



A Basic Income Grant: Do we need it?

*"Give all citizens a modest, yet unconditional income. And let them top it up with income from other sources".
Philippe van Parijs¹*

1. Introduction

Section 27 of the Bill of Rights asserts that

"Everyone has the right to have access to social security, including, if they are unable to support themselves and their dependants, appropriate social assistance, and the state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of each of these rights."¹

Late last year the Black Sash hosted a Social Security Seminar entitled 'Facing a world without full employment: Social assistance for all'. The Seminar sought to explore the potential benefits of the Basic Income Grant (BIG) in contemporary South Africa, which has one of the highest levels of economic and social inequality in the world. Unemployment is at 37% and the youth are the most affected demographic.² Nine million people are unable to find work, and it is well-known that persistent failure to find employment may result in many people giving up the search for work. Professor Vimal Ranchhod, an economist at UCT, says that "long-term unemployment leads to unfulfilled human potential over a lifetime and can affect people's sense of self-worth and cause depression. Poverty rates are higher and this affects individuals, their families and their communities."³

Globally there is an increase in the casualization of labour. This means that employment has little permanency attached to it and does not bring with it benefits in terms of pensions or health care. Wages are often too low to encourage saving and

out-sourcing is more and more common, meaning that workers have less and less bargaining power. Both under-employment and unemployment are all too common. In South Africa, millions remain poor, unemployed and desperate and, unlike the situation a few decades ago, even those with tertiary qualifications may also fail to find employment.⁴

2. Social Grants

Since the phasing out of the old Social Maintenance Grant (SMG) and the introduction of the Child Support Grant (CSG), there has been a gradual extension of the CSG to all children until they reach the age of majority – eighteen. Furthermore, there is an extension of the grant if that young person is participating in tertiary education. However, should he or she fail to achieve a place at a tertiary institution, and fail to find employment, the grant is, nevertheless, withdrawn. This results in the income of the household decreasing and in the dilution of the income from the CSG as unemployed young adults become dependent on the grants paid for the care of younger siblings. The same thing occurs when young unemployed family members subsist on the old age pensions received by their grandparents.

3. What Is the Basic Income Grant and How Does it Work?

The idea of providing social assistance to the unemployed is not particularly new. It has been supported by St Thomas More, John Stuart Mill and Bertrand Russell, among others, and the Poor Laws

of 19th Century England were motivated by this concern. The term Basic Income Grant was coined by the English political theorist, economist, writer and historian, G D H Cole, more than 60 years ago.

More recently, political economist Philippe Van Parijs⁵ has written that the BIG

“is a basic income, is provided in cash, without any restriction as to the nature or timing of the consumption or investment it helps fund. In most variants, it supplements, rather than substitutes, existing in-kind transfers such as free education or basic health insurance. Paid on a regular basis, rather than as a one-off endowment. A basic income consists in purchasing power provided at regular intervals”.⁶

While there are no clear and immediate solutions to the whole unemployment problem, there are interventions which can contribute to finding creative and sustainable solutions.⁷ The BIG is one such; it is intended to be empowering and to provide a step-up opportunity to a better standard of living. The BIG enables recipients to engage in financial transactions, no matter how small, and this means that more money circulates in the immediate socio-economic environment. Research indicates that those without access to any kind of grant are most likely to engage in violent protest over service delivery and paucity of shelter, especially if they are outside the trade union movement.⁸ The BIG is thus a social investment as well as an investment in the agency of the recipients; it creates an opportunity where there was previously stagnation.

Both Kenya and Namibia have run very successful pilot projects but have not been able to translate these into long term and sustainable scheme. A recent experiment in Finland, which already has a sophisticated social security system, delivered mixed results; after a year, recipients of a BIG were reportedly happier and healthier than those on welfare grants, but there had been no effect on rates of employment.⁹ Elsewhere, the idea is being explored in countries and economies as diverse as Sri Lanka, Portugal, India and Scotland.

4. The Right to Work

The right to work is asserted in both the United Nations Declaration of Human Rights and in the Freedom Charter. Article 23 of the UN Declaration states unequivocally that

“Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment; everyone, without any discrimination, has the right to equal pay for equal work; everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection and finally that everyone has the right to form and to join trade unions for the protection of his interests”.¹⁰

The Freedom Charter asserts that

“the state shall recognise the right and duty of all to work, and to draw full unemployment benefits; men and women of all races shall receive equal pay for equal work; there shall be a forty-hour working-week, a national minimum wage, paid annual leave, and sick leave for all workers, and maternity leave on full pay for all working mothers; miners, domestic workers, farm workers and civil servants shall have the same rights as all others who work”.¹¹

University of Cape Town Professors Jeremy Seekings and Nicoli Natrass quote the most recent Afrobarometer survey in South Africa (2018) which asked a representative countrywide sample to choose between two statements: (1) “It is better to have no job than to have a job with a low wage” and (2) “Any job is better than not having a job”. Fewer than one in five people (17 percent) agreed or agreed strongly with the first statement. More (19 percent) agreed with the second statement and a massive 60 percent agreed strongly with the second statement.¹² Some economists argue that rising wages in South Africa have come at the expense of job creation, and have resulted in a decline in the manufacturing sector which has shed some 300 000 jobs over the past decade.

Vimal Ranchhod¹³ argues that

“we need to address widespread poverty, as it limits human development. We need to find a way for firms and labour to cooperate better. Finally, we need a dynamic and innovative economy where people are sufficiently rewarded for experimentation and risk-taking. The task ahead is challenging, and will require exceptional leadership from multiple constituencies in society.”¹⁴

Gilad Isaacs who lectures at the School of Economic and Business Sciences argues that South Africa urgently needs to improve the “social wage” (the amount spent on transport, healthcare, housing, etc).¹⁵ Furthermore he argues that there is a need to expand social grants to the unemployed, either through a guaranteed work scheme or a work-seekers grant, particularly if the work seeker does not receive UIF benefits. The BIG would do much to remedy this gap in social security.

Work is an essential part of who we are as human beings. We define ourselves in terms of the work we do. All people have the right to economic initiative, to productive work, to just wages and benefits, to decent working conditions, as well as the right to organize and join unions or other associations.

5. Catholic Social Teaching

Catholic Social teaching from Leo XIII’s *Rerum Novarum* of 1891 stresses that work is beneficial for the humanity of the whole person. It is through work that a person “not only transforms nature, adapting it to his own needs, but he also achieves fulfilment as a human being and indeed, in a sense, becomes more a human being.”¹⁶ Furthermore, “all people have the right to work, to a chance to develop their qualities and their personalities in the exercise of their professions, to equitable remuneration which will enable them and their families to lead a worthy life on the material, social, cultural and spiritual level and to assistance in case of need arising from sickness or old age”.¹⁷ This call to action has been reiterated in many papal encyclicals and teachings addressing issues of work and the dignity of labour over more than a hundred years.¹⁸

6. The Impact of the BIG on Women

The BIG pilot project in Namibia demonstrates that the BIG made the most significant difference in the lives of woman and children. It generated greater income in the micro-economy, particularly in the rural areas, and it enabled recipients to increase their productive income, particularly through starting their own small business, including brick-making, baking of bread and dress-making.¹⁹ There was increased access to and attendance at clinics and other health care facilities, which in turn impacted on maternal health, child survival and

treatment for HIV/AIDS.²⁰ Food security increased and households were able to consume a more balanced diet. Children attended school more regularly and performed better.

Most importantly, the introduction of the Basic Income Grant “reduced the dependency of women on men for their survival. The BIG has given women a measure of control over their own sexuality, freeing them to some extent from the pressure to engage in transactional sex.”²¹ A study conducted in Canada also demonstrated that “Basic Income is an alternative approach to economic security that provides a potential solution to the financial vulnerability of women, including those who seek help in women’s shelters.”²² The BIG gives agency to women who have very little; it enables them to achieve greater independence and control over their lives; and it appears to have a definite multiplier whose benefits can be seen in the lives of children and in the health of the micro-economy.

7. Conclusion

The obligation to earn one’s bread by the sweat of one’s brow also presumes the right to do so. A society in which this right is systematically denied, and in which economic policies do not allow workers to reach satisfactory levels of employment, cannot be justified from an ethical point of view, nor can that society attain social peace.²³ In a country where civil unrest and service delivery protests are a feature of everyday life, and where youth find occupation in dangerous gang activity, where violent crime is endemic and gross inequality is the lived experience of too many, it is critically important to consider all measures to address these seemingly overwhelming problems. The BIG must be considered as a potentially viable and transformative intervention in our increasingly violent and unequal society. As former president Kgalema Motlanthe poignantly remarked, “people shouldn’t live just to die”.

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¹ Section 27 of the Bill of Rights of the Constitution of the Republic of South Africa, 1996

² Ground Up, 28th February 2019

³ <https://www.groundup.org.za/article/unemployment-our-biggest-problem/>

⁴ <https://www.groundup.org.za/article/unemployment-our-biggest-problem/>

⁵ Philippe Van Parijs is a Belgian political philosopher and political economist, best known as a proponent and main defender of the concept of a basic income grant

⁶ [https://cdn.uclouvain.be/public/Exports%20reddot/etes/documents/Chap1.Simple and Powerful.pdf](https://cdn.uclouvain.be/public/Exports%20reddot/etes/documents/Chap1.Simple%20and%20Powerful.pdf)

⁷ <https://www.groundup.org.za/article/why-south-africas-unemployment>

⁸ While there have been various attempts to organize unemployed in the trade union movement this has met with little success as is the case with domestic workers.

⁹ <https://www.nytimes.com/2019/02/09/world/europe/finland-basic-income.html>

¹⁰ United Nations Declaration of Human Rights, 1948

¹¹ The Freedom Charter signed at Kliptown on 25th June 1955

¹² <https://www.groundup.org.za/article/south-africas-failure-create-manu>

¹³ Vimal Ranchhod is a professor of economics at the University of Cape Town's School of Economics and the acting director of the Southern Africa Labour and Development Research Unit.

¹⁴ <https://www.groundup.org.za/article/why-south-africas-unemployment>

¹⁵ <https://www.groundup.org.za/article/low-wages-will-not-solve-south-a>

¹⁶ 'Rerum Novarum', On Capital and Labour' (May 15, 1891)

¹⁷ 'Quadragesimo Anno', 'On the Reconstruction of the Social Order' (May 15, 1931); 'Octogesima Adveniens', The Eightieth Year; (14 May 1971); 'Laborem Exercens' On Human Work (September 14, 1981); 'Centesimus Annus', 'On the One 100th Anniversary of Rerum Novarum' (May 1, 1991); 'Caritas in Veritate'; 'On Integral Human Development in Charity and Truth' (June 29, 2009)

¹⁸ Rerum Novarum, On Capital and Labour' (May 15, 1891)

¹⁹ <https://basicincomeweek.org/ubi/basic-income-grant-time-make-happen-namibia/>

²⁰ Maternal Health was the MDG which met with the least success

²¹ <https://basicincomeweek.org/ubi/basic-income-grant-time-make-happen-namibia>

²² <https://pathssk.org/wp-content/uploads/2011/04/PATHS-Report-Advancing-Eco>

²³ <https://www.clatholic.org/news/hf/faith/story.php?id=67827>

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