

PILLAR 5

When Things Go Wrong

Overarching Questions:

WHAT COULD CAUSE THINGS NOT GOING RIGHT WITHIN THE ECONOMY?

WHAT IS INEQUALITY AND WHY IS IT SUCH A BIG PROBLEM IN SOUTH AFRICA?

From the previous pillars, we see that economic activity in the market, households, commons and state have much potential to benefit people. But, a closer look at the lives of many citizens show that they do not benefit from economic activity. Why not?

Some work, but do not earn much. The economy is stratified so that some work and skills are valued more, and paid more. Developing high levels (e.g. by going to university, or running a big business with lots of responsibility) results in being paid more, but not everyone has a chance to develop high skills, and not everyone finds work in the economy.

This is especially the case where an economy is not growing, but the population of the country is growing. That means there are more people looking for work, but not enough places (companies, government departments) employing them. This then results in **unemployment**.

Reasons why economies don't thrive: Depletion of some natural resources (minerals like coal, or water, or fertile land being used up, wasted or polluted); limited markets to sell what is being produced; local people do not have money to buy what is being produced, because inequality is too high. Inequality is a special problem because when markets start growing, it is those people who already have a lot of resources (money, or land, or other assets) who benefit from the growth. Without special efforts, it can be very difficult for poorer people to become part of the economy, even when there is growth.

South Africa is the most unequal country in the world and its poverty is the "enduring legacy of apartheid", according to a report by the World Bank. Inequality in the country has increased since the end of the apartheid with black South Africans at the highest risk of poverty, the report found.

(Source: <https://www.independent.co.uk/news/world/africa/south-africa-unequal-country-poverty-legacy-apartheid-world-bank-a8288986.html>)



What Can be Done ?

Note : The emphasis on the different realms of the economy is important not only to show the relationship to the protection of natural resources, but to demonstrate the different realms where business and enterprise opportunities exist: We can work in or start businesses that look after the Commons, or support Households.

Curriculum Links?

Employment, unemployment	Economic growth
Inclusive economic growth	Inequality and poverty