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## Basic income pilot shows the way...

22 February 2010  
Isobel Frye

### Changing the world of the poor

"The idea of justice calls for comparisons of actual lives and iniquities, rather than a remote quest for ideal institutions."

FINANCE Minister Pravin Gordhan ended his budget speech last week with this quote from the guru of development economics – Amartya Sen.

One of the problems with poverty is that poor people are rendered without a voice and are invisible. The burden of being poor and caring for other poor people does not fall to society in general, or to those better off who have better resources to assist.

This burden falls squarely on the shoulders of people who do not have sufficient for themselves and are now expected to provide for their destitute neighbours.

The reference to a potential increase in taxation to provide further resources for the state to fulfil its various constitutional obligations certainly heralds a new and welcome message.

The concentration of wealth in South Africa offends many for various reasons, the top two being that of social justice and the second that of economic efficiency.

Increasing taxation on the super-rich as was done in the United Kingdom two years ago for a fixed period – is one way of reducing the high levels of inequality that mar our economic recovery and stain our international reputation.

Increased taxation could mean increases in the values of social grants to the people who are having to carry the burden of the past legacy – and current economic practices that prefer profit over full employment.

Indeed, a targeted increase in income tax should be greeted with an acknowledgement – as one cartoon read a number of years ago – that in this country, a tax burden is a signifier that you are wealthier than two thirds of other South Africans.

But despite the redistributive signaling, the finance minister, pictured, steps back from the chance to really steer the economy on to a more sustainable growth and development path – and offers further tax breaks – and promises of further tax breaks for companies that employ young people.

Does this deliver the justice of which the minister spoke?

An actual experience of how bold thinking can indeed overcome inequities can be found in the two- year-old basic income grant pilot scheme in a village near Windhoek, Namibia. This is being run by a coalition of NGOs, including labour and the churches.

Each villager receives 1000 Namibian dollars a month – apart from those already receiving the universal old age pension.

This coalition learnt from many of the lessons of the South African BIG coalition, namely that the concept would be dismissed as having no value.

In fact, former president Thabo Mbeki said that he did not think that R100 could make any difference to the lives of anyone in this country.

The Namibian BIG Coalition raised the money themselves, and got the post office, Nampost, to agree to pay out the monies to people every month.

One thousand people have been receiving 100 Namibian dollars every month for two years now.

The results have been incredible.



DEGRADING: High unemployment forces this community to scavenge for food at a dumping ground.  
PHOTO: PAT SEBOKO



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From a desolate settlement of farm workers unfairly evicted after years of work by surrounding farmers, the village has grown into a community. Malnutrition rates as measured by the clinic have fallen from 42percent of children under 5 – to zero cases. Gardens bloom, children go to school and goats multiply.

These villagers still are poor and live in zinc houses, but they are no longer destitute and they are no longer starving.

Bread is baked every morning by Frieda and bought by the others. In turn Frieda is able to buy eggs and meat.

Single mothers can pay young men to extend their houses for them. Self-organised savings stokvels pay out lump sums to enable people to buy livestock which is grazed nearby.

Income security is not only a tool for moving people out of poverty, but it should be the central plank to a life of dignity for which so many fought.

When are we going to be brave enough to admit to ourselves that a nation – in which the majority of working-age people are not employed in decent work and millions have no form of employment at all – is in serious trouble.

How long are we going to refuse to extend basic income security to South Africans with as much right to a hot meal as you or I?

In an ideal world we would see an increase in taxation to upper- income earners, channelled to providing income support for those the economy excludes.

However in this world we have a cut to the real value of the child support grant. Let's look to righting actual inequalities and improving actual lives. It is also in your interest and in mine.

- The writer is director of studies at the Poverty and Inequality Institute, a nonprofit research institute based in Johannesburg.

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