

VOL. 1 ISSUE 1

IN THE DARK

SPI TALK MAGAZINE

MAY - JUNE 2023

***DISEMPOWERED:
THE HUMAN TOLL
OF LOADSHEDDING***

INFLATION FIXATION:
WHAT IS THE SARB THINKING?

ON THE BIG
SCREEN: NEW
SPI DOCCIE

***THE RESILIENCE
MONITOR:***
SOCIAL GRANTS...A MOTHER'S
STRUGGLE FOR DIGNITY

SPI

S O C I A L

P O L I C Y

I N I T I A T I V E

Table of Contents

Director's cut - The elephant in the room	1 - 4
On the big screen: New SPI documentary	5 - 6
Editor's note	7 - 8
The toll of loadshedding...	9 - 12
A different kind of power struggle	13 - 16
Monetary policy: Is the SARB acting in our best interests?	17 - 22
Resilience Monitor: – A look at a family that relies on social grants	23 - 24
Artist Showcase: Abbey Khambule	25 - 27



Director's cut- The elephant in the room



With the steady tread of our collective national march towards the very dark and cold reality of our loadshed winter, we are witnessing a number of former leaders in South Africa emerging with scathing comments about the dearth of political leadership in the country today.

The criticisms that have received the most media attention recently are those from former leaders from within the ruling party, the African National Congress. Are we witnessing the perhaps inevitable fall of the broad church of the Congress movement in all its glory, all its innocence and tragic hubris?

Make no mistake, there are grounds aplenty for criticism of the national leadership. The failed stewardship of the national electricity grid has been predicted since before the 2008 global financial crisis. The degree of culpability for the destruction of the national water and solid waste management systems across the country from metros to ghost towns in a water-scarce country, many would argue, has long ago crossed from negligence to unlawful *actus reus*. The sordidness of this malfeasance appears at times to be even greater than the sanctity of liberation. Current ineffectiveness seems to accord with TS Eliot's description in *The Hollow Men* of "Shape without form, shade without colour, Paralysed force, gesture without motion".

But it does seem unfair to ascribe all culpability for the failings of government and policy to the current incumbents of

high office, when in reality a much larger elephant in the darkening room is the deepening level of inequality in South Africa. And this state of affairs has existed since before democracy and has the potential to lead to highly destructive violence unless concrete and visible actions are taken without delay.

Perhaps we have become inured to talking about the triple challenges of inequality, poverty and unemployment that face South Africa. Perhaps the structural complexities of the mutually reinforcing dynamics between these three social ills appear too entrenched for us to honestly believe that amelioration is possible.

Perhaps we fear that the whole edifice will topple, Jenga-style, and so we live in denial, and we seek relief, through the regular selection from a variety of possibilities, our scapegoats for the ills of our society.

But we have known for many years that inequality is a scourge in South Africa, and in recent years we have seen an increasing volume of respected reports that demonstrate how this inequality continues to deepen and grow.

And yet there is no call even for a commission of inquiry, let alone an effective policy response equal to the magnitude of the destructive force of inequality to the future of this democratic project. And having read some of the submissions of the incumbent party and opposition leaders around the 2023 February State of the Nation Address and Budget speech, inequality is not high on the agenda for change in the coming provincial and national elections either.

The policy prescriptions are known, and we have the benefit of the lessons of other countries who have been faced with similar challenges and made their own choices. The Tunisian denial of the impact of inequality led to a revolution. Brazil's adoption of unapologetic interventionist policies that included a national minimum wage and the introduction of an almost universal cash transfer programme and zero hunger policies under President Lula's PT party from 2002, transformed the face of a much larger country that faced similar inequality trends to South Africa.

WHAT DO WE KNOW ABOUT INEQUALITY IN SOUTH AFRICA?

The Gini coefficient is one of the best-known measures of inequality internationally. A measure of 1 represents a society in which one person owns everything. A measure of zero represents a situation of collective ownership for all.

While unemployment is an obvious driver of poverty, wage inequality, or the 'wage gap' between the highest and lowest income earners, is one of the greatest drivers of inequality in South Africa.

In a 2023 global comparative report on income inequality, South Africa ranked 0.63. The US, a country renowned for its inequality, ranked 0.33. Sweden ranked 0.29 and Brazil ranked 0.53.

The findings on the extent and impact of wage income inequality were widely published in a 2010 OECD report on South Africa. Regular release of data showed the growing bifurcation of wage incomes by academics, by Statistics South Africa's 2019 Inequality Trends report and regular World Bank reports, and yet not even the obvious tool of fiscal policy has been used to reverse this trend.

Even more worrying in South Africa is the silence over the growth of wealth inequality. The shroud of secrecy over who has owned what for decades is virtually unchallenged. A 2018 Oxfam International report on inequality stated the obvious: the relationship between wealth and income is fundamental to inequality. Today's income inequality becomes tomorrow's wealth inequality, which deepens income inequality.

According to the 2019 StatsSA Inequality Trends report, while the richest 10 percent of the population has a 56 percent to 58 percent share of income, they have approximately 95 percent of all wealth. Furthermore, in South Africa, for the top 1 percent of the population, incomes from shares, profit and capital gains represent almost 50 percent of their total income, and one of the key drivers of South Africa's income inequality is the higher growth rate of capital income compared to labour income.

Over the same period the economy grew by 4 percent, income from capital grew by between 10 and 20 percent for the top

5 percent of the population.

And, of course, these patterns are highly skewed by race and gender. Legacies of the past that continue to shape not only our current existence but our futures, as we prevaricate and do nothing.

Exogenous shocks will shake the foundations of any society or economy. Global pandemics, climate destruction, the fallout of a war that is not our own or being caught up in the wake of international terror financing routes – these are beyond our control. What we do have to take responsibility for however is an assessment of how sturdy the foundations of our society are. When in good times we will not commit to dismantling the rotten core of inequality, we should fear the destruction that will come with the next apparently random event. We need to tackle the horrific impact of inequality in South Africa with courage and decisiveness.

While we cannot change everything overnight, what many have called for is the policy of a universal basic income

grant. As the introduction of the Covid-19 grant showed, this is something that could be rolled out immediately. No one ever will ever go to bed in South Africa not knowing if they will have enough food tomorrow – the successful outcome of two of Brazil's successful inequality interventions.

Research has shown that it would have an immediate impact on meeting basic needs and shock priming a rejuvenation of the economy, even in the current energy-hungry times. It has also been demonstrated to be affordable if introduced at a decent level, accompanied by much-needed reforms of the restrictive goals of South Africa's failing macro-economic policies.

A decent universal basic income grant is no silver bullet, but it might just buy some time while we dismantle the more stubborn architecture of generations of elite capture. For Eliot's *Hollow Men*, the inevitable end came: "This is the way the world ends ... Not with a bang, but a whimper."

The choice is ours.

New SPI documentary takes a look at the R350 grant

SPI has just completed shooting a new documentary on the R350 social security grant, which government introduced at the time of Covid-19. From the analysis of the R350 grant, the relief it offered as well as the shortcomings lead to concluding arguments for a universal decent income grant, as put forward by experts, led by Minister Lindiwe Zulu, Minister of Social Development.

South Africa has a highly progressive constitution that guarantees human rights to all. However, currently more than a quarter of all South Africans live in hunger and over half of all South Africans live in poverty. South Africa is also the most unequal country in the world, with extreme wealth and poverty living side by side, as the movie shows. Unemployment affects over 4 out of every 10 adults, and over 70% of youth between 15 and 24 years old.

Despite the right to social security in the Constitution, until the R350 grant was introduced, there was no social security available for able-bodied working age adults

Universal Dignity: Moving from the R350 Grant to Universal Basic Income makes BIG sense, is a documentary about what the R350 Covid grant meant to recipients and how a universal basic income grant (BIG) could transform our future.

Directed by Diliza Moabi of Wanaya Productions and produced in partnership with UNICEF SA, the documentary captures the stories, hopes and disappointments of R350 grant applicants and beneficiaries as the policy unfolded. The narrative is supported by five key experts talking about the policy sense and battles for the future of the R350 grant, and for many, the call for a universal basic income grant to put bread on the table and to tackle the hopelessness for millions of people against an unsustainable inequality that will, some of the experts argue, be the undoing of the South African democratic project.

The devastation of living in chronic multidimensional poverty is well captured on film. The sights and sounds of the lives associated with deprivation provide a stark reminder of reality for millions of people, as beneficiaries invite us into their homes and their lives.

The sights and sounds of the lives associated with deprivation provide a stark reminder of reality for millions of people, as beneficiaries invite us into their homes and their lives.



Editor's note

By Gershwin Wanneburg

I'm delighted to be back on the pages of SPI Talk to help spread the message about the vital work being done by this intrepid, can-do organisation. Thank you to the executive director of SPI, Isobel Frye, for the kind invitation!

Choosing a theme for this quarter was probably easier than any of the editions of SPI Talk I have edited over the past few years. That's because the Eskom-manufactured darkness pervades every aspect of our lives and has begun to take a heavy psychological toll.

As I write this, my family and I are recovering from an extended bout of darkness. We went to bed in the dark and woke up to it. All this as the days are becoming shorter, heightening our sense of dismal confinement.

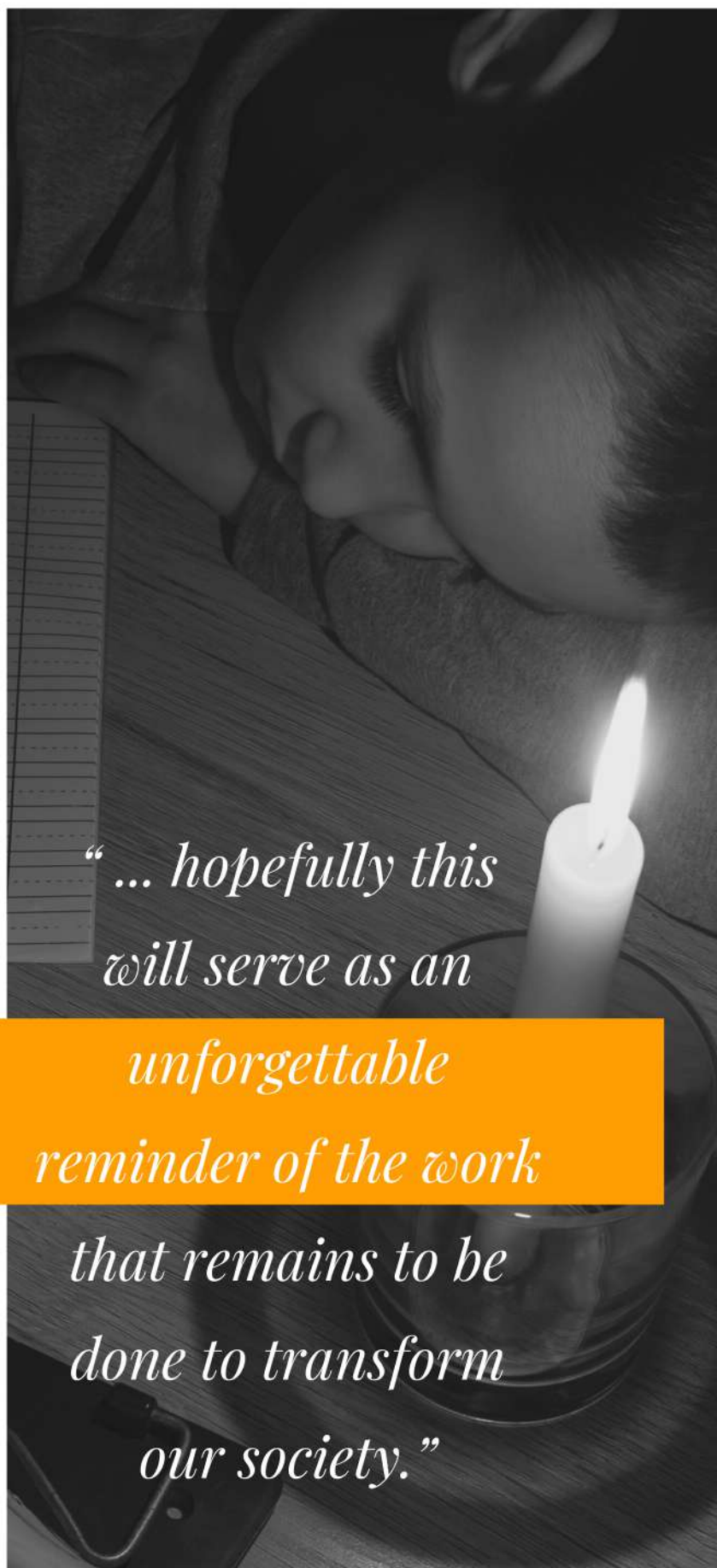
With this edition, we hope to do more than reinforce the gloom that surrounds us in our daily lives. Our aim is to expand the conversation around the crisis – to provide you with real-life human stories about how this country's electricity crisis has affected South Africans. In doing so, hopefully this will serve as an unforgettable reminder of the work that remains to be done to transform our society.

With that in mind, we bring you the story of entrepreneur Monwabisi Bendile, who lost his livelihood after rolling blackouts brought his business to a halt at his once-thriving tavern in Soweto. His lack of income has had far-reaching consequences that go beyond his immediate family. As he told us: "It attacks your pride and sense of dignity as a man, especially if you don't have anyone who can take over your role in the meantime. Everyone is looking at you for answers, even when they can see you have nothing to offer."

Monwabisi's former employee, Busisiwe Skhosana, told us that she's been left feeling like a "half-mother."

Equally heartbreaking is the story of Juleen Links, a single mother of three young children, who relies on social grants to see to their needs. We hope to monitor her progress in coming editions of SPI Talk to illustrate the challenges that families face on the poverty line. For Links, such an existence has led to her youngest ending up in hospital as a result of malnutrition. As we speak, Links and her children face the risk of losing their home, while battling the disruptions caused by Eskom's failure to keep the lights on.

Other pieces in this edition of SPI Talk also touch on the creeping impact of loadshedding. From interest rate decisions to social justice, no part of our South African reality is left untouched.



"... hopefully this will serve as an unforgettable reminder of the work that remains to be done to transform our society."

In the latter article, I argue that Eskom has a track record of failing us, meaning we should demand more than the mere basics from this mighty utility that has drained our public purse – and we should not let up when/if they finally fix the electricity crisis.

Rising electricity prices have given the Reserve Bank another excuse to keep raising interest rates – in fact, Governor Lesetja Kganyago recently said that it is hard to say when we will reach the top of the current cycle. Read what I have to say about the Bank's monetary policy stance in a piece titled, "Is the SARB acting in our best interests?"

Still, I hope the following pages leave you enlightened, rather than disheartened. Finally, I have to extend a special thanks to Monwabisi, Busisiwe and Juleen for sharing their stories with us. In each instance, they were gracious, patient and transparent. They certainly deserve better.

The toll of loadshedding...

“ We need little to survive. We are not asking for much. ”

By Dimakatso Phaahla

Until recently, Monwabisi Bendile was a proud father who was able to put a roof over his family's heads, afford clothes and school fees for his three children, and pay his bills.

That was until rotating blackouts shattered his world.

Bendile, 47, was the owner of Skype Lounge, a thriving establishment in Orlando East, Soweto. He took out a R200,000 loan to start the trendy tavern three years ago and had made headway in paying back the debt. He got through the challenges posed by Covid-19 restrictions and was ready to kick on, until month after month of rolling power cuts forced him to shut the doors of his business. His neighbourhood experienced a full eight months of rolling blackouts in 2021 and constant load shedding in 2022.

Skype Lounge shut down in December, and his life has taken a depressing turn.

“I am sitting around, and I don't know what to do. I haven't gotten a new job or made a plan B. If I was doing a different business, I would still be open and fighting, but if you make people food and serve them drinks, a small generator can't handle a fridge and a stove sustainably,” Bendile said.

“When the lights go on and off, I feel a deep sense of loss because it's a reminder of the instability loadshedding has caused in my life.”

During his local government elections campaign in 2021, President Cyril Ramaphosa promised Soweto residents that Eskom would attend to the rolling blackouts, which had left them in the dark for months.

The power utility has been at great pains to get rid of the electricity debt, with Gauteng Premier Panyaza Lesufi earlier this year saying he is on a mission to get the R5bn owed by Soweto residents to Eskom written off.

But those promises have come to nothing. Speaking with a sense of defeat, Bendile said his loved ones were suffering as a result.

“When the lights go on and off, I feel a deep sense of loss because it's a reminder of the instability loadshedding has caused in my life.”



“When I built the business, I borrowed money and used some of my savings. I used R200,000 and so far I have paid off R140,000 but I'm still struggling to pay off the R60,000. I can't keep up with taking care of my family. I'm always frustrated.

“I have three months without being able to contribute towards my kids' school transport and taking care of them. Whatever little money I have, I prioritise my children. I'm always stressed. I was making profit and was able to provide for my family and pay my employees. Some of them are renting and I had to help some of them pay for rent.”

When the lights went out at Bendile's liquor outlet, Busisiwe Skhosana, 28, also felt the impact. With the money she earned at Skype Lounge, she was able to look after her three children, 10, six and four years old. But now, she hardly has money for their lunch box.

“To people like Ramaphosa, electricity is just electricity, but to me it's a tool that helped me take care of my children. Without a job, I feel like a half-mother who can only do so much. On top of Covid, we have to deal with the power outages that take so much from us.





I wish they would consider us people at the bottom. We need little to survive, we are not asking for much. Losing my job changed my life drastically. I haven't been able to get a stable job since that December," she said.

Her first-born son suffers from a severe mental illness [she asked not to specify] and goes to a special needs school in Tsakane in Ekurhuleni, about an hour's drive from her home in Soweto. Skhosana used to be able to visit her son on a monthly basis, but now she can only afford to visit him on school holidays for one day.

"My last-born is a girl and I had to take her back to the village in Bergville [KwaZulu-Natal] to my mother, so that I can cope with taking care of the second-born too. My first-born's well-being depends on my visits as he's not allowed to leave the school and can't come to visit. I feel like I'm neglecting him but it's not my doing—he needs to be stable," Skhosana said.

Her personal history also stops her from getting a proper job.

"I grew up thinking my stepmother is my mother. I don't know my biological mother, so there has been a problem with me getting an ID [Identity Document]. I rely on informal work for a living. The loadshedding makes my life more complicated," she said.

"To people like Ramaphosa, electricity is just electricity, but to me it's a tool that helped me take care of my children. Without a job, I feel like a half-mother who can only do so much

Bandile carries a strong sense of responsibility for Skhosana and his other former employees.

"I feel a deep pain when I see them in the streets, and I can't help them. They keep asking when I am reopening the business as they are struggling to get other jobs or make ends meet," he said.

"I had invested so much money in the furniture for the business and now it's sitting in storage, and I worry about it being stolen or getting damaged."

He said that as the sole provider in his family, unemployment has taken a psychological toll on him.

"It attacks your pride and sense of dignity as a man, especially if you don't have anyone who can take over your role in the meantime. Everyone is looking at you for answers, even when they can see you have nothing to offer.

"My employees are also always on my mind, because they are people whom I also hired not only because they are good at the job, but that I know their personal circumstances. Sometimes extended family also need help from you. I feel down and out. I'm helpless because what I got them used to, I can't continue to provide."



A different kind of power struggle

Eskom's sins did not begin with state capture, or loadshedding. From its inception 100 years ago, it was designed to meet the needs of a small group of oligarchs, beginning with the mining sector. Since then, little has changed to shift that orientation.

The fact that Eskom withheld services from black South Africans under apartheid is well-known, but there is also evidence that, before 1994, it actively conspired against black employees, not simply denying them professional opportunities, but deliberately implementing harmful policies that resulted in multigenerational suffering.

At least that was what I found while doing a story several years ago, published in Saturday Star. My records from the time are a bit patchy (and so are internet search results), but that was around 2008. As part of my legwork for the story, I interviewed Andries Gerhardus, one of possibly hundreds of former Eskom employees who had lost their homes due to dodgy policies that seemed only to target non-white workers – only a portion of the irregularities that I uncovered.

Gerhardus, who was 56 years old when we spoke, had worked for Eskom for 13 years, before retiring for health reasons in 1992. He spent much of his pension money fixing up his suburban home in Blackheath on the Cape Flats, and bought a car, expecting to receive further insurance compensation through his mortgage protection policy acquired via Eskom. That never happened.

About a year later, he received a letter saying that his insurance claim had been rejected. Soon his money ran out and he fell into arrears on his bond. His home was eventually sold out from under him.

What happened to Gerhardus appears to be part of a much wider scheme that ensnared hundreds of Eskom employees, who were meant to receive housing subsidies from Eskom but seemingly never did. When they fell into arrears – usually when they left the company, as in the case of Gerhardus – their homes were repossessed. Gerhardus was convinced that the accompanying anguish took his wife before her time.

“(The loss of the house) knocked her to the ground ... She blamed me,” he told me. “I was totally lost.”

Meanwhile, Gerhardus's material circumstances only deteriorated. He went from being a homeowner to a backyard dweller and ended up in Wesbank, a low-income housing project on the outskirts of the Cape Flats.

When they fell into arrears – usually when they left the company, as in the case of Gerhardus – their homes were repossessed. Gerhardus was convinced that the accompanying anguish took his wife before her time.

***By Gershwin
Wanneburg***

Eskom denied any wrongdoing when I contacted them for the Saturday Star article. But in 1995, Eskom urged home subsidy recipients to come forward to claim money that they may be owed, according to a notice published by the Department of Public Enterprises.

In a written Q&A, Eskom denied that it had implemented racist policies. But during my research back then, I came across a [SAPA news report](#) that indicated just how entrenched racial discrimination was at Eskom.

“In 1997, Eskom CEO Willem Kok testified before the Truth and Reconciliation Commission at a hearing in Johannesburg, where he apologised to black South Africans. A news report from SAPA, published on 11 November 1997, quotes Kok as saying the following:



“Eskom wishes to apologise to all black South Africans in general and black Eskom employees in particular for the fact that it entertained apartheid policies and, through its actions, perpetuated it.

“In addition, Eskom wishes to apologise to all South Africans, regardless of race or colour, for the fact that, as a major player in the South African industry and the economy as a whole, it did not take active steps to facilitate the demise of apartheid and racial discrimination.

“Also, for not using its link with the government to influence its thinking and apartheid-based policies.”

In these comments, Kok seems to suggest that Eskom’s offences were limited to unfair labour practices or excluding black people from the energy grid, but that is far from the truth.

Volume six of the TRC’s final report summarises the role Eskom played in upholding the apartheid system, and concludes that, like other parastatals, it had a reparations case to answer. This case boils down to two major factors:

- The role of foreign lenders in supporting key institutions of apartheid, referring to the \$7.5 billion that overseas lenders provided to Eskom between 1950 and 1980.
- The failure of parastatals to invest in infrastructure and services for the majority of South Africans, even though they relied on public funds.

“Hence there is a case for highly subsidised investments in electricity and other services for the poor black majority today,” the TRC report adds.

It could be argued that, even today, Eskom, to a large extent, has not rid itself of the historical baggage that excludes and disadvantages marginalised communities, and therefore the social justice issues raised by TRC still hold, especially as Eskom continues to inflict harm on the lives and livelihoods of South Africans, as stories elsewhere in this publication illustrate.

Following 1994, Eskom made much of its efforts to fill the racialised energy gap, as if that was its only historical transgression. And, for a while there, Eskom was succeeding in its effort to rehabilitate its image, frequently being named a top employer and winning plaudits for the cheapest electricity costs in the world.

However, that narrative was rudely disrupted in 2008 when loadshedding reared its ugly head. The fact that all was not well at the state utility could no longer be disguised.

In truth, though, loadshedding has only revealed part of the story. Eskom’s relationship with the country was never really about serving its citizens, certainly not the black population. Historically, it was set up to meet the demands of industry, not people.

Take, for example, its track record on pollution. Together with Sasol, Eskom plants have for long been associated with soiling the air of communities in surrounding areas, leading to a range of health problems among its neighbours.

[In 2018, a Greenpeace report found that Mpumalanga, home to 12 coal-fired power plants, had some of the dirtiest air in the world.](#)

[Environmental activists took the government to court in 2019 to hold them accountable for poor air quality in Mpumalanga.](#) Last year, the Pretoria High Court ruled that citizens have the right to clean air.

Still, the government is fighting back and appealing the ruling, on the basis that the court has overstepped the boundaries of the separation of powers.

The lesson to be gained from this is that Eskom was never really a friend of ordinary South Africans. If loadshedding were to end tomorrow, there is no reason to expect that to change.



Monetary policy: Is the SARB acting in our best interests?

By Gershwin Wanneburg

For as long as there has been inflation targeting in South Africa, there have been critics calling for its demise.

The SA Reserve Bank's recent rate hiking cycle has once again triggered such demands, but this time the criticism seems to have taken on a different timbre – one that seems to question the SARB's very credibility.

Instead of convincing us that the Reserve Bank is acting in our best interests, the Bank is doubling down on its inflation fixation. Even though it's clear that higher interest rates are strangling the economy, Reserve Bank Governor Lesetja Kganyago has indicated that the Bank aims to harden its monetary stance by lowering the inflation target to 3% from its current range of 3% to 6%.

Even if the Reserve Bank is set on inflation targeting, it is confounding that it shows no flexibility in how it arrives at that target or its monetary policy decisions, despite exceptional circumstances such as the Covid-19 pandemic. To begin with, why not invite a member of civil society to sit on the Monetary Policy Committee on a trial basis, perhaps without voting rights?

The MPC could even consider meeting less frequently, in order to wait things out in these volatile times. This seems a more measured approach than making episodic decisions with only a clouded view of the inflation outlook. Or, if the committee prefers its existing schedule, why not use some of those occasions simply to update us on its forecasts?

The SARB's single-mindedness is completely at odds with market realities and the constant evolution of economic theories. At best, the SARB is operating on the basis of its most noble intentions. However, when we are strangled by layer upon layer of structural issues compounded by round after round of crisis ... 2008 + The Lost Decade of State Capture + Covid-19 pandemic, and, and, and ... the word that comes to mind is quixotic.

Right or wrong, the SARB's inflation focus is certain to result in more losers than winners. Kganyago himself runs the risk of being judged in the same way as former US Federal Reserve chair Ben Bernanke. Not even winning the Nobel prize could shield Bernanke from being associated with the disastrous subprime market housing crisis that triggered the 2008 global financial meltdown. Worse still, Kganyago's SARB reign will be listed among the ANC's worst failures.

In a recent op-ed published by Daily Maverick, union officials accused the Reserve Bank of waging class warfare against working South Africans. The think piece is titled, "The working class is being sacrificed on the altar of Lesetja Kganyago's battle against inflation," and is penned by Trevor Shaku, national spokesperson of the SA Federation of Trade Unions, and Newton Masuku, provincial organiser of the Transport, Retail and General Workers' Union.

The message and tone of the Daily Maverick op-ed indicates a growing frustration, here and abroad, with the functioning of central banks. In the United States, for example, economists like Nobel prize winner Joseph Stiglitz have questioned the wisdom of raising interest rates.

Other economists have gone further, and argued, much like Shaku and Masuku, that central banks' focus on inflation is part of a broader ideological project that seeks to disempower the working class. Clara E Mattei, assistant professor of economics at the New School for Social Research in New York City, argues that the fixation on containing prices is akin to the failed austerity politics of a decade ago. Given its unpleasant connotations, politicians and technocrats no longer use the term "austerity" but the objective is the same – to retain the capitalist order.

Mattei points to the example of the US, where the Covid-19 pandemic resulted in a restructuring of the labour market that threatens the ruling capital structure.

"It is no longer the case that the lowest-paying jobs are eagerly taken up by a labor class; instead, many people have seemingly reexamined the merits of participating in a labor market rife with unappealing conditions. And as inflation makes wage work even less sustainable than it was before the pandemic, the problem is compounded," Mattei wrote in an October 2022 article published in The Guardian newspaper.

Therefore, monetary policy has become one of the tools to keep labour in check; the idea being to use higher interest rates to depress growth, increase unemployment and drive down wages. The objective is to maintain the vast pandemic-induced corporate profits.

For some, the short-term cost of a temporary economic recession is worth its structural gain; austerity restabilizes class relations and thus refurbishes the conditions for profits," according to Mattei.

Here at home, perhaps for the first time since inflation targeting was introduced 23 years ago, the SARB is finding itself in a position where it is not only explaining its policy stance, but also increasingly having to justify it.

Kganyago appears to have been on somewhat of a roadshow in recent months to make the SARB's case, in particular the notion that the Reserve Bank is not responsible for the country's economic outcomes.

On April 11, Kganyago delivered a speech at the Peterson Institute for International Economics in Washington, calling for bold economic reforms to stimulate growth. Among other things, he advocated for deregulation of the transport and electricity sectors, lowering the inflation target and "a shift in fiscal policy back to predictable, transparent rules."

From the vantage point of a remote observer, with every hawkish utterance Kganyago makes, the SARB's position appears shakier and shakier. Kganyago prides himself on having improved the SARB's communication with the market, but he appears to be falling short when it comes to making his institution's wishes known.

The latest MPC decision, for example, surprised the market with a larger-than-expected rate increase of 50 basis points. Economists were expecting a hike of 25 basis points.





The SARB's error is not that it doesn't get it right 100% of the time, but the fact that it presents its positions as unassailable. If the Bank wishes (credibly) to remain the guardian of inflation, there are some questions to consider, some of them highlighted in this opinion piece by commentator Andile Ntingi:

- The inflation-targeting model is inappropriate for a developing country with SA's level of unemployment. If we insist on a target, we should revise the upper limit by at least two percentage points to 8%.
- Hiking interest rates aggressively at a time when the SA economy is still recovering from the Covid-19 pandemic is ill-advised.
- Instead, we should be pursuing policies that stimulate investment and growth.

In addition, I would offer the following to reflect on:

- The conventional wisdom is that it takes 18 months to two years for interest rate hikes or cuts to work their way through the economy and show up in inflation; this is known as "the lag effect." If the Reserve Bank follows this doctrine, should the Monetary Policy Committee be making a judgement on inflation every two months?
- If it is true that high inflation is an inherent feature in our economy – as the SARB increasingly seems to suggest – that strengthens the case for more accommodative monetary policy, rather than weakening it.

As a parting thought, I encourage you to read the speech Kganyago made at the Peterson

Institute to gain an insight into his view of the prevailing global economy, in particular emerging markets, and South Africa. He also makes it clear that the inflationary environment is as clear as mud but suggests that he would rather raise rates now and ask for forgiveness later.

"The possibility of over-tightening is clearly real, but central banks can also rectify their stance more quickly than in the event where they 'under-tighten'." I leave the merits of that assessment to the economists among us, but I believe that says a great deal.

The longer the SARB clings to its stubborn dogma, the more it will find itself isolated and, dare I say, irrelevant, operating in an esoteric vacuum that is increasingly removed from the reality of its constituents, who are, at the end of the day, ordinary South Africans. After all, inflation is not merely a theoretical concept confined to charts and graphs.

Whatever the motivation behind the current monetary policy regime and whatever ideological position you take, it will have little impact on the outcome. Ultimately, there will be a price to pay.

Three years ago, one of Juleen Links's children ended up in hospital because of malnutrition. The mother of three has been diagnosed with depression.

The family relies on social grants and they barely get by; what with growing children to feed and clothe and unending medical costs that are no doubt linked to their poverty.

Links's struggle to care for her family is becoming increasingly common in South Africa, a middle-income country whose mineral wealth has produced billionaires from Johannesburg to London, but has consistently failed millions of people like Juleen and her little ones.

Their story forms part of a three-part series that looks at the challenges facing a South African family that relies on social grants in light of the economic shocks of the past three years. The project is conducted with the help of Cape Town-based community worker Calvin Coetzee, who runs a soup kitchen in his neighbourhood in Eerste River on the Cape Flats.

Over the course of the year, we will ask Links to share her experiences with us. She is a 47-year-old single mother who lives in a Wendy house in Eerste River with her three children: Mikael, 10 years old; Mikayla, 8 years old; and Carin, three years old.

Links recently got a casual job sweeping streets, earning her a monthly income of R1,750. In addition, she relies on R1,380 in child grants and the social distress relief grant of R350.

Her monthly expenses are between R2,000 and R2,500, excluding rent. Her key expenses include



“She was in hospital for six months because she was malnourished.”

food, rent, clothes for her children, milk formula for her baby and school-related expenses, such as stationery.

Asked how the Covid-19 pandemic affected her, she said: “At the time, I broke up with the father of my children. He left. We really struggled. Many nights we went to bed hungry or just with water, or porridge without sugar. I didn’t have a job yet. The man who lives opposite us, I would often clean his house.”

Her youngest ended up in hospital for six months. “She was very sick. I was in and out of hospital. She was in hospital for six months because she was malnourished,” Links said.

She said the family relied on food handouts at one of the local schools, while she worked a part-time domestic job to earn money. In the meantime, she is trying to find help for her youngest, who is deaf in her left ear. That involves frequent (and costly) trips to hospital.

Asked how the social security system can be improved, she said: “Many people abuse the Sassa system. For us, they can increase it a bit...Mikayla is deaf. I have to apply again for her to get a disability grant, but now I have to spend money to get her to hospital. Helderkruijn (primary school) doesn’t want to send her to a special school. She is 100% deaf in her left ear. She’s off-balance.”



THE LINKS FAMILY'S FOOD BASKET

These are the family's biggest expenses:

- Diapers R180
- 5kg Chicken R180
- 2.5 kg Sugar R50
- Nespray 500g milk R60



ABBEY KHAMBULE, JOHANNESBURG

ABOUT THE ARTIST

Abbey Khambule lives in Johannesburg. His work has appeared in Isele Magazine, Jalada Africa, Kalahari Review, Litro Magazine, New Coin, New Contrast, The Johannesburg Review of Books, The Pomegranate London, and elsewhere.

The following is an excerpt from his story, *The Lord of the Sun*. In an [interview with Brittle Paper](#), Abbey explains the inspiration behind this exquisite piece of writing:

"The story was simply inspired by a scene I witnessed earlier in the year while visiting family in Soweto. I arrived there in the evening while there was load-shedding and saw two young boys playing in the neighbour's backyard, a little distance from the elders who were circling a small bonfire. One boy was twirling a stick lit at the end, and the other watched in awe. The scene reminded me of childhood, playing fire spinning in the night."

The Lord of the Sun

Joel is sugar high when he peels open another swirl lollipop. His nerves are slightly overstrung by the long drive from the city to Dinga's home in the countryside. He reclines a little into the kombi's front passenger seat and plies his mind with thoughts of Dinga hoping it will crack open to the secret fairground—a lotus land nestled deep in his fledgling heart.

He peers through the kombi's window frame and across the long reach of desolate farmland and wonders why he feels this way about Dinga for Mother had warned him not to allow his heart to love boys. Mother said if boys are found to love each other, then real boys would snip at their peepes and bury them alive.

Mother let Joel sit in the front passenger seat of the kombi so he could roll down the window.

A wild midsummer wind blows over his patted hair. He imagines it ribboning into whorls of invisible ponies that gallop over his head and into the back where Mother is seated; twirling the kombi into a merry-go-round—a spinning equestrian world far hidden from Mother and her bearings. He pictures Dinga and himself riding ponies two abreast, dizzied with the many-coloured lights and looped music of that stolen sprint around the centre pole of the secret fairground. He wishes to turn to see Mother's eyes before he imagines more but is afraid to look; so, he thinks of them as the kombi's mirrors, seeing only what is behind her.

When they arrive at Dinga's home, they find him crawling bare knee and toe over burning stones, playing with a blade of yellow grass with which he marshals an army of fire ants.

His skin is burnt umber and a scarlet dungaree is tied at one shoulder. Joel watches with boy-like wonder as Dingaam orders the army into single file, marching the long procession of fire soldiers out of the blistering sun and into a tiny hole under the pepper tree to the side of him.

One of the skeletal fire soldiers crawls on Dingaam and meanders around his little finger and the small back of his hand. Joel can sense that the fire soldier is disarmed by the gentle way Dingaam commands his hand under him. And in sensing this, Joel feels strangely wrapped in Dingaam's skin and being walked on by the lost fire soldier. So much so that it feels like the fire soldier's feet are needle ends from Mother's wig when it grazes the nape of his neck. He looks on as Dingaam lays the blade of grass on the back of his hand, on the winding path of the lost fire soldier, so when he climbs on it, he flies him to the hole, to a little pocket in his playground world.

Mother reminds Joel to run along and play. He is stickied with sweat and lollipop sugar, baking in the sun and longing sorely for the shade of the pepper tree. He sidles over to the makeshift swing hung under the tree, grabs onto one of its wires, and, with half-burnt eyes, follows Dingaam over the stones and holes dotted around the theatre of his operations. He quietly tugs at the wire and wonders if Dingaam remembers him on the spring day that brought Mother and him there the last time. If he remembers crying with unbridled laughter as the swing flew him into the air and back, Joel's small hands catching him, aiming him at the sun and releasing him again into the air.

Joel remembers how very little they spoke on that spring day. How Dingaam seemed somewhat foolhardy and mystic—a celestial scarlet bird Joel would have followed to the edge of the cosmos. But instead, he followed him across a cloudy river of pollen and barbel fish, over pulled barbed wire fences and into a veld of sickle-bush that dropped

lanterns of lilac and gold, where Dingaam showed him how to aim a slingshot at weavers and Cape sparrows. And at sunset, he followed Dingaam home, where they lit ends of sticks of the velvet raisin and played fire spinning in the backyard. Joel delighted in being the one to show Dingaam something new: how to burn the stick slightly and quickly blow it out to leave the end rosy red. Afterward, he spun a few rings and danced for him like the fire dancers in the city circus. And finally, he took a bow as fire dancers do to end their display; this he remembers fondly as it was the one item that brought out a magical smile from Dingaam, and this warmed Joel's heart in ways that were new to him.

Another dissident fire soldier strays from the army and aims toward the half-licked lollipop Joel threw away. Dingaam orders him back with a gentle sway of his blade of grass, marching the panic-stricken warrior to the hole. He carries on with the operation for a good long hour; maybe two. All the while, never looking Joel's way.

The cruel noonday sun turns a silvery glow, crowning the back of Dingaam's head to his widow's peak, leaving his delicate face in its shade. Joel sits on the swing and looks on from under the shadow of the pepper tree. He settles there restfully until his sugar high wears off. Until he is no longer brave enough to say hello. Until the tired ponies, and lights and motors, and the tired song of the secret fairground retire in quiet and sad surrender.

Still, he looks on, quietly, and fixes a smile for when Dingaam will look up from his silver crown. But he never looks up. As Mother prepares for them to leave, Joel sees Dingaam round up one more group of fire soldiers into a hole. He watches Dingaam fill it with earth and feels his body suddenly grow deeply cold, numbing from within.

This story was originally published by [Brittle Paper](#).

SPI PROVIDES THE FOLLOWING SERVICES:

Bringing people together, "honest broker" at roundtables and seminars.

Conference host, bringing together a verity of stakeholders to share new information

Policy support and analysis

Training in research methodologies – on request

SPI IS A NOT-FOR-PROFIT PUBLIC BENEFIT ORGANISATION

TAX DEDUCTIBLE DONATIONS AND REQUESTS ARE WELCOMED TO ENABLE US TO BUILD OUR SUSTAINABILITY AND TO CONTINUE TO UNDERTAKE THESE CRITICAL PROJECTS.

CURRENT PARTNERS WHO MADE THE WORK IN THIS PUBLICATION POSSIBLE:

ACT CHURCH OF SWEDEN
UNICEF
FRIEDRICH EBERT STIFTUNG
CONSTITUTIONALISM FUND

Contributors:
Isobel Frye, Gershwin Wanneburg, Dimakatso Phaahla
Edited by Gershwin Wanneburg
Designed & Curated by Lamese Waterfield
Distributed & Published by SPI

CONTACT US

87 De Korte Street, South Point Corner,
Office 401, Braamfontein, Johannesburg,
2001

isobel@spi.net.za
www.spi.net.za
Tel. +27 (11) 833 0161