

The (Lame) Duck Unchained Tries to Count the Poor

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“However clear-headed and well-informed we may learn to be, and however confident we may become, none of our understandings of politics will ever be more than one small voice in dialogue with an immense range of other voices. To be sure, we can often hear ourselves exceedingly well, but that is largely because we are so ill-placed (and perhaps also in many cases so disinclined) to listen accurately to anyone else.”
(Dunn, 2000, p.4)

INTRODUCTION

In November, the South African Institute of Race Relations (SAIRR) published, in the 2007 version of their annual *South Africa Survey*, the finding that the number of people living below the \$1/day (starvation) line had increased from 1.9 million in 1996 to 4.2 million ‘a decade later’. Not surprisingly, much of the response to this news was unfavourable. One aim of the present paper is to examine a couple of aspects of one of the most hostile responses, that of the President in his weekly ‘Letter from the President’, (referred to below as Mbeki, 2007). The first of these concerns the President’s use of poverty estimates created by Professor Servaas van der Berg and his co-workers in the University of Stellenbosch.¹ The other feature of interest in the Letter, is the aggressive way in which the President chooses to dismiss the Race Relations findings.

Another aim of the paper is to reflect briefly on the implications for anti-poverty policy of the President’s (and the ANC’s) ideological stance on poverty alleviation, reduction and eradication. Hamstrung by prejudice, the ANC (in government and in conference) has foresworn the further use of the most effective instrument for poverty alleviation, social grants. For a government whose ability to implement and monitor policy is seriously hampered by lack of capacity, this rejection of one of the cornerstones of social democracy, has serious consequences. Addicted, like all governments, to ‘good news’, the ANC government has gone to inordinate lengths to ‘get a fix’ (in the form of soothing statistics) that can help it to cope with the possibility that its anti-poverty policy is not working as it should. One effect of this has been to increase the distance between the poor and certain critical parts of the state (most prominently, the National Treasury and the Presidency). Those claiming to represent the poor exacted their revenge at the recent ANC conference, where many (but not all) Mbeki supporters were unceremoniously bundled out of the

party's national executive committee (NEC), or demoted well down its ranks.² Celebration of this outcome would, however, be premature. Convenient though it may be to believe it possible to lay all of the blame for the frustration of the poor at the feet of the president, the reality is that the party is also to blame. Far from increasing the likelihood that the poor will benefit materially from the recent shake-up, there is a distinct possibility that the space to manoeuvre has shrunk - business is likely to resist fiercely any demands for social justice that it chooses to brand as 'populist'.

Soothing statistics have emerged chiefly from the Stellenbosch stable of Professor Servaas van der Berg and his colleagues, and, to a lesser extent from the Development Policy Research Unit (DPRU) in the University of Cape Town (Bhorat *et al*, 2006).³ Scrutiny of the work by van der Berg *et al* reveals that they currently have three sets of estimates of poverty in circulation (2005; 2007a and 2007b). Using the same poverty line, the results these papers report differ substantially, one from the other. According to the van der Berg *et al* 2005 paper, the poverty headcount, using a poverty line of R250 per capita per month, for the year 2004 is 15.4 million, while the 2007a estimate offers readers a total of 13.1 million (both sets of estimates report a decline in the poverty headcount between 2000-2004 of more than three million). When the 2005 results appeared, government was not slow to milk them for their propaganda value. At the time of writing, government does not yet seem to have capitalised on the new, lower 2007a figures.

The income poverty estimates in government's *Development Indicators Mid-Term Review* (PCAS, 2007) make use of research by van der Berg and his colleagues. A paper they published earlier this year (2007b) contains a set of poverty headcount rates whose values for the period up until 2004 are identical to the figures in the *Review*. The decline in the headcount reported in the 2007b paper between 2000 and 2004 is 0.9 million. The 2007b headcounts, which are much larger than those reported in the 2005 and 2007a papers, suggest (to the unwary) that the headcount was higher in 2006 (20.991 million) than it was in 1993, the last year of the apartheid regime (20.002 million).

A reader not familiar with the van der Berg *et al* oeuvre scratching around among the 2007a and 2007b headcount rates is likely to be baffled when they discover that the 2007a figures (published earlier than their 2007b counterparts) differ quite substantially from the latter. The 2007b figures say the headcount rate in 2004 was 46.9 per cent; the 2007a paper says it was 36.4 per cent, while the 2005 paper gives it as 41.3 per cent.

The 2007b results are, however, not comparable with the 2005 and 2007a figures.⁴ The reason for the non-comparability, tucked away in a footnote a couple of pages away from the poverty results, is that unlike the 2005 and 2007a figures, the 2007b numbers are not adjusted for under-reporting of income in the surveys on which the estimates are (partly) based. Why, given the fuss that van der Berg *et al* make about the misleading nature of unadjusted poverty estimates published by others, they should offer government for publication, a set of unadjusted figures, and then go ahead and publish (slightly different) unadjusted figures of their own, is not clear. At very least, the *Review* results need a prominent warning about why the headcount rates differ from other van der Berg *et al* figures government is fond of quoting. In this regard, as we shall see below, the explanatory notes in the *Review* are inadequate.

Confusion results from the publication of adjusted and unadjusted poverty estimates without proper warning to users. Instead of being merely confusing, a methodological error at the heart of their 2005 results, renders the numbers downright misleading. Their 2007a figures, by reducing the poverty estimates still further, compound the error (Meth, 2007b).

The consequences for the poor, of errors in the measurement of poverty are potentially serious. It is difficult to see how adequate poverty policy can, in the first instance, be formulated, and how it can be adapted to changing circumstances if government does not have reliable measures of the gravity of the problem.

INTO THE FIRE

When Race Relations took the courageous (foolhardy?) decision to publish a clearly inflammatory set of figures, they must have felt fairly confident that the research results they were citing would stand up to the critical scrutiny it was bound to receive. Such confidence is probably misplaced. Remarkably, for a country in which poverty alleviation, reduction and ultimately, eradication, have been assigned the highest priority, the data required for making reliable estimates of income (or expenditure) poverty at national and sub-national levels, do not exist. Unless Race Relations has discovered a treasure trove not available to the rest of us, the researcher whose work they cite will have had to rely on

the same tired stuff as we all do - data which may not be able to bear the burden Race Relations has placed on them.

This is not to say that the outcome they report could not possibly have occurred. Population growth⁵ (and AIDS) could have brought about an increase in the number of households not fortunate enough to have (a) an income earner in the household, or outside of the household sending remittances, and/or (b) a potential recipient of one of the social grants. If high-income countries with long-established comprehensive social security systems are capable of registering increases in the numbers in poverty, then it is not beyond the bounds of possibility that such a thing could happen in South Africa, with its far-from-comprehensive system and its mass unemployment. Until, however, Race Relations can demonstrate that findings it reports are robust, we would do well to treat them with polite scepticism.

Unfortunately, and predictably, this is not the treatment they have received. Squabbles over the level and severity of poverty in the country are commonplace, a consequence of the aforementioned absence of adequate data. The storm that the Race Relations figures unleashed, however, gains added fury from the inescapably racialised (and highly politicised) atmosphere into which they were released. Any suggestion that (aspects of the) conditions of the oppressed masses were better under the apartheid regime, strikes a raw nerve, understandably so.⁶

One can, of course, rely on some nasty conservative to rub salt into the wound by adding distasteful commentary to already unpleasant results. Here, for example, is Rush Limbaugh, a radio talk-show host (an 'infotainer', sometimes described as a 'disinfotainer') reaching mass audiences in the US, and others abroad, via his website:

The number of South Africans living on less than one dollar a day has more than doubled in a decade since shortly after the end of apartheid. The South African Institute of Race Relations said that 4.2 million people were living on one dollar a day in 2005. Can I translate this for you? Poverty in South Africa has doubled since the ANC took control of the country, and the ANC is a Marxist-rooted bunch, a socialist bunch. Poverty has doubled, the number of people living on less than a dollar a day in South Africa has doubled since the ANC took over.⁷

Such intemperate nonsense as his 'translation' should be treated with the contempt it so obviously deserves. Unfortunately even commentators accused of being progressive, like dear old Auntie Beeb (the BBC)

manage to distort the news. Their otherwise neutral treatment of the report ran under the similarly misleading headline ‘Poor S Africans double in decade’.⁸

Given the sensitivity of the issue, Race Relations must have anticipated that in the minds of at least some of its audience, it would be deemed to be speaking the unspeakable. With exquisitely poor timing, their findings appeared at about the same time as President Mbeki had written of the need:

‘... to oppose the pernicious tendency in our country of the falsification of reality to advance the particular agendas of forces that are opposed to our movement and the national democratic revolution.’
‘[W]e face’, the President wrote, ‘... a permanent need to chain the canards.’

Amongst the canards (unfounded rumours or stories) to be ‘chained’, said he, was:

‘... the absurd assertion that the masses of our people are poorer now than they were during the apartheid period’, noting that ‘... in essence, the SAIRR repeats this absurd assertion.’ (Mbeki, 2007)

Since most Race Relations publications are available only to subscribers, one must first find a subscriber before one can check on whether or not the research actually suggests that ‘the masses of our people are poorer now than they were during the apartheid period’, or whether the results refer only to those at the bottom end of the income distribution.⁹ Although the answer to that question is important, the noise the Race Relations results have made, has obscured another equally important question, namely, what does government think the level of poverty in South Africa is, and how has this level changed over time?

HOW SEVERE DOES GOVERNMENT THINK POVERTY IS IN SOUTH AFRICA?

Here, we are not in the dark at all. The lengthy rebuttal of the Race Relations claim in the weekly letter from the President tells us exactly what he believes has been achieved. My interest, as I noted above, is in two aspects of the letter: (i) the President’s use of what I argue to be

misleading figures published in the *Development Indicators Mid-Term Review* (PCAS, 2007), and incorrect figures published in van der Berg *et al* (2005), and (ii) the language with which he introduces his objections to the Race Relations intervention (of which that cited in the passages above is the most extreme). As far as the numbers are concerned, the President writes that the *Mid-Term Review*:

‘... includes a Poverty Headcount Index.’ In this regard it says, ‘This index measures the number of people living below a poverty line of R3,000 per capita per annum (in 2000 constant Rand). The strong decline in the headcount poverty rate (P_0) after 2001 is mainly due to the expansion of social grants, and more jobs created in the economy.’ The percentage of people living below this poverty line declined from 53.1 percent in 1996 to 43.2 percent in 2006. (Mbeki, 2007)

Originating in work done for the Presidency by Professor Servaas van der Berg and his colleagues in the University of Stellenbosch, these figures are infected by what I took at first to be an error of transposition. Closer inspection reveals, however, that the *Mid-Term Review* results, as published, are a faithful, but poorly signposted reproduction of the research from which they are drawn.

On first reading the *Mid-Term Review*, I was struck by the differences between the poverty headcount rates cited above by the President (they appear on p.25 of the *Review*), and the figures in the 2007 van der Berg *et al* paper with which I had been working (let us call that van der Berg *et al*, 2007a). Not being able to lay hands on the work by van der Berg *et al* to which the compilers of the *Mid-Term Review*, the Policy Coordination and Advisory Services (PCAS) in the Presidency, refer, I suggested, incorrectly, as it turns out, in the first draft of the present paper, that the discrepancy arose because the compilers of the *Review* had mistakenly used results similar to those given for poverty at the R4000 per capita per annum line in Figure 17 of the 2005 paper (van der Berg *et al*, 2005, p.39).

On the basis of that assumption, I argued that by reproducing what were obviously (to me) suspect figures,¹⁰ Race Relations displayed a want of critical faculty. An e-mail from Marco MacFarlane at Race Relations, in response to the copy of the draft I sent him for comment, shows that the truth is much stranger than my poor attempt at explaining the difference. Before reproducing in the Race Relations ‘Fast Facts’, the figures that appear in the *Review*, MacFarlane informs me that he took the trouble to refer to what he thought was the original source.¹¹ Let us call the latter

paper, of whose existence I had previously been unaware, van der Berg *et al* 2007b.

There are startling differences between the poverty estimates in van der Berg *et al* 2007a and those in the 2007b paper. The results are reproduced in Table 1 below. The results from their 2005 paper are given as well. Beneath the 2007b results, the figures offered in the *Mid-Term Review* are given. With the exception of estimate for the year 2006, it would appear that the source of the *Review* figures is a paper containing similar estimates to those that appeared in the 2007b paper.¹²

Before looking at the figures, we need to ensure that the estimates are comparable. Although the discussion in the different papers is a little confusing, it would appear that all of the estimates are based on poverty lines of R250 per capita per month (R3000 per annum, at 2000 prices). This is most clearly articulated in the 2007a paper, where van der Berg *et al* say quite specifically at the head of page 19 that:

The poverty line selected for analysis is R250 monthly per capita household income in 2000 value, or R3 000 per annum.

In the 2005 paper, they say:

Here two poverty lines are utilised: a lower one set at R250 household income per month or R3 000 per year in 2000 Rand, following Van der Berg and Louw (2004), and a higher one set at R281 per month or R3 371 household income per year, following Bhorat (2004). (2005, p.16)

Fortunately, the reader is rescued from the confusion which the use of the term ‘household’ might cause, by a footnote that reads as follows:

Bhorat (2004) bases his poverty line on one used by May, viz. R903 per month per household in 1995 Rand values. Adjusting for inflation and for the average household size of 4.44 found in the 1995 OHS, this converts to R3 371 per person per annum in 2000 Rand values. (2005, p.16n)

From this one may infer that a poverty line of R250 per capita per month in 2000 prices is used to generate one of the sets of 2005 results. As far as poverty line selection in the 2007b paper is concerned, the authors simply state that:

We set the poverty line at R250 per month or R3 000 per year in 2000 Rand values, in line with our earlier research (Van der Berg & Louw 2004). (p.20)

This is taken by the PCAS to refer to a per capita line - here is what the *Review* says:

This index measures the number of people living below a poverty line of R3 000 per capita per annum (in 2000 constant Rand). (PCAS, 2007, p.25)

So far, so good - let us halt the consistency check at this point and revert to the results in Table 1.

Table 1 Poverty estimates by van der Berg *et al* and the PCAS

van der Berg <i>et al</i>, 2005, p.17	1993	1995	2000	2004	
Headcount ratio (%)	40.6	-	41.3	33.2	
Headcount	16 200 000	-	18 500 000	15 400 000	
van der Berg <i>et al</i>, 2007a, p.19	1993	1995	2000	2004	
Headcount ratio (%)	33.6	33.2	36.4	28.1	
Headcount	13 426 144	13 724 926	16 287 231	13 063 241	
van der Berg <i>et al</i>, 2007b, p.21	1993	1995	2000	2004	2006
Headcount ratio (%)	50.1	51.7	50.8	46.9	44.4
Headcount	20 002 068	21 397 486	22 704 130	21 785 700	20 990 916
PCAS, 2007, p.25	1993	1995	2000	2004	2006
Headcount ratio (%)	50.1	51.7	50.8	46.9	43.2

My first thought on working through the figures in the 2007b paper was that they were the result of an attempt by van der Berg *et al* to improve on their 2005 estimates of poverty after these were criticised at a workshop organised by the HSRC in February 2006.¹³

If it had been the case that the 2007b results had been abandoned, to be replaced by the 2007a figures, instead of accusing the PCAS of inserting the wrong figures into the *Review*, the finger would have had to point in the direction of van der Berg *et al*. For, if these figures had been comparable, as the preliminary examination above suggests (the figures all refer to headcount estimates generated by the use of a poverty line of

R250 per capita per month in 2000 prices), then there would have been some explaining to be done - for the year 2000, the range of the implied headcounts for the two estimates made in 2007 is an implausible six and a half million, while for the year 2004 it is an incredible 8.7 million.

There is, of course, no explaining to be done, because as was pointed out above, the 2005 and 2007a figures are not comparable with the 2007b numbers. What does have to be explained, though, is why the guidance offered to users is so poor. The 2007b results are presented in graphic form on p.20 (Figure 2) of the publication, while the table containing the numbers - Foster-Greer and Thorbecke (FGT) estimates for the total population and for each of the four race groups - appears on p.21. The first clue to the difference between the 2005 and 2007a figures, on the one hand, and the 2007b on the other, appears in a footnote on p.18, where in a discussion of their estimates of *per capita income* by race, van der Berg *et al* say that:

Unlike in some earlier work, we do not adjust the data to make it compatible to the national accounts data series. The exception is for the final two years of the data, where we moderate the somewhat excessive growth shown by AMPS by adjusting the growth downward so as not to exceed growth rates derived from the national accounts. (2007b, p.18n)

The next clue appears in the title of Figure 2—'Poverty headcount rates (1993 to 2006) based on AMPS data' (van der Berg *et al*, 2007b, p.20). By itself, this does not mean much - all of the recent poverty estimates by van der Berg *et al* that I have seen are based on AMPS data - one has to guess that this means (mostly) unadjusted AMPS data. This feature of the results deserves prominence.

Now the fun starts - by publishing poverty estimates in this way, they are asking to be misunderstood, and duly are, as the examples below will demonstrate. The work which resulted in the 2007b publication is almost certainly a continuation of the work done for the Presidency that made its way into the *Mid-Term Review*. As may be seen in Table 1, with the exception of the estimates for 2006, the van der Berg *et al* 2007b poverty rates and the *Review* rates are identical. In the *Review*, for 'Indicator 19 Poverty Headcount Index', under the heading 'Trend analysis', it says (as was noted above) that:

This index measures the number of people living below a poverty line of R3 000 per capita per annum (in 2000 constant Rand).

‘Number’ should, of course, be ‘proportion of the population’. The ‘Definition’ in the *Review*, which reads as follows, gets it correct:

Headcount index (P_0), the proportion of the population below the poverty line, at a poverty line of R3 000 in 2000 constant Rand.

The ‘Data source’ of the figures is given as:

Van der Berg, et al (2006) based on AMPS of various years (1993 - 2004). AMPS income is recorded in more than 30 household income brackets. Incomes were converted to per capita levels by applying household size. Pareto estimates of income were estimated in the open interval for each race and household size category. Income was assumed to be distributed equally within income brackets. (PCAS, 2007, p.25)

In the ‘Notes on calculation’, the reader is referred to the notes to Figure 17. These read as follows:

AMPS income data show very strong growth for 2005 and this income level was maintained and even grew in 2006. This is probably more the result of better capturing of incomes in the survey rather than of real income shifts. To rather err on the side of being conservative regarding poverty trends, AMPS incomes for these two years were adjusted downwards to give growth rates of income consistent with the National Accounts. Without these adjustments, poverty falls by another 3 percentage points in these years. These adjustments do not affect distribution estimates. Adjustment of AMPS income in 2005: Adjusted AMPS 2005 income / Unadjusted AMPS 2004 income = National Account 2005 current income / National Account 2004 current income. Adjustment of AMPS income in 2006: Adjusted AMPS 2006 income / Unadjusted AMPS 2004 income = National Account 2006 current income / National Account 2004 current income. (PCAS, 2007, p.23)

Unless one is thoroughly familiar with the van der Berg *et al* poverty work, one cannot possibly ascertain from this information, the fact that the poverty headcount rates in the *Review* are based on data that have not been adjusted to account for under-reporting. So, when an innocent user approaches the numbers and attempts to convert the *Review* headcount rates into headcounts (as Race Relations did in their response to the President), there is a good chance of their being confused by the end-

result. It is not obvious that the President himself is aware that the rates he cited, which, to the poverty researcher, are on the high side, are unadjusted headcount rates. The question thus arises, why did the Presidency choose to publish these figures, and not the adjusted numbers that van der Berg *et al* put forward as the reality of poverty in South Africa?

As I noted above, it was obvious, on a first reading of the *Review* that there was something ‘wrong’ with the figures. My initial (and incorrect) speculation was that the PCAS may simply have used the figures generated by a higher poverty line. Having been made aware of the 2007b figures and having not noticed the critical footnote, the next stage of the wild goose chase involved trying to work out from the timing of the publications, which of the two sets of results, the 2007a or the 2007b, could be regarded as authoritative.

That enterprise generated the following history: The 2005 paper was superseded by the slightly modified paper referred to as van der Berg *et al* (2006). The 2007a paper replaces the 2006 paper. Although they present unadjusted poverty rates for purposes of showing that doing so leaves their ‘conclusions ... largely unchanged’ (van der Berg *et al*, 2007a, p.10), the main results in the 2005, 2006 and 2007a papers are adjusted to compensate for under-reporting of incomes in the surveys from which the basic data are drawn. In the van der Berg *et al* 2007a results, all three FGT poverty measures are lower than their counterparts in the 2005 and 2006 papers.

The *Review* does not have a month of publication on it, but the pdf file containing the *Review* I downloaded from the government website is dated 1st August 2007. The publication date of the van der Berg *et al* 2007b paper is given as August 2007. Its pdf file is dated 29th July 2007, and it was modified on 12th September 2007. The .pdf file for the van der Berg *et al* 2007a paper (which does not have on it, a month of publication) is dated 30th April 2007.¹⁴ Before tumbling to the now obvious explanation (obvious because of the amount of time I have spent scratching around in the figures), the timing of the publication of the two papers suggested (implausibly) that when the *Review* went to press, although both its compilers and the suppliers of the poverty information thought that the 2007b figures (or something like them) were the correct ones, van der Berg *et al* had somehow omitted to bring to the attention of the *Review*’s compilers, the existence of the 2007a results, published, as we see above, in April 2007. Why, I asked myself, when the more favourable 2007a results were available quite a while before the *Review*

was published, would the Presidency choose to use the inferior set of results? Other than the fact they record a hefty decline in the poverty rate, the 2007b figures do not have a great deal to recommend them. In the President's response to Race Relations, shortly after he had made reference to this fall by saying that:

The percentage of people living below this poverty line declined from 53.1 percent in 1996 to 43.2 percent in 2006.

he cites the use (by Dr Gumede of the Presidency), of results from another study by van der Berg *et al*, to ward off an earlier Race Relations 'onslaught'. The passage reads as follows:

Utilising a lower poverty line set at R250 household income per month or R3,000 per year in 2000 Rands, they conclude that in more recent years, the proportion of people living in poverty appears to have declined substantially – from 18.5-million in 2000 to 15.4-million in 2004.

Once past the confusion over whether the poverty line applies to households or individuals (it is the latter), digging into the two sets of numbers discloses the differences discussed above, namely, that one set is adjusted for under-reporting of income, while the other is not. The President's advisors should have made him aware of the difference.

The numbers cited by Dr Gumede are obviously adjusted for under-reporting of income.¹⁵ Figures for corresponding years from the unadjusted *Review* estimates give poverty headcount rates (proportions of the population in poverty), that imply headcounts (numbers of people in poverty) of 22.7 million in 2000, and 21.8 million in 2004. Thus, according to the President's sources, either the poverty headcount in 2004 was 21.8 million, and it fell over the period 2000-2004 by 0.9 million, or it was 15.4 million in 2004, having fallen by 3.1 million between 2000 and 2004.

The question posed above of why, when they insist that other unadjusted rates are incorrect, van der Berg *et al* allow their own to be published without adequate warning, is one to which an answer is required. The potential for confusion to which their publication gives rise, is, as we have seen above, high - but wait, it becomes even worse.

PRESIDENCY SAYS THINGS WERE BETTER UNDER APARTHEID?

The *Review* does not give headcounts, but if it had done so, and if it used the same population series as is used by van der Berg *et al* (2007b), a set of results something like that given below in Table 2 would have emerged. There are two headcounts for 2006; the first of them, obtained using the headcount ratio in the *Mid-Term Review*, the second of them is given (with spurious precision) as 20 990 916 in van der Berg *et al*, 2007b, p.21.

Table 2 Poverty headcounts using unadjusted headcount ratios

Year	Poverty headcount ratio (%)	Poverty headcount (millions)
1993	50.1	20.0
1994	50.5	20.5
1995	51.7	21.4
2000	50.8	22.7
2004	46.9	21.8
2006	43.2	20.4
2006*	44.4	21.0

Source: Headcount ratios: 1993-2006, PCAS, 2007, p.25. 2006*, van der Berg *et al*, 2007b, p.21.

Headcounts: 1993, 1995, 2000, 2004 and 2006* are from van der Berg *et al*, 2007b, p.21.

Notes: The 1994 poverty headcount is obtained by applying the 50.5 per cent poverty headcount ratio from the *Review* to a population estimate obtained by interpolation from the implied populations for 1993 and 1995 in van der Berg *et al*, 2007, p.21. The 2006 headcount is obtained by applying the *Review* headcount rate to the 2006 population implied in van der Berg *et al*, 2007b.

If the figures in Table 2 are to be believed, although the headcount ratio fell after reaching a peak of 53.1 in 1996, the answer to the question of what happened to the headcount between 1994 and 2006, depends on which of the 2006 values is held to be authoritative. The *Review* figure (based on work done by van der Berg *et al* in 2006) records a tiny decline, while the van der Berg *et al* (2007b) figures register a small increase. Suspend disbelief a little longer, and imagine that these changes are statistically significant. The conclusion then would be that taking the period of democracy as a whole, income poverty fell ever so slightly, or rose marginally. It would not of course, be reasonable to overlook the fall

between 2000 and 2006, during which period social grants (and some job creation) start to drive the poverty rate downwards. Nevertheless, by one measure, one could say that income poverty was worse in 2006 than it was in 1994. As Kanbur (2004) has noted, when such an outcome occurs, the ‘hard’ question arises as to whether or not it should be regarded as a lessening in the severity of poverty arises. There is no simple answer to this question.

The foregoing exercise is a legitimate use of the results published in the *Mid-Term Review*, the Foreword to the which, reads as follows:

In the Ten Year Review done towards the end of the First Decade of Freedom, government emphasised the need for better monitoring and evaluation of the implementation of its programmes. Monitoring and evaluation is the life-blood of sound and efficient planning and implementation. For it to add value to government work and to the broader process of social transformation, it should be based on objective measurements that reflect the ideals in our Constitution: to improve the quality of life of all South Africans and ensure that South Africa contributes to the creation of a better Africa and a better world.

After a brief description of the 72 indicators presented, one which refers to their ‘being informed by international good practice adapted to South African conditions’, the Foreword is concluded with the following statement:

We do hope that South Africans will examine the data against the backdrop of their lived experience and research work conducted independently of government. This will help enrich public discourse on who we are and where we are going as a nation. It will also lay the basis for national consensus on how we should measure the progress we are making towards a better life for all. (PCAS, 2007, p.2)

Naïve readers of the *Review* (all those who do not know about the strong arguments van der Berg *et al* advance against the use of unadjusted poverty estimates) must draw the conclusions spelled out above - the figures in the table do not tell any other story other than one that says that although the headcount ratio was quite a bit lower in 2006 than it was in 2000, conditions for some very large number of people, as measured by the admittedly limited indicator, income poverty, were about the same as they were in the year the ANC came to power, and slightly worse than in the last year of the apartheid regime. That the conclusion is almost certainly not true is not the issue - what is at stake here is the fact that

official figures allow one to draw that conclusion.¹⁶ As noted earlier, the President's response to Race Relations spoke of the continuing need to counter:

‘... the absurd assertion that the masses of our people are poorer now than they were during the apartheid period’, noting that ‘... in essence, the SAIRR repeats this absurd assertion.’ (Mbeki, 2007)

Yet as is demonstrated above, according to figures put out by the Presidency, not only are the Race Relations figures not so absurd, by one measure, ‘the masses of our people [about 21 million of them], *were* poorer [in 2006] than they were during the apartheid period’. That such a tale can be told (with a straight face) is only possible for the reason already given above, namely, that the data required for making reliable estimates of income poverty do not exist. This means that even after poverty has been conceptualised, defined and measured in ways that find general acceptance, disagreements over poverty's history in South Africa will continue.

Sorting out the confusion described above is relatively easy - if the PCAS insists on allowing the published unadjusted results to stand, they should (i) furnish explanatory notes of such clarity in an *erratum* sheet to the *Mid-Term Review* that readers are not tempted to draw the ‘wrong’ conclusions if they carry out an exercise like that above,¹⁷ and (ii) in the same sheet, explain to readers (if they can) why it is useful for a set of unadjusted estimates to be made available.

So much for that part of the story - of greater consequence, is the strong likelihood that the adjusted figures are troubled by serious methodological problems.

WHY DO RESEARCHERS PRODUCE DIFFERENT ESTIMATES OF POVERTY?

In the first draft of the present paper, I drew attention to what I described as another possible infection, the differences between the van der Berg *et al* estimates and my own (Meth, 2006a). My estimates and their 2005 (or 2006) figures differ substantially - the 2007a piece makes a big divergence, bigger still. The relevant figures are given in Table 3. Before going any further, let it be known that when I say the headcount in 2004

was 18.2 million, I am actually saying that I think it possibly lies in the region of 17-19 million - with existing data sources, more precise than that it is difficult to be. Something similar must hold for the van der Berg *et al* figures (their invocation of the label ‘robust’ notwithstanding). As may be seen, our respective headcounts in 2004 differed at first by about three million (their 2005 paper and my 2006a paper). Their 2007a effort makes the headcount in 2004 about five million lower than my estimate.

Our respective estimates of the reduction in poverty over the period 2000-2004 differ by a substantial couple of million. By their reckoning the poverty headcount fell by about three million: by mine, about 1.2 million.¹⁸ Evidence from the van der Berg *et al* stable that poverty had been reduced, either by job or income growth is unconvincing - my conclusion is that the reduction in the headcount that occurred, did so almost entirely because of the expansion of the social grant system (Meth, 2006a, p.50). Despite some fraud, the grants are well targeted - so there seems little doubt that the intensity of poverty fell. Obviously, it is crucial not to overstate this effect.

Table 3 Competing income poverty estimates, 2000/2001 and 2004

Source	Year	Headcount	Headcount ratio (P ₀)	Poverty gap ratio (P ₁)
van der Berg <i>et al</i> (2005)	2000	18 500 000	0.413	0.205
	2004	15 400 000	0.332	0.146
van der Berg <i>et al</i> (2007a)	2000	16 300 000	0.364	0.163
	2004	13 100 000	0.281	0.113
Meth, 2006a	2001	19 400 000	0.433	-
	2004	18 200 000	0.399	0.227

Sources: van der Berg *et al* (2005, Table 2, p.17); (2007a, Table 2, p.19). Meth (2006a, Table 6, p.31 and Table 8, p.37)

Note: The poverty line (*z*) is equal to R250 per capita per month in 2000 prices.

The explanation of why our figures differ so greatly appears to lie in the way we compensate for the under-reporting that plagues all household survey estimates of income (and, possibly to a lesser extent, of expenditure as well). Let us look at the problem.

Different researchers, sometimes using the same data sets, can arrive at different conclusions about the severity of poverty. Some of this can be accounted for by the differences in the ways they adjust the raw data they use, for the various weaknesses to which it is prone. As everyone knows

who works with household survey data,¹⁹ income is usually under-reported. The extent of under-reporting at different points in the income distribution cannot be determined. To compensate for under-reporting of income, a simple, but contentious correction is sometimes made, in which survey total incomes are adjusted until they equal national accounts income estimates. In the variant of this approach used by van der Berg *et al*, racial mean incomes are estimated from the national accounts and the household (AMPS) surveys, and the latter are adjusted upwards. Because the degree of under-reporting by income level cannot be ascertained, incomes across the distributions (by race) are adjusted upwards by the proportions emerging from the comparison between national accounts and survey means. Since the values of social grants are known with precision, knowing that a household receives one or more grants allows income from that source to be valued with precision - the adjustment should thus be carried out only on earned incomes (especially remuneration).

In my work, the intention was to see what effect a broadly similar approach, using Statistics South Africa data sets, would have on poverty estimates. My approach differs from theirs in that I do not estimate racial incomes, but rather rely on the data to furnish estimates of remuneration, and counts of the social grants going into the various households.²⁰

Although puzzled by the large difference between the van der Berg *et al* (2005) results and my own figures, I originally did not bother to search too deeply for an explanation. With the publication of their 2007a paper, however, the discrepancy became too large to ignore. In a paper published recently by the Southern African Labour and Development Research Unit (SALDRU) in the University of Cape Town (Meth, 2007b), I offer a detailed explanation of why I think they are wrong. The short version is this - the definition of income in the survey data they use apparently does not allow them to identify earned income (mainly remuneration), as opposed to income from other sources (like grants). In their 2005 paper, they thus appear to over-correct for under-reporting among low-income households, the bulk of whose income is in the form of grants. The 2007a estimates presumably suffer from the same problem, but to an even more marked extent.²¹

Although innovative, the method used to generate the results, if my understanding of the AMPS questionnaires is correct, is seriously flawed. That being so, the figures should not have been allowed out of the blocks until such time as peer review gave the signal for the starting gun to be fired. Research results that are wrong by some significant margin, if they

exert undue influence on policy formation, could harm the poor. In sensitive areas, the mere possibility of this occurring should be sufficient to put researchers on guard against the dangers of allowing fragile findings to become the received wisdom. In the hurly-burly of politics, caveats are all too easily washed away. When, instead of caveats, readers are offered the repeated reassurance of the term ‘robust’, as they are in both the 2005 and 2007a van der Berg *et al* papers, there is little to stop policymakers reaching out for the comfort their findings bring.

FALSIFYING REALITY

And so to the language used by the President as preface to his attempt to set the record on poverty straight (in his words, to chain the canard), and in particular, to the memorable phrase ‘falsification of reality to advance a particular agenda’.²²

A fashionable reaction, when unflattering estimates of income poverty make their appearance, as they do from time to time, from those responsible for anti-poverty policy, is to take cover behind a straw person (probably a straw-man) who says that those who continue to estimate income poverty are missing the bigger picture (government expenditure on assets and services). This diversionary tactic will not work - everybody accepts poverty’s multi-dimensional nature, as readily as they acknowledge the fact that the lives of millions have been improved by the provision of assets and services. That does not, however, render the business of estimating income poverty invalid - if one is too poor to purchase those necessities not provided free of charge or at subsidised prices by the state, one is in poverty.

It should be clear from what has gone before, that as far as income poverty is concerned, nobody can talk convincingly about ‘the falsification of reality’ - there is no privileged access to knowledge of what the reality of poverty is. There have been advances in some areas of poverty studies in South Africa, but in other respects, as the catalogue of conflicting estimates displayed above has revealed, the discipline is not in particularly good health.

The origins of the differences between Race Relations and the President over the severity of poverty, like that between myself and van der Berg and his colleagues, are to be found in the aforementioned non-existence of suitable data sets (and, to a lesser extent, in the absence of an agreed

poverty line). Even after poverty has been conceptualised, defined and measured in a way that finds general acceptance,²³ disagreements of this sort will (and should) continue. They will persist because it is never going to be possible to arrive at a consensus about the history of the progress (or the lack thereof) in the struggle against poverty in South Africa.

To talk, under these circumstances, of ‘falsification of reality to advance a particular agenda’ is inappropriate. If the charge is intended to apply to Race Relations and/or the researcher responsible for the disputed poverty estimates, it is not to be taken lightly, for it would impute to them, the ulterior motive of fostering (unspecified) ‘counter-revolutionary’ activities. Is this what Race Relations was doing? What agenda is advanced by making dubious poverty estimates public?

Three come readily to mind - doubtless there are others. The first of them (which is probably better described as a self-defeating exercise in futility, rather than an ‘agenda’) is the wish, on the part of what one hopes are a few, malevolent, racist white South Africans, that government fails, simply because this would confirm their prejudice that a black government was bound to fail, views which they hold even though the personal cost of such failure to these pathetic creatures (and everybody else) would be high. Such thinking is an abomination, and hardly what one would expect of Race Relations.

More significant, probably, is a desire to spread ‘alarm and despondency’.²⁴ As far as the capitalist class is concerned, unless the poor are perceived as a threat to profitability, they are likely to constitute merely one element in the calculations of risk that have to be made every day. It is possible that the poor could be harmed if some jaundiced potential investor with a ten-second attention span is persuaded not to invest. In the main, though, when news (propaganda) about job growth, poverty reduction and the expansion of the middle class is mostly favourable, one would not expect the average risk analyst to be influenced greatly by the news that there were a few more people (about 1.3 million) at the very bottom of the heap. This is a testable hypothesis - instead of crying foul, why does government not commission market research to test it?

A third agenda, that of providing ammunition to other contenders for President Mbeki’s job, is suggested in the piece by Frans Cronje of Race Relations that was posted to the *Business Day* web on 28th November 2007. In an article headed ‘Joblessness in SA and the poverty ‘consensus’, he said:

As for the charge that we are undermining the national democratic revolution, I suggest that those making the charge look closer to home, where they will notice that the national democratic revolution is very much alive, is likely to escalate over the next two weeks and may even topple them before the year is out. If they are toppled, I suggest that they take the time to reflect that the man who toppled them did so on the aspirations of SA's poor and its working classes. The irony will surely not be lost on them that among those who unseated them was a group whose very existence they vociferously denied right up and until the moment they were unseated.

One could read the 'falsification of reality' claim as a suggestion that by publishing results that reinforce the arguments made by 'the man', Race Relations was knowingly contributing to his campaign. Although this seems unlikely, stranger things have happened. Speculation on this head is idle - unless Race Relations came out and acknowledged that this indeed was what they were doing, the matter can never be resolved one way or another. The prediction offered in the passage above, has, of course, come to pass - more's the pity that we are unlikely to hear from the President's own lips, an acknowledgement of how wrong he was to take refuge in the comfort of research which repeatedly told him how well his government was faring in the struggle against poverty, when the poor were saying something quite different.

Race Relations can speak for itself (as it already has). My agenda is to interpret survey material critically. My wish is that the poor be relieved of the burden of their poverty, as quickly as possible, a sentiment I share with most others in South Africa. Unlike government, I have no responsibility for designing and implementing policies to achieve this. Like all commentators, biases could cloud my judgement of both the design and implementation of policy. In my case, the earnest wish for anti-poverty policies to succeed is counterbalanced by a desire to ascertain (insofar as I am able) that the wellbeing of the poor is not exaggerated by those with an often compelling need to do so. Like many analysts (including the Minister of Social Development),²⁵ I do not believe that the current policy mix can solve the poverty problem in an acceptable time period. I am not so vain, however, as to wish at all costs to be proven right - the slight discomfort of being wrong (economists do it all the time) is not to be spoken of in the same breath as the wellbeing of millions. In sum, therefore, the vector of the opposing forces acting on my perceptions (some the result of childhood poverty), is, I hope, tolerable neutrality, at least with respect to reported outcomes.

Government is subject to similar forces, except that where personal vanity might drive some individuals to accentuate the negative, government is under real and sustained pressure to show that its policies are succeeding. It therefore has an urgent need for ‘sufficient’ good news. What constitutes ‘sufficient’ is not readily determined, but sure it is that like governments everywhere, the South African government over-reacts time and again to criticism, positive or negative. Responses to poverty estimates, both those that are, and those that are not to government’s liking (slavish, uncritical reproduction, and heavy-handed rejection, respectively), are not encouraging. The consequences of blindness caused by a seductive siren song of rapidly falling poverty, if the fall is not really occurring, are too horrible to contemplate.

Chaining the ducks

And now, a word on ducks that need to be chained - at one level, the President’s choice of metaphor is impeccable - as noted above, ‘canard’ is ‘an unfounded rumour or story’ (*Oxford English Dictionary*). The need to shackle such beasts is self-evident. Rattling in the recesses of my memory was a suspicion, however, that there was more to the chained duck story than that. As usual, *Wikipedia* may be relied upon to jog the grey matter - here is part of what it has to say about the subject:

[The] name itself is a reference to Radical Georges Clemenceau’s newspaper *L’homme libre* (‘The Free Man’) which was forced to close by government censorship and reacted by changing its name to *L’homme enchaîné* (‘The Chained-up Man’); *Le Canard enchaîné* means “The chained-up duck”, but *canard* (duck) is also French slang for “newspaper”.

One takes it for granted that the President is not suggesting (as well), that there is a need to chain-up the slang ducks (newspapers). His use, however, of the metaphor in a context in which the significance of Race Relations stuff on poverty depends, in part, on media exposure, has the unfortunate (no doubt, unintentional) connotation outlined in the *Wikipedia* entry cited above, that of a government wishing to censor critics. It is not for nothing that good poets choose their words (and metaphors) carefully.

WE TOLD YOU SO - NOW LOOK WHAT YOU'VE GONE AND DONE!

Paradoxically, a reluctance to consider the likelihood that government policies to counter poverty may be less successful than the work of van der Berg *et al* suggests, coupled with an unwillingness to approach the question of anti-poverty policy formation with an open mind, have conspired to diminish the chances of designing and implementing effective policy in the future.

While able to do so from a position of strength (i.e., before he became a lame duck), President Mbeki might have been capable of doing the only thing that in the short- to medium-term will alleviate the poverty of most of the able-bodied unemployed poor, namely, extending the social grant system to cover them. Instead, he chose to listen to those who told him that (a) poverty was falling rapidly, and (b) jobs would come fast enough to provide 'off-ramps' (or whatever other silly term is currently in vogue) out of poverty for the remainder.

One consequence of the handover of the initiative to the self-styled 'simple man from Nkandla' is that the space for sensible analysis of the problem of poverty will shrink. Zuma may be more aware of the dreadful conditions of the poor than Mbeki, but that does not mean that he has anything more to offer them, indeed, he probably has less, because the moment he ventures away from the tried, trusted and, in many respects, unsuccessful anti-poverty policies of the ANC, the conservative media will do its best to thwart what it sees as 'populist'.

It has already started: an article that ran in several papers on 18th December 2007 under the headline 'Zuma victory could make markets edgy' (I picked it up in the *Pretoria News*) wheeled out a group of economists upon whose pro-business stance, reliance can usually be placed. Here, for example, is Mike Schussler of T-Sec:

I think if the economic policies are going to be a step backward towards the left then the market response would be reasonable negative. This would lead to a weaker rand and higher interest rates.

If, as seems likely, adequate grant-based social protection falls into the category of a 'backward step' (a standard conservative ideological stance), then the poor are in for a rough ride.

Having speculated, in the same article, on the contribution of the Zuma factor to edginess in the ‘market’ (small), Dawie Roodt of the Efficient investment group said:

I don’t know what Zuma stands for, I don’t know what his economic beliefs are because he has never said anything.

He owes Cosatu (the Congress of SA Trade Unions) a lot and I know what Cosatu stands for and I don’t like that.

Commenting on the unlikelihood of a Zuma presidency being able to change the country’s economic course,²⁶ Roodt said that:

The South African economy is very small and very integrated with the rest of the world. In South Africa the official opposition is not the Democratic Alliance, it’s the financial markets.

If, instead of withdrawing into a comfortable world where denial reigns supreme, President Mbeki had had the gumption to acknowledge that the ANC’s existing anti-poverty policies are performing poorly, he could possibly have traded on his perceived pro-business stance in an effort to persuade ‘the opposition’ that social grants are the only way to tackle the destitution of millions of South Africans. In this endeavour, he could have relied on the support of the parliamentary opposition – the DA has on many occasions voiced its support for a basic income grant (however mean their understanding of the concept).

Before being unhorsed by the poor, an event welcomed by many as a sign that remote, autocratic leaders will not be tolerated, President Mbeki had been given ample warning that the numerous poor were cross. They were protesting not so much at (or not merely about) poor service delivery, but as Steven Friedman has pointed out, at the fact that government did not listen to them (*Mail & Guardian online*, 10th September 2007).

Nor has government proved to be very good at listening to well-placed internal critics. Towards the end of 2006, the Minister of Social Development, Zola Skweyiya, was muzzled by a cabinet dominated (cowed?) by the President, after he ‘came out in support of a basic income grant’ (‘Skweyiya calls for basic income grant’, *Mail & Guardian online*, 10th November 2006).²⁷ In the ensuing furore, he stuck to his guns (‘Skweyiya sticks by his call for basic income grant’, Donwald Pressly, *Mail & Guardian online*, 20th November 2006). Rejection of Minister Skweyiya’s call is reported in an article, also by Donwald Pressly, under

the heading ‘Cabinet pours cold water on basic income grant’ that appeared in the *Mail & Guardian online* on 7th December 2006.

Despite repeated references to the need to address poverty, President Mbeki has, at times, come across as being both out of touch and unsympathetic. One Marie Antoinette moment (he may have had others) engraved on my mind was the occasion when he was reported to have said of the demand for a Basic Income Grant (BIG), that:

If you give everybody a R100 a month (*sic*) it will not make a difference. The notion that one single intervention will help is wrong. To introduce a system which indiscriminately gives R100 to a millionaire and a pensioner does not work. (*Weekly Mail and Guardian*, August 1 to 7 2003, p.6)

Although Mbeki’s detractors may find it comforting to pin the lack of concern for the poor evident in this crass comment, on the shoulders of a single powerful individual, the sad truth is likely to be that he was articulating the view of a significant majority among the ANC elite. The previous year, under the headline ‘Didiza cautious about basic income grant’, a *Business Day* article had the following to say:

“A basic income grant to the poor should be carefully considered”, said Agriculture and Land Affairs Minister Thoko Didiza yesterday. “The possibility of such a grant creating dependency should be taken into account”, she said. “This discussion at the moment is about the values underpinning such a grant”. Didiza was speaking at the release of discussion papers for the 51st national conference of the African National Congress (ANC). She heads the party’s social transformation department. Didiza said discussions about a basic grant as part of a social safety net should not be conducted in isolation. “It must be looked at within the context of other interventions by government to help the poor.” This included free health care for pregnant women and children under the age of six. A basic income grant could be linked with public works projects that provided the jobless with temporary employment. This would help prevent the grant from being a mere hand-out, Didiza said. The discussion paper said the ANC believed the state’s role should be to enable people to help themselves. For those unable to do so because of old age or health problems, there should be a social security system. The paper said the ANC should concern itself with two strategic objectives making sure that existing social grants reached their target and improving the provision of services. “We must make sure that all departments who have antipoverty programmes,

deliver them timeously and efficiently,” the paper said. (*Business Day*, Wednesday 14 August 2002, p.2)

Here, laid out before us, is an admirably brief summary of the ANC’s approach to social protection. Social grants, while appropriate for certain deserving categories of individuals, are not, on pain of ‘creating dependency’, to be extended to the able-bodied poor. My response to it at the time (Meth, 2004) was to dismiss the ‘dependency’ spectre as self-serving cant, setting out in the paper the well-known reasons why, when poorly-designed social policy creates perverse incentives, people act rationally in taking advantage of them.

Instead of focusing purely on individuals as rational economic actors, responding to various incentive ‘menus’, I should have paid more attention to the deep irrationality that so often lies at the heart of policy design (Dunn, 2000). The key to this irrationality in the passage cited immediately above, is to be found in the phrase ‘the values underpinning such a grant’. What are these values? Answering that question is not easy - as Dunn points out:

Most political understanding consists not in direct insight into values, but in assessment of causality: of how existing circumstances came about, of what leads to what and what prevents what in politics. (2000, p.106)

Assessing causality promises to be a less daunting task. Even so, in the process, certain sensitivities will be trampled on, because a critical examination of how a party comes to hold certain views has to confront the tension between ‘democratic and aristocratic elements in political understanding.’ Striding into this minefield, Dunn notes that:

The very idea of attempting to understand something which is recognized to be hard to grasp has pronounced aristocratic elements. But any interpretation of democracy as a political value which repudiates the need to understand what is hard to grasp (what many at any given time have palpably failed to grasp) will preclude any coherent understanding of interests, and make it exceedingly unlikely that the democrats in question do in fact grasp their own interests with any accuracy. (Dunn, 2000, p.105)

My suspicion (and it is little more than a suspicion at the moment), after talking to a few well-placed members of the ANC, is that for many of those who have made it to the top, the combination of the scars of the

apartheid experience, and their own success in surmounting the monumental obstacles that characterised this system of oppression, has caused them to elevate 'self-reliance' and an abhorrence of 'dependence' to mythical status. These 'values' have been imposed by some means (the party's 'democratic' structures?) on the poor, for it is simply unthinkable that poor people would reject such an obvious source of succour as a no-strings-attached social grant, which, even if it is not large enough to lift them out of poverty, would at least save them from destitution. In the words of the cliché, this would be an example of turkeys voting in favour of Christmas.

Whatever the means used to impose upon people, the process was repeated at the ANC National Policy Conference in June 2007. Among the 'beliefs' expressed in the preamble to the Draft Resolutions in the document issued after that conference, is the following:

We are building a developmental state and not a welfare state given that in welfare state, (*sic*) dependency is profound. (ANC, 2007, paragraph 36, p.13)

Not a shred of evidence in any ANC document I have ever seen supports this extraordinary assertion. Be that as it may, it is followed, in paragraph 37 by the statement that:

Our attack on poverty must seek to empower people to take themselves out of poverty, while creating adequate social nets to protect the most vulnerable in our society.

Although 'safety net' (residual) social protection systems of the sort implied here are less desirable than social democratic welfare regimes (Goodin *et al*, 1999 [2001]), if people could be 'empowered' sufficiently quickly, then the policy approach, whilst not meeting the criteria laid down by committed social democrats, might still be acceptable to the populace at large.

There are two ways, and two ways only in which people can be empowered out of poverty - 'decent' jobs (or jobs which serve as entry ports to those sections of the labour market characterised by decent work) become available, and the able-bodied unemployed poor are capable of taking up those jobs, or, people are able to start, and succeed in running small enterprises. This is not the place to engage in detailed analysis of the time required, at various growth rates for economic growth to 'rescue' the poor by one or other of these two methods,²⁸ suffice it to say that a

small speculation conducted on the back of an envelope is all it takes to show that it cannot happen fast enough.

Over the past few years, the economy has, on average, created about 400 000 jobs a year (Meth, 2007; 2008). Suppose that half of those go to poor people (see Table 4 on p.26 in Meth, 2008). In 2004, there were about 20-21 million people in households where earned income was less than twice the very low poverty line of R250 per capita per month in 2000 prices. These households contained about 2.2 million unemployed, according to the official definition, or about 4.8 million unemployed, according to the expanded definition (Meth, 2006a, Table 11, p.46). At the present rate of labour absorption of the poor unemployed, it would take an unconscionably long 24 years to eradicate poverty by employment creation, assuming that the jobs created are ‘decent’, in the sense in which the ILO (2004) uses the term. Unless job creation rates accelerate, therefore, we can expect the problem of poverty associated with unemployment to be with us for the foreseeable future.

Prudent politicians (like the Minister of Social Development) would interrogate crude estimates like the one made above, and if it were found to approximate a possible outcome of the current policy regime, would agitate for a reappraisal of that regime. Instead of a serious confrontation with possible outcomes of current policies, what we are treated to instead is an intensification of the propaganda around (a) implementation of these policies, and (b) the repeated assertion of the need for self-reliance in the struggle against poverty. Nobody doubts that self-reliance is a desirable quality, but its fetishisation is a double insult to the poor. In the first place, opportunities for them to escape poverty, for a variety of complex reasons, through employment (self, or otherwise) are comparatively rare. In the second place, implicit in the constant harping on about dependency, is the reduction of the poor to the status of victims whose inability to extract themselves from poverty (lack of self-reliance, proneness to dependency) would be exacerbated by social grants (often referred to pejoratively in ruling circles as ‘handouts’).

By consulting the relevant documents, it is possible to piece together an ‘official’ story about how the ANC’s anti-poverty policies are created - it will be a bottom-up tale in which the ordinary members, through their branches, are responsible. We know, however, that in the case of certain critical initiatives, GEAR being the most striking example, that there is **little**, if any democratic involvement.²⁹ It is high time that the ANC’s anti-poverty policies were subjected to an examination, similar in harshness to that which GEAR has received. Present policies smack

heavily of the paternalism of the elite. It is far from clear that Zuma, supposing he manages to escape conviction in his forthcoming trial, will behave very differently from Mbeki.

What Zuma has had so far to say about policies to address poverty and unemployment is facile - it differs not one whit from standard ANC fare. A sample, extracted from an article headed 'Zuma praises Manuel', by Michael Hamlyn in Fin24 on 21st December 2007, reads as follows:

Asked more specifically about economic policy, in particular about social spending, Zuma said he was sure that this was an issue that the government will continually address.

But he suggested that the real issue that needs solving is what to do about people who are dependent on social payments. He wanted to see action taken so that people would be able to work their way out of such dependency.

"The problem is that a large proportion of the unemployed are unemployable", he said.

He suggested that what is needed is a programme of education. "It is a big issue that needs government to look at," he said. (downloaded from http://www.fin24.co.za/articles/default/display_article.aspx?ArticleId=1518-25_2242093)

In an article headed 'Zuma's victory may trigger the break-up of the ANC', William Gumede, author of the work *Thabo Mbeki and the Battle for the Soul of the ANC*, offered the following analysis:

For all the doubts that hang over Zuma's character, many argue that he offers a critical conduit for the poor's grievances. These people are going to be disappointed. (*Guardian Unlimited*, Wednesday December 19, 2007)

In short, not only does Zuma lack the political muscle to tackle poverty in a meaningful way, he also has no idea of how this might be done. For someone who occupied high office for years, with the duty that entails for thinking about these matters, such a performance is singularly unimpressive. As with Mbeki, though, so too with Zuma - there is little point in blaming him for these inadequacies - the fault lies not with the individual, but rather with the elite of the political party he heads.

CONCLUSION

Poverty estimates are intensely political - they need to be handled with care. Two sets of van der Berg *et al* figures, the 2005 and the 2007b, have, by assiduous promotion, become the received wisdom.³⁰ despite their differences, both sets have been embraced with enthusiasm by government. The 2005 figures were attractive because they registered an impressive decline in the headcount between 2000 and 2004.³¹ Hovering in the wings are the van der Berg *et al* 2007a results, which could become the new received wisdom. The headcount ratios published in the *Mid-Term Review*, as I have shown, have already given rise to confusion, and look set to continue doing so, unless users are taught what they actually mean. They can quite legitimately be used to show that at least in income poverty terms, 'the masses' were better off in 1993 than they were in 2006. What virtue there is in the publication of such potentially misleading results, I have yet to discover.

Household survey data in South Africa are not of such a quality that reliable estimates of poverty, past and present, may be made. Under these circumstances, any estimate that is published is likely to be contested. The question then arises, from the point of view of the poor, what kind of estimate has the greatest capacity to do harm: an over-estimate or an under-estimate of the severity of the problem? An over-estimate might please arch-conservatives. Racists, whose prejudices are unlikely to require external confirmation, and for whom *schadenfreude* may be a way of life, will welcome bad news. Racists are an unpleasant residue, but probably not one with a great deal of power to influence the course of events. Some investors could be sensitive to exaggerated estimates of the number of destitute - if investment is harmed, that would affect the poor. So too, would political change to an unstable or fiscally irresponsible regime. Thrown up by the Race Relations intervention, these are questions that need to be addressed.

An under-estimate of the severity of poverty (or an over-estimate of the progress made in the struggle against poverty), by contrast, if it persuades government that its anti-poverty policies are more successful than a 'true' estimate would make them believe, has the potential to do a great deal of harm to the poor. In a matter as grave as this, erring on the side of caution, i.e., accepting that the less optimistic estimates of poverty that exist have a reasonable probability of being correct, would seem to be the right thing to do.

Unlikely the Race Relations figures may be, impossible they are not. To approach them using terms like ‘falsification of reality’ (the President) or ‘ulterior motives’ (Joel Netshitenzhe) is not a useful way of doing so. While not as inappropriate as Rush Limbaugh’s response to the Race Relations figures, the President’s (and Joel Netshitenzhe’s) remarks make little contribution to the debate. Limbaugh’s rabid ravings can safely be ignored - the statesmanlike thing for our President to have done under the circumstances would have been to have engaged critically with the substance of the Race Relations numbers. Quoting fragile poverty estimates, as he did in his letter, does not alter the possibility that lurking at the bottom of South Africa’s income distribution, is some large number of destitute people. That possibility needs to be considered, not brushed aside as a ‘falsification of reality’.

For many, it will be impossible to admit that Race Relation’s stirring up of a hornet’s nest over the poverty question, has (inadvertently?) been of service to the country. For myself, I owe a debt of gratitude to the Institute for helping me to uncover the confusion related in the pages above. This does not mean that their \$/day poverty estimates are acceptable - they are not - the figures cannot even be sensibly commented on until such time as Race Relations exposes their workmanship to the scrutiny of the academic community. It is time for them to drag themselves into the era of free exchange of information.

Finally, serious self-interrogation of ANC policy on poverty and what might be done to improve it, is long overdue. If it is to provide any useful insights, such an auto-critique (as we used to call it in the old days) must include an examination of the processes by which the ‘values’ the ANC proclaims about poverty came to be established. In the euphoria that Zuma’s triumph has created among his supporters, little consideration seems to have been given to ways in which that victory strengthens (or weakens) the hand of those who seek to improve the conditions of the poor. Although occasional voices from the left may be heard expressing concern about Zuma’s credentials, it is the process of policy formation within the ANC itself, that should be attracting attention. The scope for rational debate in a climate dominated by a paternalistic elite is, however, limited, a condition exacerbated by the hawks of capitalism hovering above any politician unwise enough to challenge the ‘logic’ of the market. This does not bode well for the poor.

ENDNOTES

1. Other commentators on the matter also use the van der Berg *et al* figures in their rebuttals of the Race Relations figures. One example is to be found in the opinion piece by Miriam Altman that ran under the headline ‘Poverty shock! (Never mind the facts)’ in the ‘Comment and Analysis’ section of the *Mail & Guardian* online version, dated 27th November 2007 (downloaded on 29th November 2007). Altman’s piece ends thus:
‘The SAIRR has issued a report meant to highlight business and employment trends, but has relied on someone else’s conclusions. It seems satisfied to issue dramatic statements without checking official sources or easily accessible analysis.
The poverty debate cannot rely on such shoddy work. A major news agency called me last week to ask for comment on the SAIRR report. I quoted the AMPS data showing how the poorest income groups got smaller in the past six years. They ran the story anyway as reported by SAIRR, taking a quote from one of my papers out of context to support this report.
The real problem of poverty is big enough. It is not helped by arbitrary inflation, sloppy research and poorly researched journalism.’
This elicited a rejoinder from Tim Bester, posted on the *Business Day* web on 29th November 2007, under the heading ‘The pitfalls of poverty measures’. He subjects the SAARF figures (South African Advertising Research Foundation, from whence come the AMPS data that are the source of the van der Berg *et al* poverty estimates), to scrutiny, and finds them wanting. Chiding all and sundry who make uncritical use of SAARF data, especially their LSM estimates (the Living Standards Measure is a marketing research tool), he responds to her contribution thus:
‘Altman exhorts the SAIRR to check “official sources” or “easily accessible analysis”. She should heed her own advice and check her own sources.’
2. From number 1 in 2002, Minister Manuel slithered to number 57 in 2007.
3. The DPRU stuff is more even-handed than that coming out of Stellenbosch. A piece I wrote, which was published by the DPRU, criticises government’s use of research results, noting that:

‘Netshitenzhe mines Borat *et al* piece for the most spectacular-sounding achievements in the asset provision field. He fails to mention their finding that asset poverty reduction appears to have been more rapid between 1993 and 1999 than it was between 1999 and 2004. Nor does he mention their conclusion that the relative headcount reduction in the bottom decile was much lower than that higher up the distribution (2006, p.33). Netshitenzhe also does not draw the reader’s attention to the continuing ‘marginalisation of poor African women living in rural areas’ where Borat *et al* discover the asset poverty headcount rates in 2004 to have been above those in 1993 (2006, p.31).’ (Meth, 2007a, p.9n)

The paper by Pauw and Mncube (2007), by contrast, also out of the DPRU, is depressingly uncritical in its assessment of the potential for expanding the social grant system, failing even to mention, let alone consider, the possibility of changes to the tax structure to finance grants.

4. Detailed page references to all citations from the work by van der Berg *et al* are given below.
5. From approximately 40.6 million in 1996 to about 47.4 million in 2006.
6. When, on 28th October 2007, the Independent group of newspapers online version (www.iol.co.za) ran a story, picked up from Sapa, with the unfortunate headline ‘Workers better off under apartheid - Vavi’, I remember thinking: ‘no whitey could get away with that in public.’ What Vavi is actually reported as saying was that the ‘[u]nemployed and casual workers were better off under the apartheid government than they are now’, a debatable, but slightly less startling claim.
7. Downloaded from <http://www.rushlimbaugh.com/home/daily/site111307/content/01125104.guest.html>, 25th November 2007. This appeared as Story #6 on 13th November 2007, under the headline ‘Poverty Has Doubled in South Africa after Apartheid’.
8. Downloaded from BBC website <http://news.bbc.co.uk/2/hi/africa/7091231.stm>, 25th November 2007. The article was run on Monday, 12th November 2007.
9. The Race Relations figures refer only to those at the very bottom of the heap, *pers comm*. Marco MacFarlane, SA Institute of Race

Relations, 25th November 2007. The Race Relations ‘Website Comment’ of 16th November 2007 headed ‘The truth has prevailed’, a wordplay on the headline over President Mbeki’s article ‘The truth will prevail!’, refers specifically to progress allegedly made in the struggle against poverty, citing unadjusted headcount ratios from the *Mid-Term Review*.

10. These figures are referred to in the Race Relations ‘Website Comment’ of 16th November 2007.
11. The source cited in the *Review* is van der Berg *et al*, 2006 (PCAS, 2007, p.25). No bibliographic details are provided, so I have not been able to locate that particular paper. The only 2006 paper I can find by van der Berg *et al* is a slightly revised version of their 2005 effort. This latter 2006 paper (referred to below as van der Berg *et al*, 2006) removes an obviously incorrect set of estimates of poverty at a R3371 per capita per annum poverty line, and replaces them with figures that, if not correct, are at least consistent.
12. The 2007b paper, published under the aegis of the Economics Department in Stellenbosch University, does not appear on the Department’s list of publications. I picked it up, after being tipped off by Macfarlane, on the SARPN website (www.sarpn.org.za).
13. The van der Berg *et al* 2005 paper, and an early version what became my 2006a paper, referred to below, were presented for critical evaluation at a workshop hosted by the HSRC in February 2006. Present among the participants were Dr Vusi Gumede and Mr Alan Hirsch, from the Presidency. Neither paper found favour with the audience. My 2006a paper, some of whose results are presented below, incorporates most of the criticisms made by participants at that seminar.
14. I downloaded it from the Stellenbosch site on 13th June 2007.
15. Dr Gumede is to be criticised for attempting to demonstrate that ‘the proportion in poverty had fallen’ by presenting headcounts for two separate years.
16. The presentation of the *Review* results in this form was suggested by a comment in the Race Relations ‘Website Comment’ of 16th November 2007 headed ‘The truth has prevailed’. Here it is: ‘The President also accuses the Institute of ignoring data from his own

office's Mid Term Review which shows that levels of poverty measured at R3000/year are declining. The Institute did in fact, in September, publish that data in its monthly Fast Facts publication. The President is correct that this shows a fall in the proportion of people living in poverty from 50.1 percent in 1993 to 43.2 percent in 2006. But the actual number in 2006 – nearly 20.5 million – is nearly four times the figure given by the Institute (for 1995)! Here, Race Relations is taking the poverty rates at face value, with precisely the sort of outcome against which I warn above.

17. They should also warn readers against drawing similarly 'incorrect' conclusions from the van der Berg *et al* 2007b paper, whose explanatory notes are not much better.
18. My estimate of the headcount reduction, as noted above, is roughly the same as the change suggested by their 2007b figures. The data I used do not allow an estimate for 2000 to be made. Since the van der Berg *et al* results have poverty rising over the year 2000-2001, the fact that I cannot estimate poverty levels in the year 2000, is not a problem. Their 2007a paper says that the headcount rate went from 36.43 per cent in 2000 to 34.62 per cent in 2001, while the headcount rose from 16 287 231 to 16 544 280 (Appendix, Table A1, p.31). The precision of their estimates is spurious.
19. Among the many sources of primary data used by van der Berg *et al*, are income figures from the AMPS (All Media and Products Study) surveys. My results rely on a combination of Statistics South Africa's Labour Force Survey and General Household Survey data for 2004 and 2005.
20. In addition to under-reporting errors, surveys (and censuses) are plagued by the problem of zero-income responses. There are various ways of addressing this problem, none of which is wholly satisfactory. To deal with zero-incomes, I have imputed income from survey estimates of total household expenditure. The surveys on which van der Berg *et al* rely, require the enumerator to estimate household income where respondents, for whatever reason, do not answer the income questions.
21. It would be a great boon to readers if the authors spelled out in some detail, and right at the beginning of the paper, the reasons why the 2005 and 2007a figures differ so markedly.

22. An article by Joel Netshitenzhe, head of the PCAS, posted to the *Business Day* web on 27th November 2007, under the headline ‘Telling neglect in race institute’s poverty study’, listed the sources Race Relations could have used to chart the course of poverty. Ending the article with a not unreasonable comment about the way the Race Relations figures were published, he says: ‘On a matter as critical as poverty reduction, one would have expected at least a rigorous process of peer review and broader consultation before publication.’ Then he lapses into paranoid-sounding speculation by saying: ‘That the SAIRR avoided this critical part of research methodology raises the critical question: was there no ulterior motive behind its study?’
23. Numbered amongst these measures must be reliable estimates of the extent of income poverty (making due allowance for the so-called ‘social wage’).
24. The spreading of alarm and despondency, especially in wartime, is always frowned upon by those in power. The response of the British government to bad news during World War 1, is typical: “In the UK the Defence of the Realm Act (DORA) of August 1914 ensured government control over information, the penalty for spreading uncensored information being imprisonment. The War Office Press Bureau was established in 1914 to control news about the war, along with the War Propaganda Bureau to produce positive posters and pamphlets. Letters home were heavily censored; eventually soldiers were provided with pre-printed postcards containing positive statements to tick and sign, allowing no indication of the terrible casualties and conditions on the Western Front.” Many more examples of this sort can be found. Downloaded on 3rd December 2007, from <http://www.helicon.co.uk/online/datasets/samples/encyclopedia/ranking.htm>
25. The response to the Minister of Social Development’s comments (made in November 2006) on the need for a basic income grant is discussed below.
26. Someone else who said that ‘economic policy, including inflation targeting, was unlikely to change even if there was a change of leadership’, was Tito Mboweni, governor of the Reserve Bank. He

was responding to a statement by Zuma that inflation targeting, whose removal is demanded by the union movement, ‘... is something I am going to get into’ (see the article ‘Zuma ‘to look at inflation targets’’, posted to the *Business Day* online version, 24th December 2007). It should not be too long before self-appointed defenders of the Bank’s autonomy, meant to protect it against populist interference, spring to its defence.

27. The passage in the article in questions claims that on the issue of a basic income grant, the Minister is quoted as saying that: ‘I personally believe -- and it's not an African National Congress position -- that we do need something like that.’
The government would be unable to reach the poorest of the poor and eradicate unemployment within the next ten years, the minister said. Unemployment, and accordingly the country’s social problems, would skyrocket if a grant was not introduced.’
28. I have tackled, on a number of occasions, the question of whether or not the ‘halving unemployment’ goal is realistic (see, in particular, Meth, 2006b). The exaggeration of employment growth by senior politicians has also come in for scrutiny (Meth, 2007 and 2008).
29. The question of whether or not the process that led to the adoption by government of the Growth, Employment and Redistribution Strategy in 1996, was democratic, is hotly contested. Spirited rejections of the label ‘neo-liberal’, which critics of GEAR apply to the most senior political figures, abound — see, for example, “Letter from the President”, in *ANC Today*, 7(42), 26 October-1 November 2007, or the article by the Minister of Finance headed “Gear definitely not a capitalist plot”, in *The Times*, online version, December 12, 2007. The latter contains a detailed account of the events prior to GEAR’s tabling in Parliament. How significant the consultations were to which the Minister refers, is not agreed. Ebrahim Khalil-Hassen suggests that these meetings “could be seen as a rubber-stamping process” (Thought Leader, *Mail & Guardian*, online version, 18th December 2007). Crucial to the debate is the extent to which there was space, prior to its adoption, to negotiate not only over the merits of GEAR, but also whether or not such a policy should be adopted. Writing in *Southern Africa Report*, Lehulere’s (1998) view was that: “When GEAR was adopted, the ANC as an organization was presented with a *fait accompli* by the ANC cabinet. Indeed, the ANC's highest decision-making body

was only convened to endorse GEAR after the government had announced its adoption.” In similar vein to Lehulere, Padayachee (2006, p.1) writes that: “The RDP was (and occasionally still is) trotted out as representing the real development agenda of the ANC alliance, but the new ANC-led government quickly moved to consolidate its economic strategy in the form of the Growth Employment and Redistribution (GEAR) plan, which was put together by a team of mostly white, male economists, and announced to the world as ‘non-negotiable’.” The political climate in the period leading up to the adoption of GEAR is discussed in Saul, 2005, pp.204ff. If GEAR, from the outset, a set of policies conceived by an elite group, really was ‘non-negotiable’ then any subsequent endorsement by ANC party structures needs to be subjected to close critical scrutiny. The comments by Dunn (2000), cited above, on the tensions within democracies caused by ‘aristocratic elements’, assume obvious significance in complex debates of this sort. In the same issue of the *Southern Africa Report* in which the Lehulere piece appeared, there is an article by Tom Lodge describing events at the 50th Conference of the ANC at Mafikeng, which led to the endorsement of GEAR.

30. References to the van der Berg *et al* findings abound (ask Google!). Apart from the Race Relations reproduction of their results referred to above, another recent example of the use of the 2007b figures may be found in an article with the title ‘The politics of redistribution’, by Ebrahim-Khalil Hassen, in the ‘Comment and Analysis’ section of the *Mail and Guardian online* on 18th November 2007. In an otherwise thoughtful and insightful piece, the author asserts, without citing a source, that: ‘Poverty has fallen from 50,8 percent in 2000 to 43,2 percent in 2006.’ The source is, of course, van der Berg *et al*, via the *Mid-Term Review* (PCAS, 2007, p.25).
31. The 2005 figures were used by President Mbeki in a reply to Parliamentary Questions on 20th March 2006, and by Joel Netshitenzhe in his dispute with John Pilger. See the article ‘Voters do not share Pilger’s perception’ in the *Sunday Independent*, August 20 2006.

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