

SOCIAL SECURITY IN SOUTH AFRICA: THE LINK BETWEEN WELFARE AND DEVELOPMENT

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Introduction

At the centre of South Africa's public life, the major political actors engage with each other. Now they conflict, now they compromise; now they call off "the talks" now they agree to resume discussions. The spotlight has fallen in turn on the procedure by which to arrive at a new constitution, the conditions for the release of the remaining political prisoners, and the future of the African National Congress's army Umkhonto weSizwe.

In the peri-urban and rural areas, where the majority of black South Africans live, not much has changed for the better, materially, since the release of Nelson Mandela in 1990 and the unbanning of the ANC. The drought has worsened, but it is not as severe as in neighbouring Zimbabwe and Mozambique, and it has started to break on the eastern seaboard. The cost of living continues to go up, but commodities are available in the trading stores. There is more fear and less physical security in terms of both the political and non-political violence. More refugees arrive, both from the formal urban townships, and from over the borders; people seek a place to hide, and to be safe, and the refuge that they find is often at the literal expense of local residents.

For people in these areas there is little sign, as yet, of the things that would make a material improvement - redistribution of land, with accompanying agricultural extension for small farmers, the creation of new employment opportunities, a viable school system. However, at a level below the central political meetings there is another set of negotiations going on which is important to all South Africans, and especially to those in the countryside. In these less public negotiations, various interest groups are struggling to define and come to agreement on the economic policy questions - what kind of balance between growth and redistribution, between central planning and the market, between privatization and public provision of services, will advantage which groups, in which ways? The outcome of these meetings will, over time, be an important influence on the opportunities for living, and quality of life, of the presently marginalized masses.

The redistribution which has to take place is both racial and spatial. The inequality in South African society is centrally to do with the enormous differences between black and white in terms of political power, economic affluence, and social access. It is also to do with the gap between the rural and urban areas; or more accurately, perhaps, between the formal urban space on the one hand, and the informally built urban periphery ("the squatter settlements") along with true rural space on the other.

One thing that has been getting to the countryside in the last decade or so is activities to do with "development", in the form of a variety of governmental and non-governmental initiatives. Ministries of development, community-based, secular and religious organizations, development projects financed by overseas aid, university-based research and action projects have proliferated. Their orientations differ considerably. They may concentrate on different sectors, such as primary health care, agricultural extension, or basic education and literacy. Within the sectors, there are contesting principles or approaches: some may concentrate more on the delivery of alternative technology, others on employment creation, and yet others on community organization and empowerment.

There is no consensus between these agencies about what development really is. However, it is easy to find consensus among those doing "development" on what they do *not* stand for: they are not about charity, or giving handouts, or creating dependency, or applying band aids, or patching things up. So, the poor are not given "relief".

What those doing "development" do stand for are principles such as selfhelp, participation, empowerment, increasing organizational capacity, and so on. However, the track record of actual material delivery of those with a development approach is not good - in this way,

South Africa is no exception to the international case. A growing literature chronicles the common shortcomings. Projects and programmes are too small, and are not replicable, which makes them expensive; typically they are too dependent on outside leadership and organizational ability, and therefore are not self-sustaining; they frequently work to the objective disadvantage of women; and they do not succeed in reaching the really poor. They do not take on local relationships of power and dominance, and they themselves, or their benefits, are able to be co-opted by local elites. So, not much changes at the local level, and there is little "development" for the poor.

Does this dichotomy between relief and development hold water, as it were, in the real world? Duffield argues that, especially in Africa, social transformations have taken place which have led to such vulnerability that the contrast between relief and development is now permanently out of place:

The existence of 'developmentalism' within NGOs, especially the view that relief work is somehow secondary to development goals, tends to work against a proper appreciation of the full significance and historic weight of present developments... the NGO relief/development debate, which casts emergencies as temporary diversions from the sure path of development, although having possible relevance in the 1960s and 1970s, has now become meaningless. (Duffield 1992: 148)

Dreze and Sen (1991, 1992) in discussing approaches to famine prevention, say that the alleged dilemma between relief and development is exaggerated. Life in the under-developed world has increasingly come to be characterized by precarious living conditions and lack of security. These authors seek a way out of the dilemma through looking at different approaches in economic policy to the notion of security - "growth-mediated security" and "support-led security":

One approach is to promote economic growth and take the best possible advantage of the potentialities released by greater general affluence, including not only an expansion of private incomes but also an improved basis for public support. This may be called the strategy of 'growth-mediated security'. Another alternative is to resort directly to wide-ranging public support in domains such as employment provision, income redistribution, health-care education and social assistance in order to remove destitution without waiting for a transformation in the general level of affluence. Here success may have to be based on a discriminating use of national resources, the efficiency of public services, and a redistributive bias in their delivery. This may be called the strategy of 'support-led security'. (Dreze and Sen, 1992: 183)

What is the evidence for the relative success of each approach? Dreze and Sen look for it in the economic policies behind the performance of the ten countries in the world which have had the most success in reducing the under-five mortality rate (U5MR). The ten best performers can be divided into two distinct groups - growth-mediated and support-led. The latter managed to achieve much lower mortality rates than other countries at a comparable income level:

... all these countries have repeatedly attracted attention for their active public involvement in various forms of social support, including the direct provision of vital commodities and social services ... The evidence in favour of support-led security is quite substantial ... (These countries) have not waited to grow rich before providing large-scale public support to guarantee certain basic capabilities. (Dreze and Sen, 1992: 187-8)

They use South Africa as an example of a particularly poor performer: with nearly six times the GNP per head of China and Sri Lanka, South Africa has a life expectancy approximately fifteen years less than those two countries.

A point of departure for this paper is that a review is needed, in South Africa, of the distinction between relief and development, in the same way as it is coming up for review in development thinking in other countries. The different approaches to poverty alleviation and to redistribution need to be assessed in terms of their outcomes for the poor. The driving idea behind the paper is that South Africa has created, unintentionally, and without it being an explicit social policy, a social security system which both now and in future can be one vehicle for reaching the poor. I start by describing what the present system is, and how much it costs. I then outline some of the problematic aspects of the

system as it now is. Following that, I consider some of the positive aspects of the system, in terms of the benefits it actually provides.

I will be assessing the potential of the South African social security system in terms of Midgley's criterion:

While social security cannot be regarded as the primary means by which the developing countries raise the levels of living of their peoples, it should contribute towards this objective and be compatible with broader development goals. (Midgley 1984: 189)

There is a plea embedded in the argument, that social security should not be viewed through the pedantic, rigid lenses of conventional economists who will decide beforehand that pensions are "unaffordable", "will create dependency on the state", and such like. I try and look at what the system actually does in rural areas, in domestic economies; this should be set against the record of development economists in getting to rural people what they need most - the ability to command more resources.

The Social Security System

Social security in South Africa is one part of the broader system of welfare provision which is based on what Mishra (1981) would call a residual system, and Korpi (1983) would call a marginal system - the state will provide services and benefits if the individual, family and community are not able to do so.¹ While welfare provision has traditionally been a partnership between the public and private sectors, the latter has been firmly regulated by the government's subsidization and standard-setting procedures. The government has used the subsidization and regulation procedures to protect and advantage the white population, particularly those in relatively poorer circumstances.

The Department of Welfare (later Welfare and Pensions) was established in 1937 to serve all races, although it concentrated on urban white welfare. The Nationalist government came to power in 1948, and by the end of the 1950s, separate departments to serve different races had been established. This fragmentation was taken further with the establishment of the "self-governing areas" (Gazankulu, KaNgwane, KwaNdebele, KwaZulu, Lebowa and QwaQwa) and the "independent states" (Bophuthatswana, Ciskei, Transkei and Venda; these ten administrations will hereinafter be referred to as the bantustans), which each created a department of welfare.

This led to the position at present where there are seventeen state departments of welfare, co-ordinated by three others. Welfare for coloured, Indian and white people is delivered as an "own affair" through the parliamentary houses of Representatives, Delegates and Assembly respectively. Welfare for black people in the common area of South Africa goes through the four provincial administrations (Cape, Natal, Orange Free State and Transvaal), and there are the ten departments in the bantustans (for further details of the history and complexities of the welfare structures, see Lund, 1992b).

The racial inequality in the welfare system has been pervasive throughout: in differential salaries of social workers (white men earned most, black women least); in the level of subsidies paid to institutions such as homes for the frail aged (for example, 1991 figures for the monthly subsidization of the frail aged in institutional care were R1000 for white and R100 for African people); in facilities at training institutions; and - germane to this paper - in the types and levels of social security benefits available.

Parallel to this development of a racially separate welfare system was the development of the social security system. Very briefly, at Union in 1910, a pensions office was created which fell under the Treasury, and its main role was (as so often in countries under colonialism) to deal with the administration of colonial pensions (Midgley, 1984). In the 1920s state old age pensions were introduced for white people, followed by disability grants in 1946. Provision was soon extended to coloured and Indian people, and thereafter to urban Africans, and lastly to rural Africans.

What comprises the scheme at present? In the field of state social pensions,² there are four major categories of benefits: those associated with old age, disability, child and family care,

and poor relief. The most important pensions for the elderly are the Old Age Pension (OAP) and the War Veterans Pension, with a few other minor grants. In the field of the disabled are the Disability Grant (DG), the Blind Persons Grant and the Leprosy Grant. There are a number of benefits in the area of child and family care, to do with maintenance of children by partners who have gone away, foster care, and an allowance to people who look after children who would otherwise be committed to institutional care.

The OAPs and DGs are the most significant of this cluster of social benefits in terms of numbers of beneficiaries and amounts paid (Lund, 1992b); I focus here on the OAP almost exclusively. It is a statutory right for all South Africans, so long as the qualifying rules are met. Gruat (1990), in his survey of African social security systems, cites only two countries where old age social security coverage is extended to all residents in this way - South Africa and Mauritius. Second, it is a non-contributory benefit, as opposed to being based on a social insurance principle. Beneficiaries do not contribute through their lifetime, and the money for the benefit comes out of general revenue.

The system is based on means-testing. In other words, it is not a universal benefit as is the child benefit in the United Kingdom, where all get it regardless of income. Rather, applicants for benefits have to prove that they have less than a certain level of income and assets in order to qualify, and a sliding scale is applied to determine how much of the full amount of the grant an individual will actually get.

The OAP is payable to women at 60 and men at 65 years old, which is in line with many countries, though there is an international move towards equalizing the ages for both sexes, and, in some developing countries, to paying the pension earlier (in line with lower longevity rates).

In financial terms about R3.8 billion was the estimated expenditure for all state pensions and grants in 1990, and 67 per cent of this went to the pensions for elderly people. Of that 67 per cent, 33 per cent was allocated to coloured, Indian and white old people, the remainder going to black people in the provinces and in the bantustans (Lund, 1992b). The Disability Grant was allocated about 20 per cent of the total transfer payments to individuals. Le Roux (1991), quoting Department of Health, Welfare and Population Development figures, puts the OAP at about 1.02 per cent of GDP in 1989.

In March, 1991, there were an estimated 1.1 million OAPs, out of a total population of about 32 million people. Between 1983 and 1988, the percentage growth rate in the number of pensioners per annum was 7.7, 2.8, and 4.2 per cent for black, coloured and Indian people respectively, and 0.1 per cent for white people (Smith, 1989: 18).

The number of white OAPs is dropping gradually, as more and more white people have come to make private provision for their retirement; the number of black people coming on to the system is increasing. The system has become better known, and mobile pay points go further out into rural areas (KwaZulu, for example, had about 1000 mobile and fixed pay points in 1990); also, the life expectancy of black South Africans has increased, and more survive to the age when they can come on to the system, though this is happening gradually.³

What is received by the pensioners themselves, and how does it compare with other sources of income? In May 1992, the monthly pension amounts were R345 for whites, R318 for coloured and Indian people, and R293 for black people. A decade earlier, the 1982 ratio for amounts paid was 10: 5: 1 with whites receiving the highest amount, and black people the least. In the last ten years there has been a move towards parity, which now exists for two of the smaller pensions (the War Veterans and the Blind Persons Pension). Parity for the others has been promised in the 1993 budget. What these figures mean relative to other sources of income in rural households will be dealt with after the next section.

Major Problems with the Present System

Though the primary purpose of the paper is to draw attention to the potential of the social security system, this cannot be done before drawing attention to its problems. These give an insight into the power relationships that presently dominate South African society. They

show how deep and incisive, institutionally, the worth of citizens has been racially carved out in terms of rands and cents. The problems also illuminate barriers and constraints to getting not only social security but other government services out to the periphery; they indicate the extent of the problems of delivery that presently exist.

The problems can be grouped into those which are a result of discriminatory policies, those which are the result of inefficiencies within the delivery system, and straightforward abuse of the system for personal gain.

Racial Discrimination

The different amounts paid to pensioners, based on race, have been described. There are further discriminatory procedures built in to the implementation and delivery systems. I have described these in detail elsewhere, and here just give some examples of how this discrimination runs deeply in the administrative system.

Pensions and grants for coloured, Indian and white people are paid from the date of application for the benefit. One of the many discriminatory procedures which have worked to the disadvantage of black pensioners has been that pensions are paid only from the date of approval of the pension by Head Office, and there can be months between these two dates. This has been seen as one way in which administrations have tried to effect savings.

Pensions to black people have been paid every two months, as opposed to monthly for everyone else. The system is changing to a monthly system now for everyone, which is generally preferred by people in towns, where there are post office and bank facilities. Some rural black pensioners who have to walk miles to and from the pension payout point have in fact preferred the bi-monthly system - they walk half the distance every year, and have six chances rather than twelve of getting robbed on the way home.

Inefficiencies within the System

The cost, in money and time and effort, of getting a pension, is often very high for the individual pensioner. One way of revealing the difficulties is to describe the barriers which may stand between a 60-year-old woman and the pension. This prospective pensioner may not know of the system at all.⁴ She may know about it, but may not want to apply because she does not want to become dependent on the money of the government. However, this barrier is disappearing - the pension is increasingly seen as a right, owed to people by a government that has delivered very little else in the form of services to black people.

She may know of the system, but not know how to apply. She may know of the system and how to apply, but cannot afford to do so. Some exchanges which take place which may require payment are: to the local headman to vouch for her age; for transport to the magistrate's office where application is made; she may have to pay a local tax before she can apply, or pay for the identification document that is a prerequisite for getting the pension, or in the case of frail and disabled elderly, pay the tip to the person who will act as collector.

If she does manage to apply, the application may be delayed because there is insufficient or conflicting information on the form, which is then returned, or the form may be lost, or a less-than-competent clerk may return the form for the wrong reason. Having been through all these steps, she may have to wait so long, and spend so much money returning each two-month period to see whether it has arrived at the payout point, that she gives up hope. If she finally succeeds in getting the pension, and if she is one of those whose pension is collected by someone else because she is too frail, she will have to present herself from time to time for review, so that the clerks can see that she is still alive. If her notice of the review goes astray, and/or if she does not present herself within the specified time, her name is withdrawn from the list, and application has to start anew. In some administrations, it is much more difficult getting back on to the system, having been on it once and removed, than it is to get on in the first place.

There is a common belief that some of the delays are intentional on behalf of the administrations, as a way of saving money. One delaying mechanism is suspected to

surround the specifying of the age of applicants. Many older people, especially in rural areas, do not know their age. Ingenious systems have been devised in some areas as date indicators: for example, the Great War, the German War, the year the woman killed her daughter, the time the "boere" came to power (1948 - "boere" being a derogatory term for all white people, but especially government supporters), the time they sprayed with DDT, the year the locusts came.

Notwithstanding these attempts to assist people with identifying their age, it is the case that very often people's ages are grossly under-estimated by the registering clerk, and this is perceived by communities as one way the government manages to avoid paying out so much in pension money.

Overt Abuse and Corruption for Personal Gain

Any system which is as porous as this holds possibilities for corruption for personal gain. This can be by people within the delivery system, by the pensioners themselves, and by interest groups in the environment of the pensioners which help give them access to the system.

On the side of those working for the system, well-known examples are of pension money going to buy cars for the civil servants at senior level; clerks taking advantage of the lack of literacy and numeracy of the pensioners at the payout point, and handing over only part of the money; vans which deliver the money being robbed at gun point; pensioners having to pay middlemen in the tribal authorities in order to get access to the system.

As far as cheating the system by beneficiaries is concerned, the poor information systems, and the duplication of bureaucracies delivering the system, create porosity as well. It is possible for the same person, using the same name, but with different identity documents, to apply for pensions to two adjacent administrations, for example, QwaQwa and the Orange Free State Provincial Administration, or Venda and the Transvaal Provincial Administration. It is possible for one person to apply to the same administration twice over, using two different names. It has been possible for relatives or pensions clerks to keep on drawing the pensions or grants of dead people.

Given that the system is so difficult to access for even one pension, it must surely be the case that the abuse by pensioners themselves is infinitesimal compared to abuse from within the system. The general point to be made here is that abuse of some sort is inevitable given the insinuation of so much cash into such a situation of poverty, in a society where violence is becoming endemic. It is a population where the standard of formal education is low, both among the beneficiaries and the government personnel, there are poor information systems, and poor infrastructural networks for delivery. The organs of the state enjoy almost no legitimacy; people feel historically cheated by "the system", and there is no recent tradition of civic responsibility upon which to base calls for accountability and reform.

Positive Features of the Social Security System

If one views the social security system as a product of apartheid, one is struck by the racial discrimination in it, the way it has shored up white advantage, and the way that other South Africans have begrudgingly been brought in over the years. If we view the same system with other eyes, for example through the eyes of residents in the countries surrounding South Africa, the picture looks different. The discriminatory aspects recede, and what is foregrounded is the extensiveness of the system, in a comparative southern African context.

Kaseke, for example, describes Zimbabwe's history of social security. In Smith's Rhodesia, old-age pensions were only available for white people, using the same rationale as did white South Africa for limiting the coverage of the system:

Africans (were) excluded on the erroneous assumption that upon reaching old age they would fall back on the peasant economy for support. (Kaseke, 1988: 9)

On achieving liberation, the new government could not continue with a system which was demonstrably racist, but neither could it extend the pension to all Zimbabweans because this was felt to be too expensive. Today, older Zimbabweans who are in need apply for assistance under the public assistance programme, which is largely urban-based, and far from adequate.

The regional comparison does not provide a reason for detracting from the injustices in the present system - indeed, it strengthens the argument for immediate parity. It does, though, provide the impetus to probe with a different eye its existing positive features, and its potential for improvement.

In the rest of this paper, I will deal with the following aspects of the pensions in terms of their role in the domestic economy: the amount paid, their use as a household asset, their reliability, their targeting of women in general and the poor. I will then consider their role in securing security and food security, and consider whether an argument can be made for, if not a developmental, then at least not an anti-development role for pensions as an instrument of social policy.

The Amount of the Pension

How much is the OAP "worth" to the individual? In urban areas, it is not an adequate benefit for anyone, regardless of race, in terms of securing a decent level of living. The R300 black OAP is about half of a very average black urban wage, and about the same amount as a living-in domestic worker would get.⁵ In rural areas, the amount has a different meaning. It is at least twice, and probably closer to three times as high as the rural per capita income. It is notoriously difficult, however, to get accurate rural per capita income figures, and until we can be more confident of the data, we must look to other ways of assessing the significance of the pension.

The receipt of the pension is very often the first or at least the most important source of income the elderly will have had (Ardington 1988). The case studies of rural income and expenditure patterns reported on at the Carnegie Conference on Poverty showed that pensions were the second most important source of income after migrant remittances, or after local wages and remittances (Wilson and Ramphele, 1989 *passim*); these results have been confirmed in the work done by Julian May (1990).

The Pension as a Household Asset

The second aspect of the economics of the pension is critically important to understand. While it is *claimed* by individuals, it is largely *consumed* as a household asset in the three-generational families in which most black rural pensioners live. Thus many more people than the elderly themselves (or the disabled in the case of the Disability Grant) get the benefit of the pension. This consumption of the pension by households is unlike that pertaining to white South Africans' pension money which all accrues to the pensioners themselves when they live on their own. (Pringle, 1984)

There is unfortunately as yet very little South African research which concentrates on intra-household distribution of resources and decision-making about such distribution. However, observation of activities at pension payout points provides some evidence. First, alongside the queue of pensioners which starts to form early in the morning, come the people running the informal sector who set up their "stalls" on blankets on the ground - children's and adults' clothes, blankets, fruit, vegetables, paraffin, polish. Trade has started. When the pension arrives, one sees the pensioners walk into the store to pay last month's debt for consumer goods for the whole household (and rural stores compete with each other to have the payout point on or near their premises). The hire-purchase firms have their representatives there, waiting to get their slice for the monthly instalment for the household furniture (two-monthly debt repayments are allowed - commerce has fitted in with the pension dates). The use of the pension for the purchase of general household consumer goods is clear.

The pension contributes to educational expenses. One can observe the grandchild getting the money for the school building fund, or for fees, or for whatever other demands the school is making on families. Many more children now, compared to ten years ago, have access to at least some years of formal schooling. However, of a cohort of one hundred children in a typical rural area who start school, about ten will finish the senior years, and of those ten, only one will get the matriculation exemption which is the passport to further tertiary education. To participate in the education system in rural areas requires regular sources of hard cash - and the old-age pension plays its role.

For years the pension was denied to rural Africans on the grounds that they were part of a peasant or subsistence economy in which kinship obligations still held. That economy has gone, and the capacity of the pension to "buy care" has become evident. There is no doubt that the pension buys the right of the elderly to be cared for by their relatives, but this is the focus of another paper (Lund 1992a).⁶ A serious research programme is needed which focuses on the contribution of the pension to wealth flows in the household. One can anticipate an unusual inter-generational flow of income from the older to the younger people, with this being more pronounced the more one moves from cities (where the wage comprises a higher part of the household sources of income) to the countryside. With increasing unemployment, one can speculate also that the old age pensions bill might be increasingly being a stop-gap to cover for the unemployment insurance fund which is rapidly becoming bankrupt. Whether the insertion of the pension into rural social and economic relations is itself driving a change in the basis of family values is a thoroughly fascinating question which requires further exploration.

The Reliability of the Pension - and a Credit to the Household

A further noteworthy aspect of the pension is its reliability. Despite all the shortcomings mentioned above, the pension does, for the majority of the pensioners, get through. The reliability is remarked on by pensioners themselves, and by researchers in widely differing regions of the country. For example:

... for all of Gazankulu in 1982, nine out of every twenty people who receive a *steady* income are pensioners. (Harries, 1984: 8)

[Around Matatiele and in QwaQwa] a *reliable* cash income for an individual is one primarily obtained from contract employment or from a pension. (Sharp and Spiegel, 1984)

[In a coloured township outside Calitzdorp, grants and pensions are] not only ... a *regular* source of income, [they] also compare favourably with the actual earnings of workers. A consequence is that it is the disabled and the pensioners who are the main breadwinners. (Horner and van Wyk, 1984: 53, 54) (emphases my own)

Morgan, in his full account of welfare programmes in the SADCC countries surrounding South Africa, singles out the importance to poor families of this stability of an income source:

... the problem of vulnerability is related closely to the instability of the various sources of income ... within which those deriving from the State ... can play an important buffering role. (Morgan, 1991: 440)

This reliability brings with it another advantage to households with pensioners: Ardington (1988) shows how the pension is itself often a household source of *access to credit*. People in her Nkandla study spontaneously expressed the view that only pensioners could get access to credit at the local store. This was borne out by the fact that 58 per cent of households with pensioners had credit, as opposed to 38 per cent of households without. Another 11 per cent of households with pensioners said they could have got credit had they wanted it. The same study points to the broad coverage of the pensions - more than 50 per cent of households had pensioners. It is impossible to generalize this result more broadly, however, and comparative empirical evidence is needed for other rural as well as peri-urban and urban areas.

It is Probably Good for Women too

An increasing number of households of all races in South Africa are headed by women, but the trend is particularly high among black rural households. Budlender (1991) has estimated that between 18 and 30 per cent of urban black households are female-headed, and as many as 60 per cent in some rural areas. As women draw the pension earlier, and live longer, they should in principle be getting more of it. In this context, the pension has the makings of a gender-sensitive benefit.

Here again, there is as yet a dearth of research about intra-household decision-making about incomes and resource allocation in South Africa. The research of Kennedy and Peters (1992), based on careful empirical work in Kenya and Malawi, describes the complex interaction between income, gender of household head and nutrition, showing that it is not the gender of the household head alone which is the determining variable on nutritional status. Nevertheless, unless South Africa is completely out of kilter with international patterns, the money which goes directly to women is more likely to be spent on beneficial goods such as food for children, and education.

A Proper Meaning for Security?

To summarize so far: South Africa has a system of social security in place which, without it being the intention of the scheme, is in fact getting significant amounts of money, to those who need it (black people in households who are poor), to where it is needed (rural areas) on a regular (monthly or bi-monthly) basis; it is highly likely that it goes to women disproportionately more than it does to men. To this extent, it has in it the elements of what so many social policies and programmes try to achieve, but fail to do - it brings the security which is the focus of contemporary attention by development theorists.

In poverty studies in the last decade there has been a move away from the idea of a fixed poverty line as a useful tool of analysis. In the first place, income and expenditure in less developed countries are extremely unreliable, if they exist at all. Furthermore, as Burgess and Stern (1991: 48) note:

One cannot simultaneously define poverty as the minimum for survival and then record how many are surviving below the minimum.

Another problem is that the focus on a poverty line can divert attention away from the distribution below the line, which can be important. Thus the trend has been to an analysis of the dynamic understanding of the process of becoming poor and staying poor; away from income as a fixed asset towards the ability of vulnerable households to command access to a range of resources, particularly food - hence the contemporary prominence of food security as a development goal; and towards the stability of sources of income or other resources, whatever they are. It would seem that the state pensions in South Africa fit remarkably well with criteria which define an effective system of social and economic support. It is a significant amount of hard cash, and it is a source of further security.

The Administrative Advantages of Something that is Already There

So far the argument has concentrated on the importance to the household of the pension, once it gets there. A significant aspect of the scheme, in terms of problems surrounding the administration of services in developing countries, is the simple and obvious one - it is there. It has a shocking reputation in terms of the abuses and the inconveniences to pensioners. But as inadequate as it has been and still is, transport and communications infrastructures and procedures are in place which take resources out into the rural areas. The only other government services which do the same are the mobile clinics, and to a lesser extent the schools.

The administrative experience, the energy that has gone into devising schemes, the training of officials - these are all investments that have already been made. There will surely have to be a great deal of re-training and new training (and some retrenchments too), but it will not be necessary to break completely new ground.

The development of better information systems is already under way with computerization, and important first moves have been made towards the "harmonization" of the fragmented welfare bureaucracies. The point is being reached when flexible delivery systems could be considered for the first time. It will be possible to offer beneficiaries in the bantustans the choice of monthly or bi-monthly payments (as is already done for black pensioners in two of the provinces) depending on their settlement patterns, and the availability of other facilities such as banks and post offices.

Also, other services could be delivered at the same time, as Elisabeth Ardington has consistently argued. Examples of these, which would make for a more responsive and efficient system, are the registration of births and deaths, processing of identification documents, provision of educational and advice materials of all sorts. More ambitiously, there could be a symbiotic effect of improving one service. Upgrading pension delivery provides a justification for the provision of electricity at or from one point. The provision of these services could lead to the incremental arrival of others. If this resulted in the presence of a bureaucrat on a more or less permanent basis, this could be the means whereby the local community could more readily find out how to get access to a range of other government and private services - mobile and fixed clinics, conservation education, agricultural extension, and so on. The point is, the very basic infrastructure is already there, waiting to be activated.

It May Offer Security, but is it Development?: the Organizational Potential of the Scheme

There are new embryonic initiatives which are tantalizing in the potential they show for organizing broader development initiatives around the pensions system. Committees set up by rural action groups such as the Transvaal Rural Action Committee have started broadening their scope to organize around development issues. A new cadre of workers in the para-legal and welfare field are working in the Natal and KwaZulu region, under the Community Law Centre, and the Centre for Community Organization, Research and Development (CORD).

In the latter's welfare programme, the workers assist people with getting pensions, grants, and other welfare services. In the course of the contact they make the pensioners aware of other initiatives taking place in, for example, water provision, chicken production and vegetable production. Some of the pensioners have started putting aside a portion of their benefits for individual or community income-generating projects. Fiona Wakelin, who coordinates this side of CORD's work, explains in an interview the underlying rationale of the work which moves from the provision of pensions to the articulation between local communities and the local state around the provision of other resources:

This programme sees welfare as a dynamic force that can start other factors moving, which will improve the social fabric generally. For example through a programme such as the Mabhelani Community Shop instead of pensions being viewed as a purely welfarist intervention by the state, they become the means of generating further income. The pension or grant is used to buy goods from the shop - the net that feeds the money back into community structures. The input from the community shop is then used to engage the state as well as to provide basic social services, which include the salary of the welfare field workers. (Lund and Wakelin, 1992: 11)

Wakelin describes, too, how the pensions can be a useful point of entry to a community - something much needed by new development initiatives:

One possible thing to go in on is water, because that is a useful point of entry. If you can go and get some success stories with some old people who have ... had no one out there to support them, it has an impact. Suddenly these people have a social worth again. It is amazing what an injection of capital to a household can do to the worth of the person who is bringing it in. (Lund and Wakelin, 1992: 13)

In other parts of the interview, she describes how basic community development principles are adhered to in this programme which looks as though it is to do with encouraging dependency and handouts. It responds to felt needs, it brings women centrally into the organizing process, it trains local people as advice officers, and gives them skills to get resources from the state into local areas, and it challenges repressive local authority structures. For all of these reasons, it is also harassed by the authorities.

Conclusion

Will this social security system, which is relatively extensive in the southern African context, be allowed to survive? What will be the internal and the external threats to its continuation, especially after 1993 when the final move to parity will significantly increase the proportion of the budget which the pensions bill accounts for?

The South African government is under pressure to expand its social spending, at a time when this flies in the face of international moves towards reduced social spending, and a reduced role for the state. It could be argued that the demands in the competing social fields of housing, health and education must take precedence over spending on "the unproductive aged", and "the unproductive disabled".

One important safeguard for the continuance of the pensions is the organized lobby which exists - *inter alia*, the Black Sash, the Legal Resources Centres, and the rural action committees, who play a key role as watchdogs, organizers and brokers. Recent television programmes and an independently made film have also raised the general public consciousness about the importance of the pensions (and the chaotic and at times quite inhuman delivery system).

However, far more needs to be understood about the economic role of the pensions, and of the social security system as a whole, if it is to be protected as an active instrument of social and economic policy in the fields of poverty alleviation and/or redistribution. For example, how do the state pensions articulate, sideways and over time, with other aspects of social security such as unemployment insurance, workers' compensation, and other occupational benefits? To what extent does the old-age pension get used also to feed into and strengthen the neighbourhood stokvels which are a vitally important source of economic savings and security? Do these in turn form the basis for seed money for small income-generating projects?

Finding the answers to some of these questions, and the ones about household distribution mentioned throughout the paper, will help us to break out of the tedious and misleading deadlocked debates about the state or the market, public or private provision, relief or development, the unaffordability of pensions. What is also needed is more work like that started by Loots (1992) and Wilson (1990) which can form the basis for the construction of concrete proposals for a national insurance scheme for the future.

One very difficult decision which will face the future government, and which genuinely introduces notions of affordability, will be about pensions and grants for refugees from other southern African countries. Climatic changes, changes in international markets, their own internal economic policies, and South Africa's military and security policies have led to the impoverishment of these areas. Morgan's extensive survey of efforts in the SADCC countries to create welfare programmes describes the very differing success rates and different levels of commitment - Malawi has done almost nothing, whereas Botswana's multi-pronged relief programme is now receiving positive critical attention internationally (Morgan, 1991). Be that as it may, residents of these countries, especially Mozambique, have come and continue to come to South Africa, and are able to integrate themselves relatively easily into local areas, and then claim pensions. Five years ago, when state repression was arguably at its worst, it was poignant to hear the "foreign" elderly refugees cite the pension system as one reason for coming to live under the apartheid regime. It is highly unlikely that the future government will view the social-security system generously as one way of paying reparations; it is more likely to introduce far stricter rules about who gets access to it.

In the face of such bleak performance records, for the poor, of both macro-level structural adjustment programmes, and middle and micro-level development projects and programmes, I think there is a place for a defence of a small system (in macro-economic terms) which gets hard cash out to where it is most needed, and where there is beginning to be evidence of its potential for broader development initiatives. The bottom-line of the argument, I suppose, is that this well-targeted economic lifeline should be assertively protected and defended over this time of transition, until there is firm evidence that the major political and economic actors are able to come up with something as effective, as redistributive, and as cheap.

NOTES

- 1 The residual system is at the other end of a conceptual spectrum from an institutional system, which is characterized by welfare benefits being a part of the bundle of rights of citizenship - the state "owes" the individual more. Welfare states such as Sweden and the United Kingdom (a few years ago) would be described as approaching the institutional end of the spectrum.
- 2 This paper does not include a consideration of the civil pensions' system for employees of the state, nor does it include occupationally-related benefits coming from the Unemployment Insurance Fund (which includes maternity benefits), or the Workmen's (sic) Compensation Act. It does not include private social-security systems, from the massive insurance industry like Sanlam, to the smaller Benevolent and Friendly Societies. Finally, it does not cover the informal neighbourhood savings and exchange schemes which are very active in mostly black residential areas.
- 3 The House of Representatives, through which welfare for coloured people is delivered, estimates that 9 per cent of the total coloured population is in receipt of a grant of some sort.
- 4 This is becoming increasingly rare with respect to the OAP; it applies to less well-known grants such as the Maintenance Grant especially in the bantustans, where some grants have fallen away entirely.
- 5 The relevance, in a context of such low wages and high unemployment, of the concept of "income replacement" in connection with social-security benefits needs to be explored here.
- 6 I argue explicitly there that the pension has the potential to solve one of the emerging problems of social policy in developing countries - how to care for the ageing population. Midgley (1984: 197) calls for mechanisms which protect and strengthen existing traditional practices of caring. In discussing innovations to social security systems in third world countries, he says:
One possibility is to strengthen the extended family's responsibilities through the payment of monetary allowances to poor families who fulfil their obligations to needy relatives.

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