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Poverty alleviation versus the redress of inequality?

The recent public sector strike has rightly prompted questions about appropriate levels of remuneration, both within this sector and beyond. To many, demanding increases above inflation in the midst of a recession appears unreasonable. But the commentator RW Johnson has opined that public sector workers are responding to the excesses of government departments and parastatals, for example, in using public funds to purchase world cup tickets for their senior officials (in open defiance of exhortations not to do so from the Minister of Finance, Pravin Gordhan). It is certainly true that this has done nothing to convince the electorate that the chief mandarins in many departments of state are concerned about frugality, at least when they themselves are concerned.

The strike poses broader questions about inequality, which despite all protestations to the contrary, appears to be no more an issue for the government of President Zuma than for the three previous governments we have had since the advent of democracy. Since 1994 the Gini co-efficient (used to measure the difference between the poorest and the richest members of a society), notorious for being so high under apartheid, has at best remained stable, and may even have increased. Deputy Minister of Transport, Jeremy Cronin, asked last year why, despite the government's best efforts, South Africa continues to have such pervasive inequality.

Should redressing inequality be a priority for government, or is the alleviation of poverty more important? This topic is the subject of a recent document (http://www.cde.org.za/article.php?a_id=374) released by the Johannesburg-based Centre for Development Enterprise (CDE). The report shows that the first 15 years of democracy saw a dramatic reduction in poverty, primarily through the expansion of the social grant system – in which the number of recipients of social grants has increased from two million in 1994 to 14 million in 2009 – but also through better access to water, housing, electricity and primary health care. For this government must be credited. But although the poorest are not as poor as they were, too many of the government's current policies have contributed towards inequality. At one level, wage settlements have widened the gap between the employed and the unemployed; at another, Black Economic Empowerment policies have created a new bourgeoisie just as rich as apartheid's old one. It can be argued that both of these steps were inevitable stages in South Africa's post-democracy transition. So what is to be done now that being rich is no longer a White prerogative, and the poor's most basic needs have been alleviated to some extent?

The CDE report argues that government needs to change the focus of its policies to prioritise incentives for economic growth – a direction which has successfully been followed by Brazil over the past 16 years, leading not only to a significant reduction in poverty, but in inequality as well. So it is possible for developing nations to pursue policies which successfully address both poverty and inequality simultaneously, but there is no quick fix. In terms of education, South Africa needs to carefully examine its policies, particularly at the early primary school level – arguably the most crucial in terms of an individual's educational development (see page 12 of this issue for a review of Graeme Bloch's recent book on our education system, *The Toxic Mix*). Bloch points out that the evidence shows that home language instruction in basic literacy and numeracy provides the soundest basis for successfully transferring both skills and concepts to a second language at a later stage. Despite this evidence, there is remarkably little mobilisation around mother-tongue instruction outside of the Afrikaans community (to which government has not been sympathetic).

The report points out that a fundamental problem facing South Africa is that our dysfunctional schooling system means that there is no inter-generational mobility for the children of poor parents, who are locked into a life of poverty as they are not provided with the means to improve their lot. A second problem relates to discrepancies in remuneration between the commercial and public service sectors for people who do have skills. The largest group here is the teachers, who are leaving the profession in droves for better-remunerated posts outside of it. We should demand better performance from our teachers, but in return we should be prepared to pay them more.

A second step towards encouraging long-term economic growth would be for government to put its money where its mouth is with regard to spending on research and development (R&D). It is disappointing to note that recently-released statistics (http://www.businessday.co.za/Articles/Content.aspx?id=120629) show that South Africa has failed to meet the target of spending one per cent of its gross domestic product (GDP) on R&D by the 2008/2009 fiscal year. In fact, expenditure on R&D as a percentage of GDP has declined for the second year running, and now stands at 0.92%. More detailed analysis shows that the major culprit in terms of not coming to the party is the state: spending through the science councils showed a five per cent fall in real terms in 2008/2009, compared to a three per cent rise in private sector spending, and an increase of 3.5% by the higher education sector. But it is encouraging that President Zuma has included the ambitious goal of R&D spending comprising 1.5% of GDP by the time his government reaches the end of its term in 2014. Not only this, but he has included this target in the performance agreement he signed recently with Minister of Science and Technology Naledi Pandor. The only obstacle to her achieving this target would be if her government failed to provide her with the resources to do so. And provided he channels these funds through her department and keeps them well away from the Department of Public Enterprises, future funding fiascos, such as the ten billion rands wasted on the Pebble Bed Modular Reactor, should be avoided. ■

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