SOUTH AFRICAN SOCIAL POLICY 'TOKENISM' AS AUSTERITY GRIPS

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ABSTRACT

The South African government's mandate was to transform state social policy and correct historic class, racial, gendered and other injustices. The main design patterns of economic and social policy during the 1990s and 2000s, however, can be characterised respectively as 'neoliberal' (insofar as they favour the market) and 'tokenistic' (insofar as that part of the society that is not served by the market is provided only a small fraction of what it requires to live a decent life). The state has sufficient resources and could tax or prevent profit outflows that would allow surpluses to be redistributed. But as part of a more general tendency to 'talk left, walk right', the ruling party has declined to engage in substantive redistribution, risking the ire of its constituencies. The rise of left opposition forces coincides with a new top-down commitment to austerity, one that already began to fray by mid-2016. Only when those forces become more coherent, potentially by the time of the 2019 national election, will a full accounting of the damage of tokenistic social policy be possible, as part of a systemic effort to reverse course.

Keywords: social policy; tokenism; social grants; neoliberalism; austerity

INTRODUCTION

The immediate post-apartheid era should have been the period to most decisively establish a generous South African welfare state. The adoption of what Ronnie Kasrils (2013) termed 1990s-era 'Faustian Pacts' with big business had the opposite effect, rendering social policies *tokenistic* (Bond 2014a). That word implies that

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the extension of most apartheid-era social policies – which had earlier been mainly limited to white, 'Indian' and 'coloured' South Africans – was pursued in a manner that stressed 'width, not depth' and that fell far short of potential resource allocation. I use this conceptual argument and the very word 'tokenism' in part because of a disturbing tendency by some academics (notably University of Cape Town scholars Jeremy Seekings, Nicoli Nattrass and Alan Hirsch) to declare South African 'social democracy' to be 'generous'.

Others ignore (or worse, deny) the reality of cuts to social programmes in recent budgets, a stance also adopted by the government and ruling party. In June 2016, for example, Finance Minister Pravin Gordhan's misstatement to the *Daily Maverick* (2016) 'Gathering' in Johannesburg included the claim that social spending was not being cut (as noted below, the cuts were substantial in real terms). In contrast, during the mid-2016 election campaign, politicians ranging from the centre-right Democratic Alliance to the far-left Economic Freedom Fighters promised that if they had national power, they would *double* the amount of each social grant going to the poorest third of the country. The following month, however, as the municipal elections loomed (and just after G20 finance ministers met in China), Gordhan openly appeared to question the Washington Consensus: 'What's very clear is that austerity, which we in some parts of the G20 thought was absolutely necessary...is no longer the answer. In South Africa, as well, we have some austerity fans amongst our public commentators and it's time to rethink' (Reuters 2016).

This article assesses the extent to which, given not just austerity but the entire neoliberal project since the 1990s, social policy has the ambition that is required to deserve the adjective 'generous', especially in the wake of apartheid's structured inequality. The government's existing standards are not especially ambitious, as the 2012–30 National Development Plan claims that policies adopted will lower inequality – measured as the Gini Coefficient (0 is least inequality, 1 is maximum) – from 0.69 to 0.60; i.e., the income share earned by the poorest *40 percent will rise* from 6 to just 10 percent. As trade union official Neil Coleman (2013) argued, '0.6 would still make our levels of inequality higher than any other major country in the world!'

In reality, the World Bank's (2016, 11) October 2016 book *Taking on inequality* recorded only one other country at over 0.6 aside from South Africa – Haiti – and conceded that in contrast, 'In South Africa, the top income share roughly doubled over 20 years to levels comparable with those observed in the United States.' The Bank's estimate of the Gini Coefficient prior to state spending (e.g. on social grants) was 0.77 (World Bank 2014, Woolard, Metz and Inchauste 2015).

GAINS FOR THE WEALTHY, TOKENISM FOR THE POOR

The generosity of the South African ruling party to the local and global corporate elite has been unparalleled. As Nelson Mandela's leadership of negotiations from

1990–4 and his 1994–9 government gave way to Thabo Mbeki's 1999–2008 reign, the African National Congress' (ANC's) commitment to its radical 1955 Freedom Charter was conclusively diluted. There were at least a dozen Faustian Pacts that left the state poorer and hence helped render social policy merely tokenistic during the 1990s:

- repayment of $25 billion of inherited apartheid-era foreign debt (October 1993)
- giving the SA Reserve Bank 'independence' in the country's 1993 interim constitution and 1996 final constitution (November 1993 and July 1996)
- borrowing $850 million from the IMF with tough conditions (December 1993)
- reappointing apartheid's finance minister Derek Keys and SA Reserve Bank governor Chris Stals (May 1994)
- joining the General Agreement on Tariffs and Trade (later the 'WTO') on adverse terms (August 1994)
- lowering primary corporate taxes from 48 percent to 29 percent and maintaining countless white people's and corporate privileges (1994–99)
- privatising parts of the state (e.g. enough of Telkom that very destructive Texans and Malaysians ruined its developmental mandate) (1995–99)
- relaxing exchange controls (the 'finrand') and raising interest rates to unprecedented levels (March 1995)
- adopting the neoliberal Growth, Employment and Redistribution ('Gear') macroeconomic policy (June 1996)
- giving property rights dominance plus juristic personhood to corporations in the Constitution (July 1996)
- 'demutualising' the two mega-insurers Old Mutual and Sanlam (1998)
- permitting most of South Africa's dozen biggest companies to move their financial headquarters and primary stock market listings abroad (1999) (Saul and Bond 2014).

As a result of these 1990s deals, social policy and state services suffered substantive 'depth' cutbacks – for example, the Lund Commission's 26 percent reduction in the main child support grant in 1996 (from the then equivalent of $37 to $27/month) – even while many more people gained access ('width' increased). The number of South Africans receiving monthly grants soared from fewer than 3 million in 1994 to 17 million two decades later (out of 55 million residents). Measured in mid-2016 exchange rates (following substantial currency depreciation), monthly grants were just $22/month for supporting each poor child under age 18. In addition, there was an $83/month pension for retirees over 60 years old and for the disabled. As discussed below, these grants were not only below the poverty line, but they were increased far more slowly than the inflation rate rose, particularly the inflation rate estimated for poor people.

Also consistent with the neoliberal philosophy, these grants were means-tested, although the Treasury promised to eventually shift to universal access for old-age pensions (as a strategy to avoid distorting savings incentives for elderly people, though that move was repeatedly delayed). Ironically, however, social-grant spending became more regressive over time – i.e. less directed to the poorest South Africans – according to Servaas van der Berg (2009, 12). As a result, after the first decade of liberation – from 1995 to 2005 – the slight positive impact of these grants and other social policies was unable to offset the general income deterioration that accompanied neoliberal economic policies, with African households losing 1.8 percent of their overall income (including wages, salaries and unearned income) and white households gaining 40.5 percent (Bhorat, Van der Westhuizen and Jacobs 2009, 8). Poverty rose in urban South Africa in that period (Leibbrandt, Woolard and McEwen 2010, 37), and by 2012, national poverty had risen 1.5 percent to 47 percent (Bhorat 2013), with an even steeper rise apparent in subsequent studies. Statistics South Africa (StatsSA) (2015) drew on 2011 census data and estimated the poverty rate to be 53 percent, but StatsSA had adopted a controversial policy of rejecting certain data, so Josh Budlender, Ingrid Woolard and Murray Leibbrandt (2015) recalculated the 'upper-bound poverty line' (which includes food and essentials) and declared the rate to be 63 percent.

The degenerating labour market was the main reason because the ratio of surplus in the economy given to labour versus that taken by business (i.e. wages to profits) shrunk by 5 percent from 1994–2012 (Forslund 2012). One of the main causes was higher productivity, reflecting fewer semi-skilled and unskilled workers in the production process as capital intensity rose. The official unemployment rate soared from 16 to 25 percent from 1994–2015, and adding those who gave up looking for jobs to the calculations brought the rate to 35 percent (Bond 2014b). As a result, market income inequality (i.e. before state transfers) rose to what the World Bank in 2014 measured as a Gini coefficient of 0.77, the world's highest (Woolard et al. 2015). This was still highly racialised inequality: 4.5 million white South Africans enjoyed median monthly earnings of $645 in mid-2016 values, in contrast to $180 per median monthly wage earner amongst the black African category of South Africans, of whom there are 44.2 million. Of whites, 1.9 million were employed and the expanded unemployment rate was just 9.1 percent. Of blacks, only 11.6 million were employed, and the unemployment rate was 40.9 percent. With just 2.3 persons per white household, the per-person monthly wage share for whites was $281, compared to the typical 3.8 person black household which translates to a $48/person level of monthly shared wage income (Pietermaritzburg Agency for Community Social Action 2016, 1).

At the same time, extremely high increases in fees for consuming basic state services were imposed by municipal authorities and Eskom, creating the grounds for thousands of annual protests by the late 1990s (Bond 2000), as questions were raised about the ANC's genuine commitment to the Reconstruction and Development Programme whose conservative planks were adopted and radical mandates jettisoned (Bond and Khosa 2000). As a result of rising unrest, in the 2000 municipal election campaign the ANC promised a municipal Free Basic Services programme. But this too was tokenistic, insofar as cities such as Durban (the pilot municipality) doubled the overall price of water from 1997–2004 while offering a meagre 6 kilolitres per month per household free. But with the second bloc of consumption soaring in price, the results were higher non-payment rates, higher disconnection levels and a third less consumption of water by Durban's poorest million residents (Bond 2010, 456–7). Likewise, starting in 2008, the electricity price soared at a pace multiple times the inflation rate.

The irony is that during this era, there were vast surpluses that were allowed to escape social control. The country's 'natural capital' rose, as the commodity price index soared from 2002–11, leaving South Africa with the world's greatest mineral resource endowment, valued at peak by Citi Group at $2.5 trillion (Mala 2012). But because of lax regulation, the mainly foreign-owned mines and smelters were stripped, with the Washington non-governmental organisation, Global Financial Integrity, naming South Africa the country seventh most prone to Illicit Financial Flows in 2015 (Kar and Spanjers 2015), with an average of nearly $21 billion in annual losses over the prior decade. A study covering outflows from 2000–14 by Leonce Ndikumana (2016) for the United Nations Conference on Trade and Development criticised the gold sector's extreme lack of transparency. The propensity to misinvoice, transfer price or simply evade taxes was one reason why Johannesburg's commercial elite was in 2014 considered the most corrupt corporate class on earth according to the business consultancy PricewaterhouseCoopers. Drawing on its survey, the *Sunday Times labelled South African management* 'the world leader in money-laundering, bribery and corruption, procurement fraud, asset misappropriation, and cybercrime', with 77 percent of all internal fraud committed by senior and middle management (FM Fox 2014; Hosken 2014). In 2016, PricewaterhouseCoopers (2016) made the same calculation, finding South African corporates again leading the world in corruption, with a 69 percent economic crime rate.

This may help explain South Africa's 2013 rating as one of the most profitable countries for corporations among major economies, according to the IMF (2013). The South African capitalist class could count on the forces of state security to wage class war; the 2012 massacre of 34 platinum mining workers at Marikana by Lonmin's allies in the police force was only the most extreme case. This allegiance to capital's prerogatives appeared to take precedence over any residual social democratic instincts left in the liberation movement. Even if profit rates ultimately fell slightly, it was because the extractive industries became overly dependent on continuing high demand for mining and smelting products from China, not because workers received a higher wage share. To be sure, after the commodity super-cycle ended in 2011, South African mining and smelting operations' profits crashed, with Lonmin losing 99 percent of its share value and Anglo American losing 94 percent from peak in 2011 to trough in 2015.

In this context, the Treasury persuaded politicians to begin a low-level austerity regime. The 2014–15 Finance Minister, Nhlanhla Nene, began cutting back especially on social grants. In December 2015, President Jacob Zuma replaced Nene after two reported conflicts: Nene vetoed an expensive airplane purchase and lease arrangement for the national carrier and threatened the acquisition of nuclear energy reactors from Russia and China. Nene's immediate replacement was Des van Rooyen, but after the financial markets and commentators rebelled, Gordhan returned to the Finance Ministry. Formerly a Marxist revolutionary strategist in Zuma's Durban networks during apartheid, Gordhan made Gordhan made crucial ideological reversals later in his career. He was the main co-signatory to the 1993 IMF agreement (when he served as Transitional Executive Committee secretary) and became tax commissioner for Mbeki, and then for Zuma served as finance minister from 2009–14 before being shifted to the post of local government minister in 2014–15.

Gordhan's February 2016 budget was revealing in terms of how social policy would be funded. That budget committed to a dramatic reduction in the deficit from the 2015 3.8 percent of GDP to just 2.4 percent by 2018. (Even that was not viewed by financial markets as convincing, for the currency crashed 3.2 percent in the following minutes after Gordhan's announcement.) One of the places the cuts hit hardest was the 3.5 percent nominal increase to foster care providers (who play a vital role given the catastrophic AIDS orphan rate) and the 6.1 percent rise for mothers who are Child Support Grant recipients, at a time when inflation for poor people was anticipated to exceed 10 percent due to higher basic food costs, electricity price increases and transport expenses. Still, in mid-2016, Social Development Minister Bathabile Dlamini made the (much-ridiculed) public claim that R753 was sufficient to pay for a month's food supply for a family of five.

IN DEFENCE OF SOUTH AFRICAN 'SOCIAL DEMOCRACY'

All of this reflected an exceptionally important period for debating the ideology of the South African state. Applauding the 2016 state budget, several academics who published commentaries at *The Conversation* (the main public-intellectual platform in South Africa) defended Treasury's social spending. Keith Gottschalk (2016) praised Gordhan for having 'skilfully cut expenditure and raised taxes where it will hurt least'. Researcher Leon Schreiber (2016) argued that '[t]he fact that government has avoided cuts to social assistance grants is a politically shrewd move'. Ongama Mtimka (2016) claimed that 'the increase in social grants continues to provide a social security net to millions of South Africans, keeping them out of extreme poverty'.

Alan Hirsch (2016) praised '[t]he shifts in allocation towards basic education, higher education, infrastructure expenditure, health and social protection' as 'welcome and necessary'.

In reality, the StatsSA upper-bound poverty line in 2016 is approximately $100/month per capita, and all state welfare grants are well below that, and falling by several percent a year in real terms. Other victims of real budget cuts in 2016 were water (a dramatic 12.4 percent decline), housing and central-to-municipal payments. As droughts, floods and water pollution crises were becoming apparent and as a 2016 municipal election loomed with much higher rates of social protest than ever before (Runciman, Alexander and Rampedi 2016), this penny-pinching would have huge costs, including for the ruling party's popularity.

With such little progress – and often regress – on social indicators and with enormous surpluses allowed to escape, it would be an exaggeration to label South Africa a 'social democracy', or even a 'welfare regime' moving in that direction. Yet many do, including:

- Hirsch (2005, 3), one of the presidency's chief strategists during the Mbeki era (and subsequently head of public policy studies at the University of Cape Town), who was impressed with the ANC's adoption of 'elements of a northern European approach to social development';
- Stephen Devereux (2011, 414) considered South Africa social protection 'exceptional not only because of the extensive coverage, relative generosity and efficient delivery of its social grants, but because these grants are underpinned by political commitment and legislated rights';
- Jeremy Seekings (2005, 50) termed the grant system 'exceptionally generous', and along with Nicoli Nattrass more recently argued that '[t]he critique of neoliberalism largely ignores the various ways in which public policy under the ANC has been very different to – and perhaps even the antithesis of – neoliberalism. Processes of commodification and recommodification have been matched by processes of decommodification' (Seekings and Nattrass 2015, 12). Concluding that 'post-apartheid South Africa should clearly be categorised as social democratic', Seekings and Nattrass (2015, 18) argue that Pretoria 'rendered public education and health care more accessible and allocated public funding in pro-poor ways. Housing, infrastructural development and municipal services were directed towards the poor. Pensions and other grants were financed out of taxation, and social insurance was expanded (with promises of further major reforms).'
- The South Africa Institute of Race Relations regularly applauded the state, e.g. when its current director, Frans Cronje (2012a), announced that '[t]he proportion with access to piped water increased from 80 percent to 89 percent. Increases of a similar magnitude are true for all 15 service delivery indicators tracked

by the Institute'. Yet, when asked for details – price increases, breakdowns, disconnections and other service disruptions – he simply replied, 'All good questions. Truth is few answers exist in SA. Would have to do the field work to establish the answer' (Cronje 2012b). His institute never did, and instead, drawing on these statistics, the neoliberal newspaper *Business Day* (2012) quickly applauded the government, as did a communist leader within the government, Higher Education Minister Blade Nzimande (2012).

- Politicians and officials were mainly loyal. E.g. government communications director Joel Netshitenzhe (2004), prior to the 2004 election claimed in the leading Sunday newspaper, '10 million people connected to water [from 1994–2004] cannot by any stretch of the imagination be compared with the *few households occasionally cut off*' (emphasis added). (At that point, more than 10 million had been at least briefly disconnected since apartheid ended, due to inability to pay their bills.)

These are just a few examples of commentators, intellectuals, politicians and officials whose claims of generous South African social policies require interrogation. To judge these claims requires an assessment of whether in each case the policies and programmes are indeed oriented to the classic ideas of social democratic 'decommodification,' or are merely tokenistic.

STATE FINANCES AND SOCIAL DEMOCRACY

Taking the categories in Gosta Esping-Andersen's (1990) 'three worlds of welfare capitalism' seriously, especially decommodification and destratification, requires detailed consideration beyond the scope of this article. But several indicative conclusions can be offered, especially in relation to the welfare grants (as already discussed), housing, infrastructure and municipal services (water and electricity). The counter-factual case of *non-tokenistic* state policy – free AIDS medicines for nearly four million HIV+ South Africans – is noted in the concluding section of this article.

The specific claims by Seekings and Nattrass that state-financed infrastructure is 'directed towards the poor' or that public funding is allocated 'in pro-poor ways' must be assessed in full context. After all, the main roles for a state in modern society are not only the minimal necessary functions for reproducing capitalism – maintaining a monopoly of violence, assuring legal contracts are honoured and facilitating exchange through a well-functioning monetary system.

As David Harvey's (1985) diagrammatic representation of 'three circuits of capital' shows (Figure 1), there is also a wide variety of other activities that ensure the market system generates surpluses at the point of production in the primary circuit of capital. States also typically provide financing and regulation of the secondary circuit: managing the built environment and lubricating financial markets.

It is in the tertiary circuit that state regulation is most obvious: levels of taxation are established, science and technology are subsidised, the security forces are funded and the labour force is renewed by judicious spending on the quantities and capacities of workers available for the market in large part through education, health, welfare and ideological inputs.

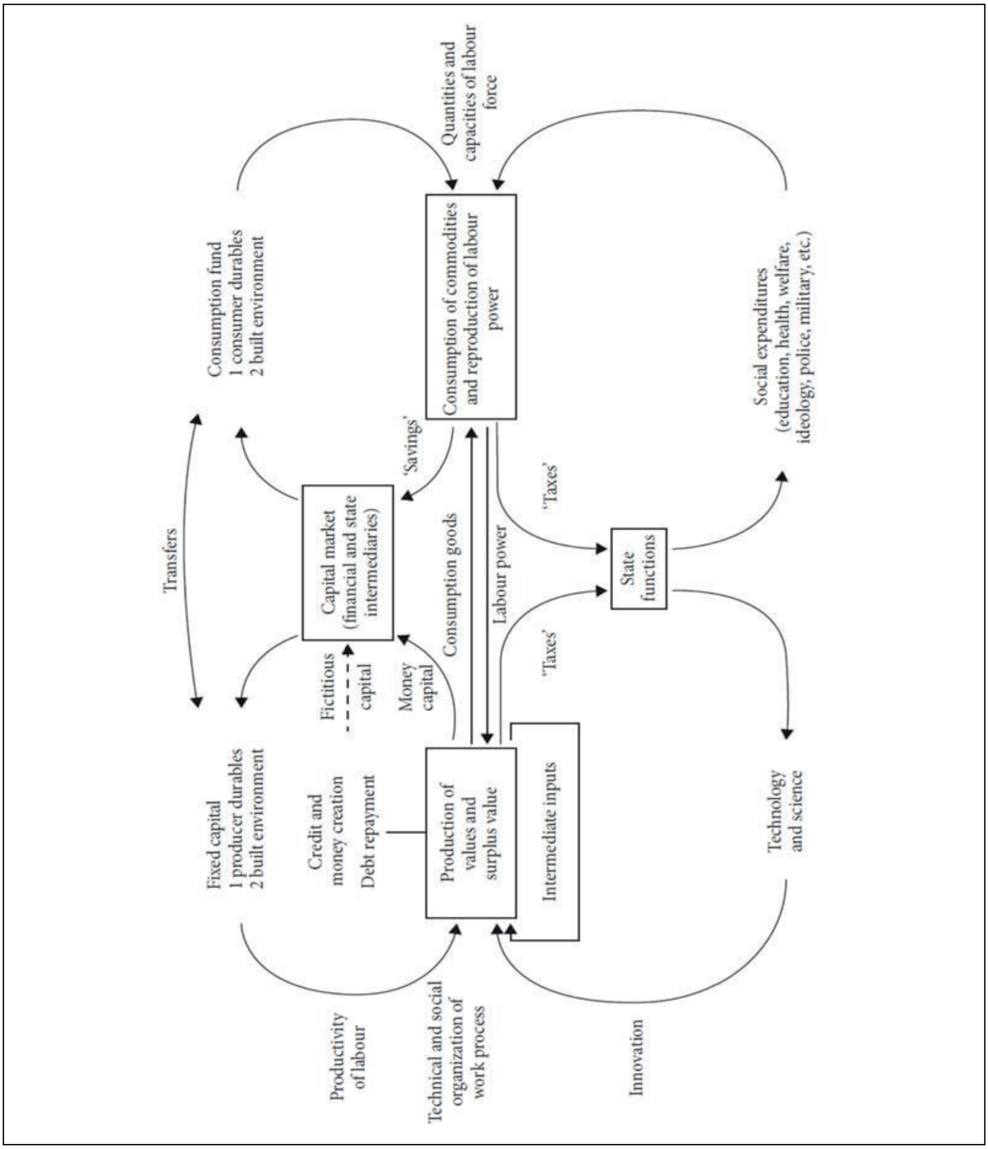

Figure 1: The state within modern capitalism's three circuits

Source: David Harvey (1985)

If we add all the functions of the state to the analysis, including those that directly benefit capital – such as the multi-trillion dollar US/European/Japanese Quantitative Easing and other post-2008 bail-out strategies – then it is evident that only a relatively small fraction of any state's spending and financing (including loan guarantees) is directed towards social welfare. It is the failure to incorporate a comprehensive view of the bias in state fiscal, monetary, security and social policy (Bond 2015) that fatally undermines a World Bank (2014, v) study that strongly praised South Africa's 'sizable reduction in poverty and inequality through its fiscal tools'. Without profound corrections to the Bank's analysis, it is impossible to declare that public funding reduces the Gini coefficient so dramatically (World Bank 2014; Woolard et al. 2015) or is allocated in pro-poor ways (Seekings and Nattrass 2015, 18).

As one reflection, the country's single largest budgetary spending commitment is to education, but differences in the quality of the service are extreme. The situation is similar to most municipal services, e.g. rubbish collection that occurs regularly in mainly white neighbourhoods, but rarely if at all in the shack settlements that house a third of a typical city's residents. The differentiation in quality results not only from racial apartheid's legacy, but from ongoing segregatory processes associated with market-related residential locations. Most public schools produce an extremely low-quality education. The World Economic Forum's (2015) *Global Competitiveness Report 2015–16* rated South African schools the worst of 140 countries in terms of science and mathematics training, and 138th in overall quality. Education spending is meant to be a proxy for 'human capital investment,' as it is termed but in many cases the result is better considered *dis*investment. As Nicholas Spaull (2013, 3) remarked after studying 1994–2011 outcomes:

> with the exception of a wealthy minority, most South African pupils cannot read, write and compute at grade-appropriate levels, with large proportions being functionally illiterate and innumerate. As far as educational outcomes, South Africa has the worst education system of all middle-income countries that participate in cross-national assessments of educational achievement.

The wealthy minority's public schools are sufficiently funded and produce extremely good education in part because of top-up systems in which parents contribute further funds. So it could just as easily be argued that inequality is amplified (not mitigated) by the tokenistic manner in which public education is provided to the low-income majority. Indeed this problem is fairly typical of maldistributed state resources. Many of the largest spending categories – such as infrastructure mega-projects – are even more biased towards supporting corporations (in this case by adding to their asset valuation through geographic advantage), which in turn adds to the explicit capital of shareholders, a form of deferred income that World Bank staff should attempt to quantify, just as they do the deferred income that they assume is the outcome of education spending.

In Nene's October 2015 medium-term budget, $89 billion was allocated for the subsequent year's (2016) spending. Of that, $13.2 billion (15 percent) was for public education subsidies (where differential quality is the main caveat), and the next–largest spending categories included $12.2 billion for 'Economic affairs' (especially economic infrastructure – although tens of billions more were being spent by Eskom and Transnet – with biases towards corporations – but not recorded on-budget), $11.5 billion for housing and municipal infrastructure (including local-level facilities that support businesses and wealthier residents), $11.1 billion for 'Defence, public order and safety' (with their strong upper–class biases), $10.2 billion for public health (whose disease-control benefits are vital to wealthier citizens, so as to halt pandemics) and $8.2 billion for debt servicing. Financiers and other bondholders are the main beneficiaries of the latter spending, given South Africa's ever–higher interest rates. Projected debt payments rise faster than any other spending outlay (10.9 percent annually) over the coming three years.

Such spending processes carry an upward-redistributive bias. The most unjustifiable of such outlays may well be procurement overcharging by corporations which are allied to leading politicians. According to leading Treasury official Kenneth Brown, of $44.4 billion in 2016 state procurements, $17.3 billion was fraudulent expenditure: 'It means without adding a cent, the government can increase its output by 30–40 percent. We could be building more roads, more schools without even adding more money to the current budget. That is where the real leakage in the system actually is.' As Gordhan himself admitted, Treasury has abetted systematic 'rent-seeking. It means every time I want to do something, I say it is part of transformation. But in the meantime, it means giving contracts to my pals in closets' (Mkokeli 2016). Such explicit rent-seeking represents a form of redistribution not covered in the mere income statements of managers and shareholders.

World Bank (2014) claims about Pretoria's 'highly redistributive' state spending (Woolard et al 2015) have nevertheless continued, in spite of intense debate about the actual beneficiaries of state fiscal and monetary policy (Bond 2015; Forslund 2016). The original finding of Woolard et al.'s (2015) research was that a reduction in the Gini Coefficient from 0.77 to 0.59 results from Pretoria's 'comprehensive' expenditures (e.g. education and healthcare as well as social grants already captured by income assessments), but Bank researchers ignored extensive state spending that would have raised the Gini (Bond 2015). Updating in late 2016, the World Bank (2016, 151) claimed that South Africa reduced inequality by 'over 7 points in the market income Gini' through fiscal policy, an 'exception' amongst its peer countries which have more 'moderate' redistributive efforts. Still, especially in corruption-riddled South Africa (PwC 2016), the Bank refuses to explicitly grapple with problems of 'pals-in-closet' crony capitalism, especially the ways infrastructure is located so as to raise the implicit wealth of well-located firms, and the ways that vast overpayment for procured goods and services also transfer more funds to corporations in the name of state services than the value of what is actually delivered.

NEOLIBERAL FUNDING CONSTRAINTS AND POLICY DESIGN

Beyond such distributional and ideological matters, could South Africa's Treasury spend more? After all, state spending in relation to GDP has stayed below 30 percent since 1994, far lower than typical European social democracies. In relative terms, Pretoria's capacity to serve its citizenry steadily shrunk in comparison to the size of the economy, for across the terrain of social and public policy, government's 'general services' role in GDP fell from a high of 17.3 percent in 1998 to 13.7 percent in 2012. One of the most important state functions, termed 'electricity, gas and water,' declined from 3.5 percent of GDP in 1994 to 1.8 percent in 2012. At that point, the internal gross public debt of South Africa was less than 40 percent of GDP, well below that of high-performance countries Malaysia, Brazil, Argentina and Thailand (Figure 2). It should not have been too hard to raise social transfers by more than the tokenistic 2.7 percent of GDP increase from 1983 to 2007 (Financial and Fiscal Commission 2011, 14). State social spending by the South African government was so limited that in relation to GDP, only four out of the world's 40 largest economies had a lower ratio in 2011 (South Korea, Mexico, China and India – all of which had much lower Gini coefficients) (Weisenthal 2012) (Figure 3).

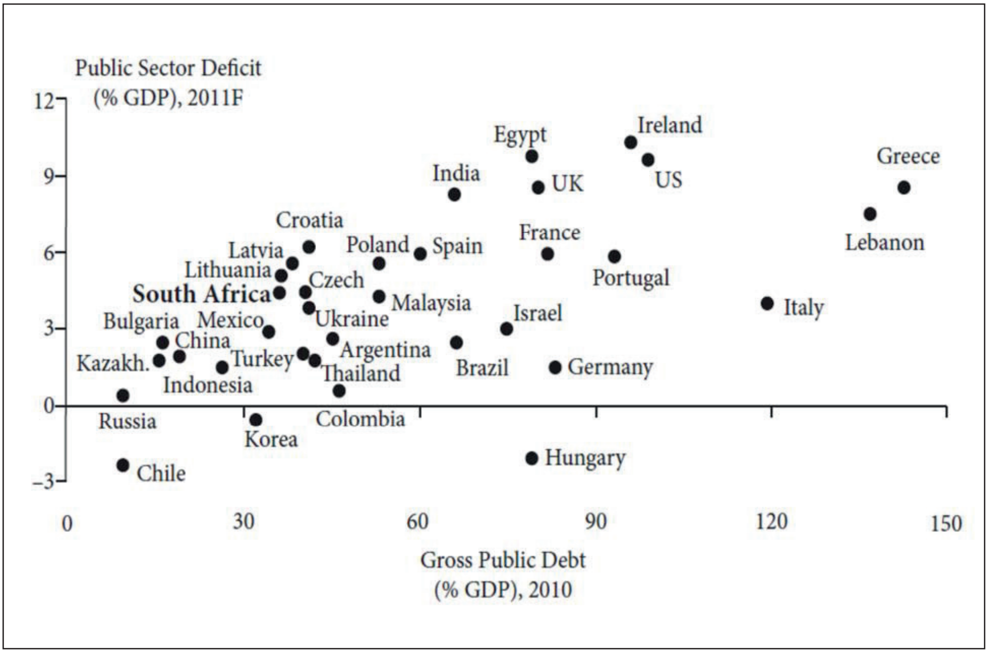

Figure 2: Annual Public Deficit and Public Debt in Comparative Terms, 2011

Source: Barclays Capital (2012)

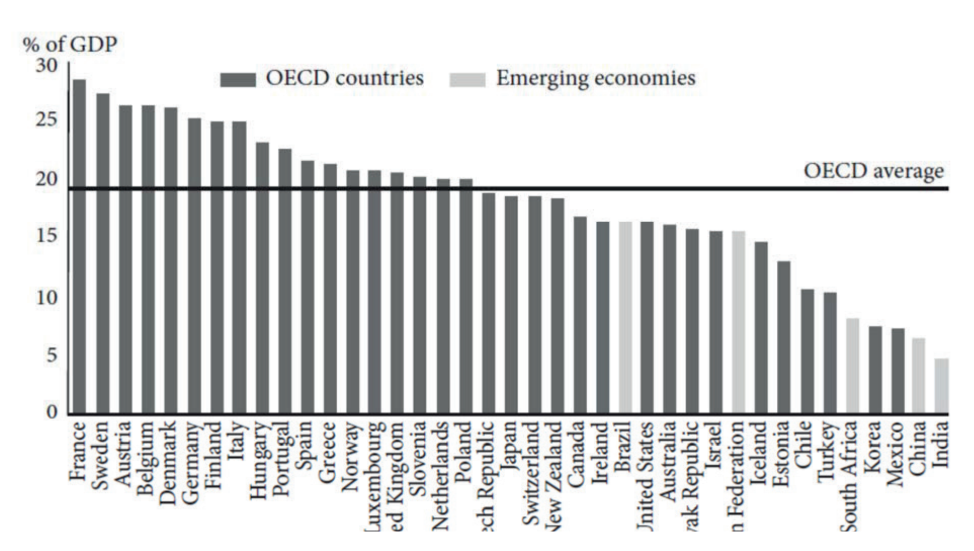

Figure 3: Public Social Expenditure in the World's Largest Economies, 2011

Source: Organisation for Economic Co-operation and Development (2011)

The devils in the detail are not just financial but relate to social policy design. Other commentators have remarked upon specific features of Pretoria's social policy tokenism, e.g. Sampie Terreblanche (2002) on the lack of decommodification and destratification; Franco Barchiesi (2005, 2009, 2011) on the state's individual-responsibility focus notwithstanding the precarity of employment; James Ferguson (2013, 223) on ANC fear of 'dependency'; Jimi Adesina (2007, 21) on the perils of means-testing; Greg Ruiters (2007, 195) on prepaid technologies for water and electricity; Susan Booysen (2011, 15) on patronage systems; Moeletsi Mbeki (2011) on 'Tunisia Day' once austerity is applied; Nicolas Pons-Vignon and Aurelia Segatti (2013, 507) on grants that 'entrench neoliberalism if they are associated, as has been the case in South Africa, with encouraging private provision of services to the poor'; and Jane Duncan (2014) on the outsourcing of benefits payments, which in 2016 was followed by a scandal over stop-order payments (e.g. for burial insurance) taken from children's grants.

Another aspect of tokenistic social policy is the 'unfunded mandates' problem that arises when national government gives municipalities much greater responsibilities but fewer resources, i.e., 'decentralisation' (Bond 2002; 2014b). That in turn inexorably leads to services disconnections, e.g. in the water sector affecting 275 000 households in 2003 alone (Muller 2004), and an estimated 10 million from 1994–2001 (McDonald and Pape 2002, 22). The price of water soared after the World Bank's water specialist, John Roome (1995, 51), advised the government that privatisation contracts ‘would be much harder to establish’ if poor consumers had the expectation of getting something for nothing. If consumers weren’t paying for water, he argued, South African authorities required a ‘credible threat of cutting service’. The Bank declared its market-oriented advice ‘instrumental in facilitating a radical revision in South Africa’s approach to bulk water management’ (World Bank 1999, Annex C, 5).

Even non-tokenistic policies were defeated in this context. For although in the early 2000s Water Minister Ronnie Kasrils imposed a ‘Free Basic Water’ strategy, the World Bank’s (2000, Annex 2, 3) *Sourcebook on Community Driven Development in the Africa Region* quickly reasserted neoliberal principles: ‘Work is still needed with political leaders in some national governments to move away from the concept of free water for all.’ Partly as a result of this pressure and partly because neoliberals controlled most municipal tariff-setting, the Free Basic Water was implemented with an unintended adverse outcome: the poorest third of the population measured in the pilot project city of Durban suffered substantial water consumption cutbacks in the subsequent six years, from 22 kl/household/month to 15 as the second block of water rose after a tokenistic 6 kl/household/month free (Bond 2010, 456), and matters were worse in nearby peri-urban and rural areas (Hemson 2003).

CONCLUSION: BOTTOM-UP COMMONING, NOT TOP-DOWN TOKENISM

South Africa’s welfare state is terribly unsatisfactory, given the society’s wealth, world-leading inequality and record of social mobilisation against injustice. Critics of tokenism have been pointing these problems out for many years, e.g. Nina Hunter, Julian May and Vishnu Padayachee (2003, 21): ‘The grants do not provide comprehensive coverage for those in need. Unless they are able to access the disability grant, [pre-retiree] adults are largely excluded from this framework of assistance.’

But the grants have recently been declining in real terms. One punishment for policy tokenism is rising social protest, and another is rising electoral apathy (eligible voters who supported the ANC fell from 53 percent in 1994 to 42 percent in 1999 to 39 percent in 2004 and 2009, to 36 percent in 2014, according to McKinley (2014). But an alternative left party should also contemplate ideological alternatives to tokenism, not simply doubling the existing grants. And these alternatives should ideally emanate not from policy makers or politicians, but from the daily practice of oppressed citizens. Indeed, the practical alternative to tokenistic welfare in South Africa is the practice of *commoning* social resources, funded by more progressively applied state tax and fee revenues, and won through bottom-up struggle in which policy is shaped by activists.

For example, AIDS medicines struggles led to the commoning of knowledge production following an attack on intellectual property in the period 1999–2004 by the Treatment Action Campaign (TAC), made up mainly of black HIV+ South Africans (Bond 2003, 2014b; Nattrass 2003; Geffen 2010; Mbali 2013). Because they won these medicines as a free component of the South African public health system, average life expectancy was raised from 52 in 2004 to 62 by 2016, a truly miraculous accomplishment. Similar decommodification strategies were applied by community groups in Soweto that illegally reconnected water piping and electricity wiring after disconnections (Bond and Ngwane 2010; Bond 2013a).

The 'reformist reforms' associated with tokenistic South African social policy contrast with what Andre Gorz (1967) termed 'non-reformist reforms', such as AIDS and Soweto services commoning. If combined with alternative macro-economic strategies (Bond 2013b; 2014b), a genuine basis for social democracy can be established. The vehicle for this sort of approach, in my view, could eventually be some sort of 'United Front' of labour, community, women, youth, the elderly, environmentalists, the gay rights movement and other progressives. In one effort along these lines initiated by the National Union of Metalworkers of South Africa – Africa's largest trade union with 380,000 members in 2016 – there were many early teething pains, and major fissures continued between labour and others in civil society. In contrast to the loss of confidence caused by the United Front's false start, in late 2015, students launched #FeesMustFall to overwhelming social acclaim, after having successfully won that year's main symbolic battle of political imagery, ridding the University of Cape Town of Cecil Rhodes' statue. Within three days of beginning national protests – including at Nene's October 2015 budget speech – they won a 0 percent fee increase for 2016 and commitments for the insourcing of low-paid university workers (with substantial raises). These quick wins led to optimism that the universities' proposed inflation-related fee increases for 2017 would be even more sharply contested.

Also in 2016, a socialist party was mooted by the metalworkers, but will probably require the more rapid emergence of an alternative labour federation, which was announced in May 2016. By the time of the August 2016 municipal elections, the Economic Freedom Fighters were without question the main party of the left, and increased their vote from an already impressive 6 percent won in the 2014 national election to 8 percent. With the ANC's vote just 54 percent (down from a 2004 high near 70 percent), it was evident that the bulk of the defections were going to Malema's party (the EFF), in contrast to a Democratic Alliance whose voting share gradually edged upwards to a quarter of the population and whose ability to manage the Johannesburg, Tshwane (Pretoria) and Nelson Mandela (Port Elizabeth) metropoles would soon be tested.

However, no matter the success of various alliances that appeared logical (though by no means assured) in the period leading up to South Africa's next national election in 2019, non-reformist reform initiatives could still be undertaken in civil society, in the spirit of TAC's extraordinary victory. Campaigning for *non-tokenistic* welfare policies could at least point South Africa towards a broader liberatory politics so urgently needed in so many spheres of society, even if genuine social democracy remains on the horizon for many years to come.

NOTE

This is a substantially updated and much compressed version of a chapter published in Ingo Schmidt's 2016 book *Three Worlds of Social Democracy* (London: Pluto Press), and of a 2014 article published in *Transformation* (Bond 2014a).

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