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## **South Africa: Rising Poverty & Unemployment**

### Introduction

Apartheid, enacted by the South African government in 1948, was a regime that institutionalized systemic racism, resulting in widespread discrimination, injustice, and inequality. Despite abolishment in the early 1990s, many South Africans still experience racism and prejudices attributed to Apartheid (Hardy). This is especially noticeable in the treatment of certain communities contributing to widespread food insecurity, unemployment, poverty, and less access to vital services such as clean water, education, and healthcare (Government of South Africa).

### Government Services

While over 90% of children attend secondary school many do not graduate with sufficient literacy and numeracy skills. Over 25% of these students drop out of school before they complete their education (Government of South Africa). Access to quality healthcare in South Africa is often not affordable, even with NHI, South Africa's universal healthcare, as it faces significant issues such as budget constraints (Government of South Africa). 87% of families have consistent access to piped or tap water, and 89.9% of families have access to electricity, but due to load shedding electricity is only accessible at certain times of the day (Government of South Africa). Load shedding is the name used for regularly scheduled blackouts in South Africa to reduce the strain on the national power grid as it is unable to continuously supply electricity to the whole country.

### Families, Unemployment, Poverty, & Social Inequalities

#### *Families*

The typical family size in South Africa is between 3 to 4 people, with 83.5% of families living in formal dwellings. 12.2% of families live in informal settlements, 13.8% of which benefit from government subsidies (Government of South Africa). The median household income in South Africa is 238,195 Rands, or \$12,471.01 US Dollars (Global Data). Over 45% of South Africans diets fail to contain enough nutritional diversity, and over 40% of the population are nutritionally deficient and food insecure, with their typical diets being mainly based around starches such as maize, bread, and rice. Low income families notoriously have less access to nutritiously rich and diverse food and have a low average intake of fruits and vegetables (Staff Writer).

#### *Unemployment & Poverty*

Despite persistent economic challenges, unemployment rates in South Africa have remained largely unchanged, only rising marginally from 31.9% in 2023 to 32.1% in 2024 (Government of South Africa). Factors such as the Covid-19 Pandemic, inadequate education, and the lasting impacts from the Great Recession—2007 to 2009—have impacted high unemployment rates. Higher unemployment, with the addition of previously listed factors tend to correlate to higher poverty rates (Wangare and De Lange). About 49.2% of the population is currently below the upper-bound of the poverty line (Department: Statistics South Africa), and it is estimated that by 2025 about 48.96% of the population will be food insecure (Pillay).

#### *Social Disparities*

Poverty and unemployment tends to disproportionately affect women in South Africa as 52.2% live in poverty and 45.7% are unemployed, while only 46.1% and 35.1% of men are impacted by the same issues respectively (Government of South Africa). The elderly are more susceptible to poverty as

employment restrictions under the Apartheid system prevented them from building savings (Seth). Children born into poverty are less likely to finish their education. This then labels them unskilled workers, leading to future unemployment, keeping them in poverty (UNICEF).

### Stabilizing The Economy & Labor Reforms

#### *Proposed Solution*

Following the Covid-19 Pandemic unemployment and economic instability have become a growing issue in many countries around the world. To support struggling businesses the government can offer grants, subsidies, tax-incentives, and low-interest loans to struggling businesses. This will both benefit the economy and prevent additional layoffs, thus decreasing future unemployment. The government can also focus on labor reforms to make it easier to hire new employees (The Econosphere). Currently, the minimum wage in South Africa is 27.58 Rands per hour, the equivalent of \$1.44 USD (Molotsane), so I would include a minimum wage increase to help combat the extensive poverty that the country is facing. Awarding grants and scholarships to students pursuing higher education would considerably benefit an economy where many people entering the workforce have inadequate training, knowledge, and experience for the jobs that they are performing.

#### *Strength & Benefits*

This plan would greatly benefit many small businesses that have struggled under the weight of economic stress in the wake of the Covid-19 Pandemic. This would also allow more people to receive higher education, furthering the quality of businesses in South Africa. In addition, a minimum wage increase would allow many people who are living in poverty to be able to feed their families. Taking even a little of this burden off of low-income families will allow them to put more focus on their children's education, further benefiting the economy.

#### *Weaknesses & Drawbacks*

Unfortunately, a minimum wage increase at this time may further burden already struggling businesses, despite intervention from the government. In addition the government might not have the money required to stabilize the economy through grants, tax-incentives, low-interest loans, and subsidies. Certain businesses could potentially take advantage of these new policies and take away from businesses that are actually struggling. It is also possible that the wage increase and government intervention could lead to inflation, further exacerbating the problem.

### Execution & Impacts

#### *Intended Results*

This proposed solution would help address the unemployment crisis in South Africa and the economic instability that it has given rise to, while also creating possible improvements and opportunities in other areas. By supporting businesses, raising minimum wage, and encouraging higher education all three of these goals will feed back into the economy in some manner. Businesses that can support their employees, allowing said employees to better care for their families. When families are no longer worried about basic essentials or where their next meal is coming from, it creates an environment where children can thrive. When those children grow older and some want to pursue skilled careers, grants from the government can be offered. Families will have more income to fund their child's higher education. Once those young people enter the workforce they are subsequently bringing their skills back into the community fueling more income and development directly feeding back into the economy.

#### *Plan Implementation*

This plan would be installed and regulated by the South African government. The government would have to play a large role in the funding of these projects and the offering of tax incentives to businesses and grants for pursuing higher education to students. A large amount of money would be necessary to execute this plan, but ideally the money spent would eventually come full circle in addition

to other economic benefits. As this project would require ample funding and resources, the South African government may have to receive foreign aid from either the United Nations or other friendly countries. Loans can be taken from such countries with the promise that the work put into the South African economy would be a return on investment. A stable economy is a prosperous economy that will benefit the global population and economy.

#### *Environmental Impacts*

Communities with high poverty rates often have less environmentally clean resources. When you are experiencing hardship, many times, the good of the environment is not your primary concern. Additionally, certain environmentally friendly resources tend to be expensive or unaffordable to those living in poverty. It can also be hard for those living below the poverty line to get a good education, which can lead to ignorance surrounding things such as environmentally friendly practices (Owens). Better education systems and helping those living in poverty will in part facilitate more environmentally conscious practices and put a focus on sustainability.

#### **Conclusion**

Stabilizing the economy in South Africa, helping businesses, and offering grants and scholarships to prospective college students will have wide reaching impacts. Despite the large amount of money it would require to accomplish such a plan the potential benefits to both the South African people and economy far outweigh the possible disadvantages.

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