In the Balance

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INTRODUCTION

We have come to believe that working for a wage or salary is our passport to a life free of want and full of good prospects. And we are routinely told that a simple formula underpins this state of affairs: the right policies lead to economic growth which then generates jobs, while in the background, regulation ensures that the jobs are relatively safe and well-paid.

But what happens when the formula does not work? When the jobs do not materialise, or are only sporadically available, or pay poverty wages? This is the lived reality for hundreds of millions of people across the world, and their ranks are growing. Economic growth is not creating jobs of the kind or on the scale needed to shield people against poverty and distress.

Paid work¹ that provides a livable income on reasonably secure terms is rare in ‘developing’ economies and is becoming increasingly scarce in ‘developed’ economies.² The intensity of this change differs between regions and countries, but the secular trend in the most populous regions has been stagnant or downward.³ The world employment rate has been declining for three decades and stood at about 57.4% in 2019, down from 63% in 1991.⁴

In developed countries, low official unemployment rates hide a reshaped ‘geography of livelihoods’ in which unsteady and atypical
work – separated from welfare systems, labour market regulation and unionised protection – proliferates, along with growing informal economies.\textsuperscript{5} In many of those countries, real wage increases have stalled or reversed in recent decades, especially for low-skilled workers.\textsuperscript{6} Job and income insecurity, poor working conditions and low wages have long typified employment in developing economies. In many of them, self-employment and family-based work still eclipse formalised waged work as the main money-based foundation for livelihoods. But even when considering only formal sector employment, real wage growth in the past decade has been flat (in the Arab States and in Latin America and the Caribbean, for example) or negative (as in Africa). In Asia and the Pacific, considered the most economically dynamic region in the world, real wage growth has averaged at about 1.7\% since the turn of the century, if China is excluded.\textsuperscript{7}

These trends have worsened dramatically during the COVID-19 crisis. According to the International Labour Organization (ILO), approximately 144 million jobs were lost in 2020 as the pandemic forced countries into shutdowns.\textsuperscript{8} People reliant on insecure forms of employment and income generation bore the brunt of the impact, with women and migrant workers especially affected.\textsuperscript{9} Within a few weeks, the pandemic pushed 88–93 million people globally into extreme poverty, an unprecedented increase, according to the World Bank.\textsuperscript{10}

Globally in 2020, about 1.4 billion workers were in vulnerable employment – either self-employed or working in family businesses – and they accounted for well over 40\% of total employment.\textsuperscript{11} Their incomes are typically low and highly variable. In 2020, at least 730 million workers in employment in developing countries were surviving on less than US$3.20 per day (in purchasing parity terms), that is, they were living in what the World Bank considers to be ‘moderate’ or ‘extreme’ poverty.\textsuperscript{12}

The crisis of paid work – with respect to its availability, rewards, terms and conditions – is disturbingly obvious in a country such as South Africa, which is stricken with extraordinarily high levels of unemployment and inequality. In addition to having one of the world’s
highest unemployment rates – over 34% in mid-2021, when conserva-
tively measured\textsuperscript{13} – close to one-third of employed individuals in South
Africa do not earn enough to afford basic food and non-food items.\textsuperscript{14}
When polled in mid-2021, almost half (46\%) of respondents said they
or someone else in their household went without cash income at least
‘several times’ in the previous year, and about one-third (32\%) said they
had repeatedly gone without enough food.\textsuperscript{15}

For many decades, economic growth in South Africa has occurred
amid rising numbers of unemployed people, many of whom are more
or less permanently surplus to the labour market.\textsuperscript{16} The country sharply
illustrates David Harvey’s remark that ‘labour is becoming less and less
significant to how the economic engine of capitalism functions’.\textsuperscript{17} Yet
the country’s economy continues to generate vast – but maldistributed –
wealth. In this respect, South Africa is no outlier.

Global economic growth has slowed and the income generated by that
growth is funnelled increasingly towards the wealthiest percentiles.\textsuperscript{18}
The share of income going to the richest 1\% of the global population
increased in 46 out of 57 countries reporting those data during the period
1990–2015. The poorest 40\% earned less than one-quarter of national
income in all 92 countries reporting those data.\textsuperscript{19} Wealth inequality
follows a similar trend: across China, Europe and the United States,
the share of wealth claimed by the top 1\% increased from 28\% to 33\% between 1980 and 2018 – very likely an underestimate given how difficult
it can be to measure wealth at the top.\textsuperscript{20}

Understood as a system encompassing not only the economic, but also
the ecological, social and political domains, capitalism over the past four
decades has become increasingly crisis-prone, with corrective actions
at best stalling, but not resolving the underlying problems.\textsuperscript{21} These
travails are embedded in the propulsive logic of the capitalist system.
Its ceaseless pursuit of profits inclines it towards over-reach (evident
in excess capacity and overproduction) and exposes it to destabilising
dynamics that steadily erode the very conditions that enable it to thrive
(Chapter 2). In Nancy Fraser’s analysis, the instabilities can be traced
to an entanglement of ‘crisis tendencies’. Those tendencies take hold when the pursuit of capitalism’s economic imperatives (maximising and safeguarding profits) generates internal contradictions and degrades the non-economic conditions that enable that quest. Those conditions include non-human nature (from which raw materials and energy are extracted, and into which waste is dumped), the unwaged work of social reproduction (performed mainly by women and girls, and which produces and sustains potential workers), the state (which manages the legal, regulatory and coercive arrangements and provides the public goods necessary for capitalism’s functioning), and the cultivation of general consent (our basic trust in state institutions and the system they serve).

The resultant instabilities are abundantly evident: frequent financial crises; vast human ‘surplus populations’; political and social disorder linked to the hollowing out of democratic institutions; ecological devastation and associated public health disasters (such as zoonotic pandemics like COVID-19) are a few examples. Consequently, far-reaching imbalances now disturb political legitimacy, social consent, economic performance, geopolitical relations, and international finance and trade, for example. The costs of the turmoil are growing, but are being distributed evermore unequally.

With capital ‘trapped in a seemingly endless cycle of stagnation and financial explosion’, the scope and intensity of the instabilities will, in all likelihood, increase. The dividend-boosting pressures of financialised capitalism will propel that trend, as will the rationing of decent paid work, as smart machines are deployed more widely to bypass human labour. These multiplying upheavals will sabotage the prospects of stable ‘normality’.

A DOUBLE FICTION

In these conditions, a double fiction catches the eye: the idea that paid work is available to those who seek it and that the work bestows security and comfort. In reality, many hundreds of millions of people across the globe are unable to build steady, viable livelihoods by working for a wage.
The pursuit of more jobs – and more decent jobs – is vital, but it cannot substitute for more far-reaching efforts to address these crises: by shifting to sustainable and just developmental paths, and by realising core social and economic rights that can assure everyone their social citizenship.24

It is neither sufficient nor realistic to focus our solutions on reconstituting past arrangements or recovering missed opportunities, or to proceed as if current trends are mere aberrations.25 A retooling and drastic expansion of social policy is necessary. It is in this context that the concept of a universal basic income (UBI)26 has been making headlines and attracting supporters – and critics – from across the political spectrum27 (Chapter 1).

UBI proponents claim that such an intervention would afford people vital means for survival, reduce poverty and inequality, and broaden their life choices. They expect it to bolster the bargaining leverage of low-wage earners, spur a rethink of the role and status of waged work in society, support transitions towards ecologically sustainable economic models, and reinvigorate democracy, among other benefits (Chapter 3). Critics argue that a UBI would encourage work-shy idleness, and offend the principle that we should ‘earn’ our entitlements by working for a wage or salary. Besides being fiscally unaffordable, they also argue, a UBI would open the door for removing existing social protection and for reinforcing the rule of the market (Chapter 4).

These debates occur in and focus largely on developed countries. Although relevant and instructive, they do not seamlessly transfer to developing-country settings, where social policy arrangements are very different, as are the nature, extent and historical trends of paid work.28 Thoroughly assessing the desirability and viability of a UBI requires a sound understanding of the economy, the distributive order and the normative presumptions that govern access to the means for life (Chapters 5 and 6). Those factors differ from place to place.

In many developing countries, South Africa included, social protection mechanisms are proliferating and expanding,29 and there is strong
As a highly unequal upper-middle-income country with an embattled, semi-industrialised economy, South Africa also has a relatively uncomplicated but unusually extensive social protection system. This potentially offers both political and policy momentum for seriously considering more radical, forward-looking forms of provisioning, such as a UBI.

* * *

This book tries to move the UBI debate beyond the fenced-in camps of support or opposition, by examining the option against a backdrop of key concerns. First and most obvious are the ongoing failures to devise exits from social crises that are fundamentally tied to the chronic absence or inadequacy of income-earning opportunities for very large proportions of the adult population. In this respect, South Africa resembles a real-world precursor to the dystopian forecasts in which paid work becomes a scarce, unpredictable and insufficient basis for a dignified life for ever-growing numbers of people.

Analysis and policymaking continue to assume the feasibility of both full employment and a regulatory environment that can guarantee decent work. Yet decades of evidence show that policies that peg entitlement and well-being chiefly to paid work are highly incomplete. In places like South Africa, they are glaringly inadequate and very probably inappropriate.

These are not passing trends. The changing nature, functions and availability of paid work require that we understand the underlying dynamics and consider the alternatives along longer trajectories than is usually the case. And the far-reaching implications of a UBI require that the debate range across the boundaries that usually separate economics, political-economy, labour studies, sociology, anthropology, social policy, gender studies and more.

A UBI is also a slippery concept, attracting advocates and critics of all stripes. This has allowed a potentially disruptive intervention to become a mainstream topic. But rather than nourish productive debate, this pliancy tends to channel discussions towards brusque verdicts about
the desirability and feasibility of such an intervention. A UBI implicitly challenges key assumptions about prevailing economic and social orders, policies and distributive systems that tether people's prospects of a dignified life to the sale of their labour, the role and duties of the state, and the claims citizens can rightfully make on one another and the state. It also challenges the mistaken equation of economic growth with societal well-being and social justice. Productive debate about a UBI has to delve into these issues.

The common tendency is to think of a UBI as a technocratic tool that can be used to advance measurable objectives, such as fewer people living in poverty or narrowing the poverty gap. But the stakes and benefits – and risks – are much greater than that. Approaching a UBI as a standalone cure-all that can be dislodged from movement politics, from striving for broad social and economic transformation, and from sage macroeconomic choices and political strategies seems foolhardy.

A wiser approach would be to try to establish whether and how a UBI might advance or hinder a push towards egalitarian change. And that requires us to also consider the political-economic, social and normative questions and dilemmas that are posed by a UBI. We need to examine the underlying assumptions about a UBI, explore how people think about the concept, weigh its social and political implications, and test its financial feasibility. Only then can we arrive at a clear sense of whether a UBI is desirable and viable in extreme settings like South Africa.