

Inequality in south africa nature: causes and responses



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South Africa is the country with one of the highest inequality rates in the world. This is not in all surprising as for most of the past century the majority of the country's population was forcefully discriminated against. But why after 16 years of democracy does it seem like times are now even harder than they were during the white regime? South Africa's distribution of wealth is still divided unequally among races. In our current day twice as much is spent on blacks per capita then on whites by the state. Taking this into consideration together with our affirmative action programs as well as the millions spent on black economic empowerment, our levels of inequality have still have not improved much since the early 1990's. (CDE Round Table no 15)

Inequality causes: Too many current policies have actually deepened inequality.

South Africa's current growth path seeks to generate high-productivity, high-wage jobs, which raise the returns for those with education and skills while excluding those without them. The effect of this has been compounded by wage settlements, especially in the public sector, which have widened the gap between the employed and the unemployed, while also reducing the resources available to the state to deliver services to the poor. BEE, too, has helped to widen inequality among black South Africans. Many current policies help to ensure that the black share of income has risen more at the top end of the scale than lower down.

Unless there is a plausible route for individuals to move from poverty to higher levels of income based on their own efforts and achievements, it is

difficult to see how poorer South Africans can feel that they have a chance at a better life.

Poverty:

According to (Poverty and Inequality in South Africa 2004-2014) 40% out of South African people are living in poverty and 15% of the poorest are living in a struggle just to survive on a daily basis. This discouraging statistics illustrates that 18 million out of the 45 million people living in South Africa still have been unable to experience our freedom found by the termination of the apartheid regime.

If we take a look at the current unemployment statistics (which is a good indicator of poverty) we can see that there is some improvement happening. According to (SA unemployment rate declines) statistics South Africa stated in its Quarterly Labour Force Survey that for the last quarter of 2010 between quarters 3 and 4 employment increased by 157 000 this causing the formal sector to gain 120 000 jobs and the informal sector gaining 53 000 jobs, but with this came the negative information that the agricultural industry lost 13 000 jobs. Even though it was stated that the unemployment rate declined from 25.3% to 24% in the third quarter of 2010, it still doesn't seem like anything to celebrate when we look at the fact that there was an annual increase of 5% in the number of individuals who are not economically active and over half of those being discouraged workers.

There are a few causes for this unemployment rate that is a leading cause in South Africa's poverty issue. These include a lack of skill amongst South African, poor quality and lack of education as well as the impact of HIV/AIDS. <https://assignbuster.com/inequality-in-south-africa-nature-causes-and-responses/>

The minister of finance stated in the (budget speech) that the department of labour made an estimate that in order for SA to maintain our current level of growth we still require half a million more skilled workers. It was also added by our executive director of the Centre for Development and Enterprise, Ann Bernstein, that we also lack the skilled people needed in order to up-skill the individuals lacking skills.

Skills shortage is a major constraint on growth. In 2007, there was an estimated shortage of 300, 000 skilled workers. 28 The unintended consequences of affirmative action have decreased the pool of skills, as skilled minorities have emigrated. In addition, the education sector is still not producing the type of skills the economy needs. The skills crisis is exacerbated by an inept Home Affairs department, which inhibits the global recruitment of skills. This ineptitude undermines South Africa's competitiveness, and leads to an exaggerated " brain drain" and missed opportunities for " brain gain".

The Sector Education Training Authorities (SETAs), which absorb 1% of the total wage bill (estimated at no less than R6 billion for 2008 and expected to rise to R9 billion by 2011)²⁹, have only been able to train 7, 000 new workers per annum. 30 The SETAs have thus not sufficiently developed or upgraded the skills needed in the country. In addition, they do not adequately address the problem of those outside the labour market. They are generally bureaucratic, inefficient and too often corrupt. As a tripartite institution set up by business, government and organised labour, the SETAs have not been held accountable for developing the skills of the South African working population, nor has business been sufficiently insistent and specific

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about their skills requirements. The private sector has also not sufficiently committed itself to training for the skills it needs. The lack of coordination between the labour and education departments further exacerbates the problem.

There is a general malaise in producing the skills essential to a modern competitive economy. The SETAs have become 'convenient' vehicles to demonstrate business compliance in contributing to the skills levy, but little serious apprenticeship and technical training have taken place. The SETAs have disarticulated job training from the shop floor which is the virtue of apprenticeship training. The number of apprentices trained has dropped significantly compared with the apartheid period. In 1975, there were 33,000 apprentices registered in South Africa; by 2000 there were only 3,000. The Joint Initiative on Priority Skills Acquisition (JIPSA) unit estimated in 2007 that South Africa produced about 5,000 artisans a year, which will have to rise to 12,500 a year for the next four years to meet the demand for a projected increase of 30,000 over the period 2007 to 2010.³¹ The culpability of government for the closure of 100 technical colleges and 14 tertiary institutions for the amalgamation of universities and technikons in 2001, matches the culpability of organised business and labour for failing to collectively address the skills crisis.³²

The failure of the tertiary sector to produce the requisite skills for a growing modern economy is fuelled by the poor quality of matriculants, weak management and poor academic performance at senior levels, and weak linkages between tertiary institutions and the private sector.

http://www.dinokengscenarios.co.za/sa_lia_economic.php

SA unemployment rate declines

The number of people in the labour force increased by 121 000 between third and fourth quarters of 2010, Statistics South Africa said on Tuesday.

The agency said in its Quarterly Labour Force Survey for the fourth quarter of 2010 that employment also increased by 157 000 between quarters three and four, with the formal sector and the informal sector gaining 120 000 and 53 000 jobs respectively.

The report said the agriculture industry lost 13 000 jobs, while private households remained virtually unchanged.

The number of unemployed persons decreased by 259 000 between the quarters, while the number of “discouraged work-seekers” increased by 117 000.

“The unemployment rate declined by 1,3% between quarter three, 2010 [from 25,3%] and quarter 2010 [to 24%),” the report published in Pretoria on Tuesday said.

“Compared to quarter four 2009, there was an annual decrease of 0,9% [118 000] in employment, a decrease of 2,1% [89,000] in the number of unemployed persons, and an increase of 5% [711,000] in the number of persons who are not economically active — 440 000 of which were discouraged work-seekers.” — Sapa <http://www.mg.co.za/article/2011-02-08-employment-up-says-stats-sa>

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by Kallie Szczepanski

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A handful of black South African multi-millionaires now cruise the streets of Cape Town and Soweto in Porches and Lamborghinis, and the middle class is growing. That's the good news.

The bad news is that the overall distribution of wealth is still divided along racial lines, and for some of the poorest of the poor, times are even harder now than they were under white minority rule. The top 20% of families make 60% of the money in South Africa. The bottom half of families take home only 15% of the wealth.

Fourteen years after the fall of the apartheid system in South Africa, the country is a study in contrasts.

Take, for example, unemployment statistics, an important indicator of poverty. The unemployment rate for black South Africans is 41. 2%, among the worst in all of Africa. White South Africans have an unemployment rate of 5. 1%, among the best in the developed world. 17. 1% of South Africans of Indian descent are out of work, while 19. 8% of the mixed-race or “ colored” population is unemployed.

Even more significant, in terms of hope for the future, 51. 4% of youths aged 16 to 24 are unemployed. That means that once young people graduate or drop out of school, more than half of them are unable to find work. Many of these young people turn to black-market activities, such as the drug trade or prostitution, or support themselves through robbery and violent crime. South
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Africa is losing the next generation of workers and leaders, while the very wealthy fear for their property and lives in the face of one of the world's worst epidemics of serious crime

More facts about inequality in South Africa:

The average black worker makes 12, 000 rand per year (\$1525 US). A white worker averages 65, 400 rand (\$8, 270 US).

About 71% of white South Africans have at least a high school education. 22% of blacks have finished high school.

18% of black households have running water, while 87% of white households do.

95% of white families have a telephone, and 46% own a computer. For black families, 31% have a phone, and less than 2% have a computer.

When Nelson Mandela led the peaceful transition to black majority rule in 1994, most South Africans and foreign observers alike hoped for swift and sure progress toward equality for all.

Today, however, many black families scrape by on \$3 US or less per day. They struggle to scrape together the \$25 yearly school fees for their children. Even if they come up with the money, often the kids have to go to class hungry, so it's hard for them to learn.

The scourge of HIV/AIDS also afflicts poor communities disproportionately. Many men have been forced to leave home to find work in mines or on large

farms far from their families. When they return home to their wives, sometimes they bring HIV with them. The poverty stricken population has no access to effective anti-retroviral treatments unless a local government clinic provides the drugs for free. Until recently, President Thabo Mbeki bizarrely denied that AIDS was caused by the HIV virus, limiting the availability of treatment for those who depended on the government for help.

For the poorest black South Africans, perhaps the cruelest irony of all is that their lives are no better now than they were in 1994. Sometimes, dashed hopes are even more devastating than outright hopelessness. <http://www.helium.com/items/1002622-poverty-and-inequality-in-south-africa>