



A call to support the introduction of a Basic Income Grant for workers to invest in a livelihood, create work, and generate greater demand to kick-start a new economic trajectory.

The Basic Income Grant [BIG] discussion is in the public domain again, after many years. The situation that we face today is different to where South Africa was during previous campaigns to introduce a BIG. Our economic situation has deteriorated. Unemployment and job losses are spiralling. Poverty and inequality are becoming entrenched. We now must find new ways to reconfigure the economy post-Covid. Implementing some type of Basic Income Grant now, can provide us with an instrument to reshape our economic trajectory. **However, we argue that we would need to change our policy mindset around the Basic Income Grant.**

For 25+ years we have been trapped in a policy space that does not allow us to eradicate poverty, because poverty is not the cause of itself; it is the result of an unjust and inequitable economic system. By framing poverty as 'the problem,' we have designed policy instruments, that whilst alleviating some of the harshest features of poverty, mostly through the social grant system offering very low level income transfers, have done very little to help get people out of poverty, or to change how the economy is structured or performing.

Poverty eradication is an outcome of an equitable economic system which redistributes wealth and invests in people. Jobs are not going to come. Unemployment will escalate. Poverty will become intractable. Economic growth will continue to slump. We need new tools. We must urgently find new ways to enable millions of South Africans, currently excluded from being able to participate in and contribute to economic activity, to invest in their own livelihoods and create work, boost spending, build a strong local economy and shape a different future. A Basic Income or Investment Grant could be an instrument that will allow us to build a new economy and shape a new economic growth path and developmental trajectory. It would require massive financial investment in the short-term; but will be of significant long-term advantage to us all.

Nine million seven hundred seventeen thousand (9 717 000) Black South Africans are unemployed as at the 1st quarter of 2020 (Jan-Mar).ⁱ The expanded unemployment rate for Black South Africans is 44,1%. South Africans have been promised for several years that Government is creating jobs. Over the past three years 307 000 Black South Africans got a job. During this same period one million three hundred and ninety-six thousand (1 396 000) more Black South Africans joined the unemployment queue.ⁱⁱ We have had a jobs crisis for several years. Despite what we are being told there is no evidence that Government is getting on top of the jobs crisis. Unemployment levels continue to rise off an alarmingly high base. See Figure 1 below.

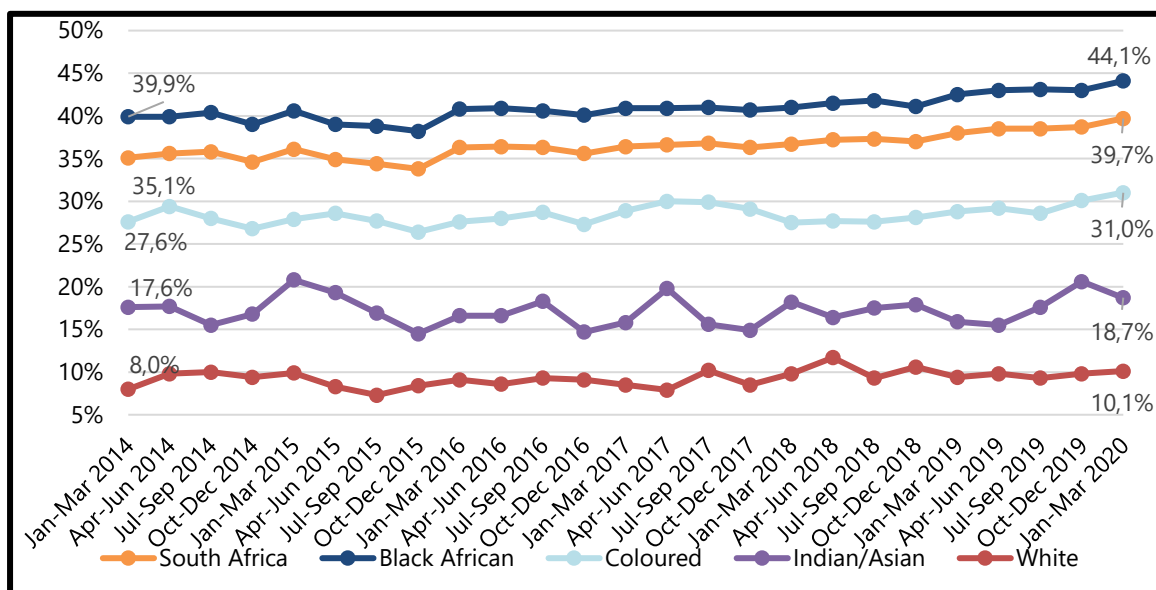


Figure 1: STATS SA's Expanded unemployment rate by population group (2014 to 2020).ⁱⁱⁱ

How many Black South Africans are employed right now? As at the 1st quarter of 2020 12,3 million Black South Africans are employed. The labour absorption rate for Black South Africans (the proportion of the working-age population that is employed) is 39,2%. This means that out of 10 Black South Africans of working-age only 3,9 (say 4) have a job.^{iv}

With so many workers out of work, are those with a job at least in a comfortable position? Firstly, the definition used by Statistics South Africa to define someone as being employed suggests that many workers who do have a job might not be. Statistics South Africa defines someone as being employed as “*persons aged between 15-64 years, who during the reference week, did any work for at least one hour, ...*” (our emphasis).^v Secondly, a large proportion of Black South African workers do not earn anything close to that which would reasonably resemble a living wage. The reality is that most workers and their families are chronically underfed.

Our data, tracking the maximum National Minimum Wage for a General Worker paid at R20,76 an hour and working for a full-working day month in July 2020 will underspend on food by 24,8%, unless the wage shortfall is made up by additional income or credit.

The maximum National Minimum Wage for a General Worker paid at R20,76 for a full-working day month in July 2020 comes to R3 819,84. Before there can be any attempt to disperse this wage in the family, an average worker has to set aside a third (33,7%) of her income to cover transport costs to work and back. Paying for prepaid electricity removes a further 17% off the wage. This leaves 49,3% or R1 884,34 for the household purse.

On average a Black South African worker supports 3,9 persons on her wage (48 153 727/12 317 000: total population divided by number of persons employed).^{vi} How far does R1 884,34 go in a family of 4 members? This remaining money dispersed in a family (at R471 per capita) does not even meet Statistics South Africa’s undervalued Food Poverty Line per capita of R561 (as at 2019).^{vii} Our data shows that the cost to feed a small child aged between 3- and 9-years costs at least R564,61 in July 2020. What of the cost for an active adult man or woman, or a growing teenage boy? What of the cost of other essential expenditures like scholar transport or school shoes or a jersey for the Winter cold, or sanitary pads, toothpaste, or soap? What of data to be able to communicate? What of a shock in the case of an emergency trip to the clinic, the need to buy vitamins and flu meds from a chemist, or a death in the family? *What type of life can you build for your family on this level of income? What kind of future can you plan for your family on this level of income? How can you look your young daughter in the eye without blinking and tell her to “dream my child, you can achieve everything your heart desires?”*

What lies do you tell yourself that there can be no consequence for choosing to keep in place an economy which allows *nine million seven hundred seventeen thousand* Black South Africans, mostly young people and young families in the prime of their lives, to be interned in the devastating, deadening, debilitating interminable misery and psychological barrenness of being unemployed?^{viii} How can you stand there and continue to harangue unemployed workers that they ought to go and look for a job when everybody knows there is no job to look for? From what dark trickery do you draw on to acquiesce that where *we do have jobs*, that most workers bring home a poverty wage that only works to damage our bodies, destroy any dignified household functioning and relationships, disallow any chance to improve our family circumstances, and decimate the dreams of our children? How can you believe that there could be no consequence for the economy of having so many people unemployed, and so many people paid poverty wages when an economy runs on the ability for people to spend money (derived from wages) to drive economic growth and create employment? How can you believe that there is no consequence for your own deeply personal sense of humanity, for your family’s security, your freedom?

Millions of South Africans, who never before imagined that they would lose their jobs, are now waking up to the horrors of what it may mean to be unemployed for the first time and are trying desperately hard not to fall to pieces.

We believe that it is simply no longer rational to believe government’s claim that it is making any headway to address the unemployment crisis. Government has not succeeded in the past. Why now, in the face of a

recession, in the face of a devastating pandemic that is causing a jobs bloodbath, do we believe that things will change?

Nine million seven hundred seventeen thousand Black South African workers are unemployed before our Statistical bodies are even able to account for the impact of the harsh lockdown and Covid-19 post March 2020. It can no longer be acceptable for Government to have no other options on the table except for its mythical jobs promise.

South Africa's local consumer economy is built on the ability of South Africans to demand goods and services – through spending and buying. Demand is dependent on income. Income through wages and social grants. Surely, we cannot expect a thriving local economy when for the past several years we have chosen to maintain wages and social grants at poverty levels? What did we expect? If there is no economic activity why should we expect that jobs will be created? From where if nobody is demanding goods and services? Where do we expect our economic growth to come from? Perhaps demand can come from elsewhere in the global economy – but how is that going and does this not make us vulnerable, especially post-Covid? Building a strong local economy will provide stability, security and both sufficient demand and sufficient work. Reorganising our economy to be local centric instead of relying on the fickle vagaries of global investment and demand must surely be preferable?

Nine million seven hundred seventeen thousand Black South Africans are unemployed because unemployed workers and the vast majority of employed workers do not have money to spend, and if we do not spend then no workers need be employed to produce goods and services because nobody can buy them.

If we want the economy to grow then we need money. With money we will be able to demand goods and services, with the demand businesses will start producing goods and services; to produce, workers will have to be employed, with more things being bought, more workers will be employed – and new workers with money will start demanding more goods and services... Or is this not how economics works?

How different would our economy look like if *nine million seven hundred seventeen thousand* Black South Africans had money in their pockets? Would we be where we are today? Imagine what South Africa would look like today if all those years ago when the Basic Income Grant was first mooted, that we had courageous, visionary leaders who understood where we were and who trusted in the capabilities, the creativity and the dreams of South Africans to shape our own path of economic prosperity through our own hands and relationships with one another?

The idea of a Basic Income Grant [BIG] is again before us. And it can work now as it could have worked then if the pitfalls of South Africa's peculiar miserliness and short-sighted welfarist framing can be dispensed with. We support the introduction of the BIG but not primarily as a poverty-alleviation mechanism, though that should be an outcome, instead as an economic investment to reorganise the economy to the advantage of every South African.

Like the recently introduced National Minimum Wage, the South African Social Security System too should be a treasure, instead both put coins in people's pockets, allow spending only on very basic consumption goods – most of which are locked into taxi fares, electricity tokens paid to local municipalities and Eskom and the big oligopolist food companies. Whilst keeping the economy afloat, low baseline wages and social grants do very little to support local economic activity, and nothing to create wealth, invest in new businesses, create jobs, or grow the economy. For most people who receive a grant, the grant gets spent in a day, in town, nothing comes home. It acts to warehouse millions of South Africans in desperate poverty and hopelessness. Let us not make the same mistake with the BIG.

A BIG cannot be a welfare instrument narrowly framed only to alleviate poverty. It cannot be pegged to the Upper Bound Poverty Line. It must be conceived as an economic instrument, a direct means to put money into people's pockets to invest in a livelihood, create work, boost spending, and provide a new type of future. Jobs are not going to come. Unemployment will escalate. Poverty will become intractable. Economic growth will continue to slump. We need new tools. The BIG could be an instrument to craft a new economy.

A Basic Income Grant whilst immediately boosting the formal economy by stimulating demand for goods and services (and new jobs where there is space), will expand the informal economy and decentralise economic activity locally where people live. Imagine what South Africa's economic activity will look like if there is more money circulating in millions more pockets? Imagine what South Africa's economic activity will look like if we can bring in the creativity, minds, experiences, relationships, ideas and hard work of the *nine million seven hundred seventeen thousand Black South Africans* who we have thus far ignored, discounted, forgotten and excluded from any form of economic activity? Imagine what South Africa's economic activity would look like if we change how and where money is spent – not as is now on basic survival consumption – but invested in new ways, in new activities and where the money spent will not disappear the moment it is spent, but come back four-fold and create wealth either directly to you or to your neighbours and friends and community, and South Africa (and the tax man). Imagine how South Africa's psyche would be? Positive, inspired, refreshed; alive to the wonders and the possibilities of the world and ourselves. Imagine what it would be like to have control over our lives and destiny, to have a plan for our family's future, imagine what it would be like to *now* look into our daughters' eyes and say "*Dream bigger my child! Our world is so much wider now.*"

The BIG, not framed in welfare but seen as an economic investment, set at a level which can support people to live at a dignified level whilst also being enough for people to invest in a livelihood and create wealth and support dreams for a better life, and even to save a bit for times like now where uncertainty and pressures are part of our lives, has the possibility to reorganise not only our economy but everything. It could change the trajectory of all of our lives to one where we all benefit, where we all live well and where we are all secure, and maybe this step, this belief in ourselves and our fellow man, will give us courage to start on the long deferred path of real transformation.

The BIG is too grand and too important to be left in the hands of government and politicians and the coterie of small-minded economists, business leaders and civil society activists. The BIG must be the basis for a new social compact and a new audacious economic and political vision with everybody in South Africa. We are now at a historic moment where possibilities for different forms of collaborations and alliances exist to herald a new trajectory for South Africa – possibilities whose principle is inclusion: with ordinary South Africans, the private sector, civil society and at a healthier political distance to the state and political parties.

South African society and the economy is shifting very rapidly. We can make courageous decisions now to invest in a new type of future and reorganise the economy to the advantage of all of us. Or we can again do nothing to help get people out of poverty. We spend now or we continue our unravelling to what will be a dystopian nightmare, the time frame to spend will narrow quickly now; if we leave it too late by the time we recognise our mistake, spending (and greater social control) will not get us out of our situation. The time is now.

[See latest summarised food prices on page 4 & 6, and references for this discussion paper on page 5].

The cost of the PMBEJD Household Food Basket.

Over the past four months, covering the period pre-lockdown (2 March) to 1 July 2020, the price of the PMBEJD Household Food Basket **increased** by **R192,14 (6%)**, taking the total cost of the basket in July 2020 to **R3 413,14** (from R3 221,00 in March 2020). *See page 6 for the summarised price data.*

Month-on-month, the price of the basket **decreased** by **R73,09 (-2,1%)** from R3 486,23 in June 2020 to R3 413,14 in July 2020.

Year-on-year, the price of the basket **increased** by **R355,21 (11,6%)**, from R3 057,93 in July 2019 to R3 413,14 in July 2020.

Food prices have spiked across the basket over the past four months, with some of these shown below:

<i>Increases on core staples</i>	<i>Increases on protein & calcium</i>	<i>Increases on vegetables</i>
Rice: 28%	Sugar beans: 17%	Onions: 12%
Cake flour: 11%	Eggs: 5%	Cabbage: 19%
Cooking oil: 11%	Maas: 5%	
White bread: 16%	Pilchards: 3%	
Brown bread: 14%		

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- ⁱ STATSSA (2020). **Quarterly Labour Force Survey, Quarter 1, 2020**. Statistical release P0211. Statistics South Africa. Pretoria. P40. See Link: <http://www.statssa.gov.za/publications/P0211/P02111stQuarter2020.pdf>
- ⁱⁱ STATSSA (2019). **Quarterly Labour Force Survey, Quarter 1, 2019**. Statistical release P0211. Statistics South Africa. Pretoria. P39. <http://www.statssa.gov.za/publications/P0211/P02111stQuarter2019.pdf>
- STATSSA (2018). **Quarterly Labour Force Survey, Quarter 1, 2018**. Statistical release P0211. Statistics South Africa. Pretoria. P38. <http://www.statssa.gov.za/publications/P0211/P02111stQuarter2018.pdf>
- ⁱⁱⁱ The data for the graph is taken from STATS SA Quarterly Labour Force Surveys 2014 to 2020.
- ^{iv} STATSSA (2020). **Quarterly Labour Force Survey, Quarter 1, 2020**. Statistical release P0211. Statistics South Africa. Pretoria. P40. See Link: <http://www.statssa.gov.za/publications/P0211/P02111stQuarter2020.pdf>
- ^v STATSSA (2020). **Quarterly Labour Force Survey, Quarter 1, 2020**. Statistical release P0211. Statistics South Africa. Pretoria. P17. See Link: <http://www.statssa.gov.za/publications/P0211/P02111stQuarter2020.pdf>
- ^{vi} STATSSA (2020). **Mid-year population estimates 2020**. Statistical release P0302. Statistics South Africa. Pretoria. P7& 8. See link: <http://www.statssa.gov.za/publications/P0302/P03022020.pdf>
- ^{vii} STATSSA (2019). **National Poverty Lines 2019**. Statistical Release P0310.1. Statistics South Africa. Pretoria. P3-4. See link: <http://www.statssa.gov.za/publications/P03101/P031012019.pdf>
- ^{viii} George Orwell in *The Road to Wigan Pier* (1937) writes so powerfully of the absolute desolation of poverty for British coal miners and their families in the 1930s. His descriptions of the working class and the questions he asks are relevant today.

Household Food Index: March 2020 to July 2020 & year-on-year.

Foods tracked	Quantity tracked	Index 2019/20			change in Rands		change in %	
		Jul 2019	Mar 2020	Jul 2020	Mar 2020 vs. Jul 2020	Jul 2019 vs. Jul 2020	Mar 2020 vs. Jul 2020	Jul 2019 vs. Jul 2020
Maize meal	25kg + 10kg	R 216,90	R 246,47	R 254,98	R 8,51	R 38,08	3%	18%
Rice	10kg	R 78,19	R 87,19	R 111,59	R 24,40	R 33,40	28%	43%
Cake Flour	10kg	R 66,79	R 73,79	R 81,59	R 7,80	R 14,80	11%	22%
White sugar	10kg	R 139,39	R 145,19	R 147,99	R 2,80	R 8,60	2%	6%
Sugar beans	5kg	R 86,19	R 84,39	R 98,59	R 14,20	R 12,40	17%	14%
Samp	5kg	R 32,79	R 35,79	R 34,74	-R 1,05	R 1,95	-3%	6%
Cooking oil	5L	R 79,79	R 91,19	R 100,79	R 9,60	R 21,00	11%	26%
Salt	1kg	R 14,99	R 15,39	R 15,99	R 0,60	R 1,00	4%	7%
Potatoes	10kg	R 48,71	R 48,45	R 46,30	-R 2,15	-R 2,41	-4%	-5%
Onions	10kg	R 54,50	R 55,24	R 61,99	R 6,74	R 7,48	12%	14%
Frozen chicken portions	10kg	R 329,99	R 339,44	R 339,89	R 0,45	R 9,90	0%	3%
Curry powder	200g	R 26,79	R 27,59	R 28,19	R 0,60	R 1,40	2%	5%
Stock cubes	24 cubes x2	R 35,18	R 35,58	R 33,98	-R 1,60	-R 1,20	-4%	-3%
Soup	400g x2	R 25,58	R 26,38	R 28,78	R 2,40	R 3,20	9%	13%
Tea	250g	R 23,99	R 20,79	R 21,79	R 1,00	-R 2,20	5%	-9%
Maas	4L	R 40,99	R 39,79	R 41,59	R 1,80	R 0,60	5%	1%
Eggs	60 eggs	R 83,79	R 86,99	R 91,59	R 4,60	R 7,80	5%	9%
Chicken feet	5kg	R 124,74	R 173,59	R 203,59	R 30,00	R 78,85	17%	63%
Gizzards	2kg	R 61,48	R 59,44	R 64,89	R 5,46	R 3,41	9%	6%
Beef	2kg	R 127,98	R 151,44	R 153,39	R 1,95	R 25,41	1%	20%
Wors	2kg	R 82,24	R 111,94	R 113,39	R 1,45	R 31,16	1%	38%
Inyama yangaphakathi	2kg	R 66,48	R 64,94	R 72,49	R 7,55	R 6,01	12%	9%
Tomatoes	6kg	R 64,99	R 59,15	R 54,98	-R 4,17	-R 10,01	-7%	-15%
Carrots	5kg	R 25,49	R 23,79	R 21,59	-R 2,20	-R 3,90	-9%	-15%
Butternut	10kg	R 55,98	R 49,13	R 45,13	-R 4,00	-R 10,85	-8%	-19%
Spinach	8 bunches	R 61,92	R 63,92	R 63,92	R 0,00	R 2,00	0%	3%
Cabbage	2 heads	R 21,98	R 26,98	R 31,98	R 5,00	R 10,00	19%	45%
Cremora	800g	R 31,79	R 32,19	R 32,79	R 0,60	R 1,00	2%	3%
Tinned pilchards	400g x6	R 90,96	R 101,56	R 104,34	R 2,78	R 13,38	3%	15%
Canned beans	410g x6	R 62,36	R 65,16	R 66,55	R 1,39	R 4,19	2%	7%
Bananas	4kg	R 50,36	R 47,16	R 33,49	-R 13,67	-R 16,87	-29%	-34%
Apples	1.5kg	R 15,19	R 24,65	R 15,79	-R 8,86	R 0,60	-36%	4%
Margarine	1kg x2	R 65,58	R 63,98	R 75,58	R 11,60	R 10,00	18%	15%
Peanut butter	400g x2	R 48,38	R 57,18	R 56,38	-R 0,80	R 8,00	-1%	17%
Polony	2.5kg	R 64,49	R 60,49	R 60,39	-R 0,10	-R 4,10	0%	-6%
Apricot jam	900g x2	R 52,78	R 51,98	R 58,38	R 6,40	R 5,60	12%	11%
White bread	25 loaves	R 259,80	R 248,35	R 287,40	R 39,05	R 27,60	16%	11%
Brown bread	25 loaves	R 238,40	R 224,35	R 256,35	R 32,00	R 17,95	14%	8%
Total household food basket		R 3 057,93	R3 221,00	R3 413,14	R 192,14	R 355,21	6,0%	11,6%

From March 2020 to July 2020: The cost of the household food basket **increased** by R192,14 (6%) from R3221,00 in March 2020 to R3 413,14 in July 2020.

Year-on-year: The cost of the household food basket **increased** by R355,21 (11,6%) from R3 057,93 in July 2019 to R3 413,14 in July 2020.

The household food basket has been designed together with women living on low incomes in Pietermaritzburg. It includes the foods and the volumes of these foods which women living in a household with seven members (the average low-income household size in Pietermaritzburg) tell us they typically try and secure each month. Food prices are sourced from supermarkets (5) and butcheries (4) that target the low-income market and which women identified as those they shop at. Food selection at the supermarket shelves mirrors how women themselves make decisions at the supermarket shelves viz. that the foods are chosen on relative affordability and reasonable quality. The date for data collection is between the 1st and 4th day of each month. There are 38 foods in the household food basket.

The household food index is designed with women living on low incomes to provide a sense of what the food baskets of low-income households cost in Pietermaritzburg and is specifically designed to measure food price inflation as experienced by households living on low incomes. Although located in Pietermaritzburg, the household food index may provide a picture into food price inflation as experienced by households living on low incomes in South Africa.