Durable Inequalities under Progressive Social Policy Reforms—Comparative Perspectives on South Africa and Brazil

Author: Madalitso Zililo Phiri¹

Abstract
South Africa and Brazil are burdened with durable inequality and poverty a phenomenon that persists after two decades of democratization. Both countries have developed ambitious social policies aimed at addressing these challenges. This paper seeks to answer two questions, (i) what social policies and programmes are being pursued by both South Africa and Brazil and what are the results? (ii) What are the key values and principles underpinning the welfare regimes in the two countries? The paper will compare South Africa and Brazil’s social policy architecture in their evolution under the governance of the African National Congress (ANC) and the Partido dos Trabalhadores (PT, Workers Party). It further deploys insights of a political economy of institutions to understand the effects of these policies in both societies. This analysis should be read in a dynamic global context where Conditional Cash Transfers (CCTs) and unconditional transfers alike have shaped the ANC’s policy path, the Social Grant for the poor and the PT’s Bolsa Familia culminating in a reinvigorated discussion and debate within the Global Social Policy architecture. The paper advocates an institutional analysis to social policy where mechanisms of production, protection, and distribution are pivotal in addressing both countries socio-economic challenges.

Keywords: South Africa, Brazil, inequality, poverty, institution(s), transformative social policy, reforms.

¹ Doctoral Research Fellow in Sociology, DST/NRF Chair in Applied Social Policy at the University of South Africa (UNISA), Pretoria, South Africa.
Introduction

South Africa and Brazil are burdened with institutional poverty and inequality—a phenomenon that persists in both countries after two decades of experimentation with democratisation. Both countries have developed ambitious social policies aimed at addressing institutional poverty and inequality, whose effects have been heralded internationally. The paper aims to compare South Africa and Brazil’s social policy regimes in their evolution under the governance of the African National Congress (ANC) and the Patrido dos Trabalhoes (PT, Workers Party). It specifically examines the policies of Conditional Cash Transfers (CCTs) and Unconditional Cash Transfers (UCTs) implemented by the ANC in South Africa and the PT’s Bolsa Familia programme of social grants for the poor in Brazil. The paper is located in the field of comparative public policy and uses the insights of a political economy of institutions to understand the effects of these policies on poverty and inequality. In a dynamic global context, this study aims to reinvigorate discussion and debates on global social policy architecture by asking diagnostic questions around (i) What social policies and programmes are being pursued by both South Africa and Brazil and what are the results? (ii) What are the key values and principles underpinning the welfare regimes in the two countries?

Various literature has compared South Africa and Brazil with specific emphasis on inequality and the progressive reforms undertaken by both the ANC and PT, respectively (Leibbrandt & Finn 2012; van der Westhuizen 2012, 2013). More generally, attempts to draw parallels between the South African and Brazilian political economies remain few and far between (Lieberman 2001, 2003, 2009; Seidman 1994). These comparisons have contributed to a greater understanding of both countries, given the similarities and differences shared. This paper, however, moves beyond the debates on the short-term effects of the Social Grant and Bolsa Familia—and most other CCT programmes for that matter—and considers the way they overlap with the rest of the social policy regime (Sanchez-Ancochea & Mattei 2011). The paper aims to explore the extent to which the programmes are consolidating residual social systems in some instances while contributing to the expansion of universal services in others. The ultimate impact of CCTs or UCTs does not only depend on their specific design, but more significantly, it depends on the way they influence the political behaviour of the poor and the opportunities for broader and more encompassing social coalition (Sanchez-Ancochea & Mattei 2011).

This narrative should be read in the context of the historical evolution of social policy with the inception of the post-World War II welfare state in select industrial democracies of the Global North and accompanying global social policy architecture. Esping-Andersen’s (1990) welfare regime approach (WRA) identified three models—Scandinavian Social Democratic, Bismarckian Corporatist and Anglo-Saxon liberal—as synonymous with extension of the social contract, citizenship and social rights. This well-known typology of welfare states may be defined as the extent to which a state, through its transfer schemes, de-commodifies labour (Lund et al. 2008). However, the WRA is insufficient to deal with the global dynamics of social and political change. As Fine (2014:3) has argued, “while the WRA has allowed an enormous
amount of informative empirical work to be undertaken, it has led to increasingly serious deficiencies…WRA fails to explain why different social policies should have the characteristics of different regimes within the same country, not least because it necessarily imposes undue homogeneity…and therefore it is incapable of offering policy advice since policy is caught within its specified regime”.

South Africa and Brazil find themselves at a crossroads, where a global “rediscovery” of social policy, poverty and inequality is still informed by the World Bank’s paradigm and fierce attempts by political and social forces in both polities to forge a new social contract that speaks to their realities. These policy reforms are in tandem with a shift in global discourse. Approaches to social policymaking range from a vilification of the state’s role in social development, on one hand, to the active pursuit of a “democratic developmental state” characterised by inclusive development (Adesina 2008, 2008). Attempts to unthink the global social policy architecture have been proposed by several scholars in both the developed and developing world. Rising levels of inequality in industrial democracies like the United States (US) and the United Kingdom (UK) have raised questions on the trajectory of capitalist economic growth and the welfare state itself (Fine 2014; Krugman 1992, 2014; MacGregor 2014; OECD 2011; Stiglitz 2012). In the developing world and particularly in Africa, social policy has been marginal and therefore lacked the transformative element that is embedded in its formulation. As Adesina (2008:3) has argued, the transformative social policy approach allows for re-connecting the literature on development and social policy. It represents a useful network for re-imagining social citizenship—beyond the market-transaction logic.

The South African government hosts one of the largest redistributive programmes on the African continent, with the stated goal of reducing poverty and inequality. Since 1994, the ANC government has relied on targeted redistributive grants and aimed to provide a social wage through a wide array of mechanisms. This includes free primary health care, no-fee schools, social grants (notably old-age pensions and child support grants), RDP housing, and the provision of basic services to households—namely, water, electricity and sanitation (Nattrass 2010; Seekings 2008; Seekings & Nattrass 2005; Statistics South Africa [SSA] 2014; Taylor 2002). Scholars and policy analysts have diverging views and are less sanguine about the achievements of the ANC government during the first two decades of democracy. South Africa has traditionally had low coverage in terms of contributory social insurance programmes and relies heavily on means-tested social assistance benefits to provide minimum benefits to the poor (Nattrass 2010; Seekings 2008; Seekings & Nattrass 2005). Cognisant of the transformative social policy approach, some scholars have suggested that in South Africa as a normative principle, universalism is concerned with solidarity and the notion of social citizenship, which includes social rights alongside civil and political liberties, and collective responsibility for individual well-being (Leibbrandt et al. 2010; Nattrass 2010; Taylor 2002). Further, Nattrass (2010) and Taylor (2002) propose universal social policy through a Basic Income Grant (BIG)
while questioning the institutional limitations that have led to the residualist approach to social policy in the South African context.

Brazil boasts the largest cash transfer programme in the world (Lavinas 2013; World Bank 2009). The PT won the 2002 elections, taking over from the Brazilian Social Democratic Party (BSDP), after a decade of democratic experimentation in Brazil. The progressive social policy reforms of the PT have been heralded by global institutions like the World Bank as one of the reasons why poverty and inequality substantially decreased in the country (World Bank 2009). The Bolsa Familia social welfare programme provides a conditional monthly transfer to poor households—those that earn less than Brazilian Real (R$) 120 (US dollar [US$] 68) per capita monthly—with children up to 17 years of age and/or pregnant woman with up to a maximum of three children (Soares et al. 2010:174).

Since its implementation, the programme has made notable achievements. Soares et al. (2006) deconstructed the Gini index variation into changes in the concentration index and changes in the relative share of different income sources, including Bolsa Familia. From 1995 to 2004, the Gini index for Brazil fell by 4.7 percent, and Bolsa Familia was responsible for 21 percent of that fall (Soares et al. 2010, Soares 2006). The transfers represented a mere 0.5 percent of total Brazilian household income of which Bolsa Familia was the second most important income source—after labour earnings—thus driving down inequality (Soares et al. 2010:179). Despite positive results, scholars and policymakers note the limitations embedded in the thinking, financialisation and implementation of CCTs in Brazil and across Latin America. Questions have been raised about targeting (Fine 2014; Lavinas 2014; Osorio & de Souza 2013; Soures & de Souza 2012), the criteria used to identify potential beneficiaries, which often relies on extremely low poverty lines: the equivalent of an income of US$ 1 and US$ 2 per day, which is lower than the indigence and poverty thresholds applied by the World Bank (US$ 1.25 and US$ 2.50, respectively).

This paper contributes to the literature on the importance of social policy as a tool for the reduction of poverty and inequality, and the place of social assistance (conditional or non-conditional cash transfer) in achieving these ends, in South Africa and Brazil. It comes at a time when both countries are seeking to re-assert themselves as middle powers in the world and to offset the democratic deficit in the Brazil-Russia-India-China-South Africa (BRICS) multilateral partnership by insisting on global governance reforms. In an atmosphere of increasing poverty and inequality (see Brinks 2008, 2012; Holston 2009; Lavinas 2013; Lucia 2013; Terreblanche 2012), concerns revolve around a commitment to invest in public infrastructure for sporting events to the neglect of social policy concerns like education, public health, job creation, living wages, rising food prices, rising crime rates and lack of rule of law (see Bond 2010; Lavinas 2013; Lund et al. 2008; Soares & de Souza 2012). Attempts to forge a new social policy regime are constrained by both countries’ localities, as well as international policy debates. The debates on social policy architecture oscillate amongst others, between investment in industrial policy and public infrastructure or human capital, stable macroeconomic environment or prioritisation
of poverty and inequality-reducing strategies that enhance social welfare; and further natural resource curse or blessing.

Conceptual Framework

Social policy is increasingly receiving much attention in the field of development and therefore warrants a comparative emphasis to analyse South Africa and Brazil’s social policy regimes in their evolution under the governance of the ANC and the PT. On the one hand, social policy institutions are adjusting to market imperatives and fiscal pressures, privatisation, austerity and retrenchment (UNRISD 2013). Simultaneously, democratisation, active citizenship and the growing recognition of the human cost of economic liberalisation have given rise to pressures for expanding welfare provisions, and to a “social turn” in the policy orientation of numerous emerging/developing countries. The residual approach of social policy, which is embedded in thinking where targeted approaches of social protection and safety nets are rife in Africa, Latin America and across the developing world needs to be problematised. Hence a transformative social policy approach becomes useful. South Africa and Brazil’s social policy regimes are analysed by adopting an approach that draws on the tools of transformative social policy (Adesina 2008, 2007; Mkandawire, 2010, 2007, 2001a, 2001b). The historical evolution in social policy thought is crucial in understanding present trajectories.

Considered by many as the founder of the discipline, Titmuss pointed out that to equate the welfare of states only with visible state provision is misleading, and he drew attention to the social division of welfare, noting three systems of welfare: social or public; fiscal; and occupation (MacGregor 2014:1). Marshall distinguished between universal programmes that guarantee a social minimum and those that strive to provide a social optimum (Marshall 1965:91-92). In subsequent decades Esping-Andersen’s (1990) classification of social policy regimes into conservative, liberal and social democratic, attempted to fill the gap in understanding by comparing the historical trajectories of welfare in 18 countries. Esping-Andersen’s key distinguishing features are the degree of decommodification, patterns of social stratification and patterns of employment. Social rights are considered in terms of their capacity for decommodification: a social right is something which permits people to make their living standards independent of pure market forces (MacGregor 2014:9). The Welfare Regime Approach (WRA), as it became commonly known, influenced thinking and practice for decades in the developed world. However, the WRA falls short of informing the transformation required to problematise the socio-economic dynamics in the developing world.

Several scholars have confirmed, that the expansive scope of the WRA is indicative of a narrow Eurocentric conceptual imperialism, in which other countries are illegitimately seen through its prism with modification to suit where the fit is poor, blurred or even more or less non-existent (Adesina 2008, 2007; Fine 2014; Mkandawire 2007, 2005). Fine (2014), cognisant of the empirical approach that it has brought, suggests that the WRA has serious deficiencies. The task
of the next generation of intellectuals has been to provide heuristic models that challenged the philosophical and existential underpinnings of this paradigm as contextually fit to deal with the issues of the developing world and the Global South. As Fine (2014) argues, the WRA is incapable of explaining change—if a regime is classified as a model of one sort, how does it become another?

In the broader global social policy architecture the influential role of the Bretton Woods Institutions (BWIs) has compromised the discourse. Under the auspices of social policy reforms, BWIs vilified the state and viewed it as a detrimental instrument for delivering on social policy concerns in Africa and Latin American countries (Adesina 2008; Lavinas 2013; Mkandawire 2007, 2005). According to the Bretton Woods approach, social policy needs to respond to market imperfections, both in terms of the market inevitably generating the need for social support (broadly conceived), and because of potential exploitation of such support by individuals not in need, or other inefficiencies due to lack of markets (Fine 2014; Lavinas 2013). Despite three decades of experimentation with neoliberal social policy reforms, most countries in Africa and Latin America continue to face poverty and inequality. Transformative social policy offers a new way forward. It stands in sharp contrast with the prevailing orthodoxy on policy of the International Monetary Fund (IMF) and the World Bank, which emphasises a residual approach to social policy and reliance on the market for mitigating life-cycle risks (Adesina 2008, 2007). It aims to go beyond addressing market failure (Adesina 2008; Fine 2014; Lavinas 2013; MacGregor 2014; Mkandawire 2007, 2005). It specifies five tasks of social policy (production, protection, reproduction, redistribution, and social cohesion/nation-building), the multi-tasking of social policy, the interconnectedness of social and economic policies, and the potential transformative impacts of social policy on the economy, human capability functioning, social relations and social institutions.

In the Latin American case and for other parts of the world, the idea that CCTs might facilitate a broader process of redistribution—reducing inequality and eliminating poverty—does not hold in principle, and still less in practice (Lavinas 2013:39). CCTs are ineffective in reducing poverty in the long term due to their residual nature and cheapness (de Souza 2012; Lavinas 2013). The focus on extending commodification makes them much more likely to compound the vulnerabilities of the poor, even as the state social spending becomes more unbalanced, leaving them further exposed (Lavinas 2013:39). There is no need to treat social policy as different from industrial or macroeconomic policy, recognising that social policy does itself offer general, horizontal or social provision beyond its immediately acknowledged goals (Adesina 2008; Fine 2014, 2011). The education, housing and health systems are imperative for industrial performance and industrial policy neglects them at its peril (Fine 2014:31). The international financial institutions are currently pushing a new welfare economics. They have, allowed the different elements of welfare provision to be arbitrarily attached to one another (as with CCTs) and to build upon, and appear to depart from, the previous policies of user charges and
privatisation by promoting state support for private participation in welfare economic and social infrastructure provision (Fine 2014).

Research by the UNRISD in the 2000s shifted attention to the neglected dimensions of social policy, especially in the context of development. History in Korea, Singapore and Taiwan is replete with examples where social policy has been instrumental in transforming society towards inclusive development (see Kangas & Palme 2005, Quah 1998, Kim 2006; Kwon 2004). Adesina argues developmental states need not be autocratic before they become democratic and points out, for example, societies like Finland. “Democratic developmental states” with inclusive socio-economic content need not be considered a figment of the imagination of those confronted with undemocratic polities (Adesina 2008:12). On the neglect of social policy, Mkandawire (2010) suggests this is complemented by the presumption that developmental states no longer offer the potential on which to construct social policy, let alone to include it as part of the developmental state. One quite remarkable feature of the new social policy focused on the Millennium Development Goals (MDGs) or Poverty Reduction Strategy Programmes (PRSPs) is that the status and requisite capacity of the state differ radically from the historical “success stories”. Thus far, these policies are tethered to the demise of the “developmental state” both as a reality and an aspiration (Mkandawire 2010:50).

Globally, the neo-liberal project has emphasised the minimal or absent role of the state in social policy, opting for the purported efficiency of the market in allocating resources to improve social policy outcomes. The popularisation of CCTs as instrumental in combating poverty and inequality occurred at a time when the Bretton Woods institutions (IMF, World Bank) had brought the debate on poverty back to the global stage (UNRISD 2013). In the face of blatant injustice prevailing in the international system and the bankruptcy of the existing multilateral organisations, the task is how both South Africa and Brazil can promote their social policy and development strategies against poverty and inequality in tandem with their constitutions, which enshrine the provision of social security and universal social rights (1996 Constitution of South Africa, 1988 Constitution of Brazil). Potential solutions can be found by drawing the contrast with the developmental state paradigm (DSP) and its situating of industrial policy.

The residual approach to disseminating social policy is insufficient for addressing the problems of poverty and inequality, at least in the developing world. Firstly, as Fine (2014:32) has argued, “in specifying social policy as a response to individual risk and vulnerability, it overlooks the systemic nature of economic and social reproduction, treating social policy as if it were the response to short-term shocks as opposed to a component part of development itself”. Secondly, like the WRA, even if based on universal deductive principles (merit goods, optimisation, market imperfections, etc.) as opposed to ideal types, new welfare economics is insensitive to contextual differences, i.e., education means a different thing in different places at different levels of development, and the way it is provided and the challenges posed differ by context (Fine 2014:32). New approaches to social policy need to be considered and as an alternative, the transformative social policy approach can be incorporated in the intellectual debates to enhance
implementation, knowledge, learning and dialogue with an emphasis on contextual applications in both South Africa and Brazil, and the developing world at large.

**Literature Review**

Comparative studies on South Africa and Brazil have focused on the social construction of race and nation in these societies (Fredrickson 1981; Marx 1998). Marx’s 1998 treatise on historical narratives underscores the social construction of race and its implications for nation-building in these distinct societies. Most comparative studies on South Africa and Brazil, although mindful of the categorical imperatives of the production and reproduction of poverty and inequality through institutions, have not compared both countries with an emphasis on transformative social policy. Fewer studies have concentrated on the institutions that shape debates around poverty and inequality.

In the latter half of the 20th century, South Africa and Brazil began to forge democracies committed to human rights, development and reducing poverty and inequality (see Diamond & Linz 1989; Heller & Evans 2010; Keck 1992; Padayachee 2005; Przeworski 2012). In Brazil, movements against military rule and the exclusionary capitalist development that it promoted became increasingly proactive. These movements bore key similarities to the ANC’s anti-apartheid struggle in South Africa (Heller & Evans 2010:445). The PT projected itself as a vehicle for translating civil society demands into party platforms, with a commitment to democratising state institutions (Keck 1992). While race and racism were instrumental in shaping the negative outcomes of South Africa and Brazil’s political economy of development, the PT was not a liberation movement. The ANC, on the other hand, with other social movements played a vital role in ending settler colonialism and apartheid in South Africa. The ANC positions itself as a revolutionary “non-racial and non-sexist and democratic liberation movement” (ANC 2012) charged with radically transforming South African society as part of an on-going “National Democratic Revolution” (NDR) (Beresfold 2014), rather than simply a party of government elected to serve a term of office (Darraaq 2008; Lodge 2004). One of the stated aims and objectives of the ANC remains a commitment to fight for social justice and to eliminate the vast inequalities created by apartheid and the system of national oppression (ANC 2012), sentiments that are also echoed by the PT.

Given the global trajectory of 21st century social and political transformation being forged in the cities of the Global South (Heller & Evans 2010), there has been an emphasis to study and understand the proliferation of urban poverty and inequality in both South Africa and Brazil (Centre for Development Enterprise [CDE] 2014; Holston 2009). Coupled with a rediscovery of social policy, shifting geopolitics has gained momentum as BRICS countries have generated more growth since 2008. The governance of centre-left parties like the ANC and PT incited debates on how these democratic institutions will promote human well-being to alleviate poverty and inequality. In the eyes of political observers, South Africa can learn from the “successful” radical transformation of poverty and inequality under the governance of the PT in Brazil. This
narrative, however, masks the urban protests and inequality of opportunities and outcomes still existing in Brazil. Mindful of institutional limitations, Heller and Evans suggest the following:

…the national state was instrumental in opening up and institutionalising new participatory spaces. It has also directly attacked inequality, as in the case of the Bolsa Familia programme, one of the most ‘successful’ redistributive programmes in the world. While this programme is implemented through local governments, it could not exist without the capacity and political will at the national level. The apparently symbiotic relation in which movement in the direction of democratization at the local level seems to go together with increased capacity of the national government to deliver inequality-reducing policy interventions, stands in contrast to the relation between the nation and the city in South Africa (Heller & Evans 2010:446).

Under the governance of the ANC, a commitment to ending poverty and inequality has been financed through means-tested Social Grant, which includes amongst others the Child Support Grant, Disability Grant, and Old Age Pensions (OAP). In the past decade, several scholars show a good targeting of poverty, except that a fraction of the very poor are excluded (Barrientos & DeJong 2006; Budlender & Woolard 2006; Case et al. 2005; Lund et al. 2008). Since the inception of the OAP, researchers have suggested that it has substantial negative effects on adult labour supply (Bertrand et al. 2003). Data based on panel data rather than a single cross-section dispute this finding (World Bank 2009:120). The researchers controlled for time-invariant differences between pension recipient and non-recipients; and data on non-resident (migrant) household members, which are important because migrant status is correlated with pension receipts (World Bank 2009:120). The preferred specification in Ardington, Case and Hosegood (2008) suggests that the OAP had a positive effect on adult labour supply—the probability that prime-age adults are employed is approximately three percentage points higher in households with at least one pension recipient. The study concludes that OAP relieves financial and child care constraints, which can be short-run impediments to migrating, even when the medium-run returns to migrating are positive (World Bank 2009:120).

Brazil emerged from decades of authoritarian rule in 1988 with a sluggish economy and has since grown to become the sixth largest economy in the world in 2011, creating a robust platform where inequality could be reduced. Democratic rule has allowed for the ascent of different political parties—like the Brazilian Social Democratic Party (BSDP) under Cardosso, which lost power in 2002 as a result of the gradual mobilisation of grassroots politics by the PT since the 1970s under the leadership of Luiz Inácio Lula da Silva and institutions like the Catholic church (see Hunter & Power 2005; Silva et al. 2010). Holston argues that for two centuries Brazilians have practiced a type of citizenship that is universally inclusive in national membership and massively inequalitarian in distributing rights and in its legalisation of social differences. However, since the 1970s, residents of Brazil’s urban peripheries have formulated a new citizenship (Holston 2009) through mobilisations that have developed through struggles of the city—particularly illegal residence, house building, and land conflict.
Since coming to power, the PT has built on the gains of social policy reforms enacted by the BSDP to create the *Bolsa Familia* (Family Allowance) and *Fome Zero* (Zero Hunger) programmes to combat existing inequalities in education, food security and health in Brazilian society. Reforms have also consisted of innovative programmes in which elements of civil society participation was institutionalised in areas as varied as municipal planning, environmental regulation and housing programmes (Baiocchi et.al 2006). Since the PT implemented these social-liberal welfarist reforms, poverty and inequality has declined. Beginning with *Fome Zero* these programmes multiplied under a variety of names before becoming incorporated into the *Bolsa Familia*. In 2009, over 11 million families received CCTs, the maximum being R$ 95 (around US$ 43) per household per month.

However, as Oliveira (2006) has argued the *Bolsa* functionalises material poverty. To remain registered for the *Bolsa Familia* or other state benefits, it is necessary to comply with the legal requirement to vote. As universally noted, Lula’s support in 2006 benefited from the *bolses* (Oliveira 2006:15). However, Baiocchi et al. (2006) found that Brazil’s democratic trajectory has been enhanced, as they conducted a study of eight Brazilian municipalities where participatory budgeting significantly democratised the traditional elite-driven budgetary process and also increased the access of civil society organisation to decision-making processes. On the other hand, Holston’s (2009) ethnographic study of the struggles of workers on the vast periphery of Sao Paolo showed how prosaic localised struggles to secure titles to their land and to demand social services merged into the broader stream of the democracy movement to become highly politicised struggles for citizenship.

**Discussion: South Africa and Brazil’s Comparative Social Policy Architecture**

The paper took a critical, interdisciplinary approach to political economy. There is a general agreement on the functionalities of political economy with three subareas: the role of government and/or power relationships in resource allocation for each type of economic system; international political economy, which studies the economic impacts of international relations; and economic models of political processes (Ake 1996; Amin 2000; Padayachee 2005). The state of global and local actors is in a position of “gridlock” (Hale et al. 2013:10). Existing institutions solve some of the problems they were initially designed to address, but fail to address the problems that have emerged from the very global and local economic system they enable (Hale et al. 2013:10). Institutional fragmentation in global governance is rife. Institutional inertia makes both local and international actors slow to change even in the face of dramatic governance failures. Despite the emergence of new, more difficult problems, governance capacity to face these problems is weak and often highly ad hoc (Hale et al. 2013:10).

Attempts to provide alternative social policy frameworks to reduce poverty and inequality have been met with progression and regression in certain areas. On one hand, the South African government doubled per capita health spending between 2006 and 2012, constructed 1.5 million free homes, and provided free basic education to the poorest 60 percent of learners (MDG report
Since 2006, poverty levels have dropped, reaching a low of 45.5 percent in 2011 when applying the upper-bound poverty line. However, when considering extreme poverty—defined as those living below the food poverty line—the global financial crisis of 2008/09 had a dramatic impact on the livelihoods of South Africa's poorest (SSA 2014:14). The number of people living below the food line has increased from 12.6 million in 2006 to 15.8 million in 2009, before dropping to 10.2 million people in 2011. Furthermore, South Africa is burdened by inequalities of opportunity and outcomes, which manifest in class, race and gender distinctions (Seekings & Nattrass 2005; Terreblanche 2012, 2002). Statistics South Africa (SSA) reports the following:

The share of national consumption between the richest and poorest remains stubbornly stagnant. The richest 20 percent of the population account for over 61 percent of consumption in 2011 (down from a high of 64 percent in 2006). Meanwhile, the bottom 20 percent see their share remaining fairly constant at below 4.5 percent (SSA 2014:14).

The South African Child Support Grant was initially targeted at children up to the age of seven. The age extension to 14 years (currently children under 18 years) has led some informal conditionalities being imposed, even though school attendance rates are good. A recent study gives evidence that government-administered cash transfers are associated with reduced incidence in the past year and lower prevalence of risky sexual behaviours in adolescent girls, but no consistent associations for boys (Cluver et al. 2014:366). The study concludes that South Africa should continue the scaling up of child-focused grants, as this shows the importance of identification of and support for eligible non-recipients (Cluver et al. 2014:369). Further, given the perilous quality of education for poor South Africans in both urban and rural areas, it is not necessarily getting children to school that matters in breaking long-term poverty; rather, it is about resources and facilities, management, and teaching practice at schools (Chisholm 2006:202-203). As Lund et al. (2008:16) suggest, lack of education in South Africa is a supply problem manifested in poor teaching and lack of leadership in under-resourced schools, leading to low returns on education. School attendance rates among young children were high across all racial groups, with attendance rates for six, seven and eight year olds at 83, 97, and 98 percent, respectively (Budlender & Woolard 2006). Successes in targeted social policies are offset by regression in certain areas, leading many South African citizens to ask questions about nation-building, identity and inclusive development.

The perceived failure of democratic institutions and the role of the ANC in delivering on social policy concerns have been rife. Since coming to power in 1994, the ANC officially embraced a vision of transformation that championed the mobilisation of citizens through a range of participatory institutions (Bond 2006, 2009, 2010; Heller & Evans 2010). However, aberrations in the politics of the ANC through a commandist and centralising logic have prevailed, and in the name of efficiency and more rapid delivery, the party has marginalised and insulated decision-making processes, all but excluding civil society organisations (Habib 2005; Heller & Evans 2010; Turok 2008). Analysts and practitioners argue that despite massive interventions by the
state in service provisioning and public housing, the spatial hierarchy of the apartheid social architecture remains intact—though transformed by the upward mobility of a small African bourgeoisie favoured by state policies—and access to education, health services, transport, and formal housing remain massively skewed (Bond 2010; Heller & Evans 2010; Turok 2008).

The challenges of poverty and inequality in South Africa are real, and the analyses put forward advance debates on these pertinent issues. South Africa’s post-apartheid political economy of development in the first decade of democracy oscillated between a neo-liberal project in the form of the Growth, Employment and Redistribution (GEAR) and the rhetoric of poverty reduction under the guise of the Reconstruction and Development Programme (RDP) (Landsberg 2005; Padayachee 2005). The emphasis on growth, inflation targeting, stable monetary and fiscal policies over redistribution meant jobless growth and the failure to absorb new entrants in the labour market. (Padayachee 2005; Terreblanche 2012, 2002). Despite an average growth of 4 percent in the first decade, these gains did not translate into radical social transformation for the poor. Real incomes of the poorest 20 percent of South Africans rose by 30 percent in real terms between 1994 and 2004, whilst unemployment remained at a high rate of 25 percent, comparable to an OECD country like Spain, after the Global Economic Crisis of 2008.

The ANC-led government then embarked on the Accelerated and Shared Growth in South Africa (ASGISA) initiative, which prioritised inclusive growth and development (2007). Inter-income inequality is on the increase (Nattrass & Seekings 2005; SSA 2014; Terreblanche 2012). Black African-headed households saw their incomes increase by 34.5 percent in real terms between 2006 and 2011, compared to a 0.4 percent increase for white-headed households. However, there is still tremendous disparity between the average income levels of a white-headed household and a black African-headed household; so, even though black Africans are recording much stronger growth rates, this is done from a relatively low base (SSA 2014:20-21). Given this background, it suffices to ask whether post-apartheid South Africa has embraced the approaches of transformative social policy, which ought to be embedded in the vision toward a democratic developmental state.

Brazil under the PT expanded Bolsa Escola into a bigger and better CCT. Lula was elected in 2002 with a clear majority of 61.3 percent, on the basis of his promises to improve the living conditions of ordinary Brazilians through raising the minimum wage and alleviating hunger, misery and poverty. According to a 2002 public opinion survey (IBOPE 2002:558), of the 52 campaign promises Lula made prior to his election, the three that the public believed he could accomplish in his four-year term were: alleviating hunger, misery and poverty (24 percent); creating jobs (17 percent); and raising the minimum salary (10 percent). In retrospect, poverty and inequality are still pressing issues in Brazil. The proportion of Brazilians living below the poverty line had fallen 18.47 points from 1993 to 1995 because of macroeconomic stabilisation, but from 1995 onwards, it remained stable (FGV 2006). As Fenwick further argues,
A diffusion-based argument, however, cannot fully explain the variation in outcomes of the *Bolsa Familia* programme, or why this now globally accepted policy instrument is locked-in in Brazil. It is true for Brazil and many others like Argentina and Latin America in the region that transnational policy ideas were entering Brazilian policy space and reorienting their domestic policies, but much more attention needs to be given to the notion of path dependency and whether domestic policy feedbacks shape the development of these ubiquitous programmes (2013:156-157).

The Brazilian public has extensively debated whether the instrumental factors in reducing poverty and income inequality were job creation or the *Bolsa* stipend in itself. In 2001, 48 percent of the Brazilian population—some 80 million people—were officially classified as poor, accounting for earned income (Lavinas 2013:30). Taking wage earnings into account, the poverty rate dropped at 26 percent—a 46 percent decrease relative to the 2001 figure—as a direct result of Brazil’s economic growth during the period (Lavinas 2014:30). In 2011, pensions reduced the poverty rate by 11 percentage points, benefitting 21 million additional people (Lavinas 2013:30). It is argued that the recovery of the minimum wage, whose value increased by 94 percent between January 2001 and May 2012, lies behind both these trends: two thirds of all public pensions in Brazil correspond to the minimum wage. Job creation and growth of the minimum wage brought the poverty rate down to 15 percent. Welfare schemes involving cash transfers helped to lower the rate further, to 11 percent, benefitting an additional seven million people (Lavinas 2013:30).

Subsequent reforms following the electoral victory of the PT under the leadership of Dilma Roussef have insisted on providing social safety nets and CCTs for the poor in Brazil. The variable benefit in the *Bolsa Familia* is not an entitlement, which leads to the exclusion of vulnerable children. Families can be eligible and not receive the benefit because the municipal quota has been reached. Municipal poverty quotas are designed with considerable slack in mind, but sometimes mayors do hit the budget ceiling (Lavinas 2013; Soares & de Souza 2012). Further, the R$50 (US$20) benefit still leaves more than two million children in poverty as their families are incapable of generating any significant income, demonstrating that a universal child benefit does not substitute policies aimed at fighting extreme poverty (Soares and de Souza 2012:6).

Although Lavinas argues that “until recently, the *Bolsa* stipend was not linked to inflation; as a consequence, the recipients had been getting poorer year by year, since cumulative inflation rate from 2009 to 2013 reached almost 25 percent” (2013:31), evidence points to the contrary. Menezes et al. (2012) suggest that the *Bolsa* has two poverty measures that take into consideration monthly family income. Extremely poor families are those living below the extreme poverty line, who therefore have a per capita monthly family income lower than R$ 70. Poor families are those between the two lines, that is, those with a monthly per capita family income between R$ 70 and R$ 140 (Menezes et al. 2012:26). Under these conditions, democracy in Brazil remains an enigma. Progress in some areas is offset by stagnation and regression in others; while the country has seen renewed economic growth and significant progress in some areas of social policy, the gap between rich and poor remains vast. Heller & Evans (2010:448)
conclude: “in South Africa, local government and local democracy matters, but the dominance of the ANC and its embrace of increasingly technocratic modes of government have all but ruled out any form of participation”. However, they argue that old tropes of democratisation have been transformed and harnessed to an agenda of urban movements from below (Heller & Evans 2010:448). Alternatively, scholars have suggested that power politics played a pivotal role to the PT’s re-election in 2006 and the popularisation of the Bolsa Familia (Fenwick 2013; Oliveira 2006; Zucco & Power 2013).

CCTs are therefore not a panacea to the challenges of inclusive development. Sanchez-Ancochea and Mattei (2011) find that while the Bolsa Familia has offered some poverty relief, it has done very little for longer-term educational and health outcomes, with conditionalities either merely being met in a token fashion or already existing levels of provisioning being redistributed across the poor. Freeland (2007:75) dismisses CCTs as “Superfluous, Pernicious, Atrocious and Abominable”. Drawing upon the work of Samson (2006) and a South African case study, Freeland (2006:77) finds “it is typically the poorest and most vulnerable who will find it costly to comply with any conditionalities, and are therefore likely to be deprived of benefits if they fail to do so”. Conditioning transfers on meeting criteria of children’s health and education falters on lack of facilities to deliver and/or access these, and weak capacity to deliver conditioned transfers. There are also issues of whether CCTs reinforce or break with traditional gender roles and stereotyping (Quijano 2009). As Fine (2014:40) and St. Clair (2009) have argued, “a persistent and welcome theme across the literature is for CCTs to be integrated contextually into a broader range of developmental goals and to serve as a stepping stone from residualism to universalism, developmentalism, a welfare state, not least through broader political participation rather than on the basis of individualised recipients”.

Finally, it can be suggested conceptually that CCTs are a confluence of two sets of ideas: the idea of ‘human capital’ on the one hand, and of ‘targeted’ welfare spending on the other (Lavinas 2013:9). These ideas oscillate between the behavioural economists belonging to the Chicago School and decision theory as embodied by the RAND Corporation (Lavinas 2013:9). This is an indictment on heterodox approaches to the search for inclusive development and transformative social policy. Undoubtedly, CCTs can be used to lessen impact of a crisis as long as they are integrated in a broader social protection strategy whose goal is not solely to work as a minimal and temporary net (Soares 2009:1). As Lavinas further elucidates, CCTs are founded on the principle of targeting, but with a philanthropic twist: the ‘costs’ imposed on recipients—educations, health-centre visits—are actually beneficial to them in the long run. However, this logic downplays the role played by structural factors in keeping underdeveloped countries poor, instead focusing on the internal failing of the countries themselves—thus offering a counter to dependency theory (Lavinas 2013:11).
Conclusion

South Africa and Brazil have made significant strides to overcome poverty and inequality under progressive social policies adopted. Inequality has manifested itself in forms of economic inequality, social inequality, and spatial inequality, inter alia—and to a large extent in both South Africa and Brazil, racial inequality. While both countries have created inclusive institutions through democracy, their social policy architectures have residues from a previous social order. This has taken place under the governance of the ANC and PT. Societal elites thereby produce and reproduce poverty and inequality, controlling and manipulating institutions to the disadvantage of others (Acemoglu & Robinson 2012). In both South Africa and Brazil inequality of outcomes and inequality of opportunities cannot be treated as separate issues; they are, in fact, two sides of the same coin (UNDP 2013). As outcomes become more unequal, opportunities to live a fulfilling life shrink for individuals born into relatively disadvantaged households (UNDP 2013). Furthermore, the persistence of unequal outcomes for specific groups have entrenched underlying patterns of discrimination and cultural biases. The paper notes that inequality cannot be effectively confronted unless the inextricable links between inequality of outcomes and inequality of opportunities are taken into account (UNDP 2013), in a paradigm shift that favours a transformative social policy approach.

Note on Contributors
Madalitso Phiri is a Doctoral Research Fellow in Sociology in the DST/NRF Chair in Applied Social Policy housed at the Archie Mafeje Research Institute (AMRI) at the University of South Africa (UNISA), Pretoria, South Africa, and a Fellow, through the Next Generation of Social Science in Africa (2014-15, 2015-16) Social Science Research Council (SSRC), New York, USA. This publication was made possible by support from the Social Science Research Council’s Next Generation Social Sciences in Africa Fellowship, with funds provided by Carnegie Corporation of New York. I would like to thank Prof. Jimi Adesina and anonymous reviewers for commenting on the draft document. The usual caveats about authorial responsibility hold.
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