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SAFSC
SOUTH AFRICAN FOOD
SOVEREIGNTY CAMPAIGN



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TO:

Mr Cyril Ramaphosa, President, Republic of South Africa
Ms Lindiwe Zulu, Minister of Social Development
Mr Tito Mboweni, Minister of Finance

For a Universal Basic Income Grant Now (#UBIGNOW): Launch of Transformative Policy Proposals

Today the Climate Justice Charter Movement and allies have released a package of documents, prepared by leading heterodox economists and political economists regarding the importance of a universal basic income grant/guarantee/dividend for South Africa. This comes out of intensive campaigning in 2020 for a #UBIGNOW, including the handover of our Climate Justice Charter to parliament which calls for universal basic income grant as a crucial policy tool for the deep just transition. The UBIG is not just about technocratic social policy but about a crucial democratic systemic reform that aims for transformative change as a part of a larger strategy towards a more just and egalitarian society.

The call from unemployed people's movements, trade unions, social welfare organisations, academics, policy think tanks and the broader public all signal a societal consensus on the need for a #UBIGNOW. We say: listen to the people!

Our structural unemployment rate is at 30% (using the extended definition places it at 40%) and the stresses of poverty, hunger, climate shocks (such as impacts from Cyclone Eloise) and water inequality continue to deepen the crisis of socio-ecological reproduction in the country. We need bold and innovative leadership now that can ensure policy goes 'big' to match the crisis. Ironically, this is the kind of leadership coming to the fore in the US under the Biden administration. Austerity economics will destroy South Africa. Hence we demand the Minister of Finance take heed of the transformative policy proposals we are putting forward in our #UBIGNOW documents available here: https://www.safsc.org.za/wp-content/uploads/2021/02/UBIG_Policy-Approach-and-Proposals_FEB2021.pdf

According to Hein Marais, lead author of one of our documents, 'roughly 60% of unemployed South Africans are long term unemployed.' This suggests that South Africa, on some level, can already be considered a post-work society but is also unviable given the desperation. A universal basic income grant/guarantee/dividend has to kick in now.

The Institute for Economic Justice (IEJ) has provided important research on how a #UBIGNOW can be financed. They provide recommendations for 14 policy tools that can be used to raise billions for the fiscus to fund a UBIG. For instance, reducing the size of the cabinet can immediately save

South Africa R5.4 billion, addressing irregular and wasteful expenditure can immediately yield R12.8 billion, closing gaps for profit shifting by multinational corporations can yield R5.75 billion. Clearly fiscal constraints are not an obstacle to realising a #UBIGNOW.

Even when South Africa's economy performs poorly some get extremely wealthy and if macro-economic management is effective we can ensure the entire country still benefits. A UBIG is feasible even now, in the midst of Covid-19. IEJ research also emphasises a transition is possible now based on existing Covid-19 relief provided to a universal basic income system. However, political will needs to come to the fore.

Asghar Adelzadeh, from Applied Development Research Solutions, has modelled various UBIG options within his macro-economic model for South Africa. The numbers speak for themselves in terms of positive impacts. For instance, a UBIG set at the upper bounded poverty line (R1268), non means tested and available to all in South Africa, can eradicate poverty. Inequality will also be substantially reduced.

The beneficiaries of a #UBIGNOW will be more than individuals but households and thus the welfare cushion is much more effective. We need a transition now in our welfare system to a universal basic income grant/guarantee/dividend system. The case has been made, the technical issues clarified and the societal consensus exists. We hope the South African government hears the people and both macro-economic policy (particular the budget) and social development policy reflects this shift.

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