The 1944 Pension Laws Amendment Bill: old-age security policy in South Africa in historical perspective, ca. 1920-1960

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DOI: https://doi.org/10.21504/sajg.v7i1.125

Abstract

This paper summarizes the first results of ongoing research into the origins and social and economic consequences of the 1944 Pension Laws Amendment Bill, which broadened the South African state pension system to include the African population for the first time. Preliminary analysis suggests that the emergence of modern social provision for the white elderly (1928) and the African elderly (1944) is due to somewhat different causes, albeit in both cases the introduction being associated with capitalist industrialization. The Social Pension Legislation in the 1930s and 1940s took up the poor relief notion of deservingness. Similarly, benefit levels mirrored, among other things, the anxiety of political actors about the danger of driving out family help by introducing public schemes. Although the state pensions for Africans were totally inadequate, they quite early on became decisive for the economic survival of many households. It appears that they were mainly spent on food and clothing. Surprisingly, de facto old-age pensions for Africans increased significantly in the 1950s. In contrast to the state’s view of welfare, older Africans felt entitled to a social pension. Finally, it is argued that the linking of the old-age pension to chronological age did not lead to the emergence of an old age as a chronologically defined stage of life because pre-industrial life-course models organized around the notion of “building the umzi” (homestead) were still very much alive, at least in many rural areas during the 1940s and 1950s. Considering the empirical, theoretical and policy relevance of the South African pension scheme and the paucity of knowledge about its timing and inner workings, further (historical) research is called for.

References

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Change to Old Age Security emerged as a controversial element of the Harper Conservatives’ last federal budget. Much speculation had been brewing in the months leading up to the budget’s introduction in March of this year, when federal Finance Minister Jim Flaherty announced its details in the House of Commons as part of C-38, his government’s omnibus budget bill. The program is unrelated to employment history, in contrast to the Canada Pension Plan (CPP), the other main prong in the federal government’s pension system for Canadians (Quebec has a separate contributory pension scheme, the Quebec Pension Plan). Old Age Pensions and Policy-Making in Canada. Montreal: McGill-Queen’s University Press, 1974. Guest, Dennis. Presenting old-age pension certificate for payment, c. 1899 (Auckland Libraries, AWNS-18990929-1-3). The Act gave a small means-tested pension to elderly people with few assets who were ‘of good moral character’. Although Germany had earlier introduced a contributory state pension, New Zealand’s was the first in the world funded from general taxation. It was one of the major achievements of Richard Seddon’s Liberal government. The Liberal reforms of the 1890s attracted international interest and seemed to symbolise New Zealand’s egalitarian ethos. The South African pension system is composed of a non-contributory, means-tested public benefit program, various pension and provident fund arrangements and voluntary savings. The old-age grant provided by the government under pillar 1 is the main source of income for 75% of the elderly population in retirement. Employer-based retirement plans have a long history in South Africa. The retirement funding system has been in place since 1956 when the Pension Funds Act was passed. For 75% of the elderly population the old-age grant is the main source of income in retirement. The draft version of the Taxation Laws Amendment Bill sets out a simpler taxation structure for lump sum payments. Once in a lifetime, ZAR 300,000 (EUR 32,300) could be withdrawn tax-free.