Reparative Histories, the Welfare State, and the Future of Income Assistance for Working-Age Adults in South Africa

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Abstract: Applying Gurminder Bhambra's reparative history framework, this paper examines the historical institutionalisation of income protection for working-age adults and asks how this can inform contemporary debates about welfare reform. A 'reparative frame', Bhambra argues, 'brings together consideration of the broader histories responsible for the configuration of contemporary structures of inequality' (Bhambra *et al*., 2024: 4). This paper situates South Africa's basic income movement in the broader history of income assistance for working-age adults in South Africa. It illustrates how unemployment insurance was used to aid the White minority state in pursuit of racial segregation and the reproduction of racialised capitalism. In doing so, the Fund was characterised by racialised, gendered and classed exclusions that continue to impact access to unemployment insurance in contemporary South Africa. Social policy reform following the transition to democracy in 1994 failed to adequately address the gaps in the unemployment insurance system and access to income assistance for working-age adults continues to be stratified by race, class and gender. In highlighting the stratifying function of the South African welfare state, I make the case for the introduction of a basic income grant and propose alternative sources of financing.

Introduction

The enthusiasm around basic income has seemingly waned in countries around the world after a surge in interest in the late 2010s and early 2020s. Ishan and John Narayan (2021) bring necessary attention to the possible implications of a UBI in Global North countries on income deflation in the Global South. Others fear that UBI is a right-wing smokescreen to 'gut' the welfare state (Battistoni, 2017). Despite these misgivings, the fight for basic income in South Africa carries on unabated. The call for a Universal Basic Income Grant (UBIG) in South Africa re-emerged following the onset of the Covid-19 pandemic and the introduction of the Social Relief of Distress (SRD) grant – a monthly cash transfer for working-age individuals who do not have access to any other financial support. Nearly five years later, the SRD grant remains in place and is positioned to transition into a UBIG. While the fight ahead is certainly an uphill battle, South Africa could very well be the first country in the world to implement a universal basic income.

This paper situates the basic income movement in the broader history of income assistance for working-age adults in South Africa. It focuses specifically on the development

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of the Unemployment Insurance Fund (UIF) throughout the 20th century and its reform in the early 21st; the emergence of the basic income debates in the late 1990s; and, finally, the introduction of the SRD grant and the subsequent reemergence of the earlier basic income debates. What connects unemployment insurance, the SRD grant, and basic income is the provision of state-administered income benefits for working-age adults and the tense ideological and material debates that have always accompanied income assistance for this sector of the population.

Applying Gurminder Bhambra's reparative history framework, I examine the historical institutionalisation of income protection for working-age adults and trace the legacy of these policies in the contemporary welfare state. More specifically, I demonstrate how unemployment insurance was used to aid the White minority state in pursuit of racial segregation and the reproduction of racialised capitalism. In doing so, the Fund was characterized by racialised, gendered and classed exclusions that continue to impact access to unemployment insurance in contemporary South Africa. Social policy reform following the transition to democracy in 1994 failed to adequately address the gaps in the unemployment insurance system and access to income assistance for working-age adults continues to be stratified by race, class and gender. Although this paper is specifically focused on national welfare policies, it highlights the varied transnational forces behind the development of South Africa's welfare state, including both state and non-state actors. In doing so, the paper answers Fiona Williams' (Bhambra *et al*., 2024) call to expand the spatial and temporal dimensions of welfare state analyses.

In highlighting the stratifying function of the South African welfare state, I make the case for the introduction of a basic income and propose alternative sources of financing for the increased budgetary requirements that such a grant would require. As Bhambra (2022: 13) highlights, citing John Hills, 'the redistributive effect of the welfare state cannot be judged just by looking at who benefits from it … One also has to look at who pays for it …' Using the framing of reparative histories, I provide four possible funding avenues that would redistribute income to working-age adults historically excluded from South Africa's Unemployment Insurance Fund and social grant system. These include the use of the UIF's surplus to partially fund the UBIG; the abolishment of the UIF and the creation of a centralised fund that does not differentiate by work status; a tax on mining companies; and debt relief from the World Bank and International Monetary Fund (IMF).

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Reparative Histories, Unemployment Benefits and the (Re)production of the Racial Capitalist State

Gurminder Bhambra's reparative histories framework calls for a sociology that tackles 'current inequities in distribution that are placed beyond the purview of justice by virtue of being represented as merely historical' (Bhambra *et al*., 2024: 4). 'A reparative frame', Bhambra writes, 'brings together consideration of the broader histories responsible for the configuration of contemporary structures of inequality and enables us to think through the implications of their connections in a more meaningful way' (Ibid). Such an approach 'requires a reconsideration of the histories that are taken to be central to it is as well as a reorientation of our conceptual understandings as a consequence' (Ibid). In other words, contemporary policy debates require a historical lens to adequately tackle the forces behind the reproduction of inequality.

Fiona Williams (Bhambra *et al*. 2024: 13) argues that Bhambra's intervention illustrates the need to 'add new spatial and temporal dimensions' to the study of the welfare state. This framework pushes our analysis beyond the confines of the nation state and the endogenous factors behind the development of the welfare state and asks us to consider the historical, transnational forces shaping the welfare state.

I stretch the analysis of the contemporary South African welfare state by situating it in its historical and transnational context. More specifically, I trace the history of the state's intervention in the lives of working-age adults by first focusing specifically on the development of the Unemployment Insurance Fund (UIF). I then turn to the basic income debates beginning in the late 1990s and early 2000s before tracing the implementation of the Social Relief of Distress grant (SRD) implemented following the onset of the Covid-19 pandemic in May 2020 and the resurgence of the basic income debate. At each turn, I consider the broader forces shaping the policy debates, both within South Africa and beyond.

In previous work I have conceptualised the welfare state as a central process in the (re)production of what I refer to as the South African 'racial capitalist state' (Hallink, 2023, 2025). Drawing from the work of David Theo Goldberg (2002) on racial states and Michael Dawson & Emily Katzenstein's (2019) work on race *and* capitalism (rather than *racial capitalism*), I conceptualise the South African state as both a racial state *and* a capitalist state. In doing so, I understand the systems of white supremacy and capitalism as separate 'systems of domination' that are intimately linked and sometimes contradictory (Centre for Ethics, 2021). In consolidating the racial capitalist state, the South African state had to balance both its economic and political interests. The economic interests included the management of the

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capitalist system, and the political interests revolved around the consolidation of state power in the hands of the White minority.

In this context, the institutionalisation of the UIF served both an economic and political function. In terms of its economic function, unemployment insurance reproduces the worker during brief periods of unemployment (Oran, 2017). As a result, exclusion from unemployment insurance displaces the cost of reproduction from the state and capital onto the worker themselves (and their extended families), therefore maximizing the extractable surplus value from the worker in question (Fraser, 2016; Wolpe, 1972). The political function of unemployment insurance is to ameliorate the negative side effects of the capitalist system, providing the state with political legitimacy (Oran, 2017).

The Development of Unemployment Insurance

The Unemployment Insurance Fund was established in 1937 by the United Party (UP) government – a merger of J.B.M Hertzog's National Party and Jan Smuts' South African party. It was implemented in a broader political context shaped by the attempt to consolidate power in the hands of the White minority government. The spectre of White poverty was viewed as a threat to the 'myth of White [supremacy]' (Ntshinga, 2016: 65-66), and was used to rationalise the introduction of a racially-exclusive welfare state. The Fund was constructed around the needs of White, skilled workers in well-performing industries, modelled after Great Britain's system of unemployed insurance (Hallink, 2023: 68). The Fund excluded informal labourers defined as 'persons employed by an employer at irregular intervals for less than one day in any one calendar week'; agricultural workers; and African mine workers (Union of South Africa, Act No. 25 of 1937).

The onset of World War II led to significant changes in South Africa's political-economic landscape. The decision to join the British war effort led to the defection of several National Party members from the UP coalition, including the then Prime Minister J.B.M Hertzog (Davies, 1979: 290). Jan Smuts replaced Hertzog as Prime Minister and would oversee the 1946 reform of the Unemployment Insurance Fund. While this period is often portrayed as one of substantive reform (Dubow & Jeeves, 2005; Seekings, 2005), the reforms made to the UIF in the mid-1940s demonstrate the entrenchment of racialisation in the social welfare system.

The boom in manufacturing caused by the war and the concurrent rise in urbanisation (Davies: 1979: 289; Posel, 1991: 8 & 24) led to the inclusion of urban African workers in the UIF (Hallink, 2023). The 1946 Unemployment Insurance Act included African workers in

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urban areas but excluded African workers in rural areas (save for workers in factories); it excluded African workers on the gold and coal mines (the largest employer of Africans in the mines); and introduced the exclusion of domestic workers (which would remain in place until 2001) (Hallink, 2023; Union of South Africa, 1949: 929; Union of South Africa, Act No. 53, 1946).

In 1949, after the election of the National Party, the 1946 Unemployment Insurance Act was reformed once again. The provision that included urban African workers was amended to only include urban African workers who earned more than £182 per annum (Union of South Africa, Act No. 41, 1949). It was estimated that this provision would exclude up to 97 per cent of African workers (*Hansard*, House of Assembly, 1 June 1949, 6803). However, the provision ended up excluding nearly 99 per cent of African workers. In 1951, the Department of Labour reported that of a total of 550 000 contributors, only 6 875 (or 1.25 per cent) were African workers (Hallink, 2023: 89; Union of South Africa, 1951: 76). By contrast, 412 500 (or 75 per cent) of the contributors were White; 101 750 (or 18.5 per cent) were Coloured; and 28 875 (or 5.25 per cent) were Indian (Ibid: 90; Ibid).

Following the 1949 Unemployment Insurance Amendment Act, there were no substantive changes to the eligibility criteria of the Fund until the late 1970s and early 1980s. This period was characterized by what Deborah Posel terms a 'new language of legitimation' (Posel: 1984: 1). The Soweto Uprising in 1976 marked a turning point in the anti-apartheid resistance movement. This coupled with rising unemployment and inflation pushed the NP into a politics of 'reform' (Marais, 2011: 40). In 1981, the adoption of the Labour Relations Amendment Act meant that Black trade unions were finally able to register (Ibid: 44). Then, in 1986, the pass law system was abolished (South Africa History Online, 2024).

Concessions also appeared to be made in the social welfare system. More specifically, the first Unemployment Insurance Act of 1979 removed the exclusion of African workers in rural areas (Republic of South Africa, Act No. 9, 1979). It also removed the stipulation which excluded African workers earning under a set income threshold (Ibid). In 1981, the exclusion of African workers on the gold and coal mines was removed (Republic of South Africa, Act No. 1, 1981). These amendments were celebrated in Parliament, with the official opposition congratulating the then Minister of Manpower Utilization for taking steps towards the deracialisation of the UIF (Hallink, 2023: 93).

While at first glance, these amendments might have suggested efforts to democratise UIF contributions. However, while the government was congratulating itself for the de-racialisation of the UIF, it was simultaneously stripping the citizenship status of millions of

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African citizens through an intensification of the strategy of separate development (also known as the ‘homeland’ or ‘bantustan’ system). Between 1976 and 1981, four of the bantustans were declared ‘independent’: Transkei, Bophuthatswana, Venda, and the Ciskei (Republic of South Africa, Act No. 100, 1976; Republic of South Africa, Act No. 89, 1977; Republic of South Africa, Act No. 107, 1979; Republic of South Africa, Act No. 110, 1981).The UIF legislation was quickly amended to exclude all citizens of these newly ‘independent countries’ from the Fund (Hallink, 2023: 53). In other words, the removal of the racialised exclusions in 1979 and 1981 took place at the same time as millions of African individuals were stripped of their South African citizenship and rendered ineligible for UIF contributions.

When the UIF was reformed in 2001, seven years after the first democratic election, the Fund maintained the core structure first articulated in 1937 and cemented throughout the 1940s. Casual labourers and informal workers continued to be excluded, except under strict conditions (working for the same employer at least 24 hours a month) (Hallink, 2023). The primary reform was the inclusion of domestic workers (Republic of South Africa, Act No. 63, 2001). However, little has been done to ensure that domestic workers are registered by their employers. Research suggests that the large majority of domestic workers are not registered for UIF benefits (SweepSouth, 2019). The rise of the platform app SweepSouth has further undermined the hard-fought victories for domestic workers. Individuals working on the platform are considered ‘independent contractors’, not employers, and are therefore ineligible for UIF contributions (Kalla, 2022; Sibiya & du Toi, 2022). The same is the case for all platform workers, including Uber and Bolt drivers. These exclusions impact platform workers in myriad ways, not least the simultaneous exclusion from maternity benefits.[1]

This institutional framework of the UIF continues to create stratification along the dimensions of race, class and gender in the post-apartheid present. A 2013 study by Bhorat *et al.* argued that due to the exclusion of most informally employed workers and individuals facing long-term unemployment that ‘some of the most vulnerable unemployed labor market participants in South Africa are excluded’ (3). They also found that ‘women, youth, poorer claimants and contract employees face the lowest potential claim days out of all claimants considered, as well as the lowest absolute benefit payments’ (Ibid: 34).[2] The gendered nature of UIF beneficiaries is further illustrated by the 2019 Quarterly Labour Force Survey, which demonstrated that of 8.5 million contributors to the UIF, 57 per cent (or 4.8 million) were men while only 43 per cent (or 3.6 million) were women (Statistics South Africa, 2019: 17). The UIF does not collect data on the race of contributors, making it difficult to say the extent

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to which access to UIF contributions continues to be racialised. However, Black workers are overrepresented in the informal sector and are far more likely to face unemployment (Rogan & Skinner, 2018: 86; Statistics South Africa, 2019: 21-22).

The 2000s Basic Income Debate: The push to include working-age adults in South Africa's social grant system

As early as 1998, the idea of a Basic Income Grant was proposed by COSATU – the trade union
which makes up one of the parties of the governing Tripartite Alliance with the African National Congress and the South African Communist Party (Seekings & Matisonn, 2012: 132). After the idea was raised by COSATU, the government commissioned the Taylor Committee in 2000 to investigate gaps in the cash transfer system and deliver policy recommendations (Ibid). The Taylor Committee delivered its final report in 2002, outlining what they viewed as the major gaps in the existing social protection system. The committee was chaired by Professor Elizabeth Taylor and was constituted by a number of academics and government officials. The Committee also acknowledged contributions made by domestic non-governmental organisations and research institutes, as well as international organisations, including the World Bank and International Labour Organisation (Republic of South Africa, 2002: vii).

As early as the 2000s, it was evident to the government and social protection experts called to be part of the committee of inquiry that poverty, unemployment, and inequality were all exceptionally high and on the rise in post-apartheid South Africa, and that the existing social protection system was insufficient for South Africa's socio-economic context. The report highlighted the main groups facing exclusion: children (75% of children below seven and 100% of all children above 7 are excluded); the disabled (individuals with chronic illnesses who do not meet the strict criteria for disability benefits); those with incomes below the poverty line, including the 'working poor'; non-citizens, and the unemployed (Republic of South Africa, 2002: 30-31).

Notably, the report highlighted the inadequacy of the Unemployment Insurance Fund, citing a report by an inter-departmental task team convened by the Department of Social Development (DSD) that found the Unemployment Insurance Fund 'covers less than 40 per cent of the labour force at any given point in time, and offers benefits to less than 6 per cent of the unemployed' (Republic of South Africa, 2002: 9). Nearly 70 years after the adoption of

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the UIF, it was clear that the Fund remains inadequate for the shape of South Africa's labour force.

The Taylor Report recommended three potential avenues for the future of the social protection system. The first option was to keep the social assistance system as it was, although this option was advised against (Republic of South Africa, 2002: 63-64). The second option was to introduce a BIG, which would fill the gap in the social protection system by providing a social grant to all individuals not already receiving a social grant and to individuals ineligible for UIF (Ibid., 64).

Despite the Committee's conviction about a basic income grant, the proposal included a caveat: 'The Committee also finds that although a Basic Income Grant is most able to eliminate destitution and have a developmental impact on the poorest, its implementation is constrained in the short term due to fiscal and administrative obstacles' (Republic of South Africa, 2002: 66). This quote reflected the committee's admission of defeat before the recommendations could even be reviewed by the government.

The third option, and the committee's 'preferred' option, was a 'phased and measured' approach to implementing a universal income support programme, beginning with the extension of the Child Support Grant to all children under age 18 (Republic of South Africa, 2002: 64). Rather than implementing the basic income right away, it was proposed that the age threshold of the Child Support Grant be extended to 18 by 2004. Then, in stage two, to take place between 2005 and 2015, a basic income grant could be introduced (Ibid: 65). They went on to say, 'It is … the view of the Committee that fiscal and administrative capacity exists for a phased and measured introduction of a comprehensive system of income support through social assistance' (Ibid).

Seekings & Matisonn (2012: 134) report that parliamentary hearings only took place after 'intensive lobbying by the BIG coalition' and that the reception was largely negative. The then Finance Minister, Trevor Manuel, was perhaps unsurprisingly concerned about its affordability and charged the BIG as being populist (Seekings & Matisonn, 2010: 6-7). Charles Meth has since shown that concerns about affordability were unfounded (Meth, 2002). The basic income proposal was reportedly rejected at the ANC's national conference in December of the same year (Seekings & Matisonn, 2010: 7). The then President Thabo Mbeki made no mention of the basic income in his February 2003 State of the Nation Address (Republic of South Africa, 2003).

Despite the somewhat apparent rejection of the basic income within the ANC's national executive, public hearings on Taylor Report took place in June 2003. Submissions

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were made by the Basic Income Grant Coalition, Black Sash, COSATU, the South African Human Rights Commission, Law and Transformation Programme and the Gender Research Project under the Centre for Applied Legal Studies, Commission for Gender Equality, Resources Aimed at the Prevention of Child Abuse and Neglect (RAPCAN) the Institute for Democratic Alternatives in South Africa (IDASA), and Business South Africa.

Despite the public hearings on the basic income and widespread support from civil society, the proposal for the basic income was seemingly dropped. With the luxury of hindsight, we can now say that it is unsurprising the government chose the proposed amendment of extending the Child Support Grant to the age of 18. However, this did not happen as quickly as the Taylor Committee proposed, but rather took until 2012 before the CSG reached all children under the age of 18 (Seekings, 2016: 3).

The literature on the early 2000s basic income movement credits the pervasiveness of the 'culture of dependency' thinking as well as doubts about affordability as the reasons for the failure of the movement (Barchiesi, 2007; Meth, 2004; Seekings & Matisonn, 2010, 2012). Seekings & Matisonn (2012: 140) also highlight the political constraints: 'Given the centralized character of decision-making under Mbeki, not even strong support for a BIG from the Department of Social Development [DSD] would have sufficed to overcome the strong opposition of better-placed government ministers and officials'. The President himself as well as Finance Minister Trevor Manual were both opposed to the basic income, making it extremely difficult for the DSD. It would not be until the Covid-19 pandemic that a renewed enthusiasm around basic income, especially amongst civil society, would emerge.

Covid-19, the Social Relief of Distress grant, and the Reemergence of the Basic Income Debate

In May 2020, the South Africa government announced the adoption of the emergency SRD grant – a cash transfer of R350 a month targeted towards informal workers and individuals facing unemployment who are ineligible for the UIF. The announcement of the SRD grant was an exciting moment for many, as it seemed to represent a potential catalyst for the permanent extension of the grant system to all adults, realising the constitutional right to social assistance for *all*. However, nearly five years since the SRD grant was first implemented, the experience of the grant has only served to highlight the government's ongoing ambivalence towards providing income assistance to working-age folks outside of formal employment. As I discuss in this section, the SRD grant has been subject to recurrent cancellations and re-introductions, application difficulties, and inconsistent financing.

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The SRD was not the only reform made to the social grant system after the onset of the Covid-19 pandemic. The Child Support Grant was reformed by introducing a ‘top-up’ of R300 for each child receiving the grant (Gronbach *et al.*, 2022: 11). All other grant recipients received a top-up of R200 (Ibid). The initial CSG top-up was quickly replaced by a R500 top-up for caregivers (Ibid). Caregivers receiving the CSG (the large majority of which are women) on behalf of a child were initially excluded from applying for and receiving the SRD grant (Ibid). In the first iteration of the SRD (May 2020-April 2021), the grant reached 6 million beneficiaries (Ibid). The Department of Social Development estimated that of these beneficiaries, 68 per cent were men and only 32 per cent were women (DSD, 2021: ii). The exclusion signalled to South African women that they were only considered deserving of assistance through the channel of child support, not unemployment. This seemed to reaffirm the arena of unemployment security as a safety net for the male breadwinner.

In July 2020, it was announced by Lindiwe Zulu, the Minister of Social Development, that the government was considering the introduction of a Basic Income Grant to be implemented following the lapse of the SRD in October 2020 (Shoba, 2020). A leaked ANC-document revealed that the BIG envisioned by the ANC would provide individuals ages 18-59 with R500 every month (National Executive Committee [ANC], 2020). Instead of the introduction of the BIG, the SRD grant was extended for three months at the end of October 2020 (Cronje, 2020). The top-ups for the remaining grants, however, ended as planned.

In the February 2021 State of the Nation Address, the SRD was once again extended for a further three months (Republic of South Africa, 2021b). Weeks before the announcement, President Cyril Ramaphosa tweeted that there was agreement at an ANC lekgotla to ‘consider the extension of basic income relief to unemployed people who do not receive any other form of state assistance’ (Hallink, 2021). Moments later, the tweet was deleted, only seeming to confirm the ANC’s continued ambivalence towards income assistance for unemployed adults (Ibid).

In the lead up to what would be the final month of the SRD in April 2021, civil society organisations including #PayTheGrantsCampaign, SECTION27, the Institute for Economic Justice, Amandla Mobi, Black Sash, and Budget Justice campaigned extensively for the further extension of the SRD and, eventually, the introduction of the BIG (Hallink, 2021). On the 30th of April 2021, with no word of a further extension for the grant, Amandla Mobi delivered a petition to the Union Building in Pretoria, with no less than 40 000 signatures (Ibid). Despite their notable efforts, the SRD was terminated without any warning for the millions of beneficiaries relying on the R350 grant per month.

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Later that year, sparked by the arrest and detainment of former ANC President Jacob Zuma, protests erupted in KwaZulu-Natal and spread to Gauteng. Although the government portrayed the unrest as a ‘deliberate, coordinated, and well-planned attack on our democracy’ (Republic of South Africa, 2022a), the socio-economic factors, including rising unemployment, motivating protesters could not be ignored (Rondganger, 2023). Following the July unrest, President Ramaphosa announced the reintroduction of the SRD grant, stating that it would remain in place until March 2022 and would be made available to caregivers receiving the CSG (Thebus, 2021). Due to its cancellations, however, individuals were required to resubmit applications. This was not an easy task for many as the digital application system required an active SIM card.

Interested observers waited for President Ramaphosa’s February 2022 SONA with bated breath after a leaked briefing not by the Presidential Economic Advisory Council advised against the extension of the SRD grant (Hallink, 2022). Ramaphosa announced that the SRD would be extended for one further year, bringing us to March 2023. However, in October of 2022, the grant was extended until 2024 (Human, 2022). In his address, Ramaphosa mused about how the SRD provided individuals with the means to start their own businesses and look for work (Republic of South Africa, 2022b). This was curious, as the SRD is set far below the current Food Poverty Line (FPL) of R663 per month, and the Upper Bound Poverty Line of R1417 per month, which includes ‘the average amount derived from non-food items of households whose food expenditure is equal to the food poverty line’ (Statistics South Africa, 2022: 3). If the grant is not enough to maintain a healthy diet, it certainly cannot provide individuals with the means for the additional costs of looking for work.

At the same time, the DSD was given a budget that would only cover 10.5 million beneficiaries (Dunkerley, 2022), despite IEJ estimates putting the total number of eligible beneficiaries closer to 16 million (IEJ, 2023). The restrictions imposed by the Treasury meant that the Department of Social Development and the South African Social Security Agency (SASSA) had to come up with ways to ensure that the grant was targeted towards the most vulnerable. In practice, what this meant was that new, stricter eligibility criteria were introduced, including a new means-test of R350 (Dunkerley, 2022). SASSA turned to the banks to help monitor the accounts of grant beneficiaries and to ensure that the income threshold was not being surpassed (Ibid).

While the DSD and SASSA were making sense of what the externally imposed financial restraints would mean for future iterations of the SRD grant, the DSD was also busy

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with moving the SRD from the legislative framework of the State of Emergency to that of the Social Assistance Act (Dunkerley, 2022). This led to a several month-long delay of SRD payments (IEJ, 2022). At the same time, the Post Office stopped processing payments of the SRD grant (Dunkerley, 2022). The Post Office was the only place SRD recipients without a bank account were able to pick up their cash with only an ID, and not the mobile phone in which the application was placed (Ibid). Pay points at Shoprite and other outlets all require applicants to have the mobile phone with which they placed their application when picking up their monthly grant (Ibid). Upon arrival, recipients are sent a One Time Pin (OTP) to confirm their identity. However, as a senior official at SASSA revealed, up to 30 applicants applied for the SRD using the same phone (Ibid). The use of the OTP creates significant difficulties for individuals who applied for the grant using someone else's phone. Overall, the most disadvantaged individuals have been systematically excluded from the SRD. Moreover, the use of the OTP means that individuals need to have an active SIM each and every time they go to pick up the SRD.

The tightened budget and the changes made to the SRD regulations have had a lasting impact on the number of SRD beneficiaries. In February 2023, 3.54 million fewer individuals were receiving the SRD than there were before the changes were made, before which there were approximately 10.9 million beneficiaries (IEJ, 2023: 4). In July 2023, the IEJ and #PayTheGrants filed court papers 'challenging regulations that unlawfully and unconstitutionally exclude millions of people living in poverty from receiving the Social Relief of Distress (SRD) grant' (IEJ & #PayTheGrants, 2023). The key challenges put forward included the digital application, the definition and measurement of income, the income threshold, the value of the grant (R370), and the arbitrary exclusion of eligible beneficiaries (IEJ, #PayTheGrants v DSD, SASSA, Minister of Finance, 2025). On 23 January 2025, Judge Twale ruled in favour of the IEJ and #PTG on all counts (Ibid). However, on the 3rd of February the DSD announced that it would be appealing the judgement (DSD News, 2025). Despite the appeal, rumblings from the ANC's January 2025 lekgotla suggest that the adoption of a UBIG might be on the table for 2025 (Damons, 2025).

Reparative Histories and the Future of Basic Income in South Africa

There are a number of ways that the historical exclusion of working-age adults could be rectified. Land redistribution, the provision of social housing, and access to electricity and water are all prominent demands being made today.[3] While all these demands have transformative, emancipatory potential, I limit my analysis here to the implementation of a

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Universal Basic Income Grant. There is real demand for a UBIG amongst working-age adults in South Africa, best demonstrated by the mobilisation of #PayTheGrants members. Civil society has made tremendous progress with the fight for a UBIG, and the ANC has demonstrated a continued, albeit inconsistent, commitment to the phasing in of a BIG (Damons, 2025). The implementation of a UBIG would provide financial support to working-age individuals who have historically been excluded from South Africa's unemployment insurance fund as well as the social grants system.

The primary challenge today in implementing a UBIG is the political willingness to commit to the budgetary requirements and the necessary fiscal reform that such a grant would require. In the court case between #PayTheGrants and the Institute for Economic Justice and the Department of Social Development, the South African Social Security Agency, and Treasury, the main defence put forth for the failure to pay all eligible applicants the SRD grant – often thought of as a precursor to the UBIG – was the budgetary constraints (IEJ, #PTG v Minister of Social Development, SASSA, Minister of Finance, 2025). The IEJ estimates that the gross cost of a UBIG would be between 1.55 and 3.36 per cent of GDP depending on the value of the grant (IEJ, 2024: 9).[4] The IEJ has also proposed a number of concrete ways in which South Africa's fiscal policy can be reformed in order to fund a UBIG, including the introduction of a wealth tax of 0.5 to 1 per cent and a social security tax of 3 to 4 per cent of wages (Ibid: 5).

The funding proposals put forth in this section apply the reparative histories framework and take into consideration 'the broader histories responsible for the configuration of contemporary structures of inequality' (Bhambra *et al.*, 2024: 4). As the oldest national welfare programme for working-age adults, I consider the institutionalisation of the UIF as a central contributor to the reproduction of stratification of working-age adults in post-apartheid South Africa. The first three proposals put forward, then, pay special attention to the historical institutionalisation of the UIF and, more specifically, the exclusion of specific categories of workers and the forces shaping these exclusions. The final proposal considers actors that have limited social policy reform following the democratic transition: namely: the World Bank and International Monetary Fund.

As illustrated in previous sections, workers were subjected to a diverse range of exclusions from the UIF throughout the 20th century, some of which remain in place in post-apartheid South Africa. This included: the exclusion of agricultural workers, African mine workers[5]; African workers in rural areas; domestic workers; urban African workers earning under a set income threshold; and, later, individuals declared 'citizens' of the four

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‘independent’ bantustans (Transkei, Bophuthatswana, Ciskei, and Venda). Informal workers continue to be excluded except under strict conditions. The rise of platform work has also further undermined access to the UIF, as workers are considered ‘independent contractors’ not employees and are rendered ineligible for UIF contributions. The implementation of a UBIG, then, would extend the reach of the welfare state to individuals who have been systematically excluded.

Research demonstrates that the UIF consistently ran a surplus from the early 2000s until 2015 (TIPS, 2016: 2). By the end of the 2015 financial year, the UIF surplus stood at R114 billion (Ibid: 3). However, following the onset of the Covid-19 pandemic the Fund’s surplus fell from R134 billion in 2020 to R96 billion in 2021 (Department of Employment & Labour, 2021: 112). In 2022 and 2023, the surplus continued to rise: as of March 2023, the UIF surplus sits at approximately R114 billion, up from R105 billion the year prior (Department of Employment & Labour, 2023: 106). Considering the historical and contemporary exclusions from the UIF, the Fund’s surplus could be used to partially fund the implementation of a UBIG. This would enable the provision of income assistance to working-age adults who were historically excluded from receiving unemployment insurance benefits.

A second, perhaps more transformative proposal, is to abolish the UIF and to use the applicable funds to create a centralised fund that does not differentiate between types of work. Rather than unemployment insurance contributions, contributions could be framed as a ‘social security tax’, a tax proposed by the Institute for Economic Justice in their UBIG funding proposals (IEJ, 2024). The abolishment of the UIF and the creation of a centralised fund would not only benefit individuals who have historically been excluded from the Fund but would also benefit current contributors in several ways.

Firstly, current contributors to the UIF are only eligible for contributions if they are retrenched; contributors are not eligible for contributions if they resign. The proposed UBIG would be paid monthly regardless of someone’s employment status. This way, contributors would be guaranteed to benefit from their contributions, which is not the case with the UIF. Secondly, contributors would receive more per month than they would from the UIF when claiming benefits. The UIF caps the daily benefit amount at R221.28 per day (Republic of South Africa: Department of Employment and Labour, 2021).[6] R221.28 claimed over 365 days (the maximum number of claim days) would work out to R6731 per month over 12 months. If a UBIG were to be introduced at the IEJ’s proposed ‘High Ambition’ rate, it would provide individuals with R8500 per month, R1 769 more than the maximum one can claim for the UIF in a given month (Institute for Economic Justice, 2024: 8 & 11). Finally, the UBI

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would not be subjected to the cap of 365 days that applies to UIF claims. The UBIG, by contrast, would be paid continuously.

The next funding proposal concerns the systematic exclusion of African workers in the mines. Between 1937 and 1946, all African mine workers were excluded from the UIF (Hallink, 2023). From 1946 until 1981, the UIF excluded all African workers in the gold and coal mines (Ibid). When this provision was introduced, the gold and coal mines were the biggest employers of African mine workers (Union of South Africa, 1949: 929). It was clear that the mining industry was able to assert influence on the Department of Labour to serve its own interests by maximizing the extractable surplus value from African mine workers. As one Member of Parliament reflected in the House of Assembly, 'I must say that I am able to congratulate the gold mines on having got this exemption. It is obviously because of the pressure of strong vested interests that it was done…' (*Hansard*, House of Assembly, 29 April 1946, Col. 6306-6307).

Further research is required on the role of mining companies, and the mining industry at large, in the exclusion of African workers in the gold and coal industries. By identifying the specific players involved in the UIF's exclusionary criteria, we are better positioned to implement income redistribution policies that speak to the historical forces behind contemporary inequalities. Nevertheless, the mining industry, and imperial mining capital at large, has benefitted from the suppression of the wages of African workers for over a century (Magubane, 1983). Using the reparative histories framing, a tax on mining companies would enable the redistribution of income from an industry that has benefitted from the stratification of working-age adults. This proposal is inspired by Alaska's Permanent Fund Dividend (PFD) which provides all residents of Alaska with a dividend from the state's oil and mining revenues (State of Alaska: Department of Revenues, 2025).

Both the IMF and World Bank have had a significant influence on the trajectory of South Africa's political, economic and social landscape. The IMF notoriously continued to lend money to the apartheid government after the UN general assembly adopted economic sanctions against South Africa (Bond, 2003: 68). The relationship with the IMF certainly influenced the South African government's turn towards privatisation in the late 1980s, marked especially by the privatisation of Iscor in 1989 (Ibid). The World Bank is also thought to have significantly limited social policy reform following the democratic transition, most notably with the reform of the State Maintenance Grant and its replacement with the Child Support Grant (Bond, 2014: 122; Marais, 2011: 142).

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As of February 2025, South Africa owes the International Monetary Fund R14 billion. Although this is small portion of South Africa's total debt load of R3 trillion (South African Reserve Bank, 2024), the IMF seems to continuously exert significant influence over South African fiscal policy, directly affecting social welfare policy. After the onset of the Covid-19 pandemic, South Africa loaned US$4.3 billion dollars from the IMF (IMF, 2020). The agreement entailed a commitment to fiscal consolidation with a focus on the reduction of the government's deficit (Oxfam, 2021: 23). The effects of the government's efforts towards fiscal consolidation are perhaps best demonstrated by the arbitrary budget imposed on the Department of Social Development for the SRD grant, which prompted the IEJ and #PTG to take legal action. The South African government could negotiate debt forgiveness using the reparative frame. Alternatively, the South African government should avoid future lending from the World Bank and IMF to ensure greater autonomy over the country's fiscal policy.

Conclusion

South Africa is well positioned to be a world leader in social policy reform in the 21st century. Using the reparative histories framework, this paper has illustrated how the adoption of a basic income grant could bring historically excluded individuals into the reach of the South African welfare state. By tracing the institutionalisation of the Unemployment Insurance Fund throughout the 20th century, this paper demonstrated how inclusion within the welfare state for working-age adults was racialised, classed, and gendered. The failure to adequately reform the social security system following the transition to democracy has meant that access to social protection continues to be shaped by race, class and gender. The introduction of a basic income, then, would enable the reduction of intersectional stratification.

The reparative frame asks us to consider the historical and transnational forces behind contemporary inequalities. This paper paid special attention to the stratifying function of the UIF and offered funding proposals that would rectify or repair this history of stratification. These included the use of the UIF's surplus to partially fund the implementation of a UBIG; the abolishment of the UIF and the creation of a centralised fund that does not differentiate between types of work; and a tax on mining companies. The final proposal did not pertain specifically to the institutionalisation of the UIF but rather focused more broadly on forces that have shaped South Africa's social, political and economic landscape: namely, the World Bank and IMF. The continued focus on fiscal consolidation has undoubtedly limited social policy reform in the post-apartheid period. This paper makes the case for South Africa to distance itself from the IMF and World Bank as creditors to gain greater autonomy over the

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country's fiscal policy and to enable the implementation of transformative social policy reforms.

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Endnotes

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[1] Maternity benefits fall under the UIF. This means that only individuals who are eligible for UIF contributions have access to maternity benefits.
[2] The authors were not able to provide insights on contributions by population group because the Department of Employment and Labour does not collect or report this data.
[3] For example, Reclaim the City (Reclaim the City, 2025).
[4] The gross cost does not take into consideration the revenue that would be made through increased spending and the collection of VAT.
[5] From 1937 until 1946, all African mine workers were excluded from the UIF. Following the 1946 Unemployment Insurance Act, African workers in the gold and coal mines were excluded.
[6] This is based on a maximum salary of R17 712 per month (Republic of South Africa: Department of Employment and Labour, 2022: 2).