

**COMMENTARY ON THE WELFARE AND SOCIAL SECURITY BUDGET
OF 1995/96**

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1. TRENDS IN SPENDING ON SOCIAL SECURITY AND WELFARE AND HEALTH

Spending on Social Security and Welfare has increased from R5 759 billion in 1990/91 (or 2 per cent of GDP) to R16 713 billion (or 3,3 per cent of GDP) in 1995/96.¹⁾ This relative sharp increase on Social Security and Welfare over 5 years must mainly be contributed to the elimination in 1993/94 of race-based disparities in the levels of social pensions and other social grants. The ensuing higher spending on social pensions of Africans has undoubtedly made a meaningful contribution to alleviate the severe poverty in those African households with a member (or members) receiving social pensions.

Spending on Health is also relevant from a poverty relief point of view. Spending on Health has only increased from 3 per cent of GDP in 1990/91 to 3,4 per cent in 1995/96. (In this regard the programme announced by Pres Mandela to supply free medical services for children younger than 6 years and for pregnant women, is of course very meaningful from a poverty relief point of view.)

1) Budget Review, 15 March 1991, Table 9.

TABLE 1
SPENDING ON SOCIAL SECURITY AND WELFARE
AND ON HEALTH

| | <u>Social Security and Welfare</u> | | <u>Health</u> | | <u>Social Security Welfare and Health</u> |
|---------|------------------------------------|----------|---------------|----------|---|
| | R000,000 | % of GDP | R000,000 | % of GDP | % of GDP |
| 1990/91 | 5 759 | 2,0 | 8 390 | 3,0 | 5,0 |
| 1991/92 | 7 431 | 2,3 | 10 630 | 3,3 | 5,6 |
| 1992/93 | 10 031 | 2,9 | 12 709 | 3,7 | 6,6 |
| 1993/94 | 10 794 | 2,7 | 13 969 | 3,5 | 6,2 |
| 1994/95 | 13 672 | 3,1 | 15 565 | 3,5 | 6,6 |
| 1995/96 | 16 713 | 3,3 | 16 885 | 3,4 | 6,7 |

As shown in Table 1 the spending on Social Security and Welfare and on Health has only increased from 5 per cent of GDP in 1990/91 to 6,7 per cent in 1995/96. This implies that spending on both is R7,6 billion higher in 1995/96 in comparison of what it would have been if 5% instead of 6,7% of GDP was spent in 1995/96. Given the special responsibility of the democratically elected GNU to relieve the widespread and severe poverty of a very large section of the African and Coloured population groups, the question arises as to whether this increase of spendings on Social Security, Welfare and on Health has been adequate. To answer this question it is necessary to take proper stock of the poverty situation in the country: how widespread is it, what is its nature and to what extent is poverty - and the very unequal distribution of income - a remnant of apartheid?

2. POVERTY AND INEQUALITY IN THE SOUTH AFRICAN HISTORY OF THE 20TH CENTURY

South Africa was consolidated into a unified political entity in the first decade of the 20th century. The power structures on which both the white monopoly of political power and the white economic dominance (in the system of racial capitalism) were based, were *per se* systems of exploitation, discrimination and deprivation. The submission of Africans to white control, the expropriation of land occupied by them, and the payment of

exceptionally low wages of migrant labour, were all part of the Mining Revolution and as a sequence of imperialist intervention by Britain. The power relations and structures institutionalised when South Africa was consolidated as a unity state, remained in place for the greater part of the 20th century. These structures were enforced, so to speak, through the barrel of a British gun.²⁾

During the first 70 years of the century, whites received consistently more than 70 per cent of total income, Africans 20 per cent, and the Coloureds and Indians combined, less than 10 per cent.³⁾ From the Whites' point of view, the power structures on which the systems of segregation and apartheid were based were very much to their advantage.

From 1970 until 1991, important changes took place in the racial shares of income. These unexpected changes can be attributed to the intensification of the Struggle - and the ensuing lower growth rate - during the last 20 years. During this period the average growth rate declined to 1,7 per cent annually and the real per capita income declined by 0,7 per cent annually. The share of the Whites declined from 71,0 per cent to 61,2 per cent; the share of the Africans increased from 20,5 per cent to 27,6 per cent; the share of the Coloureds increased from 5,6 per cent to 7,3 per cent; and the share of the Asians increased from 1,9 per cent to 3,9 per cent.

During the first half of the century the per capita income of Whites were more or less 11 times bigger than that of the Africans. The stricter application of the apartheid system by the NP-government after 1948 caused a widening of racial disparities. We can put forward a strong case that apartheid and

2) For a fuller analysis of the South African political and economic history in the 20th century, see my chapter on "The Political Economy and Democratisation during the period of Transition" in Ursula van Beek (ed.), *South Africa and Poland in Transition*, HSCR, Pretoria, 1995.

3) At the same time, the Whites declined as a percentage of the total population, while the Africans increased. In 1900 the Whites were 22 per cent and the Africans 67 per cent. In 1960 the Whites were 17,5 per cent and the Africans 70 per cent. In 1991 the Whites were 14 per cent and the Africans 74 per cent of the total population.

the exploitative nature of racial capitalism reached its zenith in 1970. At that stage the per capita income of Whites were 15 times higher than that of Africans! (See Table 2).

TABLE 2

RACIAL DISPARITY RATIOS⁴⁾

| | African | Whites |
|------|---------|--------|
| 1946 | 1 | 10,6 |
| 1960 | 1 | 11,9 |
| 1970 | 1 | 15 |
| 1980 | 1 | 12,9 |
| 1991 | 1 | 12,3 |

During the period 1975 to 1991, important changes took place in the relative position of households within each racial group. The income of all the white households declined in this period, with the largest decline in the ranks of the lower 40 per cent. Their income declined with 40 per cent. This decline can be regarded as an important reason for the upsurge of the ultra-rightwing movement in white (and mainly Afrikaner) circles. In the case of the Africans, the income of only the top 20 per cent increased - by 38 per cent.

The most disconcerting development since 1975 is the sharp decline in the income of the bottom 40 per cent of African households. Their income declined with 42 per cent while the next 20 per cent of households' income declined with 26 per cent. Sixty per cent of all African households were therefore considerably poorer in 1991 than in 1975. It is therefore clear that the black "outsiders" have not only been impoverished by the exploitative structures of segregation and apartheid since the beginning of the century, but that they also had to bear the brunt of the damage done to the economy by the intensification of

4) Whiteford, A and McGrath, M. *The Distribution of Income in South Africa*, HSCR, Pretoria, 1994. Most of the statistics is derived from this source.

the struggle since 1975 and the unwavering defence of the apartheid system by successive NP governments. (See Figure 1.)

FIGURE 1

In spite of the improvements that has taken place in the racial shares since 1975, large racial disparities in the per capita income have been maintained. These racial disparities are often described and characterized as the inequalities of apartheid. This is an oversimplification. Although the structures and policies of racial capitalism and apartheid cannot be blamed for all the inequalities, a large (albeit indeterminable) part of these inequalities can - and should - be blamed on the social, economic and political structures created during the period of white supremacy. (See point 5 below.) If the per capita income of the whites is put on an index of 100 in 1970, the income of the Asians, Coloured and Africans were 19,6, 16,7 and 6,7

respectively. In 1991 these relationships were 33,3, 18,5 and 8,1 respectively. In 1991 these relationships were 33,3, 18,5 and 8,1 respectively. The richest 10 per cent of households in 1991 received 51 per cent of total income, while the poorest 40 per cent of households received less than 4 per cent. (Less than 2 per cent of white households are part of the poorest 40 per cent.) In Brazil - the country with the second worst distribution record - the poorest 40 per cent of households received 3 per cent of total income. (See Figure 2.)

FIGURE 2

In addition to these disparities in the per capita income, government social spending was until 1990/91 very much to the disadvantage of Africans. If the per capita social spending on whites were put to an index of 100 in 1990, the per capita social

spending on Asians, Coloureds and Africans would be 85, 62 and 27 respectively.

In January 1992, the IMF published an Occasional Paper (No. 91) on Economic Policies for a New South Africa. The Paper focused sharply on the unequal social spending and on the need for closing the racial spending gap. The IMF Paper made a comparison between the level of social spending in South Africa and other upper-middle-income countries. According to the Paper, South Africa's expenditure on social security and welfare has lagged behind those of other countries, largely reflecting South Africa's limited social safety net. For 1987 the share of GDP spent in South Africa on this category was only 2,1 per cent, compared to over 8,7 per cent for the upper-middle-income group countries (with whom South Africa can be compared) and over 13 per cent for industrial countries. One is inclined to question the statistics. International comparison is often skewed because measurements in countries differ. But if the IMF statistics is correct, it implies that in 1987 upper-middle-income countries spent 4 times more as a percentage of GDP on social security and welfare than was the case in South Africa!

The government transfers to households (in comparison to Western countries) as a percentage of personal income (and of current income) is given in Table 3. The sharp increase from 1990 to 1993 can be attributed to the elimination of race-based disparities.

TABLE 3

**GOVERNMENT TRANSFERS TO HOUSEHOLDS AS A PERCENTAGE
OF PERSONAL INCOME - SELECTED COUNTRIES**

| Country 1975 | % of Personal Income |
|----------------|----------------------|
| USA | 12,6 |
| Canada | 13,1 |
| United Kingdom | 13,9 |
| France | 21,3 |
| Germany | 16,7 |
| Sweden | 17,7 |
| South Africa | 3,7 |

| South Africa | % of Current Income |
|--------------|---------------------|
| 1960 | 3,41 |
| 1970 | 3,30 |
| 1980 | 3,48 |
| 1990 | 5,2 |
| 1993 | 6,6 |

The extent of (absolute) poverty in African households in particular is extremely alarming: it is estimated that almost 49 per cent of all households in South Africa (or 17,3 million people) were living in poverty in 1991. More than 67 per cent of African households (or 3 million households) and 40 per cent of Coloured households were living in poverty.⁵⁾ The breadwinners of the 3 million African households living in poverty are mainly

5) Whiteford & McGrath, *op. cit.*, Tables 7.1 & 7.3.

those that cannot get employment in the modern sector of the economy.

It is also estimated that 6 million people cannot find employment opportunities in the modern sector of the economy. That is more than 40 per cent of the potential labour force. Even if the South African economy can be moved to a higher growth path of 4 or 5 per cent annually, it would not be possible to create enough employment opportunities for the underemployed and for the new entrance in the labour market. An unemployment rate of roundabout 30 per cent of the potential labour force will in all probability remain a structural feature of the South African economy for quite a long period of time.

To get a comprehensive picture of poverty and inequality in South Africa, we must take special note of the following:

- (a) that the poorest 40 per cent of households presently receive only 3,9 per cent of total income and that they became 42 per cent poorer over the last 20 years;
- (b) that 49 per cent of all households live in (absolute) poverty (67 per cent of African households);
- (c) that more than 40 per cent of the potential labour force cannot get jobs in the modern sector of the economy - an unemployment of 30 per cent will more or less be the pattern in the next 10 to 20 years;
- (d) that Social Spending on Africans has been much smaller than Social spending on Whites over the last 80 years and in 1990/91 it still was 4 times smaller in per capita terms on Africans vis-a-vis Whites!

If we take not only the statistics about poverty and inequalities into consideration, but also take note of the exploitative and discriminatory nature of the apartheid system and the impoverishment caused (during the last 20 years) in African circles by the Struggle for Liberation and the NP-government's

defence of the old system, then nobody can doubt the necessity of a comprehensive poverty relief programme. The need for poverty relief is so severe that the public spending item of "Social Security and Welfare" ought to be changed to "Poverty relief, Social Security and Welfare".

Poverty relief is of the utmost importance for especially those very poor households (or extended families) without a member receiving social pensions or other social grants. In the case of these households, what is needed is the proverbial soup kitchen and blankets.

3. ARGUMENTS FOR A COMPREHENSIVE POVERTY RELIEF PROGRAMME

The introduction of an effective poverty relief programme is often opposed because it implies hand-outs to people. The argument is that hand-outs give rise to a "dependency culture". For this reason hand-outs are not regarded as a solution for poverty, but as an approach that will only perpetuate the poverty problem.

Although there may be merit in these complaints against a poverty relief programme, we must also take into account that these kinds of complaints are normally put forward by economically well-off people. It is easy for these people to emphasise the merits of Calvinistic and Capitalistic morality and an effort to evade their responsibility to relieve the abject poverty of the less fortunate part of the population. (See point 5 below.)

Strong moral, economic and political arguments can be put forward for a comprehensive poverty relief programme - or a War on Poverty programme - in South Africa:

- (a) Poverty is so widespread and severe that poverty relief is highly needed from an humanitarian point of view. South Africa is not a poor country. It is classified as an upper-middle-income country. Given the wealth and luxury available, it is morally indefensible that 40 per cent of the population should receive less than 4 per cent of total

income. The majority of them live in abject poverty. Their living conditions are of such a nature that it not only undermines their physical and health position, but also destroys their human dignity. It is of little avail to give free health services to people whose poverty conditions are of such a nature that their health - both in a physical and psychological sense of the word - is chronically undermined.

- (b) The poorest 40 per cent of the population can be regarded as the real victims of both Apartheid and the harm done to the economy by the Liberation Struggle and the NP-government's resistance against it. Viewed in its proper historic perspective, the poverty of the poorest 40 per cent is to a large extent not of their own making. Consequently a heavy responsibility rests on the shoulders of the democratically elected government to implement policy measures to relieve the double burden of the very poor. The improvement of the living conditions of the poorest 40 per cent should be one of the highest - if not the highest - priority of the democratically elected government!

- (c) A comprehensive poverty relief programme (or a War on Poverty) is also needed to create the necessary social stability. The high level of violence and criminality is undoubtedly poverty-related. It is important that the new government should try to create conditions attractive and stable enough to invite the highly needed foreign investment. Looking at the poverty situation from an investment point of view, a poverty relief programme to promote social stability must be regarded as an important precondition for sustainable economic growth. The corporate sector in South Africa often emphasise the need for economic growth in order to solve the poverty problem. The business sector's attitude is commendable. Unfortunately they are rather dogmatic in their belief that the approach should be "Redistribution through Growth". The poverty is so widespread and it causes such a high degree of instability that some redistribution may prove to be necessary to create

conditions for growth. The "Growth through Distribution" approach should not be discarded altogether.

- (d) A poverty relief programme is also needed to break the "vicious circle of poverty" for those people trapped in a sub-culture of poverty. In many cases poverty has become institutionalised to such a degree that it is no longer an exclusive economic problem, but mainly a sociological one. In the situation of chronic community poverty a poverty mentality and a "poverty culture" is being inculcated from one generation to another. In these kinds of disrupted and disfunctional communities, it is of no consequence to be concerned about the "dependency culture" that may be created by a poverty relief (or hand-out) programme. People caught in the vicious circle of a sub-culture of poverty has already become spoiled or "forced" to make a living out of criminality. Being "forced" to become dependant on criminality is much worse than being "forced" to become dependent on hand-outs. A poverty relief programme should in any case be organised in such a way that it would also bring about the necessary social upliftment.
- (e) We must also take note of the fact that the poorest 40 per cent is by far not as well organised as the middle 40 per cent. Given the stronger bargaining power of the middle 40 per cent vis-a-vis the poorest 40 per cent (see Figure 2), and the middle group's ability to target in on the RDP, a distinct possibility exists that the government may be inclined to neglect the poorest 40 per cent - and so much the more the poorest 20 per cent. It is a well-documented phenomenon in developing countries that - given the fiscal restraints - the poorest 40 per cent get less support from their governments than the middle 40 per cent, in spite of the high need of support of the poorest 40 per cent. The development literature often refers to the plight of the "forgotten 40 per cent". The GNU can ill afford to neglect or to forget the poorest 40 per cent. If this should happen, a new kind of apartheid can develop between the so-called Black Insiders and the Black Outsiders. This kind of

polarisation will not only be very detrimental from an economic point of view, but can over the long run undermine the social and political stability of South Africa. The new government cannot ignore the warning of Whiteford and McGrath:

"The gap between black and white income was certainly a partial cause of the social and political turmoil which this country has experienced over the past decade and more. The possibility now exists that the emerging income gap among Africans (between "insiders" and "outsiders") can threaten the viability of (the) democratically elected government."

- (f) Due to the high capital intensity of the modern sector (and the low employment creating capacity) of the economy, the "trickle down effect" resulting from economic growth can turn out to be relatively small.⁶⁾ Redistributive measures will therefore be necessary in order to create socio-economic stability conducive to economic growth, and to bring about adequate "transfer" of the benefits of economic growth to the poorer 40 per cent of the population. When the business community asks for all kinds of privileges from the GNU to promote economic growth as a method to solve the unemployment and poverty problem, the business sector must not forget that the "trickle-down effect" is rather small. The business sector should acknowledge quite explicitly that growth alone cannot solve our poverty and inequality problem. We need an adequate Growth and an adequate Redistribution policy.
- (g) The ANC dominated government should also not underestimate the bargaining and propaganda power concentrated in the hands of a few corporate giants with close connections in international corporate circles and in international capital and money markets. We have ample reason to believe that the

6) The capital intensity of the modern sector (and its low employment-creating capacity) can be blamed to a high degree to Dr Verwoerd's policy of Separate Development. His idea was to build a white economy in (white) South Africa, independent of African labour!

economic and ideological (or propaganda) power of the corporate sector will be used to "manipulate" the RDP in "directions" conducive to the interest and/or profitability of the corporate sector. Against this background it is rather important that the government of national unity should formulate indicators about which economic developments will promote the social welfare of the society as a whole and which will not promote it. If appropriate indicators are not decided on, the corporate sector will prescribe what is in the economic interest of the country. The democratically elected government cannot afford such a state of affairs to develop..

4. FINANCING A POVERTY RELIEF PROGRAMME

I realise that the kind of poverty relief programme needed in South Africa is not only a matter of money. To succeed with this kind of programme appropriate delivery mechanisms must also be developed. The development of such mechanisms need time. It is also necessary to organise the relief programmes in such a way that waste and corruption will be kept at a minimum.

It is, however, difficult to stipulate an exact amount that will be needed for "poverty relief" over and above the amounts spent on Social security and welfare. If an amount of R5 to R10 billion can be spent effectively for a period of say 10 years, it would undoubtedly improve the situation dramatically. If 1 per cent of GDP can be earmarked for a War on Poverty, it will be more or less R4,5 billion annually - 2% per cent will be R9 billion annually.

An increase of VAT from 14 per cent to 16 per cent would have increased the government's revenue by R4 billion. It is true that VAT is a regressive tax, but the negative effect on the poorest 40 per cent (who spend only four per cent of total income) would have been negligible.

My plea for a poverty relief programme must not be regarded as criticism of the RDP. It should be regarded as complementary to

the RDP. Although high spendings on Education and Housing is commendable, it will have little influence on the living standards of the lower 40 per cent.

In the Budget an amount of R32,6 billion was allocated for Education in 1995/96. If we take the waste associated with some sections of Education and compare it with the need for a poverty relief programme, one cannot but ask if not too much is spent on Education vis-a-vis Poverty.⁷⁾

In the Budget R4,6 billion is allocated for Housing in 1995/96. The need for adequate housing is not questioned. But many of the very poor households will never be in a position to afford a house. The Americans often use the term: "How to stretch a buck". We should also ask how the R4,6 billion for Housing should be stretched to have the greatest impact. Looking at the situation from the point of view of the very poor, would it not be commendable to spend (say) R500 million annually to improve the conditions in the squatter camps?

The higher amount budgeted for "water schemes and related services" and Public Works programmes can be very relevant for a poverty relief programme. It all depends to what extent they (and other spending items) are deliberately targetted towards the needs of the very poor. Given the severity of poverty, we should constantly ask ourselves how we should stretch every buck of public money to "cover" the poor as adequately as possible.

5. KNOWLEDGE AND PERCEPTION ABOUT POVERTY AND WEALTH IN SOUTH AFRICA

It is important that the Standing Committee on Welfare should take note of the fact that knowledge about the true nature of the

7) The case of spending on Education in stead of Poverty is often defended by the Chinese proverb: "Give a man a fish and he will have a meal. Teach him how to fish and he will eat everyday". This proverb is nothing but middle-class morality. In the case of South Africa's poor, it is of little avail to teach the very poor how to fish. They do not have fishing gear, there is no rivers, and if there were rivers, there is either no water in the rivers or no fish in the water!

problems of poverty and wealth - and the causes of both - are very inadequate. In especially white circles rather skewed perceptions about poverty and wealth - and what caused them - are maintained. Before the problem of abject poverty in mainly African and Coloured circles can be addressed effectively, it is of decisive importance that the South African society should improve its general knowledge about the true nature and causes of both poverty and wealth. But what is perhaps even more important, is that the perception and myths used by the majority of whites to justify their own wealth and to condemn those Africans and Coloureds living in poverty, should be discussed and scrutinised relentlessly to determine the merits of the arguments used to justify white wealth and to condemn non-white poverty. If we do not succeed to change the (ideological) attitude and disposition towards wealth and poverty rather drastically, it will be of little avail to implement a poverty relief programme.

Let us mention two popular perceptions and/or myths about wealth and poverty.

- (a) Wealth and poverty are often ascribed in the Western world to the merits and demerits of the relevant individuals. In South Africa whites (and mainly Afrikaners) are very inclined to claim that they have earned every penny of their income and wealth because of their individual abilities and their hard work. Afrikaners are even adamant in their claim that they (as a population group) have pulled themselves up by their own bootstraps! The other side of this same coin is that whites are inclined to blame the poverty of the poor on the biological inabilities and unwillingness of Africans and Coloureds to do hard work. This individualistic approach towards wealth and poverty rest in last resort on blatant racial prejudices. It is not only unacceptable but also unprovable. The biological explanation of poverty assumes that the lower intellectual endowment of the poor and/or their other physical shortcomings are to be ascribed to hereditary factors and that these biogenetic factors make "losers" of them in the natural social order. This kind of

explanation does not deserve a place in the New South Africa.

- (b) The explanation of wealth and poverty in terms of middle-class morality is closely linked with the biological explanations. It also concentrates on certain merits or demerits of the relevant individuals. It is typical of a prosperous middle-class society, with their success ethic and individualistic orientation, to blame poverty on flaws and shortcomings in the character and personality of the impoverished individual. This approach ascribed poverty to moral shortcomings and lack of personal integrity and stamina of the poor. At the same time the wealth and success of the middle-class (mainly white in South Africa) is (explicitly or implicitly) ascribed to the (alleged) strong moral fibre, the personal integrity and stamina of the rich. This explanation is in last resort also racist and it also does not deserve a place in the New South Africa.

Wealth and poverty can also be explained in terms of systemic and/or structural factors. These explanations take into account the role political and economic POWER plays to empower certain individuals or groups of individuals with privileges (like educational opportunities) and property. According to this approach the power relations embedded in a specific political or economic system, is of decisive importance to explain the wealth of the rich and the poverty of the poor. Due to the fact that certain power relations become institutionalised in specific political economic SYSTEMS and become part and parcel of the specific political and economic STRUCTURES, the power relations (and the privileges, opportunities and property created by it) are perpetuated for decades (and even for centuries) by the SYSTEM and the STRUCTURES. Looking to the problem of wealth and poverty from a systemic point and/or structural point of view, it is important to appreciate the positive cumulative effect the system or structures exerts on the empowered groups and the negative cumulative effect the system or structures exerts on the disempowered groups.

Unfortunately there is a long tradition in South Africa according to which Whites are rather unwilling and unprepared to explain wealth and poverty in terms of systemic and/or structural factors. Perhaps, one should have sympathy for this unpreparedness. It is not so easy for privileged middle-class people to reconcile the systemic explanation of wealth and poverty with their own (beloved) middle-class morality and prejudices. Given the misconceptions about wealth and poverty pampered by whites, it is almost impossible to convince them that the South African SYSTEM have enriched them out of proportion with their own merit and effort. Similarly, it is equally difficult to convince them that the majority of people other than whites has been impoverished out of proportion with their own alleged demerits and other shortcomings. It is very hard for whites to acknowledge that a large degree of white wealth is undeserved and that a large degree of African poverty is equally undeserved. It is equally hard for them to acknowledge that - due to the apartheid system - wealth and poverty are to a large degree two sides of the same coin. Some are rich due to the system and its power structures, while others are poor due to the same system and power structures. Given the structural interdependence between (white) wealth and (African) poverty, it will not be possible to solve the poverty problem without solving simultaneously the wealth problem!

White English speakers are by and large not prepared to acknowledge that the systems of white supremacy and racial capitalism (created by British Imperialism) were very much to their advantage - especially in the first half of the century. The (white) Afrikaners are equally unprepared to acknowledge that their monopolisation of political power and the intensification of apartheid from 1948 onwards, were very much to their advantage in the second half of the century - and especially in the third quarter (1950 - 1975) of the century. At the same time white South Africans are unprepared to acknowledge the tremendous harm done to people other than white by the systems of white political domination and racial capitalism. It is as if a kind of conceptual blockage prevents the majority of the whites to

appreciate the negative cumulative effect discrimination, exploitation, deprivation and disempowerment have had on people other than white.

It is necessary to acknowledge that systemic factors of another nature also played a role in the lack of development of the African people. The African people have been - and some of them still are - part of traditionally orientated civilizations. These civilisations have a different value system and put less emphasis on individualism, on materialistic progress and on monetary wealth. It should be acknowledged that these traditional systems and cultures retarded the participation of Africans in the South African economy. In any explanation of wealth and poverty these systemic factors of a cultural nature, should also be taken into account. Unfortunately the cultural attitudes of Africans were in the past - especially at the beginning of the century - used as an excuse to deprive them from their land and to deny them any participation in the political system.

The GNU should perhaps consider the appointment of not one, but two Truth Commissions. The task of the second one can be to establish the truth about socio-economic and political developments in South Africa since the beginning of the century in an attempt to uncover to what extent the political and economic systems (and the power structures on which they were based) have enriched the whites undeservedly and to what extent they have impoverished the African and Coloured people undeservedly. If the truth about the real causes of (white) wealth and (African) poverty can be uncovered, it can be of extraordinary value to educate both whites and Africans of their fortunes and misfortunes in the old South Africa. A better understanding of how the different peoples of South Africa were affected by our common history, can be very conducive to bring about reconciliation.

6. A PEOPLE-CENTRED SOCIETY OF LIBERTY WILL BE THE MAIN AIM OF
THE NEW GOVERNMENT

In his first speech in Parliament on the 24th May 1994, President Mandela said that the GNU has agreed to create a People Centred Society of Liberty in South Africa. He explained it as follows:

"Our single most important challenge is to help establish a social order in which the freedom of the individual will truly mean the freedom of the individual.

We must construct that people-centred society of freedom in such a manner that it guarantees the political liberties and the human rights of all our citizens.

Our definition of freedom requires that we speak not only of political freedoms.

My government's commitment to create a people-centred society of liberty binds us to the pursuit of the goals of freedom from want, freedom from hunger, freedom from deprivation, freedom from ignorance, freedom from suppression and freedom from fear."

It is important to realise that millions of people in South African do not enjoy "socio-economic freedom". To free people from their bondage because of want, hunger, deprivation and fear, a War on Poverty programme is highly needed.