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2005

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Franco Barchiesi, Ohio State University - Main Campus

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Inequality, Wage Labor and Social Citizenship in the Making of South Africa’s Post-Apartheid Democracy

Franco Barchiesi
Dept. of African-American & African Studies, Ohio State University,
486D University Hall, 230 North Oval Mall, Columbus, OH 43210
E-mail: barchiesi.1@osu.edu

Paper presented at the Annual Meeting of the African Studies Association,
Washington, DC, Marriott Wardman Hotel, 17-20 November 2005

1. Introduction: South Africa, Wage Labor Discipline and Post-Colonial Modernity

In the South African transition from apartheid to a democratic political dispensation wage labor and worker organizations have played for the formerly racially oppressed majority a decisive role, which was not limited to workplace-based struggles, but advanced visions of social rights and citizenship to complement democratic expectations. Moreover, organized labor provided an important constituency and organizational ally to the African National Congress (ANC). Since the first democratic elections in 1994, the ANC has enjoyed an electoral support based on widespread demands for redress of the massive class and racial inequalities inherited from the apartheid past. Therefore, popular expectations interrogated the ability of the new government to combine political democratization and social citizenship through the access to basic social provisions. At the same time, in trade unions’ political discourse, wage labor, its struggles and solidarity came to represent not only the basis of legitimate claims, but also the foundation of social policies premised on full employment, redistribution, social equality and decommodification, or the reduction of dependency on market relations by way of state-funded public goods. As a result, both trade union discourse and the tradition of the former liberation movement now in power contributed to provide wage labor with powerful normative meanings, glorifying it as the gateway to social recognition, empowerment and rights for the country’s black majority.
This paper investigates the shifting relations between wage labor and social citizenship in the nascent South African democracy. It interrogates, in particular, the role and significance, at a programmatic and ideological level, of waged employment and work ethic in government policies of social inclusion and social provisions. In doing so, it questions to what extent post-apartheid democracy has responded to the emancipatory visions once woven in black working class’ experience of work. My focus is on the years 1994-2002, a period characterized by persistent social inequalities, widespread poverty, rising unemployment and strict enforcement of public spending containment in accordance with conservative policies of fiscal discipline\(^1\). The paper argues that -- in a context of public sector withdrawal from service provision and redistribution -- wage labor, “job creation” rhetoric and work ethic have provided the ANC government with powerful disciplinary and pedagogical devices. These have been used to foster among the poorest sections of the population meanings of citizenship that revolve around individual responsibility, moderation of demands and a stigmatization of “dependency” on public spending. Conversely, the government regards with suspicion policies of decommodification of social provisions, seeing in them a danger of “unsustainable” fiscal burdens that, while sapping private investor confidence, would encourage claims and expectations of state “handouts”.

Anti-welfare rhetoric and wage labor discipline have, however, run counter a material reality characterized by the steady erosion of waged employment and the degradation of livelihoods depending upon it. Not only unemployment has been constantly on the rise, but the proliferation of casualized, precarious low-wage jobs, coupled with the growing commodification of everyday life as a result of policies of privatization and “cost recovery” in national and local social services, testify to the existence of wide areas of deprivation and poverty among the formal working class. Therefore -- despite the government’s rhetoric on “gainful employment” as being both the avenue to social inclusion and the breeding ground of dignified, self-responsible citizenship -- wage labor has turned into a factor of deepening inequality, life instability, erosion of social rights and frustrated socio-economic expectations.

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This paper combines an analysis of policy and ideological shifts with a discussion of the changing work-citizenship nexus from interviews with workers in two case studies. I have first considered employees in manufacturing industries (glass, paper and metal-engineering) in the East Rand (now the Ekurhuleni Metropolitan Municipality). This region historically constitutes South Africa’s industrial core, and it once heavily benefited from apartheid-age protections. During the 1990s and the early 2000s it has, however, undergone dramatic processes of industrial restructuring following rapid market liberalization. Job losses and extensive casualization challenged for many black East Rand blue-collar workers the idea that wage labor is functional to social rights, stability and advancement. My second case study focuses on a process of similarly rapid organizational change, but taking place in the public sector, namely the waste and roads departments of the Greater Johannesburg Municipal Council (GJMC) following the restructuring exercise known as “iGoli 2002”. A broad plan of corporatization and privatization of municipal service delivery, iGoli 2002 has questioned patterns of occupational stability and access to benefits entrenched in public employment.

Recent South African social and economic policy debates (Hirsch, 2005) have emphasized new possibilities for an expansionary budget and the widening of social safety nets, encouraged by meaningful economic growth. It remains, however, highly questionable whether contingent policy shifts are reflecting a deeper reorientation in the ruling party’s deep-seated ideological conviction that waged employment remains central as a vehicle of social inclusion. Ten years after the first democratic elections, waged employment’s touted importance in reducing poverty and inequality is confronted with a reality that, according to official data from Statistics South Africa, sees a 35% unemployment rate (including discouraged jobseekers), only one third of the African economically active population in full-time jobs, and most jobseekers in their 20s and 30s.

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2 For the East Rand component of my research, I conducted sixty interviews with workers in three metal-engineering plants and a further 80 in two glass packaging and two paper companies. I have also administered questionnaires on changes in production and employment conditions with shop-stewards and managers in three further glass and three paper companies.

3 For the GJMC component of my research, I conducted interviews with 40 workers in, respectively, the waste and road department, plus two pilot group discussions, and conversations with depot and municipal managers. All workplace interviews, both in the East Rand and in the GJMC, have taken place between July 1999 and April 2000. In total, I have interviewed 220 workers, 209 of which African, trying to represent stratifications in terms of age, gender, occupation and nature of contracts of employment.
(Africans for the overwhelming majority) that have never been in a formal occupation. At the same time, most new jobs are created as “atypical”, casual and informal employment with low levels of unionization, scant protections, high vulnerability and limited social benefits.

The post-apartheid state’s commitment to macroeconomic orthodoxy, spending thrift and fiscal discipline made the realization of universal social rights – like healthcare, housing and education -- contained in the 1996 Constitution increasingly problematic as a terrain of engagement for grassroots social agency (Marais, 2001; Saul, 2001; Gumede, 2005; Bond, 2005). Simultaneously, mainstream South African academic conversation and policy debates have looked at “poverty”, “inequality” and “exclusion” arguing that access to a waged job, more or less regardless to its wage and conditions, is a necessary, albeit not always sufficient, condition for effective social inclusion (Van der Berg, 1994; Nattrass and Seekings, 1997; May, 2000; Bhorat et al., 2001). Such recommendations usually praise industriousness and independence in ethical and moral terms, stigmatizing “dependency” on state grants. As a result, the debate on the relations between wage labor, social inclusion and citizenship is often polarized around binary oppositions between categories like “employed” and “unemployed” citizens, “typical” and “atypical” workers, “formal” and “informal” sectors, social “inclusion” and “exclusion”. The first terms generally represent virtue and normality, while the second identify social “problems” that require the application of expert knowledge and the moral guidance of the state. This mode of argumentation has recently acquired authoritative institutional recognition in president Thabo Mbeki’s view of a “two economies” scenario, where informality and flexibility could become, once properly regulated, new avenues for productive employment and job creation for otherwise unemployable workers. Conceptual polarization in policy discourse ultimately presides over a policy trajectory that invariably makes social citizenship coincide with labor market participation, rather than with the reduction of dependency on the labor market.

Critiques of social citizenship discourse as based on the unproblematic idealization of wage labor emerge in international scholarly debates. Various authors (Escobar, 1994; Ferguson, 1994; Cooper and Packard, 1997; Abrahamsen, 2000; Mitchell, 2002) have emphasized the role of expert knowledge in the policy use of socio-
scientific categories like “employment”, “inclusion” and “informality” as normative devices to frame social problems, rather than merely reflecting them. Problems’ construction is associated to the definition, usually with strong ethical overtones, of idealized subjects, like formal waged workers, intended as categories of social control. In stripping “waged employment” of its alleged normative objectivity, such critiques call into question the state itself as a repository of a specific agency and “psychic life” (Butler, 1997) made of ideology, desires and ethical frameworks.

The nexus between social citizenship and wage labor, on the other hand, has a history characterized by contestation of meanings and strategies. “Social citizenship” has been defined -- in a theoretical trajectory that spans the second half of the twentieth century, from T.H. Marshall’s (1950) original definition to more recent elaborations like G. Esping-Andersen’s (1990) -- as a “third generation” of rights that complement civil and political freedoms. A common element in various definitions of social citizenship is decommodification, or the provision of goods and services as a social “income” independent of market-related “wage”. Decommodified social income includes social security and assistance funded through the fiscal system, but it can also include employer-subsidized benefits like healthcare and retirement.

From this point of view, while various modes and regimes of social citizenship exist, even political and ideological systems that are most favorable to “free-market” approaches recognize among their functions the arrangement of at least a limited degree of decommodified social provisions. At the same time, conflicts over the definition of social citizenship interrogate in which ways social provisions should be regarded as “social rights”. The modern nation-state has tried to legislate such rights with an aim at imposing corresponding duties and responsibilities on their beneficiaries (Offe, 1984; Baldwin, 1990; Twine, 1994). Social rights are therefore used to construct social subjects through public policies. For Fox-Piven and Cloward (1993) the rise of modern forms of social relief was tied to institutional responses to the feared link between poverty and unemployment and the threat of social unrest. At the same time, welfare policies are as much concerned with creating an employable labor force as they are with providing relief to the unemployed. Welfare entitlements, in fact, usually have criteria and stigma attached to encourage labor market participation and work discipline. Therefore, as
Janoski (1998: 22) quite pertinently argues, views of welfare states that focus only on the expansion of decommodification are flawed because they fail to account for how they actually recommodify by requiring the recipients’ insertion in waged employment.

The contestation over the meaning of social citizenship ultimately combines a contradictory movement of non reconciled forces. On one side the state tries to establish wage labor discipline as a condition of social inclusion, to which decommodified benefits are to a large extent subordinated. On the other side, demands from below try to expand the arena of social rights based on the assumption that decommodification minimizes market dependency and provides a partial alternative to wage labor.

Perspectives influenced by the work of Michel Foucault use the expression “the social” to characterize this new area of state intervention (Foucault, 2002; Donzelot, 1979; Steinmetz, 1993; Procacci, 1993). The “social” means here that the life of the national population (including health conditions, reproductive habits, subsistence levels) becomes the priority target of public policies in a mode of sovereignty termed “biopower”. Moreover, social policies build knowledge of their subjects via procedures and practices of “governmentality” which construct those subjects into statistical abstractions to ensure policies’ predictability and replicability.

According to Steinmetz, the “social” is not reducible to static institutional constructs but is an arena of “needs, grievances and conflicts” whereby “insofar as the social represented a threat to order — the order of the state and the capitalist economy — it posed the ‘social question’ or, rather, a series of social questions” (Steinmetz, 1993: 2).

Therefore for him the goal of state policies (or, in his words, “regulation”) is crucially focused on shaping behaviours, dispositions and expectations. Concomitant with the importance of discipline in modern governmentality, state policies also shape capitalist “free” wage labor through all sorts of coercion and extra-economic obligations, specifically aimed at penalizing defection and refusal of work (Montgomery, 1993; Nakano-Glenn, 2002). This point is particularly relevant for the relationships between work and citizenship in colonial and postcolonial societies, where proletarianization is actively resisted and economic and social alternatives to capitalist labor contracts are historically abundant.

African late colonialism, as well as industrializing apartheid South Africa, witnessed concomitant and uneven processes of urbanization and proletarianization.
Combined to African resistance to coerced labor and demands for more dignified working conditions (Berman, 1991; Isaacman, 1996; Fall, 2002), these processes led to a significant social engineering aimed at African wage labor. Initially considered an undesirable social phenomenon, working class formation became first an unavoidable problem and then the basis for an attempted discourse of social reform based on limited citizenship rights. As a result, the colonial and postcolonial state came to praise work ethic and wage discipline as vehicles of a modernization process that remained defined from above, in the absence of effective political democracy (Stoler, 1985; Prakash, 1990).

As Cooper (1996) notices in the African case, struggles of colonial and post-colonial working classes have often taken place against their own being reduced to working classes, and their claims to de-commodified social rights have only weakly depended on employment positions, productivity deals and workplace-based bargaining. Rather, workers’ expectations from the end of the colonial order and minority rule are enabled by languages of liberation from market coercion, political authoritarianism and exploitation at the point of production. Conversely, the political discourse of nationalist post-colonial and post-apartheid modernity shares with colonialism an image of wage labor as carrying a “promise” of social emancipation articulated in developmentalist and nation-building ideologies (Cooper, 1996; Lewis, 2000), which Balandier (1967) quite poignantly called “a new deal of the emotions”. According to Cooper (1989) decolonization was the result of the inability of the colonial state to deal with its “social question” through a disciplined, “self-reproducing working class” that could be the basis of productivity deals and social compacts. Decolonization, therefore, removed the West from “the social consequences of economic processes” (Cooper, 1989: 758), and left to the new elites the task of responding to grassroots expectations for radical social change.

Under conditions of structural adjustment and neoliberal hegemony, however, state developmentalist discourses are coupled with reduced social spending to contain claims and demands for social provisions. Moreover, the downscaling of state social policy is often linked to the celebration of local “informal” social security networks based on micro-credit, self-help, small scale health projects, community and kin relations (D’Haeseleer and Berghman, 2003). In common to policies of “welfare reform” in the North, neoliberal policies in the South re-codify the “promise” of wage labor in terms of
individual self-activation and responsibility, in ways that tend to minimize concomitant obligations from the public sector to provide decommodified services through redistributive policies.

2. The Centrality of Wage Labor in Democratic South Africa’s Policy Discourse

Over the past decade scholarly debates have started locating the South African transition from apartheid to democracy within the broader African postcolonial context (Mamdani, 1996: 218-284). This shift has challenged “exceptionalist” views of South African developments based, among other things, on the country’s high level of industrialization and the size and importance of its industrial working class. Conversely, sociological studies of the crisis and collapse of apartheid have underlined the relevance of black workers’ struggles, in alliance with civil society organizations and social movements, to shape demands and languages of citizenship. The politicization of demands arising from the encounter between labor and community struggles was captured in the concept of “social movement unionism” (Lambert and Webster, 1988; Seidman, 1994; Von Holdt, 2002), which emphasized the role of labor as an actor of political change and in advancing claims for decommodified social provisions, as in the sphere of housing, transport, municipal services and employer-subsidized benefits.

Building on such progressive credentials, during the post-apartheid transition wage labor has enjoyed a remarkable “epistemic privilege” (Somers and Block, 2005) in the policy discourse on social citizenship and inequality. Rather than being combined with an emphasis on redistribution and full-employment policies, however, the centrality of wage labor in the policy discourse reinforced the case for neoliberal policies of public spending containment. In fact, the continued insistence by the ANC government on joblessness as the main challenge to social citizenship was turned into an approach where individual ability to find productive employment is presented in stark alternative to state-funded social security through a rhetoric that is framed in unmistakably ethical terms. President Mandela, himself a figure enjoying all the authoritativeness needed to convey a disciplining “patriotic” discourse, set the tone while presenting, in 1996, the conservative
Growth, Employment and Redistribution (GEAR) strategy. In his words wage labor’s promise of development should not enable expectations of “delivery” from the government, but it is aimed at building “good”, responsible and disciplined citizens. In promising job creation to boost families’ “self-esteem” and combat “helplessness”, Mandela also defined attracting prospective investors as a duty of good citizenship. Wage labor’s promise implied at the same time to exercise moderation in wage and salary increments (...) to invest in greater capital injections and thus create possibilities for hundreds of thousands of people to be absorbed into the mainstream of the economy. We should all frankly acknowledge that there will be sacrifice⁴.

Sample Terreblanche (2002: 38) contends that the South African democratization coincided with a “reshuffling” of political and economic power relations that created a new “distributional” coalition of the old white and the new black elites. Gumede (2005) adds that, especially with the rise of Thabo Mbeki to power in 1999, the predominance of elite-based macroeconomic orthodoxy has led to a reassertion of technocratic discourse and the foreclosure of meaningful spaces of political debate, mirroring the concentration of power at the executive level. At the same time, technocratic and expert-driven policy making reveals continuities with the past in presenting the poor as undifferentiated, unwilling carriers of a social disease that, without questioning broader social power relations, requires targeted policies, morals, knowledge and forms of self-discipline (Kistner, 2003). Therefore, the universal entitlements contained in the post-apartheid Constitution define, as Chipkin (2003) puts it, only citizens “in right”, which to become citizens “in practice”, actually capable of claiming rights, have to undergo through a disciplining process that leads to duties and responsibilities based on ethics of self sufficiency and productive contribution to society.

Neoliberal governmentality emphasizes the role of market relations in disciplining individuals, for which public provisions are supposed to play an increasingly residual, “enabling” and supportive role. Decommodification loses its salience when public services are increasingly eroded and become functional to inserting the individual in the

labor market, rather than minimizing its dependence upon it. The use of social benefits as coercion to enter employment, rather than to provide decommodified income outside the labor market, is linked to the stigmatization of vulnerable recipients, such as lone mothers with children, presented as being encouraged by welfare to be morally corrupt and behaviorally undisciplined (Boris, 1999; DeParle, 2004). Recent South African debates on “chronic poverty” have, however, questioned the validity of anti-poverty policies that overwhelmingly rely on labor market insertion. Rejecting notions of a polarized employment-unemployment dualism in post-apartheid society (Lund, 2002; Aliber, 2003; Du Toit, 2004; Meth and Dias, 2004), new perspectives regard labor markets and the proliferation of low-wage jobs as part of the problem of poverty and inequality, rather than as its main solution. The “dual economy” thesis, moreover, elides the need for interventions at the level of structured distribution of social resources and ends up placing the blame for social dislocation exclusively on the poor and the workers, upon which required sacrifices also fall (Ballard, 2004).

The ANC’s allies in the labor movement, particularly the Congress of South African Trade Unions (COSATU) have contested the meaning of wage labor in the ruling party’s official discourse by advocating employment policies combined with a strongly redistributive role for the state. In its opposition to GEAR COSATU stated that

The private sector should not be allowed to escape its commitments to redirect investment towards the poor (...). Wealthy South Africans are using the policies of nation-building and reconciliation to clamour for their privileges to be left untouched. They fail to see that the stability of the new democracy cannot be built on squeezing the poor. There is one important source of income to assist in creating greater equity in society, and that is to tax the wealthy. Indeed, modern fiscal policy has developed to achieve this aim (COSATU, 1996).

Conversely, the ANC’s view of wage labor centrality explicitly minimizes the redistributive, decommodifying role of the public sector. Such utterances were already contained in the ANC-led Alliance’s 1994 political manifesto, the Reconstruction and Development Programme (RDP):
Although a much stronger welfare system is needed to support all the vulnerable, the old, the disabled and the sick who currently live in poverty, a system of ‘handouts' for the unemployed should be avoided. All South Africans should have the opportunity to participate in the economic life of the country (RSA, 1994a: 2.3.3).

The separation in this argument of “assistance” for the poor and the permanently unemployed from “insurance” linked to the wage relation allowed the state to reduce its welfare obligations by placing a stigma on public grants’ recipients. In 1996 the state-appointed Lund Committee, which presided over a major cutback in state family allowances, clearly stated that individual ability to pay, not state redistributive policies, were to be considered the main sources of funding for social provisions. The Commission’s argument was framed with a clearly moral and pedagogical intent:

In South Africa the new government instituted the Masakhane Campaign which aimed to instil in the general populace a culture and acceptance of paying rates and taxes in the areas in which they lived. The campaign has had to contend with years of conditions during which a culture of resistance to an illegitimate government condoned - and even lauded - non-payment. A similar campaign to build a culture in which parents accept their responsibility towards their children, and in which those who pay are regarded as responsible and laudable citizens rather than weak and silly fools, is urgently needed (Department of Welfare, 1996: 5.3.2).

In the Department of Welfare’s discourse, praising individual and families’ initiative and stigmatizing “dependency” was part of a model of “developmental social welfare” presented as more suitable to African realities as opposed to the “disempowering” effects of state-funded social security (RSA, 1997). COSATU’s Neil Coleman, however, denounces the idea of “developmental social welfare” as the appropriation of a developmental discourse to serve conservative ends and legitimize the idea that social security depends on community self-help, which is ludicrous. The fact is that one of the tragedies of the first term of government was that people can be attracted by these discourses, it is an emperor with no clothes sort of phenomenon. And really, we saw that in the context of South Africa, which has extreme poverty and extreme dependency, with the majority of people who don’t have access to social welfare, they were trying somehow to pass the burden onto them to develop
their own social security networks which was part of a broader economic package to divest the state of responsibility and to shift the burden from the state to poor communities.\footnote{Neil Coleman, Head, COSATU Parliamentary Office, Interview with the Author, 24 October 2000.}

The significance of waged employment in relation to social policy remain contested between state and labor. The unions’ discourse of labor-driven transformation still regards wage labor and job creation as tools to extend and protect social rights for all sections of the population, including the unemployed and marginalized. In the ANC and the government’s discourse, instead, wage labor largely pertain to the realm of individual responsibility and discipline. Institutionally, in South Africa social security remains the precinct of employment-based provisions and labor market interactions, and as such it is separated from a sphere of social assistance that is residual and targeted to the special needs of stigmatized poor.

At the same time, however, the fact that union members can claim employment-based, therefore commodified provisions like medical insurance and retirement benefits makes the unions specifically concerned with defending their constituencies and weakens their advocacy for more universalist policies of redistribution. Labor’s paradox of enforcing a selective system of benefits tied to employment status while demanding universal social citizenship rights is adequately captured by what Dinga Sikwebu, from the National Union of Metalworkers of South Africa (NUMSA) calls “labor-driven privatization of social welfare”:

We are aware that we can’t continue just to win these benefits against the employers without seeing that they are spread throughout society as a whole because that reinforces accusations to the working class of being an elite. Anyway, I think it is counterproductive where there is a high unemployment that brothers and sisters will not be able to enjoy these benefits, so we must be able to fight for a universal welfare system.\footnote{Dinga Sikwebu, Education Officer, National Union of Metalworkers of South Africa (NUMSA), Interview with the Author, 18 April 2000.}

In fact, workers’ dependence on company and industry schemes for access to healthcare, retirement benefits and housing loans reinforces the neglect of problems of social security that for a long time COSATU unions have considered as concerns for “sweetheart” labor
organizations and benefit societies. An ironic outcome that many unionists have identified, however, is that only a small minority of waged workers have ended up being covered by company-subsidized benefits, which become an added factor of segmentation among members. In a sector heavily unionized and with a strong collective bargaining tradition like engineering, only 8% of the members of the National Union of Metalworkers of South Africa (NUMSA) are covered by medical schemes, as are only 25% of NUMSA’s overall members. Sikwebu notices, for example, that the possibility, allowed by South African law, for workers to withdraw retirement funds’ contributions in the event of retrenchments is creating increasing tensions and conflicts inside the unions:

The general squeeze on workers leads them to see retirement money as a source of relief for their general problems. Now we have had big campaigns by workers to get the money into their pockets. That is a big issue, in a way I don’t think it is so in a progressive way, it is much more of a survivalist way and that is becoming, from a survivalist point of view, a big problem for the union (...). I can understand a worker that gets a report from the fund saying he has accumulated R120,000, and there isn’t an effective bursary scheme to get his kids to school, and they are being financially excluded. Or maybe his house is going to be taken because of the policies of the government on housing. Why should he spare money for when he retires when there are so much more pressing things to deal with now (...). You can’t survive with your wages, so what do you do? If you go to the loan shark you sink into indebtedness and the only way to get out of that is to get retrenched and take the package. This has created a lot of instability for the union, it’s a time bomb for us.

Labor’s urgency to identify a holistic strategy for social citizenship has been compounded by growing social inequalities. The democratic transition saw the growth of income inequalities along class lines that tended especially to polarize the African population, overlapping with existing racial disparities. While the income of the poorest 40% of African households declined 21% between 1991 and 1996, that of the richest 10% increased 17%. Therefore, while the African share of the poorest 30% of the population increased from 87% to 92% between 1975 and 1996, the African share in the top 10% also increased, from 2% to 22%, and the white share in this bracket declined from 95% to

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7 Paul Biyase, National Benefits Co-ordinator, NUMSA, Interview with the Author, 18 April 2000.
8 Dinga Sikwebu, NUMSA, Interview with Author, 18 April 2000.
65% (Whiteford and van Seventer, 2000). In 2000, while the richest 10% of South Africans received 51% of the national income, the poorest 40% received less than 4% (NIEP, 2000). At the same time, the social policies of the ANC government have configured a greatly reduced role for public institutions in dealing with such systemic inequalities.

State social policies have also unevenly addressed, and often reinforced, commodification, which together with the decline of wage labor, places increasing strains on working class incomes. Welfare and social assistance expenditures have largely targeted specific areas of social marginalisation and are only loosely connected with social security mechanisms. These latter remain largely based on active employment and provide an inadequate coverage for retirement and risk events related to unemployment, illness or disability. In 2001, approximately 65.5% of all social grants paid by the Department of Social Development (former Department of Welfare) went to means-tested state old-age pensions (SOAP), with a decline from 70% in 1999 (Torres, 2000). The variation is largely explained by the increase in child support grants (CSG), also means tested, extended in April 2003 to caregivers of children under 9, up from the previous 7-year age limit (Dept. of Social Development, 2001 and 2004). CSG beneficiaries increased from 2.5 to 7.5 million from 1997 to 2004 (National Treasury, 2004: 495). On the other hand, CSGs were put in place after the gradual phasing out, devised by the Lund Committee, of a former, and substantially more generous, State Maintenance Grant (Haarmann, 1998; Zain, 2000). Moreover, to qualify for the CSG, caregivers must not only pass the means test, but they should not refuse employment “without good reason” (Clark, 2000).

SOAPs are paid to male recipients aged 65 and above and female aged 60 and above. According to the 1996 Census, only eight per cent of the population was entitled to SOAPs, whose maximum monthly value in 2002 was R620. As evidence of the limited decommodifying impacts of old-age pensions, rates of increase of SOAP were below the rate of inflation for every year from 1994 to 2003, with the exception of 1997 and 2002. SOAP payments that were theoretically required, in excess of actual payments, to keep pace with inflation went from R13 per month in 1994 to R 99 in 2002 (SAIRR, 2003: 349). An added strain on SOAPs is due to pension sharing with which, in the absence of a
comprehensive social security system, elderly pensioners members of the household are often the main source of support for long-term unemployed relatives (McKendrick and Shingwenyana, 1995; Sagner and Mtati, 1999; Barrientos, 2003).

The South African system of social security for retirement and unemployment is separate from social assistance both in its logics of operation and in its institutional framework. In particular, the Department of Labor is responsible for the Unemployment Insurance Fund (UIF), in terms of the Unemployment Insurance Act (UIA) of 2001, which replaced a former UIA of 1966. The UIF defines as beneficiaries only contributors in regular employment and excludes independent contractors, casual workers, public employees covered by the Government Employees’ Pension Funds, self-employed, job seekers, workers employed for less than one full day or eight hours per week, and employees with incomes above a maximum ceiling subject to variation (Olivier 2000a, xx). A 2002 amendment to the UIA has extended UIF benefits to domestic and seasonal workers. UIF contributors must be capable and available for work, whereby refusal to accept or to apply for suitable employment is ground for the exclusion from benefits. The system is designed to punish work avoidance, which includes the denial of benefits for loss of employment resulting from strikes and lock-outs where the contributor is part to or has an interest in the dispute (Calitz, Grant, Shipman and van Kerken, 1999).

A ministerial inquiry reported in December 1996 that less than 10% of the unemployed were benefiting from the UIF. At the same time, workers with extremely low wages claimed a minor amount of UIF benefits due to the fact that it is more difficult for them to build benefits through fixed contributions from a meager payroll. In 1996, two thirds of benefits were paid to employees earning more than R1,500 per month. Workers below that level, which constituted 70% of contributors, received only one third of benefits (27% in the case of female workers). Moreover, less than 5% of contributors in top income brackets received almost 20% of the total benefits payout. Duration of benefits was also highly unequal: for salaries of less than R500 per month benefits were paid for 1.9 months on average, while for wages higher than R5,000 per month they were paid for 4.6 months (Meth, Naidoo and Shipman, 1996: 37). As the Unemployment Insurance Board recognized, the UIF functions predominantly as a temporary economic
relief, hence the conflation of maternity, sickness and death benefits in the UIF, rather than as a real income replacement for the unemployed (Department of Labor, 1995).

The South African system of retirement benefits is fully privatized. The country does not have a national public pension system, and company or industry-based schemes provide the totality of retirement coverage, usually on a fully-funded rather than on a more redistributive pay-as-you-go system. In mid-1990s, approximately 70% of employed workers contributed to retirement funds, with hourly and weekly paid workers belonging predominantly to provident funds, schemes which allow for lump sum withdrawals of contributions in the event of loss of employment. Both provident and pension funds are funded by employers’ and employees’ contributions at a usual rate of 7.5% of the normal wage (Naidoo, 1995).

Workers’ preference for provident funds is a product of the inadequacies of unemployment insurance in providing an income for the long-term unemployed, which leads many retrenched workers to give up retirement income and withdraw accumulated contributions (Asher, 2000). There is abundant evidence of the inability of the private pension system to provide for adequate post-employment income. In 1995, 40% of monthly payments from retirement funds were lower than the state old-age pension, and more than 50% of beneficiaries received less than the poverty line set at R600 per month (RSA, 1995: 18-19). Post-1994 policy orientations to the reform of the retirement provisions system have, however, been particularly concerned with extending access to private retirement funds as a way to reduce the costs for the state of old age pensions. The 1995 Smith Committee on retirement provisions recommended incentives of different kinds -- including tax breaks, relaxation of the means test to facilitate the accumulation of financial assets and special funds for informal workers -- to encourage recipients of the SOAP to save for their retirement and cease being dependent on government transfers (RSA, 1995: 42; Naidoo, 1995). The drive to further commodify retirement provisions was endorsed by the Department of Finance and the Ministry fore the Reconstruction and Development Programme in the Office of the President. This latter, in particular, argued that job-creating investment, rather than “handouts”, should remain the priority of state social spending, while the former supported the Smith Committee’s emphasis on downsizing the SOAP. It is indicative, from this point of view, that the only main
recommendation of the Smith Committee that was rejected by the Department of Finance was to peg pension payments at a fixed rate equal to 1.7% of the GDP, which the department deemed too expensive⁹.

Therefore, the government’s approach not only confirmed the commodification of retirement income, but tried to expand it by limiting the state’s existing responsibilities in the provision of old-age pensions through redistributive means. Conversely, a similar emphasis was not placed on making retirement benefits more adequate as a replacement income, in a context whereby low-wage workers would need substantial portions of their wages as contributions only to achieve a retirement income at the level of the SOAP. A survey conducted in 1999 found out that 94% of retirees in South Africa are not financially independent, with 47% still depending on their families after retirement, 31% continuing to work and 17% depending on state pensions (Falkena and Luus, 1999).

The combined impact of inadequacies in the UIF and in retirement benefits questions a notion of ‘employment’ as a phase of life in which rights and entitlements are built to be enjoyed after work. Increasing uncertainties in retirement incomes rather tend to face the individual worker with the alternative of either depending on waged employment well after the retirement age, or spending retirement benefits to cope with job losses.

In the case of health services as well, inequalities of access inherited from the past are coupled to a highly commodified pattern of delivery (McIntyre and Doherty, 2004). On one hand, the public health sector predominantly serves the low-income population, with free public primary healthcare for all citizens and free access to public hospitals based on income-test or limited to particularly vulnerable groups such as children under 6 and pregnant women, but not the elderly or patients suffering from HIV/AIDS. On the other hand, private sector structures offer a much higher level of quality for customers that can afford health insurance under private (usually company-based) medical aid schemes. In 1997, between 17 and 18 percent of the population (McCoy, 2000; Olivier 2000, 152-153) was covered by medical aid schemes, but while coverage was 60% for the richest 20% of the population, it was only 5% for the poorest 40% (Soderlund, Schierhoul and van den Heever, 1998: 142). By 2000, the covered population had

⁹ Hansard, 13 June 1996, pp.3021-3025.
declined to 16.3%, while the African population covered by private healthcare has dropped from 10% to 8.4% between 1996 and 1999 (Statistics South Africa, 2001).

Post-1994 health policies have looked at regulating the private sector in trying to ensure some equity of access (Nadasen, 2000; Blaauw and Gilson, 2001). In this regard, expert policy recommendations have tended to reinforce a view of healthcare provision as based on strict insurance principles, with clear connections between risk-events and payments, and a rejection of progressive funding systems, like pay-as-you-go schemes, seen as “encouragement of an entitlement, as opposed to an insurance, mentality” (RSA, 1994b: 57). Compared to other government ministries, the Department of Health has, however, shown sensitivity to the need of equalizing access to services in private schemes, for example by encouraging legislation and tax incentives to provide for risk-sharing, limit discrimination and avoid risk-rated premiums (Department of Health, 1996). However, equalizing access to private schemes was considered, in purported imitation of what the Smith Committee had recommended for pensions, a way to “encourage behaviour that will prevent people ultimately relying on the state” (Department of Health, 1997: 7). In this way, therefore, employment remained a decisive factor in determining access, limiting the decommodifying impact of the proposed policies.

The 1999 Medical Schemes Act advanced the notion of "minimum benefit packages", which include “essential” hospital care, and prohibited discrimination in coverage and contributions on the basis of age, sex, race, past medical history and frequency of use of medical services (Carstens et al., 1999). At the same time, however, and despite a public support for the idea of state-funded social health insurance (Doherty et al., 2000; McIntyre, Doherty and Gilson, 2003; Blaauw and Gilson, 2001), private medical schemes were reinforced as the “socially desirable” option over decommodified, universal public healthcare.

In the final analysis, the government’s health policy confirmed its commitment to liberalize the market and prioritize private provision while enforcing regulations to prevent discriminatory coverage. Part of this strategy, which departs from strict insurance principles, is to increase diseconomies for private providers, which are faced with escalating costs. In this sense, limited mandatory services and contributions can facilitate
a move towards public healthcare. At the same time, however, private providers’ lack of interest in “unprofitable” low-income markets, combined to the steady deterioration of the public health sector, make the possibility of a greater involvement of the private sector in funding a semi-public contributory system remote (Van den Heever, 1998).

The social policies presented in this section show how South Africa’s post-1994 macroeconomic orientations and social citizenship discourse at the institutional level have translated into interventions that reinforce the commodification of social provisions while segmenting their forms of delivery. The radical separation emerging under the new dispensation between publicly-funded social assistance and largely privatized or employer-subsidized social security has seen social assistance being desegregated, nationally unified and fully deracialized, but it remains fundamentally residual, targeted to the very poor and averse to redistributive policies. Social security and private healthcare, conversely, largely privilege formal employment and wage labor.

Latched onto the separation between social assistance and social security, and the residualism of the former, is a visible stigma that marks those who cannot productively contribute to society and are confined to “dependency” on “handouts” produced by an “entitlement mentality”. Stigma in this sense does not reflect necessarily the institutions’ opinion of the recipients, but it is predominantly used to justify the containment of public resources to areas of special needs. These are rather seen as the predominant domain of individual discipline, either as waged workers or as consumers, on the market.


The social policy framework of the South African transition ultimately reinforces and rewards, also at an ideological and argumentative level, wage labor as the main vehicle for social insertion. It does so, however, in a highly problematic context, where wage labor is becoming increasingly embattled, frail and vulnerable. This section looks at the ways in which the reassertion of wage labor discipline in social policies “from above” contrasts with experiences of decline of waged employment “from below”.
During the first post-apartheid decade, employment growth has taken place predominantly in the informal economy or in most precarious and contingent formal occupations, which in general have not been able to absorb the growing numbers of young entrants in the economically active population (Nattrass, 1998; Bhorat and Hodge, 1999). While 69% of the economically active population (EAP) was employed full-time in 1995, by 2001 the figure had declined to 49%. During the same period, underemployment in the form of part-time, informal or atypical occupations has risen from 14% to 31% and unemployment from 17% to 30% according to Statistics South Africa’s “narrow definition”, which does not count discouraged jobseekers (Altman, 2003). Once the “broad definition” of unemployment is taken into account, the rate of unemployment has risen from 30.8% in 1995 to 41.8% in September 2002, with informal employment hovering between 13% and 17% of total employment during the same period (Bhorat and Oosthuizen, 2005). In 1995, 67.7% of the unemployed had been looking for a job for longer than 12 months, while for only 17.3% jobseeking lasted for six months or less. At the same time, 64.8% of African participants in the EAP aged between 16 and 24 were unemployed (Bhorat and Leibbrandt, 1996: 146-147). At the end of the 1990s, full time waged employment was a reality for only less than one third of the African EAP and approximately 40% of the overall national EAP. In 2002, according to Bhorat and Oosthuizen’s (2005: 46) findings, based on Statistics South Africa’s Labour Force Survey, 65.8% of the unemployed aged 25 to 34 and 37.9% aged 35 to 44 had never worked in their lives.

The inability of economic growth to create enough employment to absorb labor market entrants and the employment decline in more protected formal economy occupations are mirrored by the rising inadequacy of wages to ensure household living standards above official poverty levels. According to Bhorat and Leibbrandt (1999), by setting the lowest individual poverty line at R650 per month, 45.6% of the labor force and 25% of the employed would still fall below that figure, with farmworkers and domestic workers being the most vulnerable sectors. Access to a wage is increasingly unable to provide for the basic necessities of household reproduction, especially when contributions for employer-subsidized provisions are taken into account. The growth of working poverty contrasts with a government policy discourse according to which social
exclusion is largely a matter of inability to access formal employment. According to Leibbrandt et al. (2000), even if wage incomes are the least unequally distributed of all income sources, wages still contribute for 67% of total social inequality, only half of which is determined by the 30% of households with no wage earners. The authors conclude that employment is still an important asset for individuals to avoid plunging into abject poverty. They, however, specifically refuse to identify the employed as a relatively privileged layer of South African society, observing that earning wages as such by no means guarantees rising up from poverty once household incomes and expenditures are considered. A report on “Poverty and Inequality in South Africa” commissioned by the government indicated that for a majority (40%) of households classified as “poor” wages still constituted the most important source of income (May, Woolard and Klasen, 2000; Torres, Bhorat, Leibbrandt and Cassim, 2000).

The inadequacy of the wage to provide for income levels above poverty lines is related to changing employment stratifications that are polarizing wage labor, widening inequalities among the employed, and challenging union identities where “the relative lack of social segmentation” (Wood and Psoulis, 2001) once facilitated collective solidarity. While a minority of skilled and unionized African workers managed to benefit from their insertion in waged employment, the majority was left in low-skill, unstable, vulnerable occupations (Bhorat, Poswell and Naidoo, 2004).

The link between vulnerability within waged employment and the expansion of working class poverty is strengthened by “atypical” forms of employment that include casual, temporary, fixed-term, part-time contracts, labor broking and “homework”, which often question the very distinction between formal and informal work (Mosoetsa, 2001; Newman, Pape and Jansen, 2001; Barchiesi and Bramble, 2003; Theron, 2004; NALEDI 2004; Kenny, 2005). Such forms of employment are also related to declining levels of employer-funded benefits, increasing market dependence for social provisions and deepening commodification. But the proliferation of atypical, unprotected, de-unionized jobs also exercises a downward pressure on the benefits and protections of more stable, unionized employees. Official statistics show (Statistics South Africa, 2002: 2.13, 2.17) a growing number of employees that are not covered by employer-subsidized benefits. In the early 2000s, 55.08% of South African workers in formal employment (56.71% in
manufacturing) had no medical insurance, while only 26.17% (24.53% in manufacturing) could provide coverage to dependants. At the same time, 44.83% of workers (half of which domestics and employees in trade), and 24.59% of manufacturing workers were not paying UIF contributions for reasons other than wages higher than the UIF limits.

In the final analysis, the crisis of wage labor as a factor of social integration and equality is not merely confined to unemployment, but is a product of labor market stratifications that lead to the growth of working poverty while weakening the trade unions’ capacity to organize, represent and bargain for vulnerable sectors. The problem is heightened for the expanding youth areas that are irrevocably excluded from wage labor and find no representation in a policy and institutional discourse that remains largely wage-centered (Sitas, 1998).

My own findings combine generalized impressions on the part of respondents of becoming increasingly unable to “cope”, to save money by the end of the month, or to face growing difficulties in providing for families’ basic necessities. Moreover, rising costs of healthcare, education, housing, transportation and utilities seem to confirm a growing commodification of life in the cases here under examination. Finally, confirming recent research findings (May, 2000), wages of employed workers usually provide an essential form of support for unemployed relatives within family networks, therefore wage spreading is in itself a source of decommodification for other members of the family. Findings in Table 1 support this conclusion, while revealing significant differences across sectors.

**Table 1. Remittances and Family Support Networks of Employed Workers**

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>Average Wage (R/month)</th>
<th>Remittances to Family Outside Household</th>
<th>Average Remittances Sent (R/month)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gross</td>
<td>Net</td>
<td>% sending remittances</td>
</tr>
<tr>
<td>Metal/engineering</td>
<td>3011</td>
<td>2202</td>
<td>48.4</td>
</tr>
<tr>
<td>Chemical</td>
<td>3708</td>
<td>2062</td>
<td>82.6</td>
</tr>
<tr>
<td>Municipal</td>
<td>2397</td>
<td>1326</td>
<td>54.1</td>
</tr>
<tr>
<td>TOTAL</td>
<td>3039</td>
<td>1863</td>
<td>59.5</td>
</tr>
</tbody>
</table>
It is here to be noticed that only a small minority of workers I interviewed have family members outside their households that benefit from state pensions and grants (17.3% of chemical workers, 12.5% of municipal and 9.7% of metal ones). Conversely, 64.5% of metalworkers and 47.9% of chemical ones have other income earners (formal or informal) in their household, with before-deductions average monthly wages of respectively R1688 and R1840 per month.

Municipal workers maintain stronger connections in rural areas that are affected by widespread, long-term unemployment, where extended family networks tend to prevail. It is indicative that these workers can send as much as three quarters of their net wage in the form of remittances, a choice that is often enabled by opting out of medical schemes (which for other workers are usually the biggest deduction) and by residing in apartheid-age “hostel” accommodations, usually 10-occupants rooms with monthly rentals as low as R20-30. Therefore acting as a de-commodifying factor for relatives in rural areas -- who often attend to land, properties and cattle that constitute post-retirement income prospects -- requires for many to sacrifice social provisions such as healthcare.

With the partial exception of municipal workers, payments for private medical aid schemes represent the most important cause of variation between before- and after-deduction wages. Table 2 illustrates the impact of medical schemes’ contributions on the average wages of respondents. It should be added, however, that if only workers covered by medical schemes are considered, healthcare contributions as a share of average gross monthly wages increase to 15.1% for chemical workers, 21% for metalworkers and 11.5% for municipal. Municipal, and to some extent metal, workers’ small increases are explained by the fact that mainly higher-wage employees (average of R2654 per month) tend to be covered, while low-wage ones are overwhelmingly uncovered. The already discussed nature of the South African healthcare system, whose resources are highly skewed in favor of private provision, is combined to other factors specific to company medical schemes that decisively reinforce the commodified nature of access to healthcare.
Table 2. Impact of Social Provisions Expenditures on Wages

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>Average Monthly Wage (Rand)</th>
<th>Average Household Size</th>
<th>% with more than one income in household</th>
<th>Average medical aid expenses (month)</th>
<th>Average education expenses (month)</th>
<th>Average utilities* expenses (month)</th>
<th>Average transport expenses (month)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gross Net</td>
<td>(a)</td>
<td>(b)</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
</tr>
<tr>
<td>Metal/engineering</td>
<td>3011 2202</td>
<td>4.42</td>
<td>64.5</td>
<td>617 20.5</td>
<td>148 6.7</td>
<td>207 9.4</td>
<td>N/a N/a</td>
</tr>
<tr>
<td>Chemical</td>
<td>3708 2062</td>
<td>4.34</td>
<td>47.9</td>
<td>496 13.4</td>
<td>238 11.5</td>
<td>274 13.2</td>
<td>156 7.5</td>
</tr>
<tr>
<td>Municipal</td>
<td>2397 1326</td>
<td>4.37</td>
<td>20.8</td>
<td>267 11.1</td>
<td>252 19.0</td>
<td>241 18.1</td>
<td>160 12.0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>3039 1863</td>
<td>4.38</td>
<td>44.4</td>
<td>460 15.1</td>
<td>213 11.4</td>
<td>241 12.9</td>
<td>N/a N/a</td>
</tr>
</tbody>
</table>

a)= in Rand
b)=as percentage of GROSS wage
c)=as percentage of NET wage
* = “Utilities” is here limited to water and electricity

In fact, faced with rising administrative costs and premiums, also linked to the spread of the HIV-AIDS epidemic, many companies have tended either to scale down the provision of medical schemes by introducing “cost-to-company” options as lump sum payments to employees or “managed care” products based on capitation and defined employers’ contributions (Council of Medical Schemes, 2001; Old Mutual 2003). These de facto cap the amount of employer-funded services that the employee can claim. In both cases, reductions in company subsidization of workers’ healthcare expenditures increase the level of commodification of the service by shifting costs onto the contributor.

Cost-cutting measures introduced by companies in contributing to medical aids, and the consequent decline in coverage and increases in co-payments, are reported by many workers in all companies as one of the main reason to opt out of medical schemes altogether. Among my respondents, those who lack company medical coverage are 63.1% of metalworkers, 32% of glass and paper workers, and 40.7% of municipal workers, despite the relatively more generous employers’ contributions in the sector.

The structure of commodification of workers’ lives is reinforced once housing expenditures are added to the picture (Table 3).
Table 3. Types of Housing and Housing Expenditures

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>Type of Dwelling – formal (%)</th>
<th>% with no toilet inside</th>
<th>% in informal housing*</th>
<th>% in hostels</th>
<th>Average bond/rent (month)</th>
<th>Bond/rent as % of net wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemical</td>
<td>1-2 rooms</td>
<td>36.8</td>
<td>21.0</td>
<td>31.5</td>
<td>R612</td>
<td>29.7</td>
</tr>
<tr>
<td></td>
<td>3-4 rooms</td>
<td>5.9</td>
<td>17.6</td>
<td>11.8</td>
<td>R375</td>
<td>28.2</td>
</tr>
<tr>
<td></td>
<td>5+ rooms</td>
<td>8.3</td>
<td>45.8</td>
<td>16.7</td>
<td>R419</td>
<td>19.0</td>
</tr>
<tr>
<td>Metal</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>10.0</td>
<td>33.3</td>
<td>16.7</td>
<td>30.0</td>
<td>R457</td>
<td>24.5</td>
</tr>
</tbody>
</table>

*= Including backyard rooms/shacks

Approximately 30% of respondents live in informal, self-built accommodations (*ukhukhus*), usually made of wood, paperboard and corrugated tin, mostly without running water, often without proper connections to the power grid.

Once housing expenditures are added to those reported in Table 2, it can be noticed that -- after medical aids contributions are deducted from workers’ gross remunerations -- services like education, transport, utilities and housing absorb on average 61.9% of after-deduction wages for glass/paper workers and 77.3% for municipal workers, while for metal workers payments for such social provisions (excluding transport, for which I have no reliable data) is on average 35.9% of net wages. If remittances are included, what is left to most workers, especially municipal ones, is almost insignificant to provide for basic consumption items.

The evidence here presented of deepening poverty among the formally employed confirms findings in a scholarly literature that identifies such trends as the product of expanding labor market inequality, precariousness and the erosion of benefits and entitlements for the unionized, relatively more stable workforce. A crucial determinant of working class poverty in my sample, however, is related to the commodification of everyday life that is facilitated by declining employers’ contribution to workers’ benefits and by the abdication of the public sector from expectations to provide universal social provisions funded through redistributive policies. The consequent worsening of workers’ living conditions emphasizes the breakdown of wage labor’s “promise” to be a vehicle of equal social citizenship, rights and entitlements, which played a major role in workers’
opposition to apartheid. As the next, and final, section will discuss, the contradiction between this reality and a government rhetoric that maintains wage labor as the centerpiece of social policy has resurfaced in recent policy debates that problematize the position of decommodification in public policies and discourse.

4. The Debate on the Basic Income Grant: Towards Decommodification?

During the first term of ANC government (1994-1999), organized labor’s positions on social policy have shown significant discursive shifts. COSATU’s agenda, in particular, has developed from being initially almost entirely focused on the problem of unemployment and the need for state-funded employment creation policies to a recognition of the long-term, structural nature of unemployment and of the limited impact of waged work to lift workers up from poverty (Makino, 2003). Moreover, new approaches have started to examine the possibility of transcending a traditionally compartmentalized labor view of social welfare as divided between state-provided social security and employer-funded social benefits. As a result, the demand for forms of income to be provided on a decommodified basis, independent from employment, and on a universal scale has become visible in labor programs, and it has entered debates on social policy reform. In the final analysis, debates inside COSATU revealed a growing uneasiness with the persistent, decontextualised centrality of wage labor in the government’s social citizenship discourse, confronted as it was with the collapse of wage labor in the broader society. At a “Jobs Summit” convened by the government in 1998, COSATU voiced for the first time the proposal of a Basic Income Grant (BIG) as part of a “comprehensive social security system”. The demanded BIG was set to R100 per month to be provided on a universal, individual, non-means tested basis. Monthly incomes higher than R3000 would repay the BIG in the form of taxes, while incomes higher than R5000 would repay twice the BIG in the form of a “solidarity tax”.

Despite the fact that the BIG idea was clearly detached from earlier emphases on employment-centered interventions, the proposed grant emerged in labor discourse only with great uncertainty and timidity inside a framework that continued to privilege job
creation and employment-based demands. The BIG’s limited suggested monetary amount, moreover, indicate that COSATU intended the grant not so much as a measure to provide a decommodified income and reduce market dependency, but it was rather “about facilitating entry in the labor market and participation in the economy”\textsuperscript{10}.

Government policy debates -- particularly in the Welfare Department after the appointment in 1999 of a new minister, Zola Skweyiya -- have led to questioning the earlier concept of “developmental social welfare” based on the recognition, as Skweyiya put it, that the country was facing “a deep social crisis (...), a time bomb of poverty and social disintegration [which] has the potential to reverse the democratic gains made since 1994”. Therefore, as he continued,

our social policies assume the ability of families and communities to respond to the crisis. Welfare has proceeded as if these social institutions are fully functional and provide the full range of social support that is required to restore the well being of people. Such a "business as usual" approach cannot continue (Dept. of Social Development, 2000).

In March 2000 the Cabinet appointed a “Committee of Inquiry into a Comprehensive System of Social Security for South Africa”, chaired by Prof. Viviene Taylor. The mandate of the Taylor Committee included, for the first time in the history of South African social policy, investigation, policy recommendation and budgeting to cover an integrated set of areas of intervention and government departments related to the provision of social security. It addressed in particular the national pension system, social assistance grants, social insurance schemes, unemployment insurance, health funding and medical insurance.

Faced with the conventional government position that -- as ANC parliamentarian and member of the Committee, Michael Masutha put it -- “If you have all these nice social benefits, where is the incentive to want to go back to work?”\textsuperscript{11}, the Committee’s

\textsuperscript{10} Oupa Bodibe, COSATU Secretariat Co-ordinator, Interview with the Author, 5 December 2001.
\textsuperscript{11} Transcripts of the Committee of Inquiry into Comprehensive Social Security, Meeting of 6 October 2000, p.17.
work and deliberations positively received the BIG idea, which was supported by various labor-friendly members and a considerable amount of union-orientated research. In the final analysis, however, the Committee’s phrasing of the BIG reflected a compromise between labor’s proposals and the government’s opposition to the idea, particularly expressed by the Department of Finance, which considered the grant an unsustainable handout and a disincentive to seek low-wage employment.

Therefore, even if it supported the BIG, the Committee did not see it as an alternative to labor market dependence based on the decommodification of income. Consequently, the BIG was inserted in a discursive framework that once again privileged wage labor discipline, whereby the proposed grant became functional to facilitating labor market insertion. The Committee’s final report never mentioned “commodification” or “decommodification”, while it mentioned “social citizenship” only once. The document recognized that “poverty and inequality in South Africa are rooted in the labor market” (RSA, 2002: 25), where “the wage-income relationship is breaking down” (RSA, 2002: 32) in terms both of unemployment and low-wage jobs. These latter were, however, seen as the product of racial inequality (albeit with the recognition of widening disparities in African wages) and sectoral disparities (with farmworkers and domestic workers being at the lower end of the spectrum), more than being related to the growth of low-wage jobs across the board (RSA, 2002: 26).

The Report supported in principle the BIG as a monthly R100 to widen social security coverage and “encourage risk-taking and self-reliance” (RSA, 2002: 61). Despite this cautious phrasing, once again deferent to self-initiative rhetoric, the report concluded that “the conditions for an immediate implementation of the Basic Income Grant do not exist” (RSA, 2002: 62-63). Even if this conclusion was motivated on the basis of institutional lack of preparedness, it nonetheless represented a capitulation to conservative concerns and to the Department of Finance’s discourse of fiscal discipline. The Committee, in fact, ended up supporting a “phased” approach (from 2004 to 2015) to the introduction of the BIG, where due attention was paid to “issues of fiscal feasibility”. A more immediate and “urgent social imperative” was, instead, “job creation”, for which the report endorsed various active labor market policies, including
labor-intensive public works programs, even if it warns on their likely limited impact and their low wages (RSA, 2002: 73).

The opening, which the Committee work foreshadowed, to themes of decommodification in alternative to a policy discourse centered around wage labor discipline, was substantially revoked in policy debates that followed the Report’s publication. Intense government and ANC hostility to the BIG were, in fact, clearly aimed at burying the proposal and the policy rationale it represented. COSATU’s support for the BIG allowed the issue to remain on the agenda of the 2003 “Growth and Development Summit” (GDS) convened to identify programs to address the unemployment crisis. The resolutions of the ANC’s 2002 National Policy Conference, however, while supporting the implementation of the Taylor Committee’s comprehensive social security framework, never mentioned the BIG. Rather, great emphasis was placed on the creation of short-term employment in the form of public works programs for the sake of “pride and self-reliance of communities” (ANC, 2002). In his 2003 “State of the Nation” address President Mbeki reaffirmed as a task of his government to “reduce the number of people dependent on social welfare, increasing the numbers that rely for their livelihood on normal participation in the economy” (Mbeki, 2003). Few months after the publication of the Taylor Report, Minister of Finance Trevor Manuel had lambasted the BIG as an “unsustainable” and “populist” idea (Makino, 2003: 19). ANC ideologue and government spokesperson, Joel Netshitenzhe, argued that the best hope of social inclusion for South Africans remains to “enjoy the opportunity, the dignity and the rewards of work”. COSATU’s Neil Coleman replied by noting that in the country’s context of mass unemployment and working-class poverty, “offering the ‘dignity of work’ as opposed to social grants” is tantamount to a “cruel illusion” (Coleman, 2003: 122).

The sidestepping of the BIG and of social policies of decommodification more generally, and the aggressive enforcement of work ethic and wage discipline, lead Kumiko Makino (2003: 20) to conclude that the government and the ANC have ultimately preferred a “workfare” over a “basic income” response to the structural crisis of waged employment. The limitations, timidities and self-restraint with which the issue of the BIG was discussed in the Taylor Committee and in its final report, however,
authorize doubts on whether even such a measure, if actually adopted, would have effectively provided an alternative to dependence on increasingly unstable, exploitative and unrewarding waged occupations.

5. Conclusion

In the African transition to post-coloniality, of which post-apartheid South Africa is part, labor movements have contested the nexus between wage labor and citizenship through social claims that ruling elites have tried to channel in disciplinary conduits and forms of control defined first by nationalist-developmentalist discourse and then by neoliberal structural adjustment. In this process, the reconfiguration of wage labor as a device of social discipline and moderation, rather than of access to social rights, contributed to make it an arena of contestation between workers’ agency and former resistance leaders turned into political elites and “patriotic” ruling classes.

The transformations of work and of the policy discourse in post-apartheid South Africa reflect a similar trajectory. The promise of “free” wage labor in a democratic society had emerged in black workers’ opposition to apartheid as a response to the collapse of political authoritarianism, workplace exploitation and the declining living standards in black communities. The ANC government in the new South Africa, however, held to a significant extent the view that wage labor discipline and work ethic are fundamentally opposed to radical claims. The scenario defined by post-1994 neoliberal policies allowed to reassert individual labor market participation as an alternative to decommodified social provisions, rather than emphasizing these latter as an alternative to labor market dependence.

The decline of wage labor in post-apartheid South African society, and the hollowing out of its emancipatory promises are not only the result of permanent mass unemployment, growing casualization and impasses in trade union politics -- exacerbated as these might have been by macroeconomic adjustment. Indeed, workers interviewed for this paper are formal, permanent, mostly unionized employees. The deterioration of their material conditions, however, confirms a growing body of research according to which, far from being a vehicle of social advancement and emancipation, wage labor is turning
in South Africa into a reality of poverty and social exclusion. The economic inadequacy of wages is compounded by the uncertainties generated by the increasingly commodified access to healthcare, housing, retirement income, transport and municipal services. Material realities of working class poverty and disempowerment refute a conceptualization of the South African “social question” based on the simplistic dichotomy of employment and underemployment, a view that remains quite influential in policy-making circles. Rather, my findings sound as an urgent call for further research into the ways in which wage labor itself reproduces poverty, inequality and social marginalization.

Conversely, the post-apartheid policy discourse has responded to the material collapse of wage labor with an aggressive reassertion of its centrality as a mode of social inclusion. Instrumental to this development has been a moralistic discourse that emphasizes individual initiative and responsibility and stigmatizes welfare “dependency” to justify the state’s attack on decommodified social provisions. Out of this policy trajectory, wage labor emerges as a “master-signifier” of social existence that envisages an idealized social subject -- the patriotic, hard-working, law-abiding, family-responsible, morally frugal and politically moderate poor – with the aim of disciplining more radical demands and “unruly” desires.

On the other hand, the re-signification by the ANC government of wage labor as an ethical construct in direct opposition to claiming “handouts” responds to, and is influenced by, the permanence of a “heroic” imagery of work in labor organizations (Unterhalter, 2000). Crucial is here the role of working class discourse which, after the decline of social movement unionism, is increasingly challenged to find new languages and demands to address social constituencies beyond union members themselves.

References


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