

Mr Minister, can poverty be more seriously addressed?

By Margaret Legum

Trevor Manuel's repeated, emotional affirmation in his budget speech of the equality of human life clearly intends to leave no doubt that poverty is the government's top priority.

But can poverty be more seriously addressed by the policies he announced than it has been in previous years? That is the question for me; for that 40 percent of our population that is effectively without income; and for that 70 percent of South Africans under 30 years old who have never had a job and who may not be asked their opinion on the budget.

The minister is right to point out that government intervention - what he called "powerful countervailing forces on behalf of poor people" - is essential to contradict the polarisation of our society into rich and poor.

On the positive side, the increased tax take allows the government to put serious new money not only into physical infrastructure but also into human capital development. Crucial developmental services, including education, health, water, electricity, housing and sanitation, get serious chunks of money to spend this year.

That is important not only for the relief and opportunities that those services give to poor people, not only for the quality of human capital our economy has at its disposal, not only for the healthy growth path that such investment entails, but also for the fact that they create decent long-term jobs in service areas that are inevitably labour intensive. That money, in other words, goes to tackle not only what poor people get from the government but also the structural, poverty-creating factor of unemployment.

To a lesser extent that is true of the expanded public works programmes that will give employment in the built infrastructure - such as transport nodes, stadiums and such tourist-focused works - around the World Cup and beyond.

Unfortunately it is too easy to describe as "employed" briefly and poorly paid individuals who lapse from those "jobs" back into poverty. To address poverty, those jobs must be designed as properly paid, long-term and skill enhancing.

Despite these new subventions, the minister created a budgetary surplus, the justification for which comprised vague generalisations amounting to defences against a less happy domestic future and possible global shocks. The first seems timid; the second is serious. The unpredictable dangers of economic life in the global, financially integrated competitive world generally fall most heavily on the unprotected poor population.

It puzzles me that finance ministers universally describe the dangers and difficulties of the unfettered global market, while continuing to lay their economies open to those shocks.

Manuel's description of the horrendous and potentially disastrous deficit and surplus of the US and China, respectively, was followed by his announcement that our own exchange controls will be further relaxed, and we will host a new global futures market.

How will that make us any safer? How will that protect our enterprises from changes in markets elsewhere, over which we have no control? That will surely make the roller-coaster more bumpy, the need for wasteful reserves more imperative.

Poverty and unemployment are not the same thing. Unemployment is a global phenomenon in this age, where technology makes people redundant and global competition reduces labour costs. South Africa is no exception.

But poverty is much more serious here, because our legacy gives unemployed people little if any access to other assets, such as land and reliable social security.

Poverty must be addressed immediately and directly, and not only through long-term strategies to create employment. The basic income grant is promoted because it could be literally the only thing standing between unemployed adults and destitution - except of course those living off the grants of children, grandparents and disabled people, which is hardly dignified.

But an extension of grants has been rejected. Instead, there are proposals for complex taxation/subsidy mechanisms to enforce savings by workers for social security purposes, and to subsidise employment at the lower wage levels.

At first sight, they suggest yet more complex tax bureaucracy, already oppressing small enterprises; and one of the proposals could actually be experienced as a contra-indicated tax on employment.

These are the complexities and costs that arise from espousing the principle that poor people who have no way to earn a living through employment must nevertheless be protected from the fate of undignified "dependence". And that all social security must be expensively and bureaucratically targeted, so that no one who is not absolutely destitute gets anything.

The length and breadth of budget speeches remind us that there are much easier, cheaper, quicker and more progressive ways for governments to collect tax. Transaction taxes - paid automatically and electronically through established banking channels - could bring revenue pouring in without a single form being filled in. It would also release for more socially useful work the brilliant SA Revenue Service team of brains and managers.

- *Margaret Legum is the chairperson of SA New Economics Network*

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