

C3 kicks off

The Baxter buzzes as hundreds register for conference on poverty and inequality.

OPENING - Dr Mamphele Ramphele opens the conference as fellow speakers Justice Kate O'Regan and Minister Trevor Manuel look on.

Mapaseka Sethlodi

The Baxter Theatre buzzed yesterday as policy makers, academics from around the world, diplomats and civil society leaders gathered for the opening session of the Strategies to Overcome Poverty and Inequality Conference.

By yesterday more than 500 delegates had registered for this "Towards Carnegie III" conference.

The conference marks the start of a two to three year process that will culminate in the third Carnegie conference on poverty in South Africa. This conference, says Katharine Hall, Conference Coordinator, is the launch of a process. It is intended to "extract and benchmark what is known, to see how we can feed into the development plan of the National Planning Commission, and to find out how we set the research agenda."

Speakers from as far as Japan, the University of Oxford, and Princeton University have

come to the University of Cape Town this week to share their research findings.

Amongst the many high profile speakers and guests was Paul Hoffman, a senior advocate in South Africa. Mr Hoffman, from the Institute for Accountability in Southern Africa, will be presenting a paper on the effect of corruption on poverty: "An independent and effective

"If you succeed in unleashing the energies to act towards citizens, you will have succeeded in strengthening democracy ..."

anti-corruption machinery needs to be put in place in order to stop the rot caused by corruption in South Africa; which has already caused the country an estimated R675 billion," he said.

Doreen Gaura, an NGO representative, who works for Activists Networking against the Exploitation of Children (ANEX) said that she heard about the Conference on the radio and

was immediately intrigued. "Child labour is always missing from the platform, This is a great opportunity to make sure that the issues about child labour are addressed," she said.

Dr Makgoshi Masipa, who has travelled from Limpopo to be here, said she hopes the Conference will contribute to a wealth of knowledge that she can utilize further in her community, university, family and society as a whole.

In his opening speech Professor Francis Wilson, Conference Director, urged policy makers and academics to be "the electricians of society." He said there needs to be a country-wide energy directed at developing better strategies to overcome the problems South Africa faces. He also commended NGOs for their profound knowledge of the issues being addressed.

Trevor Manuel, Minister in the Presidency in charge of the National Planning Commission, who opened the Conference said: "If you succeed in unleashing the energies to act towards citizens, you will have succeeded in strengthening democracy in South Africa. We look forward to more than just excellent papers with lengthy bibliographies."



Opening sessions

REGISTRATION - more than 500 delegates have registered so far.

Berndt Hannweg

Accountability, citizen empowerment, and practical solutions to poverty were key themes to Monday's opening sessions of the Strategies to Overcome Poverty and Inequalities Conference.

Chaired by Professor Vivienne Taylor and Dr Mamphela Ramphele, the sessions aimed to brief delegates about the purpose of the conference, billed as "Towards Carnegie III".

The focus of the conference is to translate the reams of data South Africa has generated about the socio-economic situation of its people, and transform it into practical and effective solutions in line with the National Development Plan and Vision 2030.

In the opening session, Conference Director Francis Wilson, Coordinator Katharine Hall and Vice-Chancellor Max Price laid the foundation for the conference, while later, Justice Kate O'Regan, former Judge of the Constitutional Court, discussed how the Constitution could help alleviate poverty.

Minister in the Presidency Trevor Manuel concluded the evening by discussing the aims of the conference: to develop and share practical methods and systems to deal with poverty in South Africa.

"Policy documents do not assume the power to walk, talk and act," he said. "We must be willing to experiment or learn by doing."

The Minister identified three 'I-s' that block

development: "Ideology, Ignorance and Inertia."

Ideology, he defined, as "the irritating tendency to know the answer before the question is posed...so practitioners attempt to transpose experiences from elsewhere without examining the differences."

The Minister identified three 'I-s' that block development: "Ideology, Ignorance and Inertia."

"Ignorance" meant that ordinary citizens were disempowered; moreover, nobody monitored the work of civil servants. Referring to the textbook crisis in Limpopo, where textbooks were not delivered for the first seven months of the school year, Manuel asked: "Nobody knew? Nobody took responsibility? Why has this been allowed to happen?"

The third "I", inertia, "flows automatically from the situation where the accountability chain is broken."

"We must fix these three "I-s" in order to work on the big "I" which is implementation," said Manuel.

A round of questions ended the evening: what constitutes an "active citizenry", whether there is sustainable agriculture and whether Manuel would run for the ANC Presidency.

The panel responded that the primary task of any citizen is to hold their leaders accountable, and that an excellent place for this to begin is an interest in our children's education. Combined with access to the necessary tools and data, panellists argued, there is no reason that parents and teachers alike could not involve themselves in their children's schooling.

And on the question of the Presidency, Manuel replied: "If we keep looking at one seat occupied in the country, we're going to make some big mistakes."

C3 Media Team

This newsletter has been produced by a team of student interns under the guidance of Professor Pippa Green and Sue Segar, and with the assistance of Palesa Morudu.

Interns: Nic Botha, Liam Cornell, Jacques de Satge, Berndt Hannweg, Sajjad Karamsi, Havard Oveson, Mapaseka Sethlodi, and Emmanuel Vuma.

South Africans must own the National Development Plan - Manuel



VISION 2030 - Trevor Manuel looks to the future.

Havard Ovesen

Leadership, initiative, and ownership at a grassroots level: this was the recipe put forward by National Planning Minister Trevor Manuel for implementing the National Planning Commission's vision for 2030.

Manuel, who chairs the Commission, repeatedly downplayed the importance of "big man" politics in favour of an active citizenry. The people of South Africa must take ownership of both vision and plan "and run with it," he said.

Speaking at the opening of Towards Carnegie III, Manuel said the conference was not a goal in itself, but the beginning of a long process, through which academics, politicians, activists, and the citizenry in general would be "learning by doing".

"We are into the second decade of democracy. We haven't arrived at the promised land and we are woefully behind in delivering economic freedoms and rights to the majority of

South Africans. We are here to make the Constitution a living reality for most South Africans," Manuel said.

The key difference between the second and third Carnegie conferences, he said, was that papers presented at Towards Carnegie III would help identify what needs to be done to address

"We haven't arrived at the promised land and we are woefully behind in delivering economic freedoms ..."

the country's problems of poverty and inequality.

He urged delegates to identify "practical steps" and "models that work for the world".

"I hope Carnegie III will produce a handbook setting out ways of eliminating poverty."

Manuel said the achievement of the NPC's vision was not something that citizens could "outsource to the government".

While government and politicians should not distance themselves, he said, meaningful change could only happen through acts of citizenry by ordinary men and women.

He said while policy could provide guidelines as well as an overall framework, "actual change requires human actions".

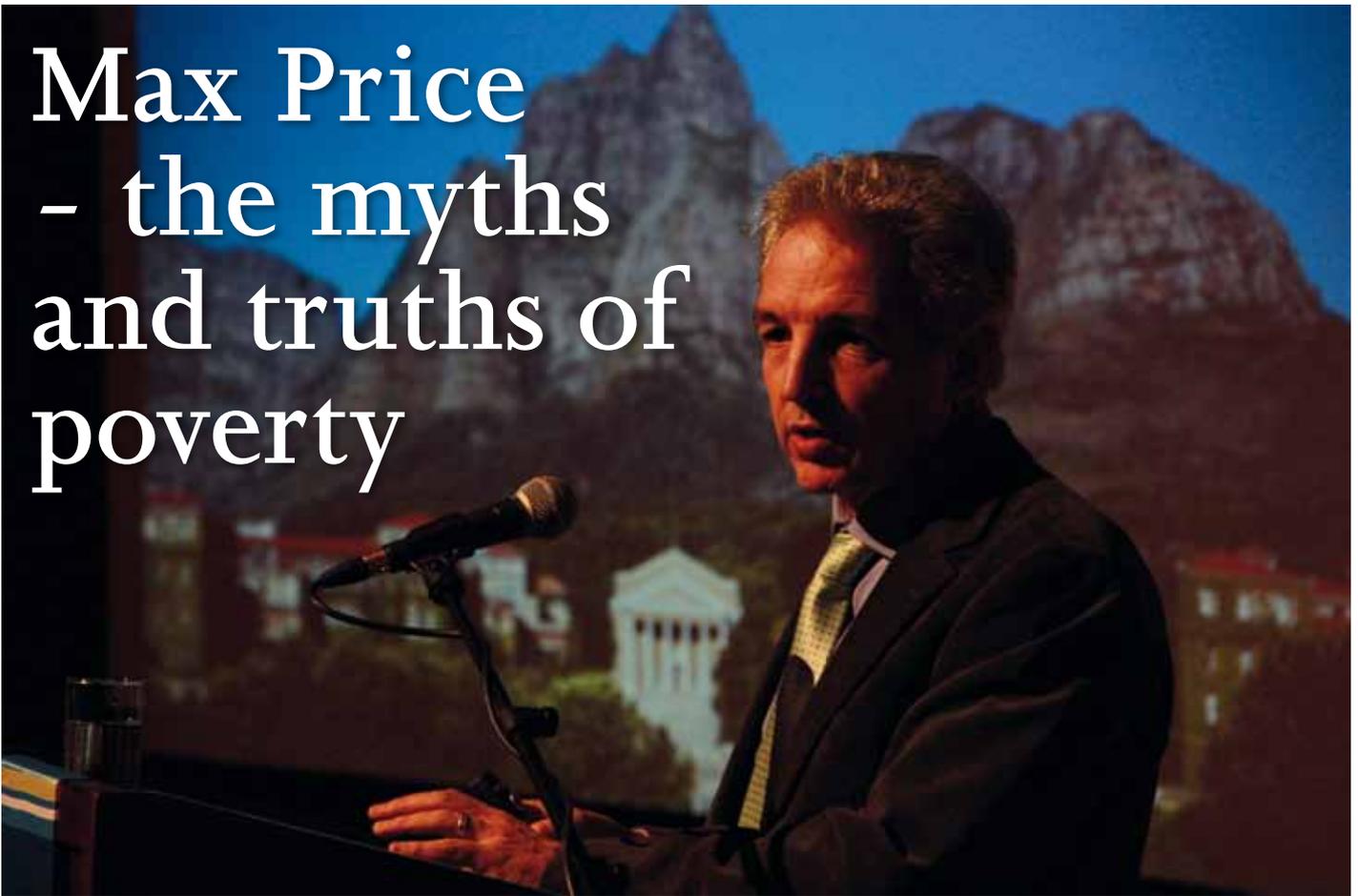
Manuel also stressed that "transformation is only possible in an environment of stability".

The National Planning Commission's vision for 2030 is one in which the citizenry actively participates to ensure that education is both accessible and adequate, that meaningful employment opportunities are available for all, that people can live their lives to their full capabilities, and, crucially, that no-one goes hungry.

The main protagonist of this vision is an employed and educated citizenry facilitated by a developmental state.

Manuel said he expected more than "excellent papers with lengthy bibliographies" from the conference: "What we want is the empowerment of our people."

Max Price - the myths and truths of poverty



Emmanuel Vuma

UCT's Vice Chancellor Dr Max Price set the scene of the Carnegie3 conference by spelling out some key facts about poverty, inequality and economic development in South Africa between 1994 and 2010.

Dr Price pointed out that although race was a social construct and no longer had any proper legal definition, it was still a useful category to understand South Africa today.

"Legal divisions along racial lines have disappeared in post-apartheid South Africa. Yet, the legacy of Apartheid will result in inequality persisting for many years along the lines of 'racial' divisions originally defined by apartheid legislation."

Accompanied by a power-point slide show showing graphs illustrating the change, Price noted the importance of government's social grants in alleviating poverty for the poorest of the poor. Many in the poorest communities, he said are "largely rural and/or poorly educated, [and] are unable to participate in the post-apartheid dividend."

In relation to the increase in income inequality, he also pointed out that government grants are helpful but are not serving their full purpose because productive individuals with potential to work hard, lack skills to contribute to broader economic development. This group comprises up to 50% of the population.

Therefore, according to Price, for sustainable strategies to overcome poverty, the focus must be on education and skill development.

Fact Box: Poverty and Inequality

Here are some key findings from the presentation by Dr Max Price at the opening session of the Towards Carnegie III Conference:

Between 1994 and 2010

- Real GDP grew from 1994 to 2009 at 3.5%pa (with an overall growth of 68%)
- Income inequality has increased – resulting in one of highest Gini Coefficients in the world (where measured)
- This increase in (income) inequality is mainly intra-racial
- Inter-racial inequality has fallen - there has been a considerable fall in the share of Whites among top earners (from 69% → 43%)
- Gender inequality has reduced
- More women in employment (but there are now also more unemployed women)
- Average earnings of women increased relative to men
- Percent of women in top earnings decile increased from 20% in 1995 to 33% in 2007

Economic growth has not been jobless but increased less than the increase in the labour force

- 3.1 million increase in jobs
- But: 3.6 million increase in those who want employment
- Although women's share of employment has risen, women have also been more vulnerable to unemployment than men
- 54% of South Africans were living below the poverty level of a monthly income of R515 (according to 2008 figures)

Social spending has increased substantially

- There is a risk of fiscal sustainability in increased social spending
- Among the most vulnerable groups are poor young men who are not eligible for government grants
- Child mortality rose between 1997 and 2004 because of HIV/AIDS infections but has since begun a marked decline with the introduction of Mother to Child Transmission treatment
- Asset inequality improved relative to income inequality due to pro-poor social spending

Two different worlds



The Constitution is a guide, but not a means to an end - Justice Kate O'Regan

Emmanuel Vuma

Poverty and the Constitution occupied two different worlds in South Africa – with poverty occupying the “hard real world” and the Constitution occupying the world of “beautiful ideas”, former Constitutional Court Justice Kate O’Regan said.

But, while some had come to think of the Constitution as irrelevant to poverty, this was not the case she said.

Speaking at the opening session of Towards Carnegie III, O’Regan made a case for the Constitution as a vital tool which “we should all grasp” in addressing the problem of poverty and inequality in South Africa.

“Poverty occupies the hard, real world of informal settlements, flooding and occasional devastating fires, the absence of proper toilets, a lack of food, poor schooling, cold, ill health, unemployment.

“The Constitution seems to occupy the world of ideas, and beautiful ideas at that – far removed from the hard real world of poverty,” O’Regan said.

“And some have come to think it either is so unrelated to the world of poverty as to be irrelevant, or indeed to be a contributing cause to that hard world of poverty.

“The Constitution seems to occupy the world of ideas, and beautiful ideas at that – far removed from the hard real world of poverty”

“... I hope to persuade you that the Constitution is neither irrelevant, nor a cause of harm. However, neither do I suggest that the Constitution is a panacea or a magic carpet that will of itself solve the problem of poverty.”

O’Regan said while the Constitution consists of “words on paper”, the ideas and vision it propounds are “not flimsy at all.”

The fact that the Constitution was not self-executing was one of the causes of the “chasm” between the “law in books and the law in real life.

“The Constitution is ... a road map, but it will take us nowhere if we do not walk the journey. It depends fundamentally on South Africans to make its vision come true.”

O’Regan said a key feature of South Africa’s Constitution was the fact that it incorporated at least three key features to ensure that the country’s democracy is “not purely procedural”.

“These three features are to be found first, in the Constitution’s value-based conception of democracy; secondly in its adoption of clear substantive goals for our constitutional democracy; and thirdly, in its assertion of forms of civic participation in the work of government in addition to the right to vote.

“Of course, the tools the Constitution offers to address poverty will often be beyond the grasp of people in poor communities all over our country. As Amartya Sen [the noted Indian economist] has explained, poverty denies people the capability to exercise their choices. ... But we should not give up. In seeking to address poverty, we should look to increase the capability of the poor to participate in and contribute to our constitutional democracy.”

Unknotting unemployment

Berndt Hannweg

The thorny question of unemployment has dominated the economic discussion of poverty and inequality at Tuesday morning's sessions of the Conference.

Economist Frederick Fourie of the University of the Free State (UFS) led a mini-plenary entitled "Unemployment, the formal sector and life at the margins", examining how academics have defined the nature of the employed and the unemployed.

Fourie argued that the presence of three opposing views on the nature of unemployment fragment the debate and reduce the effectiveness of determining solutions for the problem.

"It restricts the types of questions being asked," he said.

Instead, he argues that the macro-, micro- and informal-economy proponents work together to analyse the situation.

Paul Cichello followed with an analysis of National Income Dynamic Study (NIDS) data showing that, while there is a great deal of movement between the casual and formal employment sectors, the self-employed and unemployed sectors remained as traps, very seldom relinquishing those who fall into these categories.

Kuben Naidoo, outgoing Director-General of the National Planning Commission, outlined what he called the "Gordian Knot of the economy", saying South Africa faces four key challenges: Uncompetitive product and labour markets, low savings, and a poor skills profile.

(The Gordian knot refers to the mythic challenge Alexander the Great faced, a massive knotted cord hanging in the temple. Whoever untangled the knot would become the ruler of the ancient world. He cut through it with a sword.)

"South Africa faces four key challenges: Uncompetitive product and labour markets, low savings, and a poor skills profile."

There is, Naidoo argued, no short term solution to these problems.

"There are no silver bullets," he said. "Progress must be made on a broad front."

Naidoo singled out the necessity of a skilled workforce, as well as utilising current comparative advantage to prepare for future advantages (such as Korea spending rice profits on improving steel production).

The session sought to challenge a notion that, while the formal, informal and survivalist sectors are linked, the formal sector is a train locomotive, dragging the economy along.

This theme was continued in the "Minimum wages and regulation" panel, discussing one of the major issues linked to unemployment: the minimum wage.

Andrew Charman, of the Sustainable Livelihoods Foundation, who presented his study of a Phillipi case site, said local businesses were not generally restricted by municipal zoning laws. The main determinant was the local social market which supported the businesses.

Natasha Mayet of UCT, argued that minimum wages have little effect on the majority of workers' hours, real wages and employment. However, on the edges of employment – for instance for those casually employed – the effect is more noticeable.

The morning session closed with Neil Coleman, the Strategies Coordinator of COSATU, who analysed the nature of bargaining in the South African market, as well as the need for a national minimum wage. He cited the success of Brazil in implementing similar policies to reduce poverty and unemployment.

How to escape the poverty trap

Mapaseka Sethlodi

In the section on the economy and employment, the National Development Plan makes it plain that "to eliminate poverty and reduce inequality, South Africa has to raise levels of employment and, through productivity growth, the earnings of working people."

Kuben Naidoo, outgoing Director-General of the National Planning Commission, gave his reflections on this key section of the development plan yesterday at the Towards Carnegie III conference at the University of Cape Town.

Naidoo said the plan has identified four elements that keep South Africans in low growth, middle-income traps. These are low levels of competition in the labour and product markets, high unemployment, and low savings.

The uncompetitive markets are a product of an apartheid economy and sanction-induced isolation.

He says in almost every trade, there is a state

of limited competition, i.e. private and public oligopolies or public oligopolies, with relatively high profit margins but little new investment or innovation.

Low savings mean that the country is reliant on foreign capital inflows, which reinforce the oligopolistic nature of the economy.

This then leads to uncompetitive labour markets. "Uncompetitive markets for goods and services and low investment levels mean that new firms are not entering the market and keeping employment low", Naidoo says. So new workers are unable to access the labour market at an efficient rate

Uncompetitive labour markets keep new entrants out and skew the economy towards high

skills and high productivity sectors. Low savings mean that the country is reliant on foreign capital inflows, which reinforce the oligopolistic nature of the economy since foreign investors invest in existing high-profit firms.

Skills constraints push up the premium for skilled labour, inducing a large gulf between the salaries of skilled and unskilled people, raising levels of inequality.

Naidoo suggested that one way of resolving the skills deficit was to import more labour because for every one high skill imported worker, 4-8 low skilled labour jobs are created.

A concern was raised that foreign labour is not a solution in the long-term, instead local skills development is imperative. Naidoo agreed saying, "the best response should be to improve high quality labour. Although we do not think importing labour is the right thing to do, we sure believe it is the sensible thing to do for now."

Against the odds – a KZN success story



Ben Cousins emphasises need for comprehensive national irrigation schemes.

Jacques de Satgé

Despite “woefully” inadequate farmer support from the state, the hard work of a group of small-scale farmers in Tugela Ferry, KwaZulu-Natal has resulted in a sustainable livelihood for community members.

The success of the Tugela Ferry agricultural scheme could be ascribed to a combination of commitment and an enabling environment for farmers, including good soil, access to water as well as market access since the early 1980s, said Professor Ben Cousins, the National Research Foundation chair of Poverty, Land and Agrarian Studies (PLAAS) at the University of Western Cape.

Speaking during the parallel session on Smallholders and Agrarian Reform, Cousins explained that the scheme involves 540 hectares of land currently under cultivation, with a canal system providing a constant water source.

Previous government involvement in the project saw the implementation of an “inappropriate choice” of modernised irrigation technology, which served only to place farmers

in further debt, said Cousins.

“They [government] are not very active at the moment, and a lot of their support is not very appropriate. There is a lot of room for improvement.”

However, government had recently begun fixing the badly leaking canal system at a cost of R20-million, he said.

There are currently two million semi-subsistence households in South Africa who rely in part on agriculture.

“The supply of water on the scheme has been constrained by poorly functioning canal systems,” Cousins said, adding that plots could be expanded as and when water becomes more readily available.

Canal repairs, he said, were a welcome relief to farmers, who rely on the scheme for much of their income.

He further pointed out that a great deal of the scheme’s success stems from the “hard work and commitment of the poor who want

to augment their incomes.”

Women of the area work and own many of the plant beds, and renting of these beds is not uncommon. Produce is then sold in informal markets made up of “hawkers and bakkie traders.”

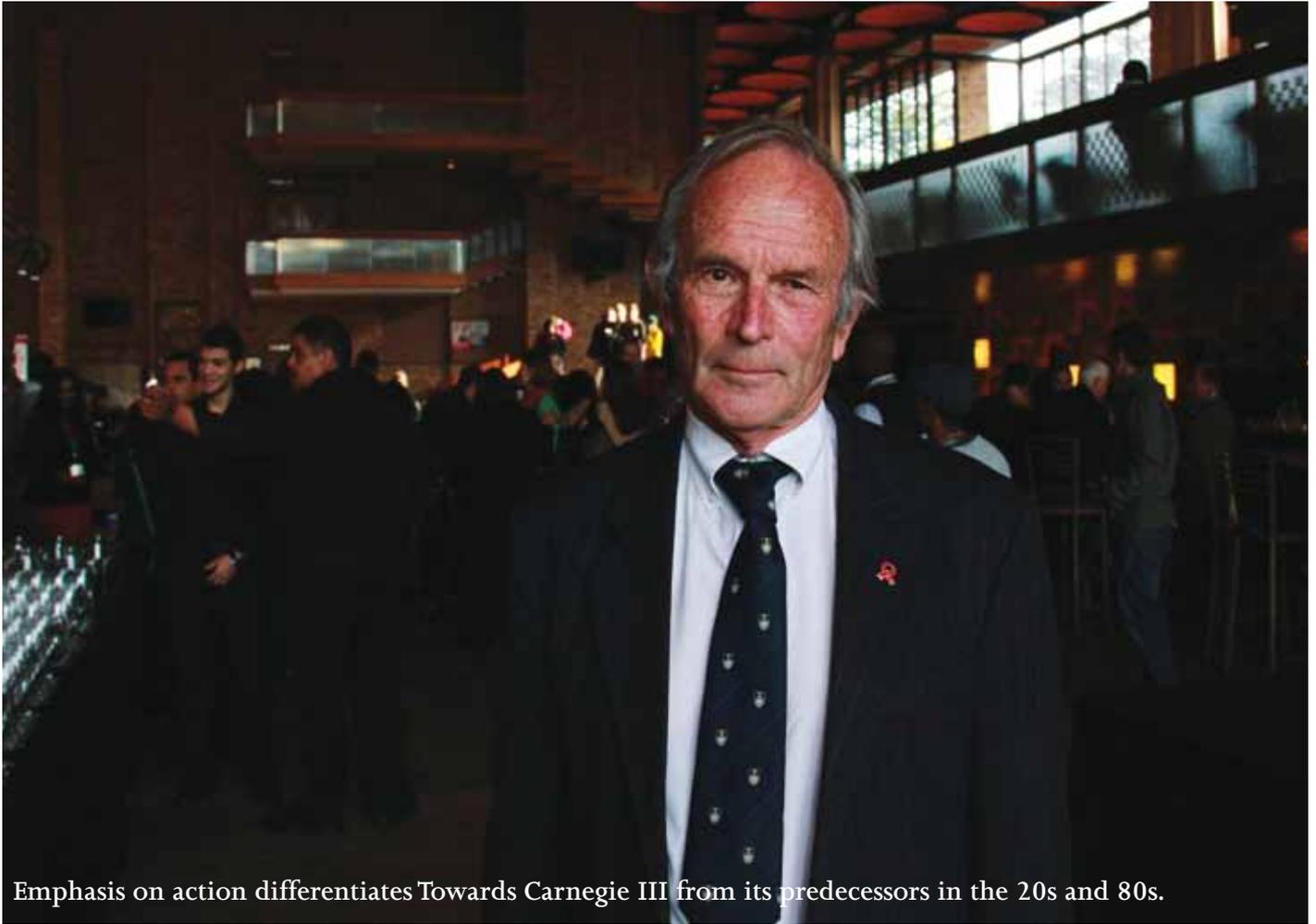
If certain conditions are met, Cousins said he believes the success of this project can be replicated nationally. He explained that there are currently two million semi-subsistence households in South Africa who rely in part on agriculture.

“We need a lot more irrigation schemes for smallholders across the country, and we need better support for them. Of course it needs to be on redistributed land, not just the homelands.”

Turning to the potential for job creation, Cousins alluded to the National Planning Commission’s desire to ready 500 000 hectares of land with a view to creating one million jobs in rural areas.

“Agriculture is labour intensive, and would create jobs.” However, Cousins warned that agriculture already uses 70% of South Africa’s water and would demand even more.

The evolution of Carnegie



Emphasis on action differentiates Towards Carnegie III from its predecessors in the 20s and 80s.

FRANCIS WILSON - the need to move to action.

Jacques de Satgé

Poverty and inequality have reached urgent proportions in South Africa and there is a need for immediate action to find practical strategies to deal with it, Francis Wilson, Conference Director of the Towards Carnegie III conference, has said.

Addressing conference delegates during the opening session, Wilson said the drive for solutions to poverty and inequality set this conference apart from its predecessors.

“We know about the facts of poverty. The issue is what we are going to do about it,” Wilson said.

In her opening address, Dr Mamphela Ramphele called for urgency and suggested an inclusive solution. “We need a new approach that binds citizens, government and the private sector in a walk-together approach for a more equal society.”

This represents a different strategy to the two previous Carnegie conferences. Carnegie I, set against the backdrop of the Great Depression in 1929, addressed issues surrounding

white Afrikaans poverty. Dr Ramphele said that while Carnegie I was a success as it merged political and economic interests, it came at the expense of black South Africans.

“South Africans have demonstrated that they have it within themselves to tackle daunting challenges of similar gravity and magnitude.”

Carnegie II first emerged in 1980 off the back of mass uprisings in South Africa. According to Ramphele “the second Carnegie enquiry suffered from a lack of political will on the part of the Apartheid government, and the failure of foresight, vision and leadership on the part of captains of industry.”

Ramphele said, “We have been given three opportunities to address poverty and inequality [and] we are on our third strike.” In a separate interview she suggested that this was a “sad

conference” as it comes 18 years after democracy.

However, Wilson was determined to prove that this third conference would be “special.” He suggested that exciting times lay ahead with an emphasis on a cross-fertilisation of ideas and on including diverse viewpoints. “Government are coming to the party and are asking universities what they have to say, and NGOs are involved as they have invaluable experience from working on the ground.”

Wilson said the NGO network added substantially to the knowledge base of the conference. He light-heartedly proposed that different organisations and individuals act as “social electricians” who harness and bring together the energy and ideas of this country.

Ramphele echoed this sentiment, saying that “South Africans have demonstrated that they have it within themselves to tackle daunting challenges of similar gravity and magnitude.”

The conference is part of a three-year plan with the National Planning Commission. Trevor Manuel, Minister in the Presidency, described the process as “the tying together of a mosaic of actions for transformation.”