Common concerns and misconceptions: What does the evidence say?

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There is considerable evidence of the positive impacts of social grants on children living in poverty, yet public perceptions of grants and those who receive them are often negative. Some claim that large numbers of teenagers are falling pregnant to get the Child Support Grant (CSG) and believe that social grants create “dependency” on the state and reduce the likelihood that grant recipients will seek employment. Others are concerned that grant money is “misused”, or that the social grants system is unaffordable. This essay will argue that there is little evidence to substantiate these fears.

The essay considers the following four concerns:

- Do social grants encourage dependency and discourage work?
- Are teenagers having children to access the grant?
- Is the grant money misused by (CSG) recipients?
- Are social grants affordable?

Do social grants encourage dependency?

Despite the South African government’s constitutional commitment to providing social security, there are persistent concerns that social assistance will cause beneficiaries to become dependent on social grants from the state, and will discourage them from working.¹

Yet South Africa does not provide social grants to people of working age unless they have a disability and qualify for the Disability Grant. Therefore the fear that working-age adults will choose to rely on grants rather than work is not applicable to the South African context, as grants are available only to those who are elderly (over 60 years old) or too young to work (children), or who have a disability that prevents them from working. Poor caregivers – mainly women – receive child grants on behalf of children in their care, but there is no grant they can access in their own right to support themselves.

Concerns about dependency are expressed in different ways, but a common argument is that social grants are “handouts” that encourage people to rely on state support rather than working or using their own initiative to improve their situation. Instead of receiving social assistance, critics argue, grant recipients should be encouraged to become self-reliant. Underlying this argument is the notion that the poor are responsible for their own situation, whereas the non-poor have achieved their success through their own efforts.

These are global discourses and are not in any way specific to South Africa.² The debate about giving people a “hand-up” rather than a “handout” goes back to the notion of the undeserving poor rooted in pre-welfare state Britain.³ It is also found in the stereotypes of “welfare queens” in the United States in the 1980s, and such debates are still alive and well in conservative politics in the United Kingdom.⁴ Debates about dependency are particularly prevalent in discussions about welfare in developed countries, where welfare benefits are comparatively large. These views have influenced thinking in South Africa.

However, research from countries that provide a social security safety net does not show evidence of a dependency culture.⁵ For example, a 2015 study assessed the effects of government-run cash transfer programmes in six developing countries – Honduras, Indonesia, Morocco, Mexico, Nicaragua and the Philippines – and found “no systematic evidence that cash transfer programmes discourage work”.⁶ A recent review of evidence from 56 cash transfer programmes across the world, which included a component that looked specifically at the relationship between grants and adult work, also did not support claims that cash transfer programmes discourage adults from working.⁷ On the contrary, where significant effects were found, they tended to show an increase in levels of participation in work. And where grants were associated with a reduction of work, it was mainly among people who were elderly, caring for dependents or involved in casual work.

Research exploring attitudes towards grant receipt and paid employment in South Africa found little support for claims that the CSG reduces the incentive to find work or encourages dependency; this was not least because the monetary value of the grant (R360 per month) is so small compared to a family’s financial needs.⁸ Instead, the research found that both those in and out of work attach great importance to paid employment and believe that work promotes dignity. Respondents who were not working reported that they did not consider themselves better off claiming grants. The unemployed were highly motivated to work, and many were willing to relocate to find employment. However, the most commonly identified obstacle to employment was the lack of available jobs.⁹ With more than a quarter (26.6%) of the economically active population unemployed¹⁰ and a lack of demand for unskilled labour, many people simply cannot find work and so are unable to “help themselves”.

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¹ This dates as far back as the English Statute of Labourers of 1351 and subsequent “Poor Laws”.

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Debates in South Africa about poverty alleviation tend to frame social grants and paid employment as competing strategies for poverty alleviation, but this is a false dichotomy. Instead, people want to work, but in the absence of jobs or opportunities to generate a steady income, social assistance provides essential support. In addition, studies show that in households where social grants are received, people actively engage in other strategies to generate income, contrary to the belief that they are passive recipients of social assistance.

The stable income from social grants can also put recipients in a better position to search for work or start their own enterprises. Even a modest grant like the CSG can support caregivers’ access to work by contributing to the costs of childcare and sending a child to school, or funding job searches (see p. 49). However, this may limit spending on items such as food, which at least in the short term could dilute the more direct positive impacts of the grant for children.

Few would argue with the notion that children, the elderly and those with disabilities may be financially dependent on others because of their status. But in the context of widespread poverty and unemployment, it is also important to consider the needs of other impoverished groups, including caregivers. Who or what must they depend on? As it is, many adults are forced to depend on relatives or subject themselves to risky or demeaning methods of survival.

The role of the state (and by extension, society) in supporting those who cannot support themselves is part of the founding vision of post-apartheid South Africa, expressed in the Constitution. This is arguably a good thing. Rather than being seen as an alternative to work, grants provide support and opportunities for development for those in need. In conjunction with other essential investments like quality education and health care services, the CSG in particular is an investment in positive developmental outcomes for children, with the potential to benefit national development in the longer term.

Are teenagers having children to access the child support grant?
The belief that large numbers of teenagers are deliberately becoming pregnant to access the CSG is a stereotype that emerges in discussions about social grants, but empirical research does not support this. This belief is linked to negative views of those living in poverty, and to concerns about young people being “out of hand” and “irresponsible”. It is usually young women, rather than young men, who are blamed for becoming pregnant at a young age and who bear the brunt of social disapproval.

A number of studies suggest that there has been a levelling off or decrease in teenage fertility rates in South Africa. For example, a recent study using birth history data from six national household surveys to estimate levels of teenage childbearing found that teenage childbearing declined between 1980 and 2008, with a particular decline in the share of women who gave birth before age 18. Despite this, South Africa has high levels of teenage pregnancy compared to developed countries. Early childbearing is a concern because of the potential negative effects on both the teenage mother and child. But empirical studies have not found a link between the introduction of the CSG and teenage pregnancy. For example, one study did not find any significant positive association between the grant and the trend in teenage childbearing in South Africa on the grounds that there was a declining trend in teenage fertility (before and after the introduction of the CSG), and that teenagers are under-represented among CSG beneficiaries, relative to their contribution to the national fertility rate. This suggests that accessing the CSG is not the primary reason that teenagers become pregnant. Other studies have compared second pregnancy rates among CSG beneficiaries and non-beneficiaries, and found that adult women and teenage girls who received the CSG have significantly lower rates of second pregnancies. This indicates that the CSG does not “incentivise” women to have another child.

There is emerging evidence to suggest that receipt of the CSG is associated with a reduction in risky sexual behaviour. In addition, a recent study found that household receipt of a child grant reduced the chances of teenage girls engaging in transactional sex and sex with older partners, both risk factors for HIV infection.

The belief that teenagers become pregnant to access the CSG oversimplifies sexual decision-making and teenage pregnancy. Teenage pregnancy is not the result of a single factor, but rather the outcome of a complex interplay of risk and protective factors. For example, poverty intersects with lower levels of access to reproductive health services. Challenges are compounded by gender-based violence where girls are coerced into having sex or are unable to negotiate safe sex, while judgemental staff and a lack of confidentiality also compromise young people’s access to reproductive health services. Reducing teenage pregnancy requires a focus on tackling the factors that have been shown to contribute to teenage pregnancy. Furthermore, it is important to ensure that those teenagers who do fall pregnant are able to access all available support, including social grants, so that their children can benefit from the positive impacts of the CSG.

Is the grant money misused by (CSG) recipients?
Another concern commonly associated with cash-based social security programmes is that beneficiaries will “misuse” the cash, or spend it irresponsibly. This is particularly the case with the CSG. Perceptions of the misuse of grants in the media and wider society revolve around young women using children’s grants for their own benefit – to spend on alcohol or hairdressers, for example – and at the expense of the child.

An impact assessment of the CSG found that the top five reported uses of the grant were food, education, clothing and household durables, health and transportation – which represented 95% of reported uses. Numerous other studies have reported similar use of the grant primarily for food and basic necessities.
A recent study found an increase in expenditure on food items, and a decrease in expenditure on alcohol and cigarettes in households where children had received the CSG for a longer period of their lives.31 And there is substantial evidence that the CSG is associated with positive outcomes for child nutrition, health and education, demonstrating that despite the modest amount, the CSG is primarily spent in ways that support the well-being of children.

Why are concerns about grant recipients misusing the grant money so prevalent? In many respects, the attitudes that fuel this discourse are similar to those around concerns about dependency and fed by moral judgements about how poor people ought to spend their money.32 Concerns about the use of grants tend to be based on anecdotes about a minority that are generalised to the larger group. For example, a study of CSG recipients in Soweto found a commonly held view that grant recipients use the money for alcohol; however, when CSG recipients were asked about increased alcohol consumption in their own households, most indicated there had been no increase.

While there may be cases where the grant is spent on non-essential items, these tend to be the exception rather than the rule, and this is also the case internationally. A 2014 review of studies from developing countries in Latin America, Asia and Africa found no evidence that cash transfers prompt increases in spending on “temptation goods” such as alcohol and tobacco.33 Instead, the majority of studies found no significant impact of cash transfers, or found a reduction in spending on these goods after receipt of the cash transfer.34 This finding applied to both conditional and unconditional programmes. Despite some anecdotes about the use of cash transfers for alcohol and tobacco in qualitative reports, the study found that, at an aggregate level, cash transfers do not increase the consumption of temptation goods.

Some might view the use of grants such as the CSG for household expenses rather than the child alone as “misuse”. However, this “diluting” of the grant across household members is to be expected when there are limited opportunities to earn an income, and where there is no social assistance for the caregivers of children in their own right (unless they are elderly or eligible for the Disability Grant). The well-being of children is closely linked to the well-being of others in the household, and the impacts of the CSG on children could be enhanced if the gaps in the social security system were addressed to take into account the needs of caregivers and other low-income people within the household.35

Lastly, when caregivers were asked about their own use of the CSG, their primary concern was that it was too small an amount to meet the needs of their children.36 The developmental impacts of the CSG suggest careful budgeting in order to maximise the benefits of the grant – something caregivers themselves have described in qualitative studies.37

Is the system of social grants affordable?
The reach of the current social grants system is extensive, with 17 million beneficiaries in July 2016. This can give rise to questions about the affordability of social grants.
In an effort to reduce poverty and create a more equitable society, the government has expanded social assistance programmes and spending on health and education services. In 2016/17, total consolidated government spending amounted to R1.46 trillion, with more than half (R816 billion) devoted to social spending which includes health, education and local development and infrastructure, among others. The total expenditure on social grants directly funded from the fiscus is R140.5 billion in 2016/17. Within this, less than 40% (R52bn) is allocated to the CSG. 

A major goal of the 2016 Budget is to protect spending targeted at the poor, including social grants. Despite slower growth and reductions to the expenditure ceiling, social grant values were increased in line with inflation in April 2016 and sufficient budget has been allocated to ensure that all those who are eligible will receive their social grant. Over the 2016 Medium Term Expenditure Framework (MTEF) period, R11.5 billion was added to the social grants budget allocation for this reason. With general government revenue amounting to 27.7% of GDP and a budget deficit of 3.2%, there is increasingly limited fiscal space to extend social assistance, but total social grants spending as a percentage of GDP has been relatively stable in recent years and is projected to remain at 3.2% of GDP for the next three years. 

The social protection system has demonstrated its successes in many ways. A recent World Bank study on fiscal policy and redistribution in South Africa found that social grants are well-targeted to the poor, with 69% of all cash transfers going to the poorest 40% of South Africans. Furthermore, direct cash transfers (social grants) received from the government boost the incomes of those in the poorest decile (10%) more than 10-fold. This raises the income of the poor in South Africa far more than similar transfers in the 11 other middle-income countries in the study sample, including Brazil.

Spending on social grants is clearly important for poverty reduction, but is it sustainable? The National Treasury has built a long-term fiscal model to determine the sustainability of South Africa’s major social expenditures (including social grants) over the next three decades. It also includes a long-term demographic and economic outlook. The major finding is that South Africa’s current social commitments are sustainable provided that long-run economic growth remains above 2 – 2.5%. After years of fast grant growth, the system is expected to mature and stabilise.

The National Treasury’s projections suggest that population growth is expected to slow down and social grant beneficiary numbers will stabilise as coverage rates are already at high levels for the existing grants. If the growth in grant values continues to be linked to consumer price inflation to keep up with inflation (as has been the custom), this combined with slowing population growth will make the system increasingly affordable in the long run.

References

22. See no. 11 above.
23 See no. 17 above (Panday et al).
27 See essay on p. 44.
28 See no. 1 above.
32 See no. 11 above (Patel et al 2012).
34 See no. 30 above (Coetzee M 2014).
35 See no. 13 above.
36 See no. 11 above (Patel et al 2012).
38 The paper reviewed 19 studies with quantitative evidence on the impact of cash transfers on temptation goods, and 11 studies that surveyed the number of respondents who reported they used transfers for temptation goods.