

*development  
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\* monograph 8



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OPEN SOCIETY FOUNDATION FOR SOUTH AFRICA

# CHRONIC POVERTY: ARE WE CREATING AN UNDERCLASS IN SOUTH AFRICA?

## \*monograph 8

ISANDLA INSTITUTE / OPEN SOCIETY FOUNDATION

### About Development Dialogues

*Development Dialogues* is a joint initiative of Isandla Institute and the Open Society Foundation for South Africa. The aim of the public dialogue series is to create a space for critical reflection and dialogue among key development stakeholders in South Africa. In doing so, the organisers seek to make a (rather modest) contribution to enhancing the quality of debate in the development sector. Through *Development Dialogues*, Isandla Institute and the Open Society Foundation intend to bring about creative and constructive multi-stakeholder meeting opportunities that push stakeholders to think beyond the confines of their immediate interests and theoretical paradigms.

This monograph captures the speakers' inputs and discussions at the *Development Dialogue* on 'Chronic poverty: Are we creating an underclass in South Africa?', which took place on 16 November 2006 at the Centre for the Book in Cape Town.

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**D**ebates about poverty are likely to be highly emotive and perhaps rightly so. After all, we are talking about issues that are at the core of our human dignity, social justice and human rights, and a certain degree of passion seems appropriate.

The question we pose today is whether a certain section of the population is trapped in systemic poverty and ultimately unable to reap the benefits of social and economic development to attain a certain quality of life. How we answer that question depends on how one views existing poverty reduction measures and programmes. But we cannot really assess these programmes and interventions unless we are clear about how we define poverty and what measures of poverty we use. Unless we have a common language we are speaking past one another and we may be comparing apples and pears.

The first issue, therefore, is how we define poverty. For years a strong case has been made in international development circles to expand the definition of poverty to include more than income, yet we still see that the notion of \$1 or \$2 a day is very powerful. It certainly has its uses, but it perpetuates the limited notion of poverty as a lack of income. In this day and age we clearly seem obsessed with measurables and quantifiable results. As a public sector representative at a recent Isandla Institute conference on local government said, if we cannot measure it – in other words, if we cannot measure whether local government is working – it is not working. That is an indication of the mindset.

The second question is what indicators we use to measure poverty and whether we agree on the

indicators. If we take income poverty as an example, and use the World Bank definition of \$1 a day, it may actually show very different results from a locally defined indicator. We need to be clear on whether we are talking about the same issues.

It is encouraging that the report *A Nation in The Making: A Discussion Document of Macro Social Trends in South Africa*, released by the Presidency in June 2006, attempts to address poverty in its various manifestations. It distinguishes between income poverty, human capital poverty and asset capital poverty and has identified key programmes in relation to each of these. When it talks about income poverty, it talks about the successes of the social grant system in particular

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and the fact that both expenditure and the number of beneficiaries have increased quite dramatically since 1994.

In terms of human capital poverty, the report refers to social development programmes in the areas of education, health, water, sanitation and electrification, which have both quantitatively and qualitatively improved the lives of millions of South Africans. However, the report also notes that poor households still fare much worse than non-poor households.



In terms of asset capital poverty, the report indicates the responses through housing and land development programmes, which have resulted in a significant transfer of resources to individuals and communities.

Whereas the Macro Social Report clearly, and for obvious reasons, reflects a confident statement that progress is made in responding to the various dimensions of poverty, it also recognises that backlogs remain severe and that there are manifestations of what it calls a poverty trap. I did a word search on that concept and discovered that it is used eight times in the report and with increasing confidence, as if it becomes self-explanatory.

This brings me to the third issue: What about inequality when we talk about poverty? Clearly, our topic of today suggests that access to resources and opportunities has a relational dimension which we should not forget. While some are able to benefit, others are not. And in fact, the extent to which someone may be able to benefit may be at the expense of someone else.

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**Chronic systemic poverty is a reality for many South Africans and current interventions are insufficient in responding to this reality.**

The HSRC uses the term 'poverty gap' to describe the depth of poverty experienced by households. In a study done in 2004 it found that while the proportion of people living in poverty had remained marginally the same between 1996 and 2001, those households that were living in poverty sank deeper into poverty, and the gap between rich and poor widened. This suggests that chronic systemic poverty is a reality for many South Africans and that current interventions are insufficient in responding to this reality.

I am hopeful that our speakers today can shed some light on these issues and that this will lead us into a dynamic exchange. ■



It is a real pleasure to have the opportunity to raise some of these issues and discuss them in this context. I am going to look at one particular response to chronic poverty – public works programmes. If you look globally at responses to chronic poverty in Latin America, Asia, Africa, there tends to be a focus on public works programmes, which are very popular with donors and with government.

Recently, I examined the appropriateness of public works as a response to chronic poverty. What you have in South Africa is a response to chronic poverty and unemployment that is very typical of the policy responses throughout sub-Saharan Africa. I want to question whether that is an appropriate and adequate response.

First, I would like to establish a few facts – and I am sorry that these are quite crude, but I make no apologies for that because I think it is quite useful to set the scene using income indicators of poverty.

If we want to assess the role and impact of the public works programme, we need to examine the unemployment context. In the last year or two, unemployment has reached a plateau at about 26% - that is the official definition – or 39% if we use the expanded definition, which makes it one of the highest in the world.

It is interesting to note that many international scholars have argued that in South Africa we really should be using the expanded definition rather than the official one, because there is a strong case to be made that it is quite inappropriate to spend your time actively seeking work if you know there is no work available. From a rational economic perspective then, people who

**It is not just unemployment that is a problem; it is the nature of unemployment and where the burden falls, which is increasingly on the low and unskilled black population.**

are no longer looking for work should still be considered unemployed. If we use the official definition, people who have not actually sought work in last few weeks are excluded from the calculation of unemployment.

Unemployment has increased rapidly since the early 1970s and there are three main reasons for this. One is the liberalisation and globalisation of the economy, opening up to international competition. Another is technological change, shifting from labour-intensive to more capital-intensive means of production. And the third is the shift in the structure of the economy itself, away from the primary sector to the tertiary sector. The rising level of unemployment is particularly acute among the lower level and unskilled, and particularly concentrated in the black population.

Over the last few years there has been significant job growth, but this has been skewed towards people with high skills. An estimated half a million jobs have been lost in the primary sector, mainly low and unskilled jobs. There is a real change in the nature of employment in South Africa. It is not just unemployment that is a problem; it is the nature of unemployment and where the burden



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falls, which is increasingly on the low and unskilled black population.

We have heard that if we can reach a target of 6% growth we will be en route to a sustained response to poverty and unemployment. The ASGISA [Accelerated Shared Growth Initiative for South Africa] document reiterates the point that with 6% growth social problems and unemployment will start to resolve themselves.

However, two influential studies carried out recently, one by the World Bank and the other by the United Nations Development Programme, argue that if we make projections on 6% growth with the current economic trajectory, there will still be levels of unemployment among the low-skilled and unskilled in excess of 30%. That is one of the key factors to consider in this debate, because even if we achieve these ambitious growth targets of ASGISA, we are still going to have a really acute problem of unemployment, and that unemployment is going to persist.

When we are looking at policy responses to that kind of chronic unemployment, we have to look at a long-term response. It is no good having a transient response, a response that offers employment for a number of months or years. This is

actually a chronic problem, which needs a long-term response.

The reason this unemployment problem is so critical in South Africa is because of the particular linkage between unemployment and poverty here. In many other sub-Saharan countries there are cushions – subsistence agriculture and a much more developed informal sector. Both of these are considerably smaller in South Africa for historical reasons, largely because of the whole process of development over the last 100 years. So losing formal employment is far more significant and detrimental to household livelihoods here than it would be in other countries in the region. This link between unemployment and poverty is very specific to South Africa and particularly problematic.

This raises the question that, if even in the most positive growth scenario we have this problem of chronic unemployment, what is society's obligation towards those people? I know the term 'surplus people' was appropriated about 30 years for something different, but it is a useful way of thinking about this group of marginalised people who are surplus to the requirements of our economy. They do not have anything to offer because we do not want their labour, and they cannot engage in economic processes because they do not have access to wage income. They are a huge proportion of our population who are essentially marginalised from the economy, or economically surplus.

It is fair to acknowledge that the grant network has actually has a major impact in reducing poverty. Certainly, if you are under 16, if you are over 60 for women or 65 for men, you are covered by quite a sophisticated grant programme.





It is probably one of the best in the world, certainly in developing countries.

But the real problem is that 18 million people are living in poverty – using a definition of people living in households where the income is less than R300 per person per month. That figure is really shocking and concentrates the mind. So for all the advances that have been made, and all the benefits of the grant system, there is a significant residual group of people living in poverty.

If you try to unpack the 18 million you find that a significant number of poorer households actually have no wage earners within them. It is notable that poverty increases as the number of workers in a household decreases. For example, there are 8,5 million people living in households with a total income of less than R400 per month, and 50% of those have no workers. This is a critical problem – and this is where income indicators, for all their inadequacies – are useful, because they give a really clear insight into the nature of the problem.

What are government's responses to the problem? One of the targets the government has set itself in terms of the Millennium Development Goals is to halve unemployment by 2015. It has been estimated that if we are going to reduce unemployment to 14%, we need to create between 3,5 and 5 million new jobs. With just eight years to go, this starts looking like a big challenge.

In this context I want to briefly discuss the Expanded Public Works Programme (EPWP). This is only one of the government's responses to unemployment and poverty, but it shares a disproportionate amount of space in the policy debate. If you look in newspapers and academic journals,

there is a great deal of focus on the EPWP. I want to ask whether that kind of focus is justified, and what we can expect from this kind of programme. The EPWP has multiple objectives, including providing a wage transfer to address poverty immediately and skills development. The intention is to have an immediate benefit of the wage transfer, but then have more sustained benefits by building up people's skills. In the policy rhetoric there is discussion about the EPWP being a 'ladder between the first and second economies', promoting people's ability to shift between these two economies.

But is the EPWP an adequate instrument to achieve these outcomes? Some of the shortcomings of the EPWP are overlooked in the policy debate. This matters because if you have a programme that is presented as a response to a particular problem, then there is no imperative to seek alternative responses. I would argue that the EPWP is an inadequate response and that it is blocking the policy debate, debate in forums like this, in academia and certainly within the government.

First of all, the EPWP presents itself as creating one million new jobs. The reality is that at any one time the objective is to create 200 000 temporary jobs. These are not cumulative, so the best we can expect from the EPWP is 200 000 temporary jobs in any given year. When you compare that to the levels of unemployment and the numbers of jobs that we need in order to meet the Millennium Goals, you can start to see its inadequacy in terms of size, even if it performs optimally. Suppose it did create a total of 200 000 jobs at any one time – that would be 4% of the jobs we need to create to meet the goals.



If you look at the wage transfer, is the EPWP going to address income poverty? The average duration of EPWP employment is four months and it is a one-off bite at the cherry. As a beneficiary, you get one episode of employment for a four-month period. If you think critically about reducing income poverty, this simply is not a sustained response to chronic poverty. There is no opportunity to accumulate assets which would then enable you to climb the ladder between the first and second economy, and also, if you are

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offering wage income for such a limited time, it is very unlikely that you will have sustained human capital benefit. It is very difficult to ensure your children's participation in school in the long run if the wage transfer is only for a four-month period. So in terms of income transfer, the EPWP is a disappointing story.

Let us look at the idea of skills transfer within the EPWP. I have done a number of studies in the Western Cape, KwaZulu-Natal and Limpopo, and found that, with the average employment being just four months, the training people receive is

mostly eight days. Clearly, in eight days the skills you receive are not enough to differentiate you from other people in the labour market who have not received that training. We have heard about learnerships, but only 3% of participants in the EPWP are going to access learnerships. For most people all they get are the eight days of training. Most people say this training is of no value in finding subsequent employment, because we have this vast pool of surplus labour.

To conclude, the key insight is that the wage transfer under the EPWP is not going to have a significant impact on reducing poverty, there is no significant skills transfer and no reason to think that participation in an EPWP is likely to enhance people's ability to climb from the second economy to the first economy.

If one did this want this to happen – and public works programmes have worked elsewhere in this context – then you need to have a really large-scale programme which can guarantee employment to people at times they need it. A good example of this is the Maharashtra employment programme in India, which is based on the right to work. Anyone in rural areas who requires work at a low wage has the right to have that work provided by the local authority. And if the local authority cannot provide the work, they will then provide unemployment benefits instead. So there is a guarantee of either a wage transfer or an unemployment benefit, if the local authority cannot give you employment. So there are examples of mass employment programmes, but they are very different from what we have here.

The other issue is that you need to have ongoing employment, not just large-scale, but also



ongoing. There are one or two examples of programmes that provide ongoing public works employment in South Africa. One is a programme run by the KwaZulu-Natal Department of Transport that offers part-time employment for women on a yearly basis: you work on the basis of an annually renewable contract. What we found was that although the value of the programme was quite low, the impact was quite significant. 90% of the beneficiaries remained in income poverty, but we saw significant changes in terms of the nutritional status of children and their regular participation in school. The fact that the transfer was ongoing meant that people started making investments that they could not make if it was just a one-off wage transfer. It becomes worth investing in education if you know that each month you will be able to continue that investment and see your children right the way through school. So there are some imaginative responses using public works as a response to chronic poverty.

What we are seeing in the national programme does not seem to take into account the necessary conditions of being ongoing and large scale. If you did want to have a large-scale programme, how would that work? Either it would have to be funded through the private sector or it would need to be a large-scale government employment programme. Those are your two options, in terms of having an employment guarantee programme in South Africa. It would be interesting to discuss whether either one looks like a viable alternative. Clearly there would be ideological problems were the government to launch a major public sector employment creation programme, given the recent ideological profile of the government

reducing state employment. There is also the question of how attractive it would be to the private sector to fund these kinds of activities.

The final question is whether it is appropriate for the state to tie up large amounts of financial resources, but also scarce administrative resources, in public works programmes that offer small periods of employment. Would it not be appropriate to look at alternative forms of social protection for this group, which currently is not being supported through the grant system? Here the question would have to be, is it not more appropriate to think in terms of something which is much simpler and cheaper, and which is actually feasible to roll out on a large scale, some kind of cash transfer programme, for example a basic income style programme, as was recommended by the Taylor Commission? The Commission looked carefully at these issues and concluded that a basic income grant was far more viable and affordable on a large scale than public works programmes. It is interesting to note that despite that recommendation, we are sticking with this public works model, despite some major inadequacies.

It is hard to do justice to the subject in such a limited time, but I hope you can see that there are some major questions over the EPWP, its appropriateness and its desirability to address chronic poverty. I would argue that it is a very imperfect instrument and that we need something far, far greater in its impact. As long as people are not aware of the realities of the EPWP, there is a risk that the policy space will remain closed. There is a real need to open this up debate about how we meet the needs of the working age unemployed. ■



It was George Bernard Shaw who said that 'in practice a society always has an underclass – be it convicts, slaves or another social group, an underclass can always be identified'. Contemporary examples include racial or sexual discrimination and homelessness. In extending this example, I would also include a section of society that is and has been trapped in poverty for long periods of time; Wenzel 2000 defines them as 'an underclass of people typically unemployed who come from families with a history of unemployment for generations'.

The programmes government is currently running, largely the expanded public works-type programmes – which seek to create a buffer by providing employment, meet our targeted Millennium Development Goals of eradicating poverty including halving unemployment by 2015, whilst building measures to integrate our second economy with our first – actually have a significant shortfall in meeting the said objective.

Over the years of our democracy, arguments and debates have been centred on policy and the delivery of services to poor communities. The proposed mechanisms for these processes include the implementation of programmes such as the RDP, GEAR, the EPWP and lately ASGISA at provincial and local government levels. All of these programmes by virtue of their intended intervention are supposed to include within them mechanisms of social inclusion and public participation focused directly on the poor. But if one was to look microscopically at one or two of these programmes and the reasons why we have not been able to meet the good intentions, one might find the answer, which is 'we have left the

intended beneficiaries of these programmes outside the planning loop' there has been no consultation with the very people we claim to be helping with these programmes.

Most of us take for granted the fact that we come from these communities and as such we know and can determine what their needs are,

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thereby forgetting the fact that most of us who claim such have moved on from what was our experienced poverty to a different life paradigm (BEE opportunities, availability of employment in new sectors previous reserved, etc.) This on its own has a potential of moving us further away from the communities we claim to know, a people that are still trapped in poverty under a new democracy.

Shaun Philips in his assessment of the public works programme in *Overcoming Underdevelopment in South Africa's Second Economy*, touches on this when he says the EPWP will not solve the unemployment problem in South Africa, but should rather be viewed as one of an array of short- to medium-term measures aimed at alleviating



poverty associated with unemployment, with a focus on able-bodied but unskilled adults.

I concur with the previous speaker about the current focus of these programmes. The EPWP should be viewed as a complementary measure to other social grants and not as an alternative to these grants, because it cannot provide for long and sustainable employment and income to all those who are in need. That should be our starting point.

Public works programmes are often criticised for being make-work efforts, involving fruitless activities such as digging holes and filling them up again, and building toilets where there are no communities. In this regard, it is important to distinguish between efficient and inefficient public works programmes. In apartheid South Africa we witnessed a number of programmes of the latter type, which though they provided some temporary employment and short term relief, they were wasteful and did not provide quality services. Little has changed since.

In an economically efficient public works programme the objective should be to provide long term, good quality, needed services in a cost-effective manner. This must be as important as the social objectives of the programme itself. If the EPWP does not result in this, then pressures on the fiscus are likely to result in the programme being abandoned in favour of other more efficient means of delivery. The answer to this for now is the highly expectant ASGISA.

Public works programmes can only be sustained in a resource-constrained environment if they are economically efficient. In essence, these policies and programmes promote casualisation, which impacts

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on the quality of life of our poor people. My argument would be that there is no problem with short-term solutions such as these – the EPWP or ASGISA and others – but these need to tie in with long-term programmes that will change the status quo and the quality of life of our poor people.

I have not said much about the pressure of external environments, and conditions set by the World Bank, International Monetary Fund and others that implore our government to adopt a private sector driven economy: 'Restructure your economy, spend less as government, cut down and privatise'. We are following a first world western market mentality. There would be no problem with this approach if we as a country had strong basic social programmes aimed at diverse groups that need to be brought up the scale.

We keep talking about the first and second economy, which implies that there is an upper class and a lower class (devoid of the middle). But for me there is a grey area we are not even discussing, which is the underclass. We are not even engaging about this particular section of our society. Government is talking about the EPWP being a vehicle for merging the first and second



economies, but what about the third economy of the underclass? Our programmes are nowhere even close to engaging with this particular sector; there is lots of talk around this but no way forward. The current government programmes are themselves failing to merge the first and second economy of

## Government is talking about the EPWP being a vehicle for merging the first and second economies, but what about the third economy of the underclass?

the upper and lower classes, so where does this leave the underclass? Besides, it would nice to find out whom in the government came up with the term the first and second economy and how they failed to acknowledge the third economy before I attribute it to the media (as is commonly done in South Africa).

Many would remember the sudden influx of consultants on GEAR: 'Cut down government and do not spend directly on social and community-related programmes. Privatise. Shift the buck.' That is basically what our government is being pushed towards. The challenge now is, how do we stop a train speeding in the wrong direction, with only the politicians and consultants on board, and slow it down enough for others (civil society organisations, poor communities, faith based organisations, etc.) to board and together chart a new course?

Earlier I mentioned the two levels of society – the upper class and lower class that we as society keep referring to. It is high time that we bring the forgotten underclass that is created by our system

of governance and our government to the fore. We now need to explore the underclass further and bring them to the discussion.

Way back I remember scholarly arguments and debates before the ANC took power about what kind of approach we would need for the South African context. Mostly it was about how to bring our poor and disadvantaged people up to par to compete at the same level as previously advantaged groups. One of the ideologies of the day then was: Let's take bit from the communist point of view and a bit from the socialist view, merge it with the best practice and lessons learnt from the Western view and build a new one for our South Africa. It was all about what was going to work here for us, as we have seen it work in Cuba and other like countries. We need to move things around a bit to allow the rest of our society to come to the levels of those that had already moved far ahead, we could balance things.

But when we took over as government, suddenly the priorities changed and we forgot all of that. The crux of the matter was that we needed to create a foolproof way to work with the status quo. Thus, the emergence now of a black middle class which has no allegiance, and no connection with the underclass - living in a suburb and going to the township on weekends is seen by some as connectivity with the people back there, but we talk here of social mobilisation, economic impact, and so on.

The question for us here would be 'how do we change direction, how do we build new lines or tracks that connect with the underclass?' I hope we can come up with some answers here tonight. ■

**N.B.** *The above reflections do not represent the views of any person(s) or organisation(s) either than those of the writer.*

### AFTER THE INPUTS, THE FLOOR WAS OPEN FOR QUESTIONS AND COMMENTS. ISSUES THAT WERE RAISED INCLUDED:

- South Africa has had an underclass for at least 50 years created by exclusion and marginalisation with people who not only came from generations of worklessness, but of under work that was profoundly unproductive. So generations of people had no sense of themselves as productive people.
- The government is slightly moving away from a market-driven economy, but it has unfortunately gone down cul-de-sacs, which are now blocking thinking and debate. These included the EPWP and a misplaced faith in small business. Now is the time to look at serious alternatives.
- Growth is largely focused on industry that does not benefit poor people, while poor communities often bear the brunt of pollution resulting from heavy industry. Environmental impacts and resource constraints need to be factored into the growth debate.
- There seems to be a lack of civil society mobilisation in protest against government's ineffectiveness in addressing poverty.
- The number and scale of service delivery protests indicates that there is dissatisfaction with levels of chronic poverty.
- What can be done to address the question of skills, especially the lack of skills among unemployed adults who are surplus to the economy? What about putting a great effort into promoting subsistence agriculture and using public works to address the infrastructure backlogs?
- There is a great deal of analysis about the poor, but there is not the same focus on those that are earning an income and how economic growth patterns in fact contribute to poverty.

### IN RESPONSE, THE SPEAKERS MADE SOME CONCLUDING COMMENTS:

#### Anna McCord

There is a lot of debate about the definition of poverty and measuring poverty levels, but there is a tendency to forget that we have an absolute crisis here, with millions of people living in desperate poverty. What we have in government documents are generally quite reassuring statements and a degree of self-congratulation about the impact of social grants. There is a real voice of frustration growing out there. The real problem is there is a reluctance to recognise this and deal with it as an urgent problem. Having a significant surplus year after year and not addressing this crisis of poverty really starts to become a shocking situation.

The discussion of the private sector is very useful because there is a tendency to think it should be doing something about this. But since when has the private sector been in the business of charity and creating jobs? They may do this marginally, but it is not their core function. It is quite inadequate to look to the private sector. The only response we have to the systemic chronic poverty we have here has to be direct government intervention.

The recent statement by Minister Zola Sweyiya that perhaps it is time to look at a basic income grant is very welcome. I agree that there is a need for economic efficiency, because sometimes you might choose an anti-poverty measure such as public works because it is ideologically desirable, when there is a reluctance to hand out cash grants to people, but when you look at it in hard economic terms it is probably more efficient to have a system of cash transfer. Several studies done over the last year and a half show that this would be completely affordable in our current situation.

#### Thami Ngwenya

The question is how long are we going to wait before we move. Unless we move, there is the biggest fear that we are going to increase the underclass to the point where we cannot handle



## development dialogues

it. Are we able to handle the revolution that is going to come?

I think the privatisation and resource issues are very relevant, but how do you balance your resources to meet the needs of everyone? Government needs to decide to distribute the resources in a balanced way, between the first, second and third economy. An example is the placing of water meters in Soweto. They believe a family can survive on 8 000 litres of water a month, but they ignore the reality of family size and issues like the number of people with Aids who are being cared for at home and need to have their linen washed every day. This is an effect of privatization that the government has totally forgotten about.

There are elements of growing civil mobilization but how far is government going in meeting that? As the NPA, we are an organ of government created to alleviate poverty but our mandate is legislated and the frustration is we cannot reach the under class, because of issues of security, tenure and sustainability. Currently, we are looking at changing policy so that we are not restricted to the NGO and CBO sector so that we can reach the people on the ground.

This includes the woman on the corner who sells mealies and needs some way to feed her family when it is not the mealie season. We need to look at programmes grounded in the municipalities, because every person lives in a municipality. We have both a political and an administrative entity in municipalities. The political entity is only responsible for issues relating to their political parties and does not seem to be accountable for how far we are shifting the poverty situation on the ground. This is one element that we can use.

I like the issue of the middle class, because whenever I touch on the issue of a black middle class there is a heated debate. But I tell what informs me as a researcher and a social scientist about the existence of a black middle class, the fact that we now have black people with annual incomes of more than R5 million, the number of

new vehicles on the roads and the number of expensive models that are driven by black people, tells me it is so. I challenge the notion that the corporate sector needs to start investing in poor communities. I agree that the business is not in the business of taking care of the poor – that is government's business. But what have our black upperclass done about social responsibility programmes. They come back to the townships to enjoy the social life, which they do not experience in the suburbs.

When we talk about analysis, it is asking the impossible of government to analyse the effect of its policies on the poor. There is a reluctance to do that. The problem is about benchmarks. If you are not clear where you are starting from as a baseline, and your policies are broad, intentionally so, then the instruments you use for measuring are going to be challenged. There are attempts to look at comparative studies and analysis, but I feel they fall short when it comes to qualitative notions of whether we have been able to move a community from poverty to a better level of being poor. It is about creating a sustainable livelihood so that when people wake up they know that at least that day there will be something on the stove. But the quantitative data makes the government look good. It is the business of politics.

There is an issue with our people that comes from way back, from the apartheid days. We said that we would be free, one day we would overcome, and that things would be better, but we forgot to say that coming with freedom and democracy are the responsibilities to actually stand up and speak. There is a leadership vacuum in terms of raising these issues in the NGO and CBO sectors. We now have fly-by-night organisations that look at government and donor programmes and structure themselves according to how much funding they can access. Unfortunately, we are not speaking out on these issues. So government believes that civil society is part of our delivery. The question is: How do we as citizens stand up and speak and be heard? ■



## CHRONIC POVERTY: ARE WE CREATING AN UNDERCLASS IN SOUTH AFRICA?

16 NOVEMBER 2006

CENTRE FOR THE BOOK, CAPE TOWN

### ABOUT THE PANEL:

**ANNA MCCORD** is a research associate with the Southern Africa Labour and Development Research Unit (SALDRU) in the School of Economics at the University of Cape Town. She manages the Public Works Research Unit and is currently also completing her Doctorate in Economics. She has a Masters in Economics from UCT, an Honours Degree in Social and Political Science from Cambridge and has spent 15 years in the NGO sector working on humanitarian and development policy in Africa and Asia before coming to South Africa. Her work focuses on public works and social protection, and particularly on examining programme impact on the poor.

**THAMI NGWENYA** has for a number of years been involved in community development, advocacy and social policy work. He is a Kellogg International Fellow. In the years that he has been out of the country he has served as Lecturer, Senior Research Manager for the Centre for Youth Affairs Research and Development (Swinburne University) and Associate Professor of Social Research in Detroit-Michigan and Melbourne-Australia. He is now attached to the National Development Agency as Senior Research Manager: Policy and Networks.

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