



Monday, 27 March 2023

STIMULATING GROWTH FROM THE BOTTOM UP

Dear Fellow South African,

We have reached the end of Human Rights Month.

It is a time in which we reflect on the sacrifices that were made in the struggle for freedom, but also on the progress we have made in advancing the human rights of all.

The right to social security is explicit in the Bill of Rights. This is an approach that recognises that social security is essential to other rights, including the right to dignity.

It is this right that has underpinned the progressive expansion of South Africa's social protection system over the past three decades.

In 1999 just over 2.5 million people were receiving social grants. Today that number has increased to over 18 million people.

In addition, more than two million indigent households also receive free basic water, basic electricity and solid waste removal services as part of this government's commitment to free basic services for the poor.

Expanding the social wage is not simply an indication that more people need grants today than before, as some have tried to suggest.

In the past, many of the poor, including working age adults who are unemployed, simply did not receive any support.

The Social Relief of Distress Grant that was introduced in 2020 in response to the coronavirus pandemic has reached more than 11 million people at its peak, and has lifted millions of people out of food poverty. According to research approximately 50 per cent of the purchases made by SRD grant recipients are groceries.

Social grants also act as a stimulus for the economy as a whole, increase spending in townships and rural areas, and improve employment outcomes.

An interview-based study by the University of Johannesburg of informal traders in the Johannesburg CBD, Orange Farm, Mthatha, Mqanduli and Warwick Junction in Durban, found that the SRD Grant stimulated customer spending, provided capital to purchase stock, and enabled the new businesses to be initiated.

Informal traders and SRD grant recipients in Philippi in the Western Cape also told researchers that it had a positive impact on their businesses.

According to another recent study by researchers at the University of Cape Town the SRD grant also increased the probability of recipients searching for jobs and gaining employment.

Similarly, many participants in the Presidential Employment Stimulus Initiative (PESI) have gone on to find work after they have completed the programme. The school assistants programme has provided opportunities for 750,000 young people to date in over 22,000 schools, reaching every corner of the country.

Over 72 per cent of participants in the PESI said that having gained their first work experience, the programme helped them to gain a foothold in the labour market thereafter.

In all of these ways, South Africa's world-renowned social protection system provides important benefits for many in our society, not only those who receive social grants.

It supports economic growth from the bottom up, enables business activity, and strengthens social solidarity and stability. It is one of the greatest achievements of our democratic society, and one that we should all be proud of.

The SRD alone represents a significant step in our commitment to provide a minimum level of support below which no South African should fall.

As I said in the State of the Nation Address last month, we are working on options to provide basic income support for the unemployed, within our fiscal constraints, beyond the expiry of the SRD Grant in April next year.

If the focus of our struggle for liberation was to end apartheid and achieve political freedom, the focus of our efforts now must be to address inequality and ensure that every South African enjoys the fruits of democracy.

It is now well recognised that inequality constrains growth, and that growth which takes place in unequal societies tends to reproduce those patterns of inequality.

This is why our economic policy is guided by the need on the one hand to implement structural reforms to stimulate growth and enhance our economic competitiveness, while on the other hand expanding social protection and public employment and supporting the social wage.

We cannot have one without the other, and we are making steady progress on both.

With best regards,


Cyril Ramaphosa





Building a society that works

Find out more about the Presidential Employment Stimulus







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