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Working on the margins: Poverty and economic marginality in South Africa

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This special edition of *Law, Democracy & Development* grows out of an eponymous policy seminar hosted by the Institute for Poverty Land and Agrarian Studies (PLAAS) in Cape Town in early 2009 (www.plaas.org.za/newsevents/wom), supported by the Chronic Poverty Research Centre and the UK Department for International Development. Reflecting several of the concerns and debates within the seminar, the special edition seeks to understand poverty, vulnerability and economic marginality within contemporary South Africa. Across a diversity of sectors the articles grapple with the two related tasks. They examine which concepts are useful for understanding economic marginality and ask (with varying degrees of explicitness): what are the appropriate policy responses to enduring poverty, vulnerability and marginality in South Africa?

BACK TO THE FUTURE

Debates concerning the causes and consequences of poverty have a long history in South Africa. A recurrent trope in poverty policy discourse is the notion that impoverished people are poor because they are excluded from the economic mainstream. In this formulation poverty is a residue of underdevelopment and a consequence of incomplete modernisation. In these terms economic “marginality” is conceptualised as disconnection and estrangement from the core, formal or “first world” economy. Policy prescriptions accordingly emphasise the need to “integrate” the poor into the mainstream economy or to bridge the structural disconnect between the underdeveloped and developed, the marginal and the mainstream.

These ideas have entered currency under the impetus of the then president Thabo Mbeki (2003). Dualist concepts resurged in the past decade and were catalysed in debates concerning the “second economy”. This was, however, a debate that recapitulated the 1970s exchange between liberal and radical scholars concerning how the relationship between race and class ought to be understood (Davies, 1979; Wolpe, 1972). In this debate, radical scholars of political economy insisted on a unitary conception of the South African economy and theorised the relationship between peripheral and core as one characterised not in terms of disconnection and exclusion, but rather disadvantageous and adverse forms of *incorporation*. Therefore, to live or work on the margins is not to be outside of the market, monetisation and the forms of social interdependency that market exchanges entail – it is occupy a particularly unfavourable place in relation to these (Du Toit & Neves 2007).

Although the above dualistic and disconnection account of vulnerability and economic marginality has subsequently ebbed once more, those who are concerned with poverty and marginality might ruefully reflect that so, too, has much of the impetus for critical debate. The relative paucity of current day discourse concerning poverty in South Africa perhaps underscores the truism that debate elicited by a flawed concept may be preferable to the absence of any debate at all. Against the rise and fall of poverty discourse, it is worth reflecting on the dearth of discussion concerning South Africa’s extreme levels of income inequality. Inequality serves to pattern economic and social systems in ways that concentrate wealth, opportunity and mobility, ultimately constraining escape from poverty. Several of the articles that follow describe the manifestations or consequences of inequality. Yet, despite its deleterious social, developmental and economic effects, inequality remains a frequently neglected object of discussion (both official and public), stubbornly beyond the purview of much policy.

SYNOPSIS OF ARTICLES

The issue of marginality, briefly contextualised above, has two important implications for the articles that make up this special edition *LDD*. The first is that, while the metaphor of “margins” is useful rhetorical shorthand for the impoverished and vulnerable, the spatial metaphor of the margins ought not to be confused with an analysis: margins are not about disconnection. The term “marginality” ought to be used with this *caveat*. The second point is the proposition, axiomatic to many of the papers that follow, that marginalising dynamics are inextricably intertwined with the larger structural and economic context. They need to both be viewed and responded to as such.

The first article, “Addressing inequality and economic marginalisation” by Kate Philip, serves to neatly preface the concerns of this special edition by delineating how the very structure of the South African economy constrains prospects for employment, enterprise and mobility at the margins. Not only does the overarching structure of the economy serve to reinforce persistent poverty, state responses to it are frequently partial and limited. Official responses to poverty and marginality have a tendency to be relegated to the realm of social policy (and “social development”), and are generally a secondary concern across the gamut of industrial, trade and fiscal policy. Philip argues that addressing economic marginality demands a combination of both longer term strategies to respond to the pillars of structural poverty, alongside more immediate and ameliorative interventions.

The articles that follow examine a range of theoretical domains but can helpfully be grouped under two broad rubrics: the first might be described as “fragile agrarian livelihoods”, the second as “regimes of economic informality”. The fragile agrarian livelihoods articles, by Tapela, Aliber and Maluleke and Theron, seek to understand marginal livelihoods in the South African countryside. Although these are very different settings, the articles are united in documenting the vulnerable nature of landed livelihoods, against the backdrop of a dichotomous agricultural landscape (homeland versus commercial), where the imperatives of recompense embodied in land reform make for uneasy accommodations with the market, and the brave new world of “non-standard” forms of employment sit uneasily with the older habits of agrarian paternalism.

“Strategic partnerships in smallholder irrigation schemes: Case of Resis-Recharge programme in Limpopo Province” by Tapela considers state-driven efforts to revitalise state-owned smallholder agricultural schemes through infrastructural investment and commercialisation via joint venture partnerships. She suggests that conceptual allegiance to narrowly economic and technical conceptions of viability, and inattentiveness to larger social dynamics, result in interventions that fuel rising inequality. A cohort of “armchair farmers” emerges,

who capture the financial benefits with little work while vulnerable producers become increasingly marginalised.

In “Land reform and emergent ‘black capital’ in farming in Limpopo”, Aliber and Maluleke grapple with similar questions of social differentiation in their exploratory study of emergent black farmers who lease land on floundering land reform projects. Examining the partnerships between these commercially-oriented lessees and project beneficiaries through a number of case studies, the article discerns how small-sale black investors are well suited to involvement in these particularly sites. The authors not only draw attention to the complex social, institutional and commercial dynamics surrounding attempts to sustain commercial agriculture in the context of land reform projects, but warn of the limitations of attempting to revive failed projects by simply injecting additional infrastructure.

In the third and final of the Fragile Agrarian Livelihoods articles, crisply entitled “Sour Grapes”, Theron examines the expansion of “indirect employment” on productive commercial fruit farms. Tracing the contours of the local labour regime in a highly commercialised agrarian setting, the article examines labour market dynamics amidst the inexorable expansion of forms of “indirect employment”. Theron considers in detail the variegated varieties of vulnerability which ensue. He concludes with a postscript which links these local contestations to the xenophobic violence of late 2008.

The second group of articles, including Devey and Valodia, Von Broembsen, Neves, and Theron and Visser, examine regimes of economic informality (although several of Theron’s earlier concerns are equally applicable here) and urban livelihoods on the periphery of the South African economy.

The first article in batch is “Informal-formal economy linkages: What implications for poverty in South Africa?” by Devey and Valodia. This challenges prevailing conceptions of the informal economy by analysing survey data which shows the extent to which informal and formal employment, particularly at the lower levels of the labour market, are intertwined. The article describes widespread churning between informal and formal employment and the way in which access to stable formal-sector wages is associated with higher informal economy earnings. Devey and Valodia’s analysis roundly challenges “dualist” conceptions of the informal economy as being estranged from the formal economy.

Von Broembsen’s article “Informal business and poverty in South Africa: Rethinking the paradigm” takes policy discourse concerning the informal economy in South Africa as its object and explicates in detail the paucity of (even ostensibly pro-poor) market-oriented prescriptions for enterprise development. The article presents the Sustainable Livelihoods approach as an alternative

framework for understanding the informal economy and one more attuned to the realities of impoverishment, including its gendered dynamics. The paper concludes with brief reflection on some of the institutional implications of the Sustainable Livelihoods framework.

Neves' article "Imagining economic informality" resonates with several of Von Broembsen's concerns in the foundational questions it poses around how the informal economy can best be understood. Presenting detailed case study material, the article points to the limitations of many prevailing conceptions of informal self-employment and the often varied objectives to which those in the informal economy are orientated. The article also seeks to realistically consider the opportunities, and the considerable constraints, which those in the informal economy face.

"Waste management and the workplace", the final article by Theron and Visser, examines forms of labour and economic opportunity created by the local government in relation to waste management (refuse removal and recycling) and the kinds of vulnerabilities these generate. They actively seek to lift the "contractual veil" on outsourced municipal services and describe a typology of labour arranged along a declining gradient of formality and employment protections, with inequality and vulnerability commensurately rising toward the informal pole. The article not only argues for an enlarged conception of the "workplace" but also poses difficult questions of how employment protections might be extended to those at its most vulnerable and informal poles.

Across all the above articles, a number of points of convergence can be discerned. These are described in what follows.

THE ROLE OF THE STRUCTURAL CONTEXT

The first point, already alluded to, is the need to view impoverished livelihoods in relation to the specificity of the overarching structural context within which they are embedded. Most of articles collected here foreground the role of market institutions and the regulatory context enabled by the state. The articles document how this nexus of the market and regulatory environment creates conditions for the emergence of new permutations of vulnerability and marginality.

These are evident in several articles, including Theron's description of the absorption of an increasingly multi-ethnic and transnational cohort of farm workers into novel regimes of labour. These marginal and unorganised workers are marked by a complex stratification, related to their on or off farm residency, indefinite or seasonal employment, direct or contractor employment status (itself bifurcated into the indefinitely and casually employed). Similarly, Devey

and Valodia note the contemporaneous blurring of informal and formal and how formality has come to correlate poorly with the conditions of labour. While all three articles that reflect on informal economy enterprise (Philip, Von Broembsen, Neves) describe a realm of the economy overshadowed and dominated by the formal sectors of the market.

THE TRAVAILS OF POLICY

A second theme, strongly evident across the articles, concerns the challenges of economic governance and the difficulties inherent in regulatory capture and optimising regulatory outcomes. Efforts to regulate can generate unanticipated outcomes: for instance, Theron suggests how the sectoral determination has perversely set a ceiling rather than lifted the floor of farm worker wages. While Tapela notes the contradiction of how smallholder irrigation schemes are encouraged by a state that is simultaneously disinvesting itself of many of its erstwhile responsibilities, resulting in services such as agricultural training and extension increasingly being displaced onto the private sector.

These institutional arrangements furthermore lead to the state effectively subsidising private enterprise (“subsidised privatisation”), yet often without the benefits accruing to the smallest and most vulnerable producers. In addition there are vexing questions in relation to the long-term sustainability - economic, social, institutional and even ecological - of interventions, which are equally evident in Aliber and Maluleke’s description of emerging black commercial farmers on land reform project land. Theron and Visser suggest the missed opportunities for maximising the developmental impact of a major metropolitan area’s “waste stream” while Von Broembsen and Neves both critically reflect on the policy imaginaries that underpin official responses to the informal economy and the kinds of state response these elicit.

SOCIAL AND CLASS DIFFERENTIATION

A third and final strand is the issue of rising social and class differentiation. Aliber and Maluleke document these dynamics in the context of ailing land reform projects, where commercial imperatives frequently have a logic which induces and even exacerbates marginalisation. Yet there are also acute ambivalences: Aliber and Maluleke’s emergent black commercial farmers occupy various class positions, some not substantially different from the land reform beneficiaries with whom they contract. In much the same way Theron notes how the labour brokers of agricultural labour are “agents of exploitation” while frequently being exploited themselves. Several of the articles catalogue, in the

context of their disparate domains, the difficulties of managing social and class differentiation within interventions that seek to target the marginalised.

CONCLUSION

The papers included in this special edition reflect on the challenges of working but also appropriately responding to those on the margins. They underscore the importance of nuanced, empirically engaged work, which remains attentive to the larger structural context. They also suggest the challenges and difficult decisions that policy makers face. The selection of articles that make up this special edition will be uploaded to the *LDD* website as and when they become available from the peer-review process.

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