by Charles Simkins

THE IRONIES OF SOUTH AFRICAN POVERTY

F. Wilson and M. Ramphele, **Uprooting Poverty: The South African challenge,** David Philip, 1989. Price R22,30.

This book is the flagship of the publications coming out of the *Second Carnegie Inquiry into Poverty and Development in Southern Africa.* More than 300 papers have already been circulated to libraries and individuals interested in the field of poverty studies; many of these will be gathered into specialist volumes to be published in due course. It was decided to release first a general interpretation of the findings in order to address the widest possible public and to provide a framework for the rest of the material.

The approach of the Inquiry was to stipulate a minimal framework within which authors of different persuasions could develop their analyses of the contours and causes of poverty. Allowing the **vox populi** to be heard was considered much more important than developing a tightly logical approach to the subject. This dictated the way in which the book had to be written. Any reader expecting a sustained argument, such as one might expect from a single author, will be frustrated. Instead, one is confronted with a fairly loose organising framework within which Wilson and Ramphele manage to give almost all the contributors some sort of look in. One reads the text most productively if one looks for contradictions and issues neglected as well as for the contributions to analysis made by the researchers.

Eliminating poverty implies making the least well-off people as well off as they can possibly be. This must involve consideration of the relationship between growth and distribution. It might (or might not) be the case that a very high rate of growth would be accompanied by a very unequal distribution of income, and that a lower but more egalitarian growth pattern would be better for the poor. The issue is alluded to in the book and discussed briefly in terms of the debate between capitalism and socialism, but here, as in many other places, the reader is warned that the issue will have to be debated in much more detail than the text achieves.

The gap in the analysis here is a study of the prospects for growth. Only if one can form a conception of this can the notion of a budget constraint be developed in terms of which proposals can be assessed. All the things it would be a good idea to do cost much more than the country can afford. How is a selection to be made?

At this point, there is a difficulty peculiar to South Africa. Given reasonable rates of growth (say a sustained 4% p.a.) it will take South Africa a single generation to eliminate mass poverty. It will take two generations to give everyone the standard of living that white South Africa now enjoys. The trouble is that white South Africa sets the standard of what everyone wants, and wants now. (After three centuries of oppression, the system owes it to us!) Take education, for instance. In aggregate, the resources devoted to education are not far off what one would expect of a country at our stage of development. But they are unevenly distributed across races. If they were not, every school child would have a standard of education somewhat below the standard of Coloured education. Nobody wants that standard. Whites certainly do not. Neither do blacks – it is the standards for whites that appeal to them.

STATE INTERVENTION

What results is a set of 'morally' based demands – supposedly to be met through state intervention, redistribution, reduction in defence spending – which cannot possibly be met if there is to be equal access to the goods and services specified. It may be that the outcome is eventual reconciliation to the lower standards which are compatible with universal access. But another possible outcome is that high standards will be achieved by some at the expense of denial of access to others. This, after all, was the outcome of anti-poverty policies devised in the wake of the First Carnegie Inquiry. Of course, the Second Inquiry was concerned with poor blacks rather than poor whites. It also makes the point that the political forces in black society are in the urban areas. They can be expected to make claims for state intervention, purportedly against poverty in general but actually in their own interests. We have seen how state intervention has produced high standards for a few; limited extension may suit more than one political agenda.

It is here that tough questions about the relative merits of liberal policies of equal access and massive state intervention are important. Take housing policy, for instance. Wilson and Ramphele, though they are careful to discuss opposing views and to call for more "thinking through" the issue, call for a crash programme with heavy state support. In common with many others they suggest that houses that people currently rent should be declared paid-up and ownership vested in their occupants. But this is a very expensive policy, especially when new houses are being added to the rental stock. Between 1983 and 1987, 123 000 local authority units were sold, while 94 000 were built. This alone involved the state in as big a subsidy as all other schemes put together. It simply cannot be replicated at that scale. An attempt to do so will simply confine the beneficiaries of state policy to a small proportion of households in need. It will also favour the already housed at the expenses of the unhoused. If one wants to eliminate poverty, the better, though politically more difficult, route is subsidising serviced sites. One can do that for everyone with little more than the currently available resources. But there are formidable obstacles: an urban class claiming compensation for centuries of oppression, local authorities who want middle class black neighbourhoods but not poor ones, a state claiming it wants privatisation but not really trusting the market at all.

STATE AND MARKET

The debate about state and market has been given an interesting new twist by the experience of developing countries. It used to revolve around how well the Soviet Union had done in relation to Western democracies and around the costs and benefits of Keynesianism. But the issue here and now is whether the market can provide opportunities for the poor over against urban elites in control of the state. It is can, they are worth going for. They will reduce poverty. Just as importantly, they will also provide a basis for avoiding the harshness which will certainly result if a new political monopoly follows the present one.

In terms of interests, it is no accident that a rural political movement like Inkatha stresses the role of the market and that the Congress tradition stresses the role of the state. Market opportunities may be the only hope for rural people faced with more powerful urban political forces. If so, quite a lot more thinking through of the Second Inquiry's material will be needed if it is not to perform an ideological function remarkably like the first.

Consideration of investment leads to another interesting question about the underlying political assumptions that Wilson and Ramphele are making. They devote twenty-one pages to proposals for public investment in the fields of sewerage, water, energy, afforestation, housing, health and education. But they say nothing about creating the conditions for private investment in enterprises producing marketable output. This would worsen one of the three alarming features of the pattern of investment since the mid-1970's – a very high proportion of investment in publicly owned enterprises. (The other two are rapidly increasing capital intensity and a declining rate of investment.) Quite how the pattern as a whole is to be explained is a controversial matter. One possible view is that it has to with confidence. Economic stagnation in the economies of inter-war Europe may be ascribed to pessimism resulting from the uncertainties of social change. Our economy now requires that (predominantly) white savings be channeled into investment opportunities arising out of the development of the black market. This requires major innovation and is not so easy to do in a racially segmented society, with the threat of expropriation in the air. But it has to be done if a wide range of wage-goods is to be produced along with the incomes necessary to purchase them. In the 1930s Keynes was in favour of a "somewhat comprehensive socialization of investment", but this requires a rather more efficient state than we have at present or are likely to have in the future. The alternative is to create a better set of markets for the deployment of loanable funds. To do so requires a supporting set of political agreements.

CLIMATE

And here we are at the heart of the matter. The reduction of poverty in southern Africa requires, more than anything else, a climate within which the rate of productive investment will increase sharply. A number of sub-Saharan African countries have taken national self-realisation to imply strongly statist economic policies. In none of these countries has this led to significant and sustained economic progress; in some it has led to alarming retrogression. The SADCC countries have all seen the need for a new approach and have taken steps to liberalise their investment policies. The recent initiatives in Zimbabwe are but one manifestation of a process which has been gaining momentum over the past few years. They recognise that there is no choice; the sub-continent continues to need international help to develop. The terms on which this help is obtained must, of course, be the subject of shrewd bargaining. But however the details are worked out, they imply a modified, deracialised capitalism. Even those who consider socialism to be morally superior to capitalism must come to realise that the path to it lies through a negotiated settlement and an accompanying seizure of power. Such a settlement must embody both a thoroughgoing respect for liberty and a commitment to rapid raising of the living standards of the mass of people. This means taking existing achievements and structure rather more seriously than Wilson and Ramphele have done. In the process, one may find that populist mobilisation and economic development bear a rather more awkward relation to one another than **Uprooting Poverty** supposes.

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