

2.9 The challenges

The inadequacy of current interventions, in a context of persistently high risk and deprivation, has contributed to several growing and, potentially, unsustainable challenges. The most important of these are the following:

- ***The wage-income relationship is breaking down*** — High unemployment, including the massive net loss of formal sector jobs, and growing shift towards so-called “atypical” work, has reduced the incomes of the poor. Historically, the working poor have supported the poor and unemployed via remittances and intra-household transfers. However, this relationship between formal sector wages and household incomes has declined due to the considerable loss of net formal jobs, and the downward qualitative shift in formal employment being created. In this period, there has been a decline in the incomes of the poorest 40 per cent.
- ***The state is vulnerable to Constitutional Court challenges*** — The Constitutional Court, in its *State v. Grootboom* judgement, has increased pressure on the state to put in place a coherent and comprehensive programme for progressively realising the constitutional obligations. This requires devising, formulating, funding, implementing and constantly reviewing relevant measures. The *Grootboom* judgement opens the way for further constitutional challenges against the state on the basis of not complying with the Constitution’s Bill of Rights. It should also be noted that the Constitutional Court has the power to enforce socio-economic rights, with direct implications for budgetary matters.
- ***The impact of AIDS will exacerbate poverty and inequality*** — Research conducted for the Department of Health indicates that there will be 5,5 million people infected with HIV/AIDS by 2004, and the impact will be increasingly felt in society. The impact is apparently already evident on social service institutions (mainly public healthcare). This will increase downward pressure on households and household incomes, and could significantly undermine the country’s medium- to long-term economic growth and social

development potential.

- ***The racially differentiated composition of public service users reinforces apartheid-style prejudice*** — The poor (mainly black) are dependent on strained public services. The rich (mainly white) make use of private services. This contributes to a lack of racial tolerance and understanding, and undermines social solidarity.
- ***Delivery of key services is affected by inability of poor to pay for inclusion*** — More people have access to important basic service such as telecommunications, water and sanitation, electricity, housing, and primary healthcare. While these have been hard fought gains, this extension of services has been undermined by an inability of the poor to afford payment.⁶
- ***Poverty-related increase in crime and social instability*** — This is potentially undermining to legitimacy of new democracy, and investment strategies. Levels of crime remain far too high, and include an increasing incidence of domestic violence. This reflects the underlying causality of poverty and the resulting depressed aspirations among the poorest in society.
- ***Social development/investment backlogs are now widely recognised as barriers to economic growth and development*** There is growing recognition among international financial and credit rating institutions, national Government and domestic social formations, that insufficient social investment and social development backlogs are a primary barrier to the achievement of sustainable levels of economic growth and development.

The findings in this chapter are based on the political economy of South Africa’s social security system and the challenges posed by some of its key features. The demographic trends and impacts of poverty, HIV/AIDS and other chronic illnesses as well as unemployment in the formal sector reinforce the need for a comprehensive approach to social security.

Furthermore, existing levels of poverty have reached unsustainable levels, and left unattended have the potential to reverse democratic gains achieved since 1994. The urgent need to address deepening social exclusion and alienation of

those households living in destitution cannot be ignored. A redesigned social security system has to respond to the constitutional, democratic and human development imperatives that provide the framework for transformation.

