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**Use pensioners' old-age grant to drive an economic recovery: announce it in the 2020 Budget Speech and disburse an extra R2,5bn from April 2020.**

Every month government injects ±R6,2bn directly into the economy through the instrument of the old-age grant. ±3,5 million pensioners receive this money directly into their pockets and spend every cent of this money directly in the economy. At least once a month every economic hub in South Africa is boosted. Economic activity flourishes. Across South Africa, every single one of the smallest towns to the biggest cities come alive. The old-age grant is set at R1 780 a month. The Pietermaritzburg Pensioners Forum is asking Minister Mboweni to increase this amount to R2 500 a month, to inject an additional R2,5bn into the economy. This investment provides a real chance to fundamentally change our economic trajectory and drive an economic recovery.

Pensioners use the old-age grant to support their families. Through the mass spending of pensioners, a large portion of the R6,2bn comes back to government via VAT, fuel levies, electricity and water payments and Corporate Income Tax. This money also comes back through savings in the health-care sector (kids who eat better get sick less often and less severely, and so do their grandparents). This money also boosts education outcomes (kids who eat better, learn better). This money boosts businesses and keeps workers in jobs. This money subsidises high levels of unemployment, low baseline wages, the low Child Support Grant and keeps households functioning.

The problem is that this money does not circulate for long in the economy. On pension pay-out day, pensioners go to town, collect their money and within a few hours spend all this money on very basic consumption expenses in town in the bigger supermarkets.<sup>1</sup> Pensioners leave town with empty pockets: no money comes home to where they live.

The hegemonic view that welfare spending is a drain on the fiscus and that social grants just go into a deep dark bottomless pit, with no returns; doesn't hold true in South Africa. South Africa's welfare system is unique. It is a treasure. It is one of the primary economic instruments to push money directly into the economy. And into every area across the country. The old-age grant has an economic value, even at its current low-level. But, increase the grant beyond its current poverty-level value and it holds exponential possibilities to unlock the economic crisis that we face and lower our levels of inequality.

*Imagine if the excited economic activity generated on pension pay-out day could be extended from one day a month to several days a month? Imagine how this would change our small towns and big cities? Imagine if the old-age grant was increased above the poverty-level R1780 per month to enable pensioners to come home with money in their pockets where they live? Imagine what this money can do in townships across South Africa and how this would shift local economies? Imagine if this money could circulate for longer in local economies where the majority of South Africans live? Imagine what our economy would start looking like?*

Increasing the old-age grant beyond basic consumption spending would allow millions of people to demand more and new-types of goods and services which would encourage the start of new businesses in both the current economic system but also the massive untapped township economy, and, where businesses already exist, to increase supply to meet this new demand and employ more people. Work will be created where people live.

The practice of disconnecting the welfare system from the economy removes almost all its economic potential which could be leveraged, seen as part of the economic mix, and used as an economic stimulus to drive an economic recovery. The South African economy is starved of money and we are struggling to deal with our deepening economic crisis. The welfare system offers us an instrument to change the trajectory of our economic path. Increase the old-age grant and it will be an asset to the South African economy.

The welfare system offers government an extraordinary tool – if we would just use it. The welfare system is entirely within government's control. The system of disbursement is in place and efficient. The old-age grant is disbursed monthly into 3,5 million pensioners pockets in every part of the country, reaching every single current economic hub (and potential economic hub). Increase the old-age grant, and all this money will immediately go directly into the economy.

*Whilst government struggles to figure out what to do. Increasing the pension provides immediate returns. It could get us out of our crisis almost immediately. Everything is in place. The system of distribution works. All we need to do is put more money into it.*

It is hard to see a better available and cheaper intervention that holds the possibility to bring about such an immediate and decisive shift in our economic trajectory as well as resulting in exponential benefits to our developmental future.

We support the call of The Pietermaritzburg Pensioners Forum of increasing the old-age grant, as a starting point, to R2 500 a month. This would be an important start towards a recovery in our economy, the creation of work, a transformation of local economies, a strong education and health system, healthy and productive workers, and something we must get right – justice for Black South African pensioners, particularly women- the struggle workers and heroes of South Africa’s past.

3,5 million of probably our best people, are being ignored. Imagine how much poorer we are by making invisible so many gifted, connected, networked and resourceful people. Pensioners sacrificed enormously for where we are today. No other age-group of people holds the repository of the past and the dreams and aspirations for a better and brighter and gentler South Africa as they do. Put money directly into the hands of these incredibly resourceful, wise, prudent and caring women and men, who so want South Africa to succeed, and see what happens.

How much will this cost and where will we get the money? It will cost an extra ±R2,5bn a month. If this is what it will cost to drastically shift South Africa’s economy onto a positive trajectory, we can find the money.

For those of you out there with a healthy dose of scepticism. Good. But ... what do we have to lose? If it works it could fundamentally change our future. If it doesn’t work then R2,5bn will have been pumped into our economy every month for 12 months. It is hard to see how this could be a bad thing. Hell, we have done so much worst with the public purse. Let’s do it. Try it. Take a risk. Announce it in the February Budget Speech and start disbursing in April 2020. We need something new. We need something to raise our spirits and energy. We need to believe again in the possibility and dreams of a South Africa that we all love and so desperately need to start moving again.

In a conversation with a pensioner the other day, she described that life felt to her like that of a chameleon’s walk. *“You know how a chameleon walks?”* *“Jah. Hesitant. Uncertain. Slow. Stuck?”* *“So, so, so [gesticulating like a chameleon’s ste ste step] slow and sad and depressing... having no money and being prisoners to not being able to do anything. Yoh! We are tired now; this slowness is just exhausting. It is time now to start zapping some bugs! Live, be alive. Move.”* Raising the old-age grant could be a real, confident, bold step forward for all of us. Let’s start moving.

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<sup>i</sup> in retail supermarkets (food), in municipal offices (prepaid electricity & water), in insurance offices (burial insurance), school shoe, uniform and stationery shops (worn out, out-grown and lost clothes, shoes, socks), omalume (the uncles who transport kids safely to school and back), and omashonisa (some variation of a loan shark because the R1 780 old-age grant is too low).