



Redistribution  
strategies and  
approaches to  
drive  
transformation  
in South Africa

COMMISSION FOR  
EMPLOYMENT  
EQUITY THINK  
TANK

# Outline

- 1. The problem - state/mood of the country**
  - **Inequality**
  - **Economic Satisfaction**
  - **Faith in government**
  - **Social Trust**
- 2. Provocations towards solutions**
  - **Government efficiencies addressed**
  - **Taxation, wealth tax**
  - **SETAs**
  - **Black youth-owned businesses**
  - **Cooperatives**
  - **Rewarding scaffolding, recognising “spirit of”**
  - **Blockchain**

# Why Redistribution?

LIFE EXPECTANCY

20 YR

UNEMPLOYMENT

4 x

HUMAN  
DEVELOPMENT  
INDEX

15<sup>TH</sup> vs 116<sup>TH</sup>



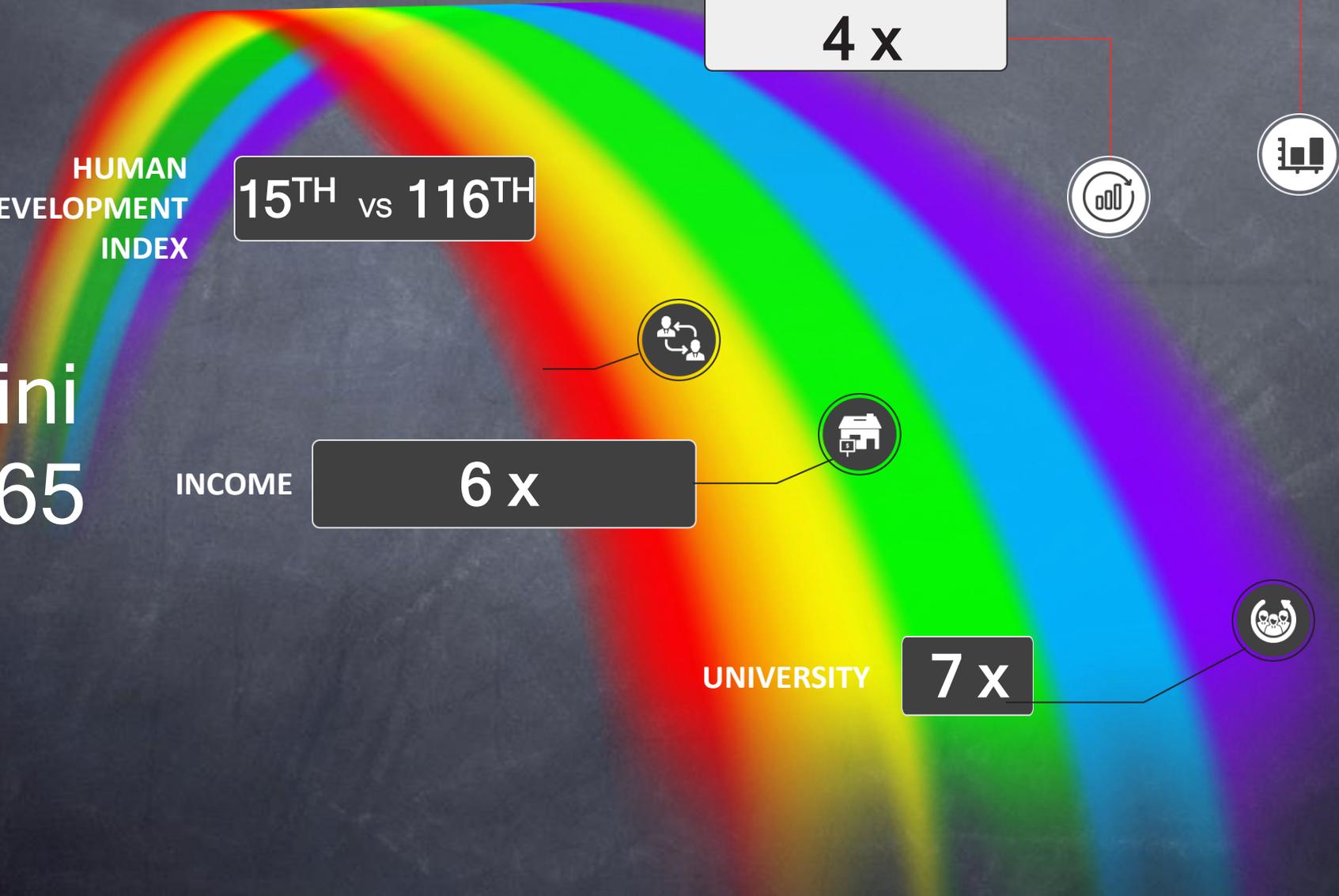
Gini  
0.65

INCOME

6 x

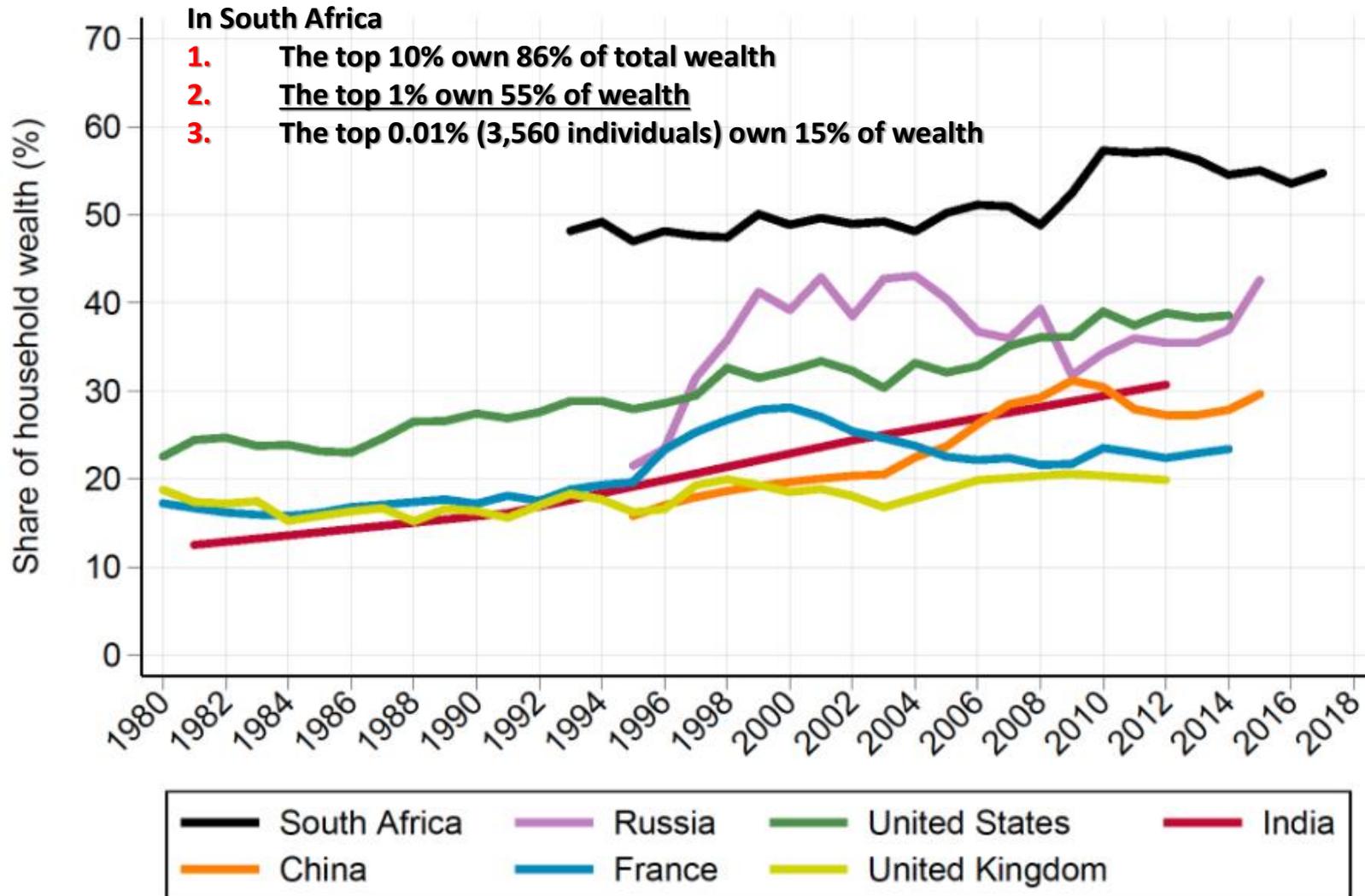
UNIVERSITY

7 x

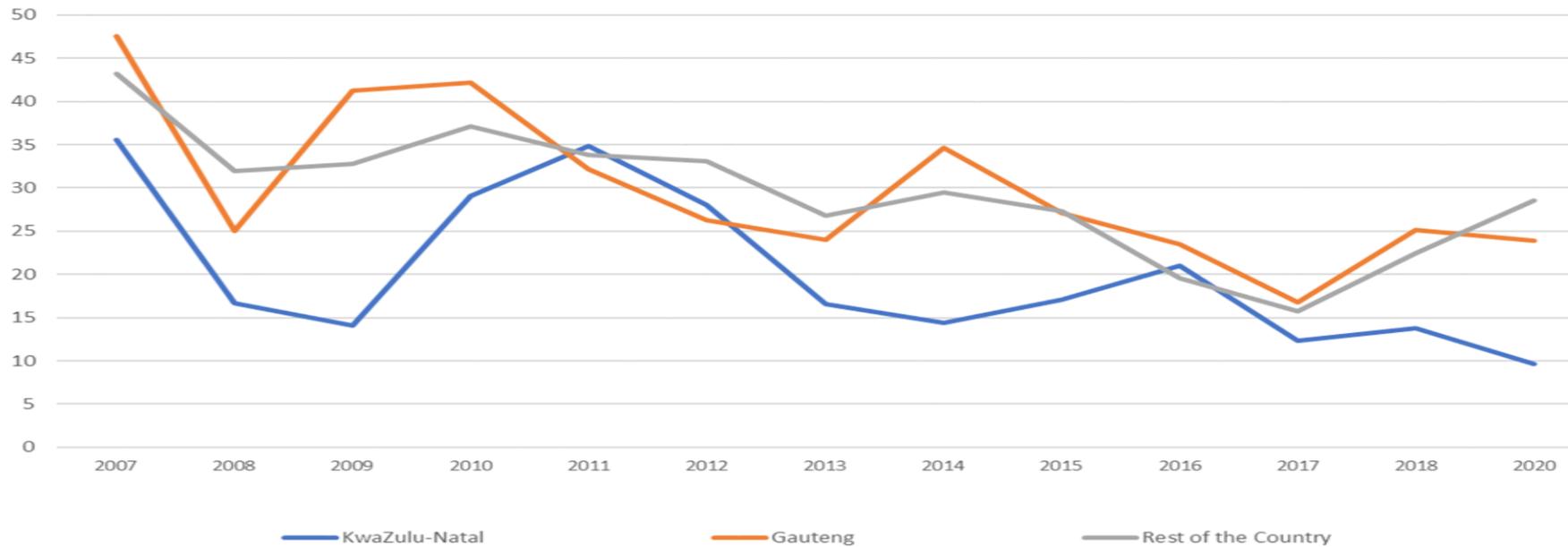


# Inequality: SA v. rest of the world (Source: Chatterjee et al 2021)

**Figure 1** South African inequality in comparative perspective: Top 1% wealth share



# Economic satisfaction and beliefs about redistribution (SASAS: 2007-2020/1)

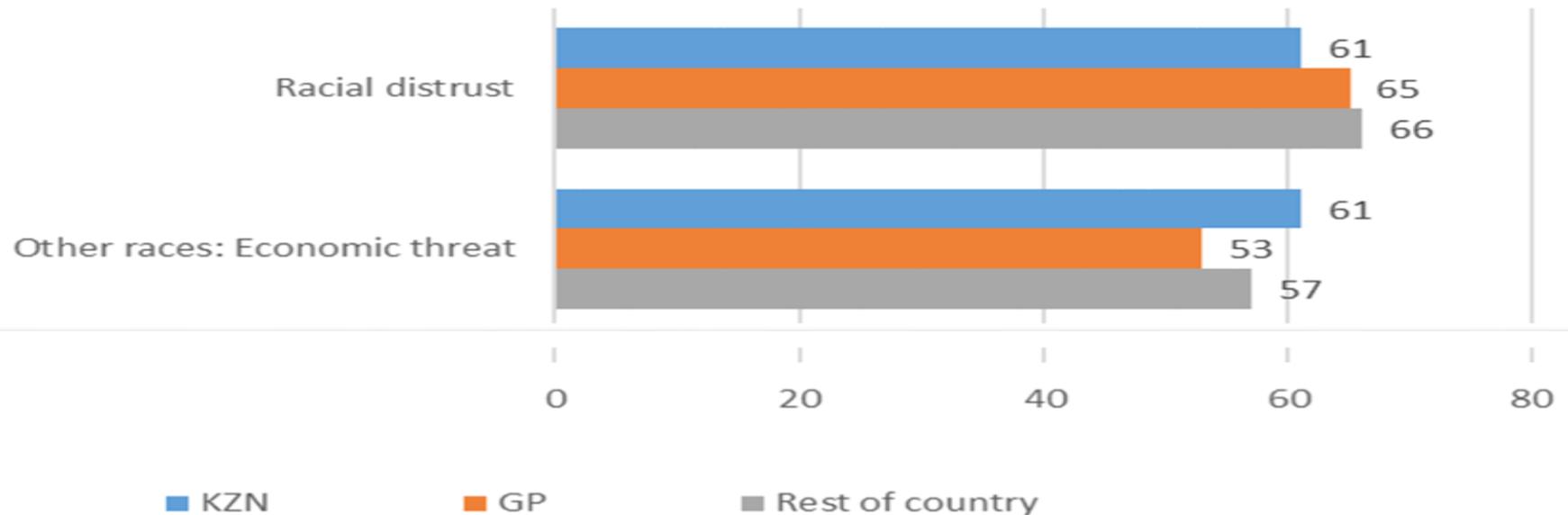


1. Economic satisfaction – dropped from a high of 47% in 2007 to 27% nationally; lowest in KZN at 10% in 2020/21
2. 70% of people believe that income differences between rich and poor are too large (2020/21)
3. 60% demand redistribution
4. 37% of South Africans are angry about income inequality

# Drivers and triggers of Social Unrest

1. **Unemployment: Worsening unemployment** since 2008. Rising youth unemployment. Multiple lockdowns due to COVID-19 compounded economic crises.
2. **The absence of small business:** SA's policies and **regulatory systems** are geared towards larger businesses.
3. **Ineffective delivery of municipal services:** Protests about service delivery account for the highest share of cases of social unrest. **Nine-fold increase** in service-delivery related protests over the past fifteen years. Concentrated in metropolitan areas.
4. **Land and food poverty:** National Food and Nutrition Security policy (2014) has not managed to have a sustained impact on the **hunger** situation in the country.
5. What other factors?

# Racial trust, economic threat, xenophobia (Source: SASAS 2020/21)



1. Racial distrust remains a fault line.
2. Consistent across provinces and time.
3. Many view the 'racial other' as a threat, especially in KZN.
4. 62% blame immigrants for "taking jobs"

The background of the slide is a night cityscape with fireworks exploding in the sky. The city lights are reflected in the water. A large blue and orange geometric shape is overlaid on the left side of the image. The text "Do we have a shortage of will?" is written in white on the blue part of the overlay.

**Do we have a  
shortage of  
will?**

# Views on Restitution

(Source: SASAS 2017)



	<i>Agree</i>	
	Black	White
White South Africans must act to repair the past	<b>60%</b>	<b>20%</b>
Apartheid corruption should be investigated	<b>56%</b>	<b>16%</b>
A restitution tax	<b>43%</b>	<b>8%</b>
Small group discussions about restitution	<b>56%</b>	<b>22%</b>
Forget the past, move on	<b>51%</b>	<b>76%</b>

A night cityscape with fireworks and a large blue and orange geometric overlay. The text is white and bold, set against the blue background.

**Do we have a  
shortage of  
confidence in  
govt?**

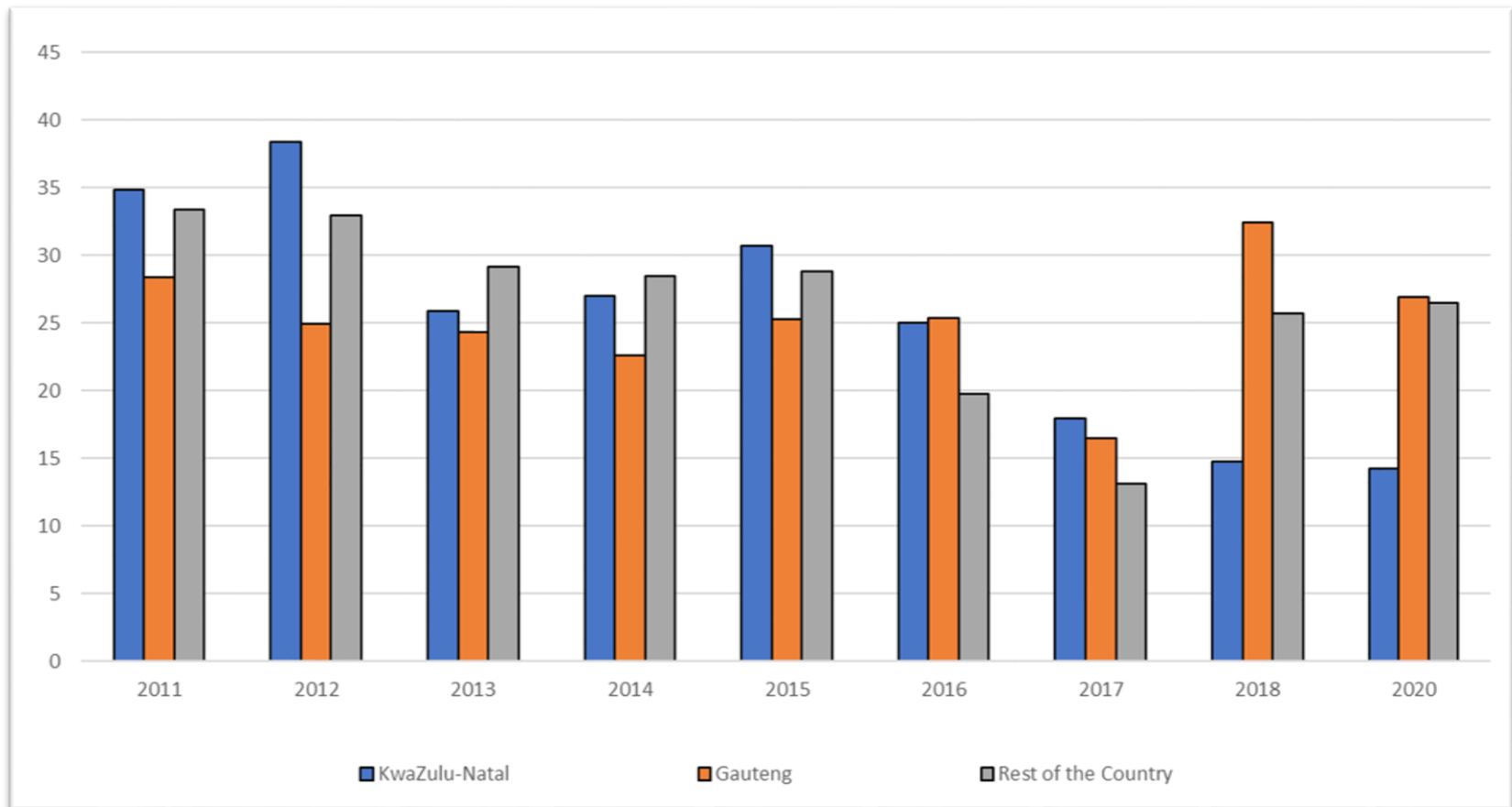
# Satisfaction with democracy (SASAS 2003-2020/1)

- A robust downward trend in satisfaction with democracy in all provinces since the mid-2000s. The upswing following the transition to the Ramaphosa administration is more muted in KZN. Satisfaction in the province fell from 53% in 2005 to an unprecedented low of 19% in 2020/21.



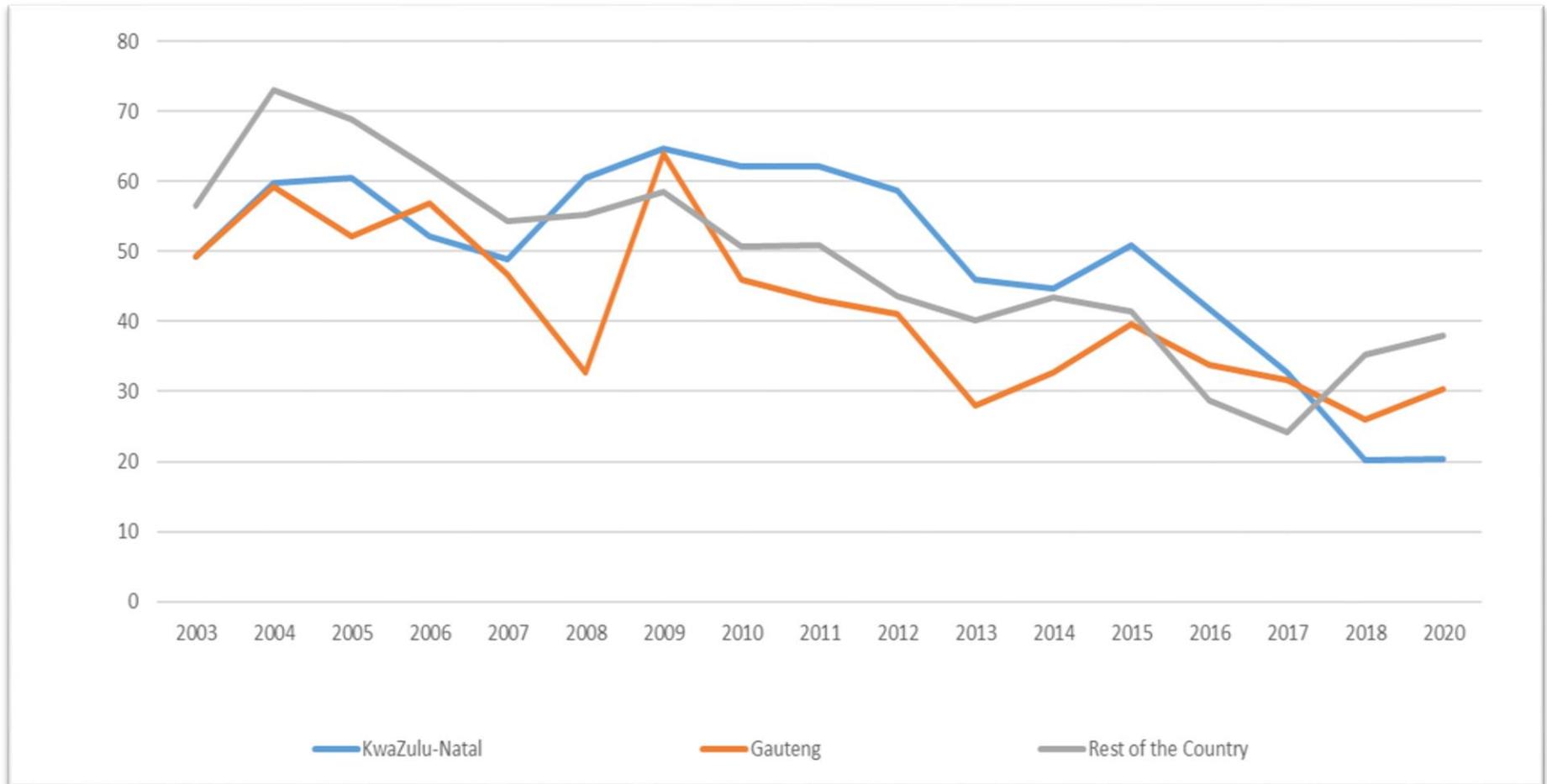
# Confidence in political leadership (SASAS 2011-2020/1)

1. Diminishing confidence in the country's political leaders, reaching a low point in 2017. Low base 33% in 2011 – 26% currently
2. Improving under Ramaphosa administration. KZN continues to hold a hostile view of political leaders (14% in 2020/21)



# Institutional trust: Faith in government

South Africans have been losing faith in national government until 2017. In 2020/21 – 38% nationally (from a high of 72%), 20% in KZN and 30% in Gauteng.



A night cityscape with fireworks and a blue and orange geometric overlay. The city lights are reflected in the water, and the fireworks are in the sky. The overlay consists of a large blue triangle pointing right and a smaller orange triangle pointing left, meeting at a diagonal line.

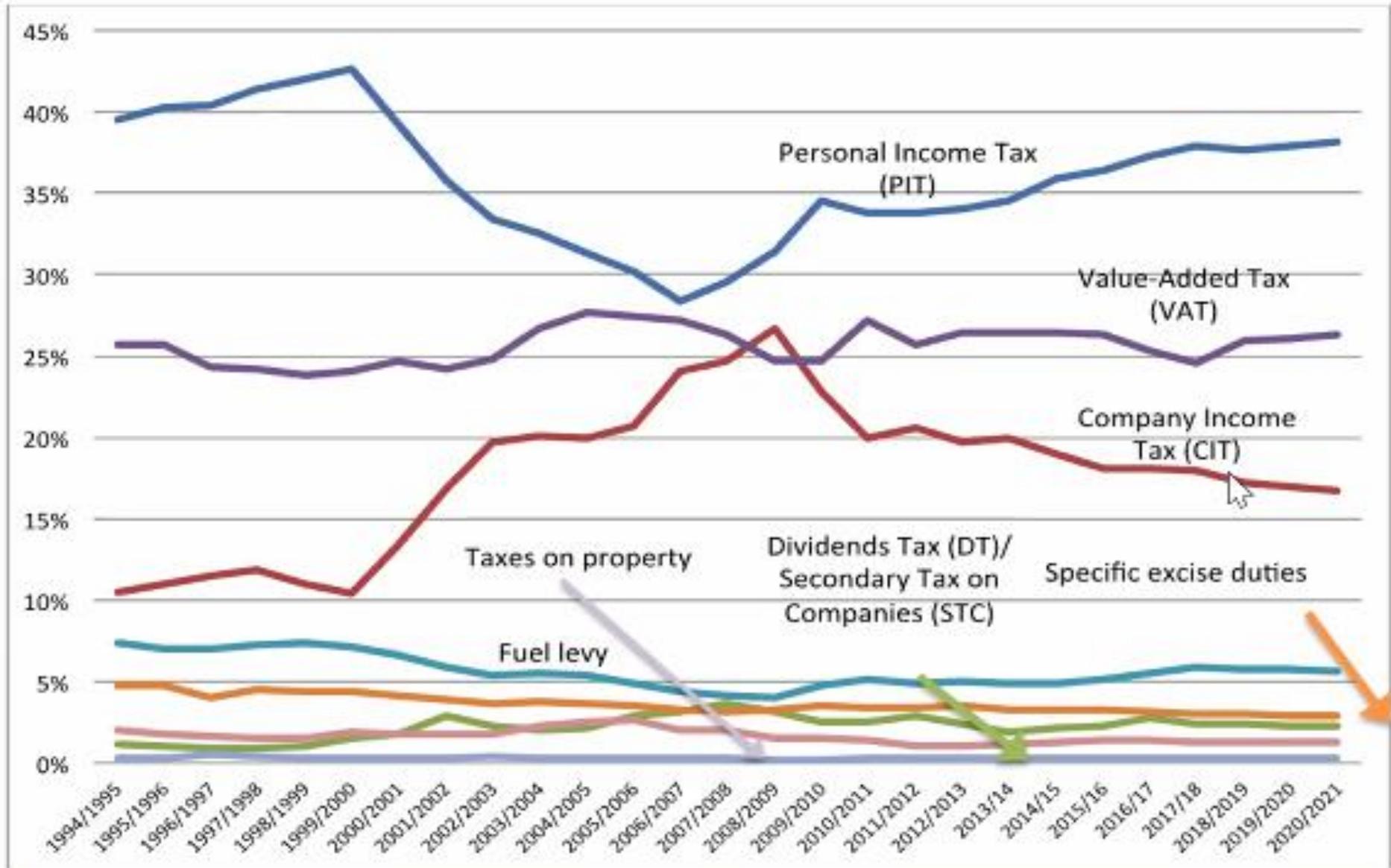
**Do we have a  
shortage of  
money?**

# Assessment of “R500B” relief package use

[Source: Institute for Economic Justice]

	PROMISED	USED	ASSESSMENT
	<b>SOCIAL SECURITY</b>		
	R50 billion	R43.6 billion	Existing social grants were increased until 31 October 2020 and a new COVID-19 Social Relief of Distress (SRD) grant put in place until January 2021 and further extended until April 2021. While the level and coverage was inadequate, these played an important role in staving off hunger.
	<b>JOB CREATION AND PROTECTION</b>		
	R100 billion	R12.6 billion	The Presidential Employment Stimulus (PES) create 700,000 employment opportunities in the first phase (2020/2021). <sup>5</sup> These were overwhelming socially useful jobs, of mixed skill levels, that increased employability and paid the national minimum wage. National Treasury’s whittling down of the budget, failure to disburse the next tranche, and the lack of commitment to allocate the balance of the R100 billion, compromise this promising programme.
	<b>WAGE RELIEF – TEMPORARY EMPLOYMENT RELIEF SCHEME (TERS)</b>		
	R40 billion	R60 billion	Unemployment Insurance Fund (UIF) surpluses were used to provide support to businesses to pay workers’ wages. Although difficult to access and insufficient, this provided important emergency relief. Economy-wide relief was withdrawn unilaterally at the end of October 2020, with remaining benefits ending in March 2021. In July 2021, President Ramaphosa said that more than R60 billion had been spent to protect the jobs of 5.5 million worker. <sup>6</sup>
	<b>SUBSIDISED CREDIT – CREDIT GUARANTEE SCHEME (CGS)</b>		
	R200 billion	R18 billion	The CGS was meant to enable commercial banks to offer government-backed loans to businesses in need. Due to over indebtedness and stringent application criteria uptake has been dismal. <sup>7</sup>

# Different tax categories as share of total tax revenue (1994-2020) [Source: Institute for Economic Justice]



# A WEALTH TAX

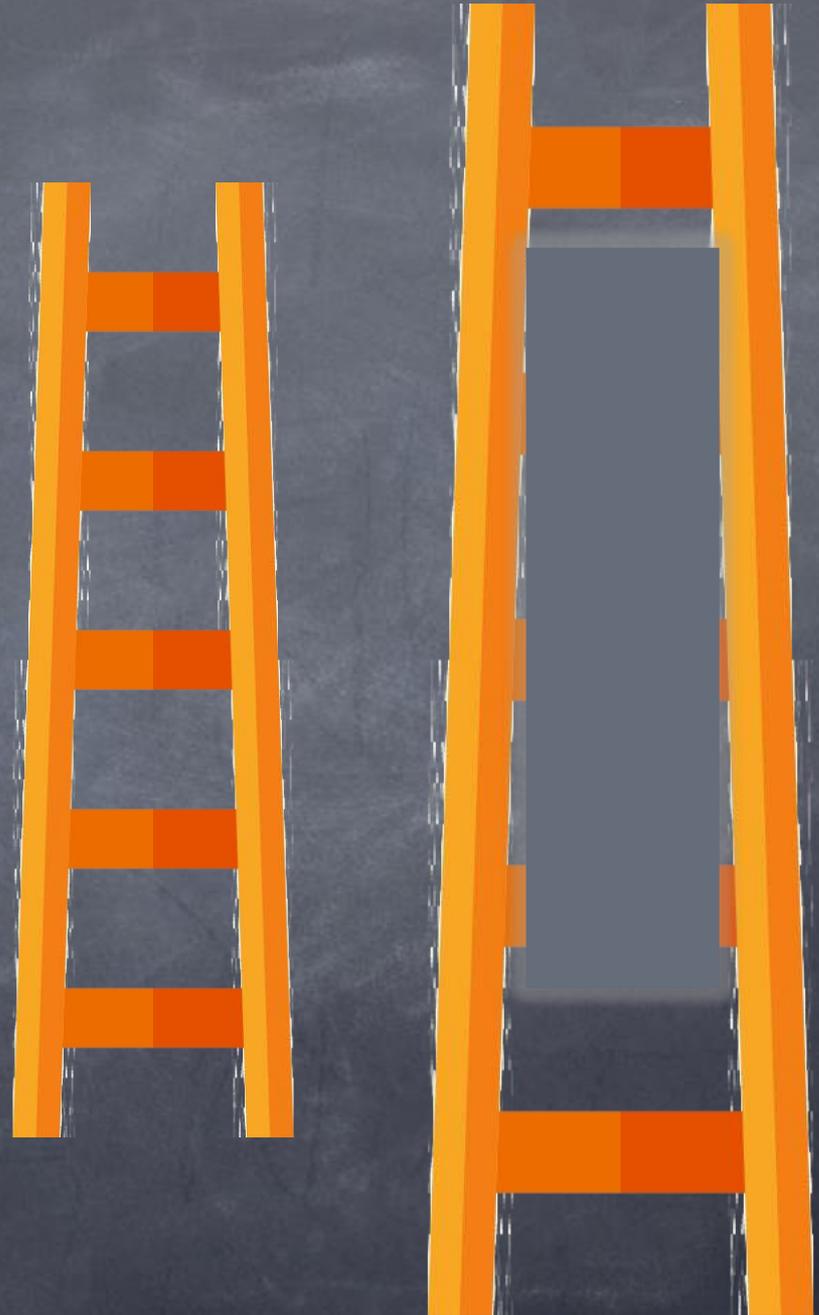
1. Disincentivise excessive accumulation
2. Redistribute capital
3. Address unequal/unjust capital accumulation during Apartheid and subsequent to it
4. Needs government efficiencies
5. R143BN - The potential revenue that could be collected from a progressive wealth tax on the richest 1% (Chatterjee et al. 2021).
6. Minimal burden: 1% for capital over R3.6M, up to 8% over R1BN

The background of the slide is a vibrant night cityscape, likely New York City, featuring the illuminated skyline and the Statue of Liberty. The scene is filled with colorful fireworks exploding in the dark sky. A large, semi-transparent geometric overlay is positioned on the left side, consisting of a blue trapezoidal shape and an orange triangular shape pointing towards the center. The text is placed within the blue area.

**Do we have a  
shortage of  
strategy?**

# SETAs

1. Skills levy
2. Learnerships
3. Theory of change
4. Unrealised potential
5. SETA's work coordinated and articulated



# BEE SCORECARD

1. Reward  
scaffolding  
(progression  
plans)
2. Recognise "in  
spirit" efforts  
(not only  
learnerships and  
PYEI)
3. Encourage  
cooperatives



4. Help Youth Build

A night cityscape with fireworks and a large blue and orange geometric overlay. The city lights are reflected in the water, and the fireworks are exploding in the dark sky. The overlay consists of a large blue triangle on the left and a smaller orange triangle on the right, both pointing towards the center.

**Do we have a  
shortage of  
capacity?**

# BLOCKCHAIN

“a technology that allows transactions to be simultaneously anonymous and secure by maintaining a tamperproof public ledger of value”

■ Distributed ledger ■  
Corruption proof

## TRANSFORMATION APPLICATIONS

- Tenders, Contracts, Title Deeds
- Supply chain, Mobile banking
- Voting
- BEE plans and achievements (incl. intermediate targets)
- SETA learnerships
- Wealth tax

