world where people, long understood (under both pre-capitalist and early capitalist social systems) as scarce and valuable, have instead become seen as lacking value, and in surplus.” The essential problem is the precarious nature of membership within a proletariat now in vast surplus in relation to the means of production, he continues: “For more than a century in southern African, labour provided the most powerful foundation for subaltern social membership (especially in domains marked as urban and modern). Today, with work decentred and underemployment a durable and widespread reality, we must rethink both the grounds for social membership and the meaning of work.”

In this context, social grant provision remains a logical component of a neoliberal state’s policy repertoire, as Susan Booysen (2011: 15) argues, because it is a part of the ruling party’s “political regeneration... the ANC-in-government is the dispenser, the patron that ensures social grants and other benefits. This is recognised as the ‘ANC doing good’.” But more than patronage, there is also the political importance of *appearing* to be a generous social welfare state, especially when *tokenistic* expansion of social policies stands in contrast to the deeper, genuinely “northern European” approach based on decommodification and destratification that Hirsch so erroneously claims.

In sum, Barchiesi (2009) concludes, South African social policy “is characterized by a high degree of commodification, intended, borrowing from Esping-Andersen, as the dependence of social provisions and living standards on individual labour market positions and waged

employment, rather than on subsidization from either employers or the state.” In describing “the art of neoliberalism” in South Africa, Nicolas Pons-Vignon and Aurelia Segatti (2013) agree that “direct transfers can alleviate poverty, but they do little to address inequality; furthermore, they act to entrench neoliberalism if they are associated, as has been the case in South Africa, with encouraging private provision of services to the poor.” Such private provision regularly results in scandals, including an apparently corrupt \$1 billion outsourcing of benefits payments, as Jane Duncan (2014) observes:

the very act of placing public functions in private hands means that social security inevitably becomes debased by the profit motive. South Africa's social security-dependent poor are a massive captive market for profit-seeking companies. In the name of efficiency, the SA Social Security Agency has entrusted the administration of millions of South Africans' livelihoods to a private sector that appears to be more concerned about lining its own pockets than serving the poor and vulnerable.

There are certainly caveats to South African applications of Esping-Andersen's three regime types and of his categories of commodification and stratification (Sampie Terreblanche [2002] offered its most sophisticated expression so far), not least traditional concerns that important gendered aspects of social reproduction and service provision are downplayed. Ben Fine (2011) advocates, instead, focusing “on the material culture attached to welfare across specific programmes and countries.” The culture of the inherited system of apartheid welfare was racist, patriarchal, paternalist and entrepreneurial, and as early as 1975, was officially expressed in these neoliberal terms: “The government is opposed to the Republic's developing into a welfare state as it is understood and manifested itself in other parts of the world, but it is committed to a policy which is aimed at the independence of the individual and of the community” (cited in Barchiesi 2011).

This legacy meant, according to Barchiesi, that 1980s-era black trade unions increasingly advocated “a national fiscally-funded pension system to overcome the fragmentation and inadequacies of the existing Unemployment Insurance Fund and old age state pensions.” In this conflict, Barchiesi continues (based on an ANC policy document approved in 1992),

The ANC warned that generalized social provisions could degenerate into a “hand-out approach” to be countered by the “importance of the family as it is understood within the social and cultural norms.” Universalism and decommodification were, finally, overtly downplayed as social provisions were stratified according to employment. Wage earning and related benefits would therefore cater to the needs of the employed, while state-funded safety nets would cover only the deserving poor, whose “ability . . . to contribute to society through work or other ways is beyond their control.”

Even Mandela warned at the opening of parliament in early 1995, “The government literally does not have the money to meet the demands that are being advanced” – although he did authorize \$6 billion for an arms deal that corrupted his party beyond recognition. As for social policy: “We must rid ourselves of the culture of entitlement which leads to the expectation that the government must promptly deliver whatever it is that we demand” (cited in Bond and

Ruiters 1996). Minimalist approaches to social democracy characterised Mandela's public policies, since so many of the concrete strategies were suffused with neoliberal market-oriented characteristics, or were simple extensions of inherited apartheid policies (Bond 2005).

To illustrate, the 1996 Constitution locked in the principle of the means test: "Everyone has the right to have access to social security including, *if they are unable to support themselves and their dependents*, appropriate social assistance" (emphasis added). As Jimi Adesina (2007) complained, by 2004 the Child Support Grant had left out 42 percent of those who were deserving of the grant: "The onerous procedure for accessing the grant (documentation, forms to fill and means-testing) by applicants in mostly rural provinces, and for those who are less able to navigate the bureaucracy, is without doubt the primary source of the low take-up rate."

The critical question for post-apartheid policy-makers was, could a new South African government be more generous to a larger pool of citizens, in providing higher grant levels and universal access backed by higher taxes, e.g. a generous Basic Income Grant? The budget tells part of the story, but as with the 2001 commitment to Free Basic Services, the devils are in the detail. For example, it is true that after 1994, there was a rise in national funding made available for capital expenditures on basic services, including a World Bank-designed capital grant for a small house (often half as big as those provided under apartheid), as well as limited hook-ups to the water and electricity grids in most (though not all) settings. However, in the initial post-apartheid period, this occurred alongside a dramatic decline (85 percent in real terms from 1991-97) in operating and maintenance grants for municipalities, as measured by the Finance and Fiscal Commission (Bond 2000).

Here we find reflected the *tokenistic* approach to social policy, in which decentralization of state services also translated into "unfunded mandates," i.e. the central government's command that municipalities do more things with fewer resources. The inability of many municipalities to spend capital grants in a timely way, meant "roll-overs" of funding were typical, yet at the same time the vital operating subsidies needed to assure that residents could afford basic services were insufficient. The overpriced or badly supplied water, sanitation, electricity and other municipal services that resulted from this arrangement were continuing catalysts behind many a service delivery protest.

The first programme along these lines was Operation Masakhane, "Let's Build Together," a 1994 campaign that Pretoria developed in order to reward residents' payment of rent/service bills with improved state services, although the initial allocation was only a relatively petty \$200 million. Notwithstanding advertisements by Archbishop Desmond Tutu and former radical trade unionist Moses Mayekiso, its failure coincided with rapid increases in water and electricity prices that were required because of the devastating central-to-local state operating subsidy cuts. These funding cuts left many municipalities effectively bankrupt, just at the stage they were taking on responsibility for vast numbers of new residents. Moreover, when in 2000 the municipal demarcation exercise reduced the numbers of local authorities from 843 to 284 – which had the effect of increasing the geographical requirements for service delivery in Bantustans and other poor areas, and also resulted in

untenable distances (often scores of kilometers) between municipal elites and the governed – this also further cut back on the possibility of meaningful local democracy (Bond 2006).

By 2002, the result of these unfunded mandates meant that service charges on water and electricity were raised to cross-subsidise other municipal functions, although by then such charges consumed 30 percent of the income of those households earning less than \$70 per month. As unemployment rose during the late 1990s, an upsurge of disconnections resulted, with an estimated 10 million people losing service from 1994-2001 (McDonald and Pape 2002). Of these, 60 percent were not reconnected within six weeks, indicating that poverty was primarily to blame and not the so-called “culture of nonpayment” that those now in power alleged as a negative legacy from the days of effective anti-apartheid activism (Bond 2002). The worst disconnection rate was for fixed telephone lines, where, of 13 million people connected for the first time, 10 million were cut by 2000, as prices per call soared. This was due to the partial privatization of state phone company Telkom that resulted in the demise of internal cross-subsidies, as the new Texan and Malaysian investors attempted to maximize profits at the expense of poor-customer retention, during the late 1990s (Bond 2005).

As another reflection of commercialization and commodification processes, the 1998 national electricity policy called for the parastatal agency Eskom to apply “cost-reflective” pricing policies, which meant much higher charges for poor people, especially those who during the 1980s and early 1990s had fought successfully for a nominal township service fee: then a \$3 “fixed charge.” But the fee rose, in real terms, by more than a factor of ten by the early 2010s when much higher prices and volumetric metering applied (Bond 2012). In contrast, recognising how vital it was to provide cheap electricity and water, the 1994 *Reconstruction and Development Programme* (the ANC’s campaign platform) had endorsed the progressive principle of cross-subsidisation, which imposed a block tariff that was meant to increase substantially for higher-volume consumers. This redistributive approach would have consciously distorted the relationship of cost to price and hence sent economically “inefficient” pricing signals to consumers. Such signals should have meant that *poor people could consume more essential services* (for the sake of gender equity, health and economic side benefits), while rich people and big businesses would embrace conservation (and hence environmental protection) by cutting back on their hedonistic consumption levels, thanks to much higher prices.

The neoliberal critics of progressive block tariffs insisted that such distortions of market logic would introduce a disincentive to supply low-volume users; their assumption is that the whole point of public utility supply is to make profits or at least to break even in narrow cost-recovery terms. In advocating against the proposal for a free lifeline and a rising block tariff, a leading World Bank expert (Roome 1995) advised the first democratic water minister, Kader Asmal, that privatisation contracts “would be much harder to establish” if poor consumers had the expectation of getting something for nothing. If consumers weren’t paying, the advisor argued, South African authorities required a “credible threat of cutting service.” New technologies for disciplining poor people also emerged in this period, for as Greg Ruiters (2007) found, “The prepaid system in telephones, electricity and increasingly water has clearly become a state ‘civilizing’ tool for the marketized political ‘management’ of the

ungovernable poor.”

These approaches foiled a genuinely redistributive strategy. Not even the next water minister, the vocal communist revolutionary Ronnie Kasrils, could fulfill his (heartfelt) commitment to finally implement a free basic water policy. Indeed Kasrils' high-profile promise in early 2000 led the authors of the World Bank's (2000) *Sourcebook on Community Driven Development in the Africa Region* to quickly lay out a typical neoliberal policy for pricing water: “Work is still needed with political leaders in some national governments to move away from the concept of free water for all.” In 1999, the Bank had claimed that the water advisor's 1995 pricing recommendations were “instrumental in facilitating a radical revision in South Africa's approach to bulk water management” (World Bank 1999) – and also to Asmal's revision away from the 1994 *Reconstruction and Development Programme* mandate for a lifeline supply Free Basic Water (Bond and Khosa 1999).

By the time that mandate was finally honored by Kasrils, the commercialisation instinct was already thoroughly accepted by municipalities. As a result, the right to water ended up either being sabotaged or delivered in a *tokenistic* way, free for merely the first 6 kiloliters/household/month (kl/hh/m). To illustrate, in Durban – the main site of Free Basic Water pilot-exploration starting in 1998 – the overall cost of water ended up doubling for poor households because of a huge price increase in the second block (the city soon had the second-highest price amongst its South African peers for 6-10 kl/hh/m). For poor people, this led to consumption cuts by a third in the subsequent six years, from 22 kl/hh/m to 15 (Bond 2010). Matters were even worse in rural areas, where extremely serious problems arose in the community water supply projects, and the main reasons for unsustainability of a water system invariably included genuine affordability constraints (Hemson 2003).

One reason these sorts of devils-in-the-detail arguments are critical is the hype that invariably accompanies discussion of ANC delivery. Just prior to the 2004 election, for example, the government's communications director, Joel Netshitenzhe (2004), claimed in the leading Sunday newspaper “10 million people connected to water [from 1994-2004] cannot by any stretch of the imagination be compared with the *few households occasionally cut off*” (emphasis added). Yet a few months later, in the *Mail & Guardian*, the government's chief water official conceded that in 2003, “275,000 of all households attributed interruptions to cut-offs for non-payment,” which extrapolates to in excess of 1.5 million people affected that year alone (Muller 2004). Notwithstanding this extent of continuing Free Basic Water policy *negation in practice*, the SA Institute of Race Relations – self-described as “South Africa's Leading Research and Policy Organisation” – argued in 2012,

A myth has taken hold in South Africa that service delivery was a failure. However research we have published over the past several years suggests that this is not the case... The number of households with access to piped water increased from 7.2 million to 12.7 million or by 76.6 percent [between 1996 and 2010]. The proportion with access to piped water increased from 80 percent to 89 percent. Increases of a similar magnitude are true for all 15 service delivery indicators tracked by the Institute (Cronje 2012a).

I asked the institute's main research official, Frans Cronje, "do you have data on service delivery not just in terms of the capital investment and services *installation*, but also *service standards* (e.g. flush toilet in contrast to pit latrine) and the *operations and maintenance* of services, e.g. pricing, breakdowns, disconnections and other service disruptions?" The reply: "All good questions. Truth is few answers exist in SA. Would have to do the field work to establish the answer" (Cronje 2012b). His institute never did, and instead, drawing on these statistics, the neoliberal newspaper *Business Day* (2012) quickly applauded the government, as did a Communist leader within the government, higher education minister Blade Nzimande (2012). As a result, South Africa's oft-heralded household water supply is a good example of a *tokenistic* social policy which satisfies those with power, wealth and strong *status quo* orientations (no matter their declared ideology).

Unevenly ungenerous welfare

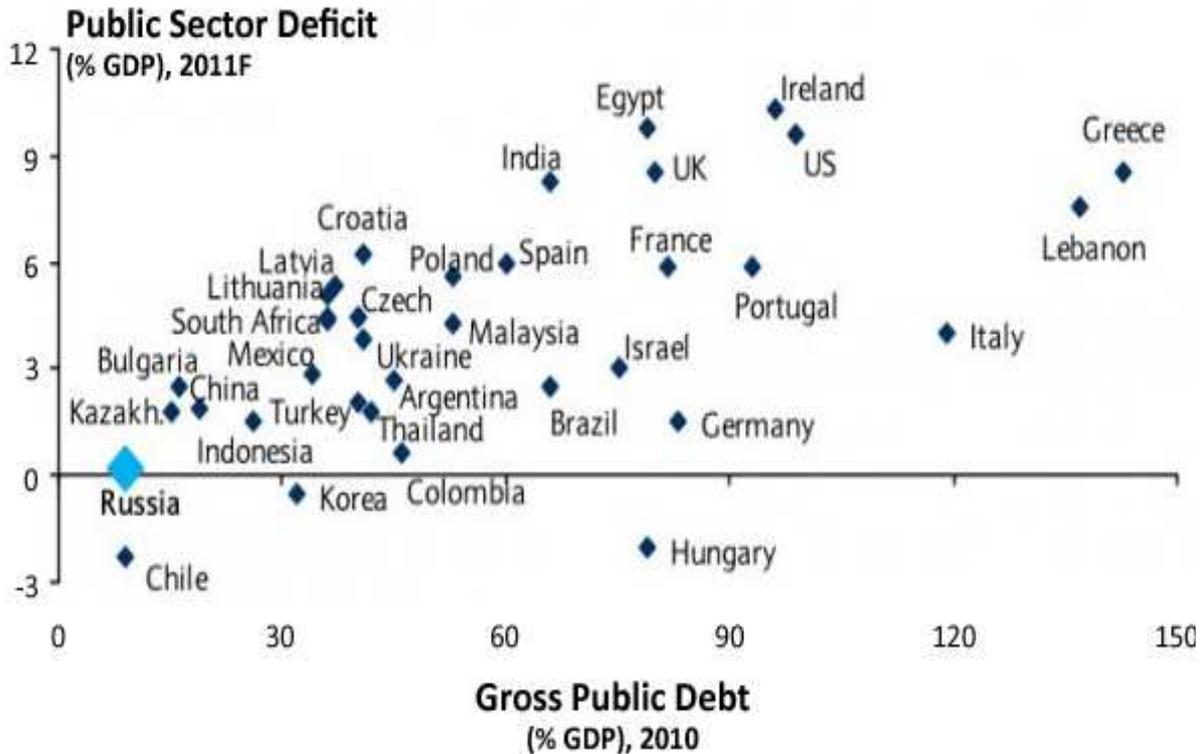
The same pressures existed for social grants, and dating to 1994, the equivalent version of disconnections – i.e., the biggest single decline in benefits – was to children (of any race) who had formerly received a State Maintenance Grant during the apartheid era. The mother or caregiver had to first show they were "deserving" poor, either by applying for financial support from her partner or the father of her children in a magistrate's court, or being widowed or deserted. In August 1996, the Lund Committee led by progressive social policy expert Francis Lund overturned this grant, partly on grounds it retained strong racial biases, and also that it was rooted in nuclear-family structures insensitive to apartheid's destruction of families.

Instead, however, the Committee justified a new, much broader-based Child Support Grant by cutting the existing payment (\$38/month at the end of apartheid) by 44 percent (which after church-led protests was changed to a 26 percent cut, to \$28). Eligibility was changed so that grants were given to the caregivers of only children under age 9, on grounds that to achieve equality would cost up to \$5 billion annually, considered too great a burden on the budget at the time. Eventually the age level was raised to 18, but by early 2014 the monthly grant per child was still \$29. The Lund Committee (1997) complained that "fiscal discipline imposed by the government's macroeconomic growth strategy makes it impossible to reach all poor children" so in order "to distribute more money to rural, African women and their families who are most seriously disadvantaged under the existing system [and] achieve greater equity with limited resources, some current recipients will lose out."

Fiscal discipline was the overarching constraint, as the 1996-2000 macro-economic strategy imposed often draconian cuts in state services. In relative terms, Pretoria's capacity to serve its citizenry steadily shrunk in comparison to the size of the economy, for across the terrain of social and public policy, government's "general services" role in GDP rose from 16.2 percent in 1994 to 17.3 percent in 1998, but fell back to 15.8 percent by 2002 and 13.7 percent in 2012. Reflecting the cost-recovery approach to service delivery and hence the inability of the state to properly roll out *and maintain* these functions, the category of GDP components termed "electricity, gas and water" fell steadily from 3.5 percent to 2.4 percent to 1.8 percent of GDP from 1994 to 2002 to 2012. The cutbacks were

not due to the elimination of fraud and waste; instead, the state was underspending in general, compared to peers. The 2010 internal gross public debt of South Africa was less than 40 percent of GDP, well below high-performance countries Malaysia, Brazil, Argentina and Thailand (Barclays Capital 2012).

Figure 1: South Africa’s annual state deficit and total public debt, 2011



Source: Barclays Capital 2012

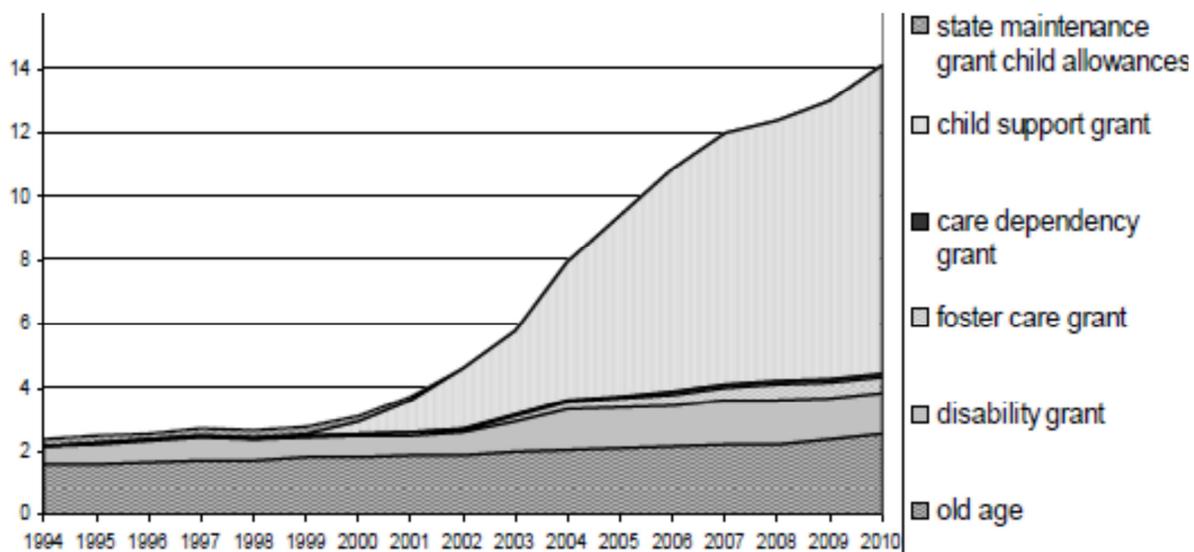
So on the one hand, were there political will (not Manuel’s cynical stinginess), state fiscal support for the social wage was not terribly difficult to raise in absolute and relative terms. This was partially attempted, but *tokenistically*, by using inherited, formerly racially-delineated social programmes like the child grant and pension, and broadening these to include all South Africans. The expansion entailed a fiscal commitment that was actually quite limited, with state social spending never exceeding a 3 percent increase in GDP beyond 1994 levels. As the Financial and Fiscal Commission (2011) reported, even dating to 1983, social transfers rose from just 1.8 to 4.5 percent of GDP through 2007, and as a result, “Post-1994 expansion of the grants system has not threatened fiscal sustainability.” From an inherited budget deficit of -7.3 percent in 1993, the Treasury shrunk the deficit and even achieved a budget surplus of more than 1 percent by 2008, before the 2008-10 economic meltdown forced a renewal of (moderate) deficit spending.

What happens *within* state expenditures is also critical, for social grants spending was, over time, *less* progressive – i.e., less directed to the poorest South Africans – in 2006 than in 1995, by quite substantial amounts, according to Servaas van der Berg’s modeling. Using a -1 value as the most progressive outcome in which all spending benefits the poorest, and +1 the most

regressive, van der Berg found a progressivity shift for social grants worsening from -0.434 to -0.431 in 2000, and using a different series, from -0.371 in 2000 to -0.359 in 2006 (Van der Berg 2009). Even though the internal progressivity of the grants declined, van der Berg (2009: 20) claimed that these and other budgetary shifts were profound: “The Gini Coefficient for pre-transfer income was 0.69, but it dropped to 0.52 for income plus benefits and to 0.47 after taxes had also been subtracted.” Unfortunately, van der Berg (a regular consultant to the neoliberal Treasury Department) made no effort to calculate or even estimate state subsidies to capital, i.e. corporate welfare. Such subsidies remained enormous because most of the economic infrastructure created through taxation – roads and other transport, industrial districts, the world’s cheapest electricity, R&D subsidies – overwhelmingly benefits capital and its shareholders, as do many tax loopholes.

The increased amount that Pretoria spent on social welfare in 2014 compared to 1994 was therefore *tokenistic* in view of the vast need and rising inequality. Nevertheless the numbers of recipients soared from three million to 16 million, nearly a third of the entire population, mainly due to child-support grant recipients whose eligibility age doubled.

Figure 2: Numbers of social assistance beneficiaries, 1994-2010 (millions)



Source: Seekings and Matisonn 2010

Tokenism in the Older Person’s Grant

The Older Person’s Grant (OPG) fuses two tendencies: being both relatively generous (around 150 percent of the median income for that age range) as a result of apartheid’s support to elderly whites, and *tokenistic*. The rise of OPG beneficiaries in recent years, from 1.8 million in 2001 to 2.2 million in 2010, reflects higher life expectancy as AIDS medicines finally became available, along with the equalization of the beneficiary age at 60 (previously men qualified only at age 65). But again, the racial implications are critical because more than 20 percent of older persons are white, which is more than double their proportion in the society, as a result of much higher life expectancy (about 15 years greater than Africans’ life

expectancy).

There is no doubt that in comparative terms, the OPG pension is a relatively generous transfer system, yet the pre-liberation era defined the post-1994 system's scope and scale. The deracialised extension of the scheme to the broader society – a task mainly accomplished by 1994 – was the least that one would expect. That retirement pension scheme began in 1928 and was initially limited to white and coloured people, though from the mid-1940s some Indians and Africans also qualified, with urban white pensioners getting around 10 times the monthly amount that rural Africans received by the late 1960s. Given the extreme character of apartheid's migrant labour system and the forced removal of those who were not of a working age to rural ("foreign") Bantustan homelands, the big challenge would be to reach the vast numbers of black Africans in rural areas, many of whom had been shut out of the system before 1994.

Still, according to the SA Social Security Administration (2009), after the ANC took power, the coverage rate of the OPG declined steadily, from 72.2 percent of the target population in 1995 to a low of 66.5 percent in 2007 before a slight uptick resumed. One reason for diminishing services to those ostensibly covered by the OPG was the persistence of the means-testing; in 2014, eligibility was only for those citizens or permanent residents with lower than a \$400 monthly income and assets less than \$80 425 (or double those figures in the case of married recipients). Eligibility also excluded recipients who received any other grant, as well as those cared for in state institutions.

The OPG was means-tested from the outset, in contrast to most other systems being developed at the time as universal. The latter systems were able to generate much more widespread support. In the neoliberal United States, for example, it has taken several decades of unremitting presidential hostility to welfare, dating to the Reagan Administration, to begin the process of Social Security pension cutbacks; the old-age pension there is referred to – using a subway metaphor – as the "Third Rail" of US politics, meaning, if you touch it, you are electrocuted. The system's widespread support stems from universal contributions and payments. In 2013, a promise was made by finance minister Pravin Gordhan to end the means test, but whether this happens remains to be seen. (A similar concern applies to Gordhan's apparent abandonment of National Health Insurance policy, approved by the ANC after extensive lobbying but essentially unfunded in recent budgets [Forslund 2013b].)

Another feature of the South African OPG is its "non-contributory" character, which puts more of the burden on present (than past) tax-payers: it doesn't matter how long, or whether, a recipient formally worked. In contrast, in many countries, the opportunity to tax workers on a contributory basis is also the basis for more redistribution when higher-paid workers carry a higher tax rate, in some settings (e.g. 20 out of 28 OECD countries during the 2000s) (Steenekamp 2012). South Africa's overall tax progressivity declined substantially just before and after the end of apartheid, thanks mainly to deep corporate tax cuts and growing loopholes, as well as fast-rising Value Added Tax. During the period of most intense neoliberalism, from 1997-2000, there were steep declines of progressivity within the personal income tax as well, and although these were slightly reversed in the

2000s as tax reform was applied – and once corporate profits (and hence taxes) recovered strongly in the 1999-2008 mini-boom – the personal income tax was still less progressive in 2009 than in 1997 (Nyamongo and Schoeman 2007; Steenekamp 2012). In 2008, StatsSA (2008: 33) remarked, including taxation in a revised Gini coefficient “reveals no statistically significant impact on inequality”; in other words, South African tax progressivity is, in reality, *tokenistic*.

Moreover, without a contributory mandate that – like a private pension scheme – would ensure enforced savings and a rising payout level (assuming sensible investment of the earlier revenue), the OPG becomes vulnerable to suffering real (post-inflation) diminution: annual increases are sometimes outstripped by inflation, depending upon the ability of OPG advocates to lobby the finance minister. Under Manuel, OPG inflation-caused shrinkage occurred annually from 1997-2003, before a more healthy revenue inflow allowed above-inflation increases of 20 percent through 2006, and has again become a problem since 2007, leaving a much smaller real level, approximately equal to 1994 values. In 2013, for example, the grant’s increase was 1.5 percent below the average inflation rate. But the average inflation rate is biased, and if compared to much higher inflation rate on a low-income consumption basket, the OPG declines were even greater. Arden Finn, Murray Leibbrandt and Morne Oosthuizen (2013) show that “inflation over the latter half of the 2000s has been anti-poor... some of the increase in the expenditures of the poor over the period does not signal an increase in consumption (and therefore real wellbeing), but rather an increase in the cost of the same consumption bundle.”

In sum, the OPG is a continuation of the apartheid system, but with lower inflation-adjusted payouts than in 1994 and lower coverage, and lower tax progressivity. Its expansion was not substantive, not nearly what one would expect from a genuine, non-racial welfare state after 1994. The OPG and most other grants are best considered *tokenistic*.

Conclusion: *commoning not tokenism*

South Africa’s welfare state is terribly unsatisfactory, given the society’s wealth, world-leading inequality and record of social mobilization against injustice. The repeated claim that South African welfare grants lift people from poverty needs to be considered critically. Barchiesi (2009) rebuts, “More useful would be rather to see social grants as a specific biopolitical intervention. Taken individually, they are in fact so meagre that even receiving more than one in a single household is no guarantee of a life out of poverty.” Overall, the size and orientation of social grants is inadequate, and a summary more than a decade ago by Nina Hunter, Julian May and Vishnu Padayachee (2003) still applies: “The grants do not provide comprehensive coverage for those in need. Unless they are able to access the disability grant, [pre-retiree] adults are largely excluded from this framework of assistance.” Other problems were legion: means-testing was utilized with the inevitable stigmatization that comes with a state demanding proof of poor people’s income; cost-recovery strategies were still being imposed, by stealth, on recipients of state services; the state’s potentially vast job-creating capacity was never utilized aside from a few short-term public works activities; and land and housing were not delivered at appropriate rates.

The idea that South Africa is an aspirant social democracy with an “extremely generous” welfare state also conflicts with testimony by police minister Nathi Mthethwa (2013): “During 2012/13 alone police managed 12 399 public incidents. Of these, 10 517 were peaceful and 1 882 were violent public protests... Over the past 4 years, a total of 46 180 incidents were attended to and all were successfully stabilised with 14 843 arrests effected” (although these statistics include the 2012 Marikana mineworkers protest whose “stabilisation” occurred through a premeditated police massacre). What can we conclude about the ANC government’s commitment to South Africa’s increasingly angry poor majority? While Barchiesi (2011) makes a compelling, detailed case to link state policy and practices to the changing nature of the labour market using the phrase “precarious liberation” (emphasizing as he does the imperative of wage labour for the majority of people), I prefer *tokenistic* to describe how neoliberal nationalism treats its poorer constituencies, who in 2014 will vote for the same party whose policies and practices drive them to what is quite possibly the world’s highest per capita rate of social protest.

The practical alternative to *tokenistic* welfare in South Africa is a policy based on *commoning* of social resources, funded by more progressively applied state tax and fee revenues, and won through bottom-up struggle in which policy is shaped by activists. To conclude, two examples are illustrative: AIDS medicines and water. The first relates to the world’s most important breakthrough in commoning activism: knowledge production, especially the various facets of the internet that decommodify and destratify information. The most vital gain to South African society came thanks to a specific attack on Intellectual Property in the period 1999-2004 by the Treatment Action Campaign (TAC), made up mainly of black HIV+ South Africans.

An individual’s access to AIDS medicines – “anti-retrovirals” (ARVs) – cost \$15,000 per year in the early 2000s, restricting the ability to buy decades worth of longer life to a tiny, wealthy (and mainly white) minority. As a result of strong lobbying by progressive new bureaucrats and the courage of health minister Nkosazana Dlamini-Zuma, the South African government’s 1997 Medicines Act made provision for compulsory licensing of patented drugs, especially ARVs for the country’s five million HIV+ population. That law was immediately confronted by the US State Department’s “full court press” (the formal description given to the US Congress), in large part to protect intellectual property rights generally, and specifically to prevent the emergence of a parallel inexpensive supply of AIDS medicines that would undermine lucrative Western markets (Bond 1999, Natrass 2003).

US Vice President Al Gore directly intervened with SA government leaders in 1998-99, to revoke the law’s implementation. But in July 1999, Gore launched his 2000 presidential election bid, a campaign generously funded by big pharmaceutical corporations (which in a prior election cycle provided \$2.3 million to the Democratic Party) and as an explicit counterweight, the TAC’s allies in the AIDS Coalition to Unleash Power (ACTUP) began to protest at his campaign events. The protests ultimately threatened to cost Gore far more in adverse publicity than he was raising in Big Pharma contributions, so he withdrew opposition to the Medicines Act, as did Bill Clinton a few weeks later at the World Trade Organisation’s aborted Seattle summit. By late 2001, the Doha Agenda of the World Trade

Organisation adopted explicit language permitting violation of Trade Related Intellectual Property Rights for medical emergencies (Bond 2003).

The South African government remained reluctant to provide medicines, however, for a variety of dubious reasons in part related to Mbeki's "denialism" that HIV causes AIDS (Geffen 2010). As a result, the TAC was compelled to file a Constitutional Court case which succeeded in at least gaining access to Nevirapine for pregnant, HIV+ women in public hospitals. The TAC then won a ferocious battle within the ANC government, and by late 2003 managed to have the ANC policy reversed by the party's National Executive Committee. Local medicines manufacturers Aspen and Adcock Ingram then managed to lower costs substantially through voluntary licensing of the major AIDS drugs. It is in this sense that not only decommodification, but also *deglobalisation of capital* was considered vital to expanding access, as was likewise the *globalization of solidarity* a critical factor in weakening global capital's power. The resulting gain in South African average life expectancy was from 52 in 2004 to 60 by 2012, as two million people were brought into state ARV treatment who would not before have had a chance.

A similar programme of decommodification occurred in grassroots social movements and amongst sophisticated community groups which learned how to illegally reconnect water piping and electricity wiring in the anti-apartheid struggle era, and applied the skills with more anti-capitalist sentiment during the era of water commercialization, from the 1990s through the present. Initially, some were inspired by the 1996 South African Constitution's promises that "Everyone has the right to have access to sufficient food and water... [and] to an environment that is not harmful to their health or well-being." Water activists insisted upon a social entitlement to an acceptable supply of clean water, amounting to at least 50 litres each day, delivered via a metering system based on credit, not "prepayment." As noted in the pages above, the system chosen was *tokenistic*, with just 25 lcd and via prepayment meters, with water provided by the Paris company Suez which had commercialised Johannesburg's supply.

The Soweto activists took their case to court, but also engaged in popular resistance tactics: informal, illegal reconnections to official water supplies and destruction of prepayment meters in public protests. These represent grassroots commoning, as teams of electricians and plumbers fanned out regularly from groups like the Soweto Electricity Crisis Committee to not only vigorously protest services commodification, but to act concretely to solve the problem. And their orientation was not just of a practical day-to-day nature, but also firmly ideological, aiming towards a community-empowered socialism that, in its finest hours, delivers the basic necessities of life to residents free, using their popular mobilising capacities (Bond and Ngwane 2010).

The Soweto activists' Constitutional Court challenge to water services failed in late 2009, but in the process, a broader conception of rights emerged that entailed making water primarily an *eco-social*, rather than a commercial, good (Bond 2013). Including eco-systemic processes in discussions of water rights potentially links consumption processes (including over-consumption by firms, golf courses, commercial agriculture and wealthy households) to environmental sustainability; in other words, the broader hydropolitical

systems in which water extraction, production, distribution, financing, consumption and disposal occurs. This necessarily leads to a vision of commoning, far different and more expansive than welfarist politics generally allow.

All too briefly we have seen how South Africa's progressive forces established the difference between "reformist reforms" and reforms that advanced a "non-reformist" agenda, to borrow the terminology of Gorz (1967). The latter attempts were to win gains that did not strengthen the internal logic of the system, but that instead empowered the system's opponents. Hence, unlike reformist reforms, non-reformist reforms would not have a co-optive character. Neither would they lessen the momentum of reformers (as did many successful reformist reforms). Rather, they heightened the level of meaningful confrontation by opening up new terrains of struggle. For accessing AIDS medicines and water – and many other decommodification agendas – the South African *commoning* cases are both inspiring and useful. But likewise, South Africa is also instructive for assessing how to avoid *tokenistic* welfare policies that might have a rights-talk empowerment disguise, but that do not take forward the broader liberatory politics so urgently needed in so many other spheres of social policy.

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