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The Impact of Work History on Economic Security at Old Age Among Africans in South Africa

Martha Tshitshi S. Mbatha
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Work histories of most Africans in South Africa determine whether or not they will be poor at old age. To illustrate this point, the author uses the literature and data collected from elderly Africans. Findings show racial discrimination in education and in the labor market as resulting in the concentration of the majority of Africans in low paying jobs. Low wages and the absence of a national pension scheme prevent most Africans from saving for their retirement. African workers constitute the largest percentage of the working poor in South Africa. Their circumstances are unlikely to change even after retirement. At old age, they look to the government’s non-contributory old age pension for support. The paper recommends issues for incorporation into a post-apartheid social welfare policy.

Studies conducted on pensions among Africans (1) in South Africa indicate that the percentage of elderly Africans who will depend on the state old age pensions after retirement will continue to increase (Fereira, 1986; Moller, 1986; Moeno, 1987). The state old age pension is different from the National Pension Scheme which has been proposed over the years in South Africa. The former is a non-contributory means-tested pension, while the latter would be based on member and employer contributions.

In order to be eligible for the government’s old age pension, an applicant has to satisfy the following requirements:

a) be a South African citizen or must have resided in South Africa for at least five years;

b) be at least 60 and 65 years of age in the case of women and men respectively; and
c) satisfy the requirements of the means test if one's age isbelow 70 years in the case of men and 65 in the case ofwomen (Mbatha, 1990).

In terms of the Old Age Pensions Act no. 43 of 1977, thefollowing items are considered as means:

a) any house rents received by the applicant;
b) allowances from welfare bodies (excluding payments for services rendered);
c) pensions or allowances from a former employer;
d) free will gifts, with the exception of gifts from spouse of a former employer;
e) earnings or any income. (Mbatha, 1990)

In 1980 the maximum free monthly income allowed for applicants was R42.00 for Whites, R21 for Coloreds and Indians, and R10.50* for Africans (Race Relations Survey, 1981). The means test also takes into account the income contributed by children to the support of their elderly parents. This provides the young generation with no incentives for caring for their elderly relatives.

Flat rates based on racial classification are paid to all those who qualify. The levels of payment for the four racial groups were as follows in 1990:

Table 1

<table>
<thead>
<tr>
<th>Race</th>
<th>Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africans</td>
<td>R149.90</td>
</tr>
<tr>
<td>Colored/Indian</td>
<td>R199.70</td>
</tr>
<tr>
<td>White</td>
<td>R250.70</td>
</tr>
</tbody>
</table>

(Race Relations Survey, 1989).

In 1985, only one out of four elderly persons in South Africa was financially independent (did not need financial assistance

*R1.00 = $.39 U.S.
from family members or government) (McKendrick, 1988). The same author notes that a total of 80.9 percent of elderly Africans lived in poverty with earnings less than R500 per year. Also the percentage of the elderly in total population is increasing. While senior citizens (women and males above age 60 and 65 respectively) constituted only 4.4 percent of the total population in 1984, it is projected that by 2020, such a percentage will have increased to 5.77, and 65.9 percent of them will be Africans (McKendrick, 1988).

These findings generate some concerns on the part of the government that has already voiced its discontent about its increasing expenditure on the old age pensions program. For example from 1973 to 1985 the state old age pensions expenditure increased by 56 percent (Moller, 1986). While all senior citizens are generally vulnerable to poverty in South Africa, the situation of black elderly and more particularly Africans seems to be worsened by the government's measures of racial discrimination as manifested in the labor market, education and social welfare. Poverty among Africans has seemed to be a consequence of forces over which its victims have limited control.

There is some research evidence that points to the relationship between work history and economic security at old age. Studies on work and retirement of black Americans concluded that the disadvantaged work experiences of this group (e.g. restriction to jobs characterized by instability, low earnings and a few benefits) were directly related to low levels of retirement pension and social security benefits (Gibson, 1988).

This paper discusses how the work history of Africans in South Africa impacts on their economic security at old age. It argues that poverty will continue to plague elderly Africans at old age as long as the government refrains from making educational opportunities accessible to all, making it feasible for all citizens to save for retirement through payment of decent wages, creating a national pension scheme, providing supplementary assistance to families in need and providing victims of poverty with adequate of old age pensions.
Data referred to was collected in 1989, from a sample of 125 African elderly residing in a peri-urban area called Mondlo in the Natal province, South Africa. The sample was drawn non-randomly through the use of a snowball technique. The minimum ages of the respondents were 60 and 65 for women and men respectively. These are the official minimum retirement ages set by the government. The data was collected during the interviews which were recorded on tape. The majority of the respondents (80.8 percent) were female. This is partly due to the fact that females generally outnumber males in society at old age.

The data reported on in this article consist of the respondents’ level of education, occupations held during their years of employment, and their children’s level of education. While this sample cannot claim to be representative of all Africans in South Africa, it nevertheless sheds some light on the issue of work history and economic dependency at old age.

Education

Education plays an important role in determining a person’s position in the job market. In South Africa the lack of equal educational opportunities for the different racial groups prevents other races from entering into certain professional positions. The level of education of members of the sample used in this paper was as follows:

Table 2

<table>
<thead>
<tr>
<th>Level of Education</th>
<th>Males</th>
<th></th>
<th></th>
<th>Females</th>
<th></th>
<th></th>
<th>Total</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>#</td>
<td>%</td>
<td></td>
<td>#</td>
<td>%</td>
<td></td>
<td>#</td>
<td>%</td>
<td></td>
</tr>
<tr>
<td>no education</td>
<td>9</td>
<td>37.5</td>
<td></td>
<td>45</td>
<td>44.5</td>
<td></td>
<td>54</td>
<td>43.2</td>
<td></td>
</tr>
<tr>
<td>informal education</td>
<td>7</td>
<td>29.1</td>
<td></td>
<td>9</td>
<td>8.9</td>
<td></td>
<td>16</td>
<td>12.8</td>
<td></td>
</tr>
<tr>
<td>grade 1-3</td>
<td>3</td>
<td>12.5</td>
<td></td>
<td>24</td>
<td>23.8</td>
<td></td>
<td>27</td>
<td>21.6</td>
<td></td>
</tr>
<tr>
<td>grade 4-6</td>
<td>2</td>
<td>8.3</td>
<td></td>
<td>15</td>
<td>14.8</td>
<td></td>
<td>17</td>
<td>13.6</td>
<td></td>
</tr>
<tr>
<td>grade 7-9 (high school)</td>
<td>3</td>
<td>12.5</td>
<td></td>
<td>8</td>
<td>7.9</td>
<td></td>
<td>11</td>
<td>8.8</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>24</td>
<td>100</td>
<td></td>
<td>101</td>
<td>100</td>
<td></td>
<td>125</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

* percentages rounded to 100%
Old Age in South Africa

As evident from the above figures, the respondents' level of education was generally low. Only 8.8 percent had managed to go as far as high school. The main reasons given for no education and the low level of education was the need to render farm labor to farm owners, followed by lack of money for financing education. The above figures show no remarkable differences between educational levels of males and females, except that more males had informal education (29.1%) than females (8.9%). Males usually get more opportunities of attending informal literacy classes in the cities where they often work as migrant laborers.

The geographical location of the area of the sample (Mondlo) has some influence on the educational level of the respondents. Mondlo is surrounded by white-owned farms and most of its inhabitants were previously labor-tenants. Until 1984, there was no compulsory education for Africans in South Africa. There were many children who were of school age but were not in school. Quite a number had dropped out of school at an early age. Parents had to pay for school fees and books for their children. Even when compulsory education was introduced in 1984, it covered only 8.8 percent of the total African school population in white-designated areas ranging from the first grade to the fourth grade (Race Relations Survey, 1985). By contrast, school attendance is compulsory for white and colored children until they pass grade ten and for Indian children until they pass grade nine (Race Relations Survey, 1984).

Africans in South Africa have always had the least access to educational opportunities. Findings from research indicate that in 1983, the literacy rate among Africans ranged between 50 and 60 percent while that for whites was 98 percent (Omond, 1986). In 1984 the percentage of candidates, from each racial group, who passed the university entrance examinations were 12.25 for Africans, 14.9 for Coloreds, 40 for Indians and in 1983 it was 40.4 for Whites (Omond, 1986, p.92). These discrepancies are caused by the government's unequal expenditure on education for the four racial groups. For example the per capita expenditures (in British pounds) were as follows between 1930 and 1940.
Table 3

Government’s Annual Per Capita Expenditure on Education (in British Pounds)

<table>
<thead>
<tr>
<th></th>
<th>whites</th>
<th>Africans</th>
</tr>
</thead>
<tbody>
<tr>
<td>1930</td>
<td>22. 12. 10</td>
<td>2. 2. 8</td>
</tr>
<tr>
<td>1935</td>
<td>23. 17. 2</td>
<td>1. 18. 6</td>
</tr>
<tr>
<td>1940</td>
<td>25. 14. 2</td>
<td>2. 4. 4</td>
</tr>
</tbody>
</table>

(Kallaway, 1986)

Such discrepancies in educational funding continued over the years. The following table shows the government’s expenditure on education for the four racial groups between 1984 and 1988:

Table 4

Government’s Annual Per Capita Expenditure on Education between 1984 and 1988

<table>
<thead>
<tr>
<th>race</th>
<th>1984/85</th>
<th>1987/88</th>
</tr>
</thead>
<tbody>
<tr>
<td>African</td>
<td>R234.45</td>
<td>R503.78</td>
</tr>
<tr>
<td>Colored</td>
<td>R569.11</td>
<td>R1,286.15</td>
</tr>
<tr>
<td>Indian</td>
<td>R1,088.11</td>
<td>R1,857.24</td>
</tr>
<tr>
<td>White</td>
<td>R1,654.00</td>
<td>R2,538.00</td>
</tr>
</tbody>
</table>

(Race relations Survey, 1984; and 1988/89).

Per capita expenditures on Africans residing in homelands are even lower than the figures displayed in the above table. Discrimination in educational funding resulted in a very low quality of education for blacks; The teacher-pupil ratios were very high and in some cases parents had to spend monies building schools and even financing teachers’ salaries. Although education is now compulsory for all racial groups, it is still unequal and segregated. In some rural areas Africans still struggle to build schools and pay teachers’ salaries. Also, a large number of teachers do not have any professional training.
The government's unequal expenditure on education for the four racial groups puts blacks at a disadvantage economically. They become victims of unemployment and low paying jobs since they cannot compete with white South Africans in the labor market. Furthermore, the impact of education on people's occupations in South Africa is further limited by racial discrimination in the labor market. Some positions in the labor market are ascribed on racial bases rather than achieved. Some jobs had to be classified in such a way that they could be occupied by Colored, Asian, and in some cases African workers, but should a recession take place, such jobs must again be filled by whites (Truu, 1976, p. 101).

Occupation

There is a relationship between a person's level of education and occupation. The following table displays the occupational characteristics of the sample:

Table 5

<table>
<thead>
<tr>
<th>Occupational Characteristics</th>
<th>male</th>
<th>female</th>
<th>total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>#</td>
<td>%</td>
<td>#</td>
</tr>
<tr>
<td>professional</td>
<td>1</td>
<td>4.2</td>
<td>7</td>
</tr>
<tr>
<td>skilled</td>
<td>2</td>
<td>8.4</td>
<td>1</td>
</tr>
<tr>
<td>domestic</td>
<td>0</td>
<td>0</td>
<td>24</td>
</tr>
<tr>
<td>farm only</td>
<td>1</td>
<td>4.2</td>
<td>48</td>
</tr>
<tr>
<td>farm &amp; other</td>
<td>14</td>
<td>58.3</td>
<td>5</td>
</tr>
<tr>
<td>other only</td>
<td>6</td>
<td>25</td>
<td>5</td>
</tr>
<tr>
<td>never employed</td>
<td>0</td>
<td>0</td>
<td>11</td>
</tr>
<tr>
<td>TOTAL</td>
<td>24</td>
<td>100</td>
<td>101</td>
</tr>
</tbody>
</table>

* percentages rounded to 100%

The majority of respondents (58.4 percent) worked as farm laborers on white-owned commercial farms. According to such respondents, they were earning no wages since they were only working in exchange for the right to stay on farm owners' land. They were essentially labor-tenants.
The majority of those who were farm residents are descendants of Africans who occupied such areas before they lost their land to Afrikaners after a series of wars. Africans residing on farms have limited rights to land-use. For example, they can only farm for subsistence on limited patches of land allocated to them by farm owners. The rest of the land is reserved for farming by farm owners. Oftentimes, farming by Africans is insufficient for subsistence due to the limited quantity of land allocated to them as a result of the Land Act of 1913 which prohibited sharecropping. The contracts by different farmers might have a slight variation. The most common type of arrangement was one where the head of the family, usually the male, had to render free labor for a period ranging between six to twelve months per year. According to the Native Service Contract Act of 1932, labor tenants were supposed to work for six months per year at the farm owners' will. When the worker's period of service came to an end, she/he had to be relieved by another family member. All family members ranging from age 8 upwards, would take turns when rendering such labor. There were no pension benefits. They could not leave the farm to settle elsewhere without the farm owners' written permission (Iliffe, 1987).

A farmer had discretionary power to call any family member he/she chose to come and work. Failure to comply could result in the tenant's or the whole family's loss of a right to live on the farmer's land. During the busy seasons, all family members could be called upon to come and work. This included even those who might be working in paid employment elsewhere and even those family members who might be going to school. All these factors limited the workers' chances for engagement in paid employment and making savings for the future. As Iliffe (1987) puts it; "...Africans on white farms were reduced to an exceptionally miserable proletariat" (p. 127). The duties performed by farm employees were mostly farming for males and housekeeping and farming for females. Young girls were usually required to do child care.

It is notable that the majority of males who worked as farm laborers also engaged in other types of employment. Males would engage in these types of employment during the brief
breaks they took from their farm employment so as to fulfil their roles as breadwinners. The 19.2 percent that were in domestic employment were all women. As the above table indicates, only 6.4 percent were professionals. All those who held professional jobs were teachers and nurses. These were some of the few professional occupations open to Africans in South Africa at that time.

The category on skilled employment (2.4 percent) consists of two clerks and one carpenter. Those who are listed as "other" had held unskilled jobs in factories, firms and other employment agencies. All those who stated that they were never employed were women. All, except one, stated that they had at a certain stage depended on their husbands for support. Some of them were involved in informal sector activities such as making handicrafts for sale and buying and selling some goods. In this sense, the table is partly reflective of African traditions governing economic obligations and gender roles, especially during the 1920's. Women were generally expected to nurture families by raising children and doing housekeeping duties. Men were responsible for providing for the economic needs of their families. On the whole, the table highlights the impoverishment of African families through the system of labor tenancy.

Wages

According to Iliffe (1987) wages in cash and in kind on maize farms ranged from 15.10.0 to 26.2.0 British pounds per year in 1928-9*. There are cases of farmers who were paying workers monthly wages of R2 (Omond, 1986).

The maximum wage earned, as reported by respondents in this study, was R300 for males and that for females was R150 per month. (These figures exclude those respondents who held professional jobs). One respondent who worked as a domestic worker for 21 years stated that her maximum wage at the time of her retirement in 1984 was R84 per month. This respondent was a female head of a family of four (the respondent plus her three children). Her employer gave her a total amount of R300 as her retirement pension at the end of her service.

*In 1929, the British pound was equal to $4.6 U.S. (J. D. I. & T., 1935).
When respondents were asked about savings for the future, 80 percent reported that they never opened savings accounts. Of the respondents who reportedly never opened savings accounts (eighty percent), 1.6 percent owned seven heads of cattle. The remaining 20 percent stated that they once saved money in banks and building societies but stated that they had exhausted all such savings at the time of the interviews.

McKendrick (1988) refers to the expectation among many African workers that the state will support them at old age, as one of the factors contributing to unsatisfactory financial situation of aged people. The main reasons given by the respondents for no savings were lack of income, low wages, and spells of unemployment.

In this sense the findings from this study were similar to those obtained from research undertaken in Britain, where the history of unemployment and the concentration in unskilled occupations emerged as characteristics of those who depended on the supplementary pensions. (Walker & Huby, 1989).

The operation of the market forces in South Africa came to be replaced by the convention that a white man's wage was usually five to ten times the wage of a black man (Houghton, 1973: 144). Such a situation, the same author argues, is reinforced by white political power and white trade union pressure which is being used to support economic privileges of the white population. Table 6 displays the income distribution among different racial groups from 1917 to 1985.

It is important to note that the percentages of population distribution in 1980 were as follows: whites = 15, Coloreds = 9, Asians = 3 and Africans 73.

What is evident from the Table 6 is that the income distribution in South Africa has always been to the disadvantage of the three black racial groups with the majority (Africans) receiving the smallest share. For example in 1956 whites received 72.6 percent while Africans received only 20.1 percent, of the total income. The main factors behind these inequities were the policies that aimed at improving the economic status of whites at the expense of blacks (Lewis, 1990). However it is notable that the income distribution improved after 1970. Such improvements, according to Lewis (1990), were a consequence of black labor
unrest and the intensified international pressure on South Africa which resulted in the increase in wages for blacks. However, the effect of such improvements was very limited since in 1980, 60.5 percent of Africans were still living below the subsistence level, which was R180 per month.

Lack of A National Pension Scheme

One of the reasons for people's dependency at old age in South Africa is lack of a national pension scheme (Moller, 1986; Fereira, 1986; Human Awareness Program, 1984). Contributory pension schemes have not been easily accessible especially to African unskilled workers. The figures in Table 7 illustrate the problem of access to job-related pension funds (occupational pension funds) in 1986.

Studies on pensions further revealed that a larger percentage of those African workers who had contributed to some occupational pension schemes would withdraw their contributions when they were leaving their jobs. The main reason for such withdrawals was the need for cash during the times of emergency, and for opening small businesses (Human Awareness,
Table 7

**Racial Access to Occupational Pension Funds in 1986**

<table>
<thead>
<tr>
<th>Race</th>
<th>% with Access to occupational pension funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>African - urban</td>
<td>44</td>
</tr>
<tr>
<td>African - rural</td>
<td>12</td>
</tr>
<tr>
<td>Colored - urban</td>
<td>38</td>
</tr>
<tr>
<td>Colored - rural</td>
<td>12</td>
</tr>
<tr>
<td>Indian</td>
<td>32</td>
</tr>
<tr>
<td>White</td>
<td>53</td>
</tr>
</tbody>
</table>

(Moller, 1986)

1984). Poverty is thus the main driving force behind the withdrawal of such contributions (Wilson & Ramphele, 1989).

In an effort to deal with the whole problem of pensions, the government introduced the Preservation of Pensions Interests Bill in 1981. The bill provided for mandatory contribution by all workers to a national pension scheme and the compulsory preservation and transferability of such contributions when workers changed jobs. The bill was unsuccessful as it met with a lot of disapproval from black workers. The main concerns seemed to be centered around the government's inaction regarding low wages, its disregard for workers' rights to self-determination, the government's intention of investing workers' contributions in the military defence fund and workers' lack of clarity concerning the whole notion of contributory pension schemes.

**Children's Education**

The high level of poverty among Africans militates against parents' investment in their children's education. Parents who are unable to finance their children's education oftentimes fail to make adequate provision for old age. Their offspring are more likely to have limited educational opportunities and thus be concentrated in low paying jobs. For example the data obtained from elderly respondents show the level of educational attainment by respondents' children to be as follows:
Table 8

Respondents' Children's Level of Education

<table>
<thead>
<tr>
<th>level of education</th>
<th>percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>no education</td>
<td>10.40</td>
</tr>
<tr>
<td>grade 1-3</td>
<td>22.40</td>
</tr>
<tr>
<td>grade 4-6</td>
<td>26.40</td>
</tr>
<tr>
<td>grade 7-10 (high school)</td>
<td>29.60</td>
</tr>
<tr>
<td>more than high school</td>
<td>11.21</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100*</td>
</tr>
</tbody>
</table>

* percentage rounded to 100%

The most popular reasons given by the respondents for their children's low level of education were the same as those given by the respondents for their low educational attainment under Table 2. These were the need to render farm labor to farm owners in exchange for residential rights and lack of finance. Finance seemed to be the most popular of the two reasons. This is one clear case of the intergenerational transmission of poverty. Although there is some improvement in the educational attainment of the above children, compared to respondents' level of education, the percentage without high school education is still the largest (59.2 percent; the sum of the first three categories in the table). This implies that such children are more likely to live in poverty since they will be concentrated in low paying jobs. They are often the first victims of unemployment during economic recessions because of their low level of education.

Limited income received by offspring militates against fulfillment of their obligations for their families, including their elderly parents; investing in their children's education; and saving for their future. This perpetuates the cycle of poverty. For example in a study conducted by Moller in 1984, she discovered that the four percent of elderly Africans who were relying solely on remittances from children were unusual cases who had experienced misfortunes that upset their lives completely (Moller, 1986). According to this author, poverty, unemployment and influx control regulations (2) had prevented children
from financing their aged parents. Referring to the same problem, writers such as Wilson and Ramphele (1989) argue that "it is too much to expect families that have been systematically impoverished to bear the burden of caring for the indigent" (p. 243).

Under such circumstances, some pensioners end up sharing their pensions with their children and grandchildren (Fereira, 1985; Moller, 1986; Mbatha, 1990). This fact was confirmed in the course of the interviews for this study and the main reason for such a practice was the high rate of unemployment among their children. In 1981 the level of unemployment in South Africa was 21 percent (Wilson & Ramphele, 1989). With the declining economy, due to the complex political situation, the current level of unemployment must be much higher than in 1981.

Research findings, from a study conducted in one of the rural reserves in South Africa, indicated that pensions were the second stable source of income (after migrant remittances) without which rural residents would starve (Ardington, 1984). While the old age pension is meant for the indigent elderly, it would be difficult for the government to prevent the sharing of pension money without addressing issues of poverty within the African family. Reciprocity, as in resource sharing, seems to be one of the aspects of African culture that are still practiced. As long as the elderly reside with their children and grandchildren, it is inevitable that they will share their pensions with their needy relatives.

Discussion

The question we may ask at this point is whether or not those people who depend on the government's old age pensions were poor prior to attaining retirement age. Research findings in Britain, indicated that a large percentage of elderly persons who were recipients of supplementary pensions were depending on supplementary benefits prior to retirement (Walker & Huby, 1989). This implies that most recipients of supplementary pensions were poor prior to retirement. The same situation prevails among Africans in South Africa. The scarcity of welfare resources for blacks and the availability of
the government’s old age pensions program in South Africa may create the impression that poverty is concentrated only among the aged. The work history of the respondents interviewed indicated that the majority were struggling throughout their lives to make ends meet. In particular, those respondents who lived on farms, and therefore rendered unpaid labor, provide a clear example of poverty that is a consequence of structural factors.

There appears to be a direct relationship between people’s work history and economic security at old age. The increasing percentage of senior citizens who have to depend on the government’s old age pensions program is a consequence of economic deprivations suffered during the working years. Such deprivations are evident from the income distribution over the years among the four racial groups.

One notable manifestation of poverty among the elderly is the fact that for some of them the old age pension is the largest income they have ever received in their lives. This is the case even with those who engaged in wage-employment. Research findings indicate that some males make the highest contributions to household income after retirement, that is, when they are receiving the government’s old age pension (Ardington, 1984). The low income prior to retirement is attributable to unemployment which tends to rise with the increase in age (Wilson & Ramphele, 1989). Racial disparity in income distribution is a consequence of laws that controlled access to the country’s resources such as education, occupations and wages.

For example, a larger section of the African population had minimal educational attainments due to the government’s low expenditure on this group. All were victims of racial discrimination in the labor market and were thus concentrated in low paying jobs. There’s also a larger section who were labor-tenants on white-owned farms. All these factors militated against saving for retirement years.

On these bases post-apartheid social policy will have to address the problem of poverty among all age groups so as to break the cycle of poverty. Some of the strategies to be adopted involve making equal educational opportunities accessible to all citizens so as to promote economic development of the whole...
country through investing in the country’s human resources, and providing the needy elderly with adequate old age pensions. Also, the following aspects will have to be covered:

*The setting of a minimum*

Establishing the minimum wage can help provide employees with decent wages as opposed to the current system which predisposes employees to exploitation by their employers. The setting, of minimum wage may make it feasible for employees to save for retirement.

However there are many problems that are often associated with the minimum wage. It may be argued that since the level of unemployment is very high in South Africa, the minimum wage will benefit only the most efficient workers. Young and inexperienced workers who may be desperate to secure employment may be at a disadvantage. Some critics will further argue that employers may substitute employees with mechanization, where possible, so as to cut down their costs. In some cases they can even opt for illegal migrants willing to accept wages below the minimum wage. South Africa is particularly predisposed to illegal international labor migration due to the country’s relatively better economy as compared to the rest of the continent.

On the whole, the advantages of this approach outweigh its disadvantages. Setting the minimum wage can reduce the costs incurred by the government in the old age pension program since it will help resolve the problem of the working poor.

*The creation of a national pension scheme.*

This will involve reconsidering the national pension scheme which was proposed by the government during the early 80’s. According to such proposals, the government would establish a national pension scheme whose contributions would be derived from employers, and workers. The government would only come in to subsidize those who are physically and mentally incapable of providing for themselves. Availability of the government’s old age pension would thus be limited to those seniors who do not qualify for the benefits of the national pension scheme.
In order to create the national pension scheme, the government will have to address workers' concerns as mentioned earlier in this paper. First, it will have to ensure that workers are provided with decent wages. Second, the government will have to involve workers in the decision-making process regarding the scheme as opposed to dictating its intentions. Third, contributions to the national pension scheme will have to be invested in funds that serve the interests of all contributors, rather than in schemes which reinforce racial discrimination.

*Providing supplementary allowances to families in need*

The purpose of a supplementary allowance strategy is to provide citizens in need with economic security. Providing supplementary allowances to families in need will further reduce the costs that are currently borne by pensioners. It will ensure that the pension money provided for the elderly is utilized for its intended purpose.

While this proposition may appear plausible, some critics will argue that it will be difficult to implement. According to such critics, since poverty is an outcome of many factors, supplementary allowances should be provided only for the “deserving” rather than the “undeserving” poor. Also, there should be a way of giving assistance to those in need without fostering dependency. The two above-mentioned reasons are excuses that are often used to justify inequities in several countries.

Therefore the parameters of social welfare policy will have to be specified in order to ensure the formulation of policies that will support citizens in need without fostering dependency or undermining the values of hard work. In particular, social welfare policy should have as its ultimate goal, the eradication rather than amelioration of poverty. Experience in South Africa shows that poverty can be an intended outcome. It should thus be possible to devise measures towards its extirpation. This will also necessitate promoting research into poverty and public policies so as to further identify and address key issues underlying the problem of poverty in South Africa as South Africa moves slowly, but inexorably in the direction of multiracial democracy.
References


Notes

1. The term "Africans" is used to denote blacks who originated in Africa, while "blacks" is used when referring to Africans, Indians and Coloreds, that is, all three South African racial groups that are victims of apartheid policies.
2. Influx control regulations were regulations that controlled the migration of Africans from rural to urban areas.