

UNEMPLOYMENT

1996 - 1997

QUALIFICATIONS NO GUARANTEE

Matriculants told to be 'flexible' in jobs search

(335) CT 4/11/96

QUALIFICATIONS don't guarantee a job if you chose law instead of accounting, but there are other ways of making yourself more marketable. **CAROL CAMPBELL** reports.

GETTING the right qualifications and notching up experience through part-time work or self-employment is the only sure route for new matriculants to find work, career experts and employment agencies said yesterday.

UCT's graduate placement coordinator, Mr Mark Young, said graduates in professions like accounting were virtually guaranteed a job, but many students with law degrees were battling to find firms where they could do their articles.

"The accounting students are placed quickly but that is not to say the others won't find work — usually by April graduates have found some sort of employment."

But Mr Young warned students against studying for a career just because it guaranteed a job. There was still a need for people with arts

degrees and many companies preferred their employees to have a more general qualification.

The managing director of a major pharmaceutical company had his master's degree in political philosophy and when the company recruited at the university it favoured students with more general degrees who were actively involved in extra-mural activities or who had experience from a part-time job.

Computer courses

Post graduate business courses were becoming more and more popular and often helped bridge the gap between a degree and the business world.

Kelly Perms regional director Mrs Heather Cookson advised matriculants not planning to go to university or a technikon to take

computer courses and to brush up on secretarial skills if they wanted to find a job.

Young people without experience had to make themselves as marketable as possible and find some way of gaining experience.

Many university graduates were looking for work, but it was those with the more practical qualifications who were finding jobs quickly.

Mrs Cookson advised job hunters to be flexible about the type of work they wanted and realistic about the salary they expected.

Holidaying matrics seem well aware that finding work will not be easy. Plumstead High past pupil Ms Chantal Ernstzen said most of her friends had chosen to continue living at home to save money.

She had been accepted at the South Peninsula College in Muizenberg, where she is to study marketing, but would continue working in the local supermarket for pocket money.

'WORK-SEEKERS NEED TO SELL THEMSELVES'

Graduates walk the streets to find jobs in 'tough' market

EDUCATION WRITER CAROL CAMPBELL spent a day trudging the streets with a BA graduate — and found that looking for a job is hard work and brings little reward.

FINDING a job is no mean feat and for University of Cape Town graduate Ms Lea Jooste it has been frustrating and time-consuming — but her efforts could bring results soon.

In spite of reports of an upturn in the economy, hundreds of university graduates, Jooste among them, are walking the streets of Cape Town looking for work.

The experts say there are jobs available, but work-seekers have to know how to sell themselves.

To assess how difficult the job market is to penetrate, the Cape Times followed Jooste as she made another concerted bid yesterday to find work. A BA graduate with majors in English, German and political science, Jooste also has a post-graduate diploma in organisation and management.

She has sent her curriculum vitae to 30 companies, but has received only four replies — all of them negative. Although she is confident she will find a job "one day", she is frustrated that the companies she has targeted have not bothered to reply.

Assessing Jooste's chances of finding a job quickly, the director of the UCT's careers office, Mr Mervyn Wetmore, said her diploma in management would give her the edge she needed.

"The job market is tough, very tough. Lea should try to sell her post-graduate diploma very hard."

Wetmore advised Jooste to speak to graduates who had found good jobs so she could get an idea of what employers required.

He said her casual job with a major retailer was an excellent starting point. He advised Jooste to meet the human resource manager to see if she could be considered for full-time employment.

"Lea needs to organise her day so that does her job-hunting administration in the morning and possibly goes to an interview in the afternoon or looks at the job-hunting files we keep in the library."

Wetmore advised students who were starting their studies to "manage their degrees" by becoming involved in extra-mural programmes that could help them find

work once they had graduated.

They also needed to make wise subject choices so that their qualifications were attractive to employers.

Students who found casual employment during their university years also had far greater success in finding a job when they entered the market, Wetmore said.

Armed with a telephone directory, Jooste called 15 companies to ask for work. Two companies said they were looking for someone, preferably with a third language, and asked her to send them her curriculum vitae.

Most of Jooste's calls were cut short before she reached the personnel manager, so instead of saying she was a graduate looking for work, she introduced herself as a graduate with a major in German. This immediately made an impression and she was asked for a few more details.

Reflecting on her day's efforts, Jooste said she felt more hopeful. However, she found employers were unsympathetic to the plight of young graduates.

"They all want experience, but how do we get experience and prove ourselves if they won't give us a chance?"

The national recruitment man-

ager of Andersen Consulting, Ms Janice Gobey, said there were ways of getting around the experience barrier.

"If a student has spent three years really working at a degree and trying to apply what they have learnt, they will have built up experience."

Andersen Consulting employed 100 graduates from 15 universities last year. Although most had degrees in engineering or commerce, others were also selected.

"We take people who are bright, confident have good interpersonal skills — if they have capped their degree with a diploma in business management so much the better."

The human resources manager of Deloitte & Touche, Cape Town, Mrs Dean Hand said the firm was a major employer of university graduates, mainly in accounting.

"The job-hunters who stand out know what they want and have done their homework about the field they are trying to get into."

Deloitte & Touche started looking at potential employees who were in their second year of study, but the search for good candidates started in earnest in April among final-year students.



FRUSTRATED: University of Cape Town graduate Ms Lea Jooste: advertisements in her search for a job. The experts say jobs are a

ates, but the competition is stiff.

Time ripe for economics of the ghetto

CP 14/1/96

(345)

CRIPPLING

weakness of established South African economics is the invisibility in it of the masses of African people. The main concern of official economic policy is the ups and downs of the white-controlled economy, which has a very narrow base within the larger society, and within which the majority of Africans do not feature.

We must counterpose to this economic policy our own view: economics from the standpoint of the downtrodden.

Consider this fact: when the 1929 Depression hit the USA, and unemployment rose to 25 percent, American minds were alarmed into a state of emergency. The incumbent president lost office, and the new president, Roosevelt, could not rest until he had produced a plan to create jobs for the unemployed. And he did — through a massive public works programme.

In South Africa today, unemployment within the African community is above 40 percent, and yet there is no comparable state of emergency over

the issue within government circles, or in society at large.

Instead, a state of emergency is being created over the issue of crime!

Nowhere else in the industrial world would such a high rate of unemployment within the majority population be tolerated.

We have nothing less than a Great Depression in our society.

Unemployment should be problem number one for our government!

What should be done? One school of thought, which seems to dominate our government, is that this problem will be solved by a "growing economy", and that private enterprise is the main agency for bringing about this growth. Government should therefore merely create a business-friendly environment.

The other view is that which was adopted by Roosevelt and his advisers during the US Depression, which is that government should deal with the national emergency by creating employment opportunities through massive public works projects, like the construction of roads and

canals.

The idea is that direct state investment in the economy will "jump-start" an economy which has collapsed.

Incidentally, this is precisely what the white government in this country did from the 1920s to the 1950s to solve the problem of unemployment and poverty within the white community. The talk of "privatization" is about privatising the very public enterprises which served the former government's aims with regard to the poor white problem — including the Land or Agricultural Bank, which gave easy, virtually free, loans to struggling white farmers.

One could say that the white government created a type of socialism exclusively for whites. Of course, those who are convinced that capitalism is the best method of producing wealth stress the irrationality of the white government's intervention in the economy, arguing that a better deal for all members of society could have been achieved without this racist socialism.

The age of democracy introduces a new relationship between economics and politics. A politician of another age expressed the issue thus: "What is rational in economic life does not always coincide with what is necessary in politics."

Political necessity may yet bring about a new relationship between economics and politics in our society, as the African population reaches higher levels of political maturity, especially in the event of the free market failing to solve the current problem of massive unemployment and poverty.

Shall a politically mature, suffering African population give the free market enough time to solve the severe current economic problems?

So far, the private sector has not been able to make even a small dent on the massive problem of unemployment. The Sanlam Economic Survey of last October reports: "To date the recovery in general economic activity has not been able to check the decline in total employment in the formal non-agricultural sectors of the economy . . . no new jobs have been created."

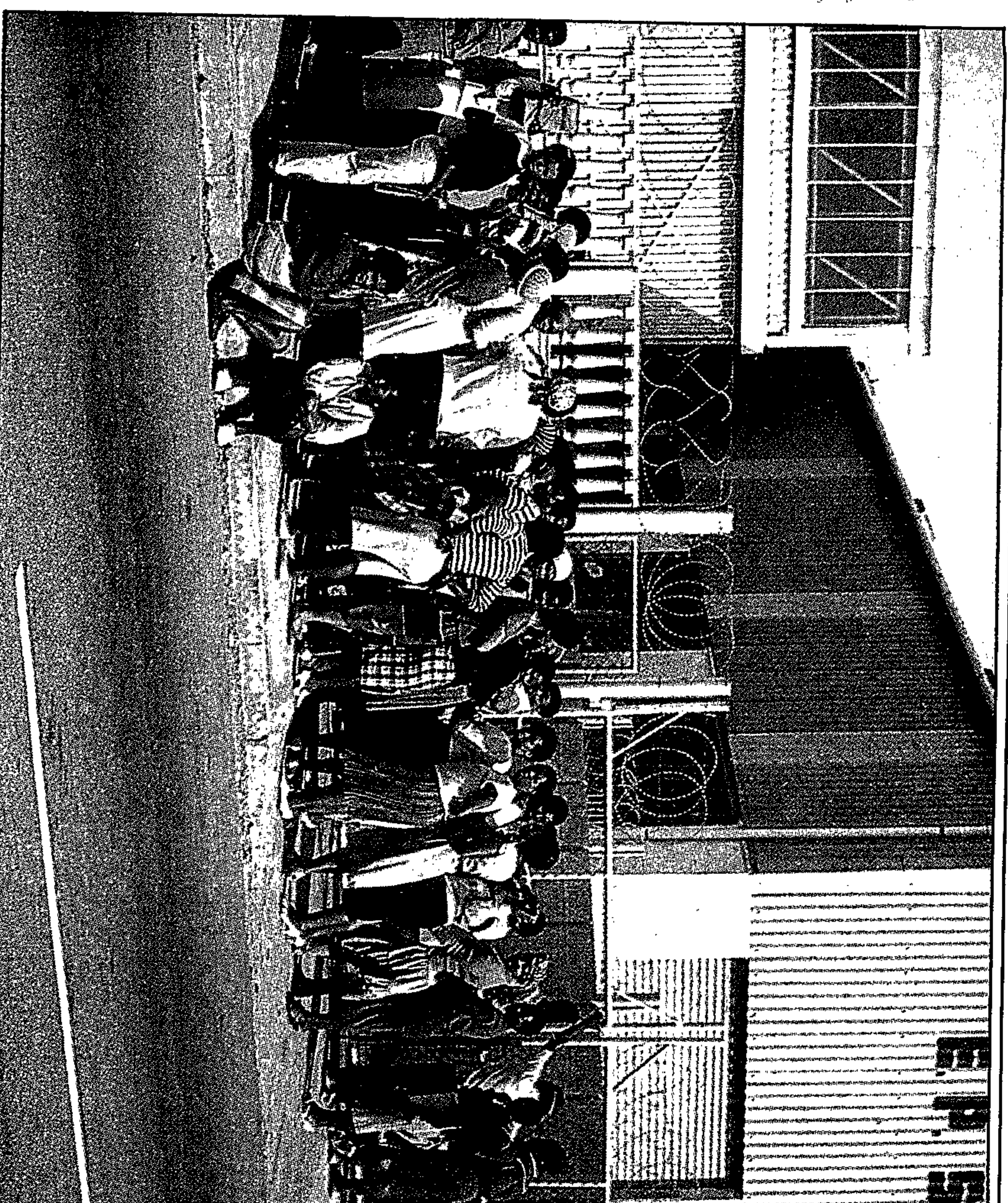
Over 40 percent of South Africans are unemployed.

HERBERT W. VILAKAZI, the executive director of the Council for African Thought and Sociology

professor at the University of Zululand, says this is a notional crisis worse than the American Great Depression — and poses a solution.

Millions of jobless need jobs now!

ed and the unemployment figure has actually risen." Improvements in the statistics on the white-controlled economy have brought no improvement whatsoever of the economic problems of the masses of African people. This highlights the



LONG WAIT ... These jobless folk hope to get work at this factory. They may wait a long time — if the state depends on private enterprise to bring about a growth in the economy that will result in employment for all

need for economics from the standpoint of the ghetto.

The idea that the private sector alone shall revive this collapsed economy is a cruel fantasy. Roosevelt knew that when he faced the collapsed US economy in

1932, his greatness consisted in his bold policies for dealing with the national emergency.

Let us stop being one-legged, and walk on two legs in tackling our own emergency. Let us utilise both private enterprise and direct state interven-

tion in the economy to create jobs.

The RDP should be an addition to this policy, dovetailing with massive public works which will create jobs for the jobless millions.

I am proposing an emergency policy for dealing with a national disaster: a national disaster which is the seedbed of crime, misery, disease, and spiritual degeneration, a national disaster which has turned our country into the murder capital of the world. This is not yet a strategy for development, but a strategy for dealing with the nation's number one problem: massive joblessness.

□ In the next article we shall begin a discussion of the necessary development policy for the country.

About 500 may lose jobs

sowetan 25/1/96 (335)

By Isaac Moledi

MORE THAN 450 workers may lose their jobs if Pick 'n Pay succeeds in its attempt to sell all its Price Club Cash and Carry subsidiaries throughout the country.

The move by the company to sell all 16 of its Price Club Cash and Carry shops has infuriated the workers who accused Pick 'n Pay of concluding deals without their knowledge.

Pick 'n Pay group enterprises managing director responsible for human resource and strategic planning and development Nicholas Bicket confirmed that all Pick 'n Pay's Price Club Cash and Carry shops were for sale and prospective

buyers have already been identified.

Discussions to finalise the deals are expected to be concluded by March.

Bicket said the under-performance of the retailing shops and the accumulation of losses over the past years have necessitated their sale. And this problem of losses, he said, was communicated to the unions and shop stewards last year.

"It is only a week ago that we informed the unions and shop stewards about Pick 'n Pay's intention to sell the clubs and we started to look for a buyer," said Bicket.

According to Bicket 11 potential buyers, including a group of managers from Price Club Cash and Carry shops, have shown interest in buying the shops

and have submitted their tenders.

He said nearly 500 jobs may be on the line if the sale of the clubs succeeded.

"If the company buying the Price Clubs does not want the staff then Pick 'n Pay can either absorb them or retrench them. We have told them that we cannot guarantee their jobs," he said.

An urgent union meeting has been arranged for this weekend to discuss how to resolve the issue. A Price Club Cash and Carry shop steward, who said they were told not to leak the story to the media, said the staff was furious about Pick 'n Pay's decision as they were only told this week that the Price Club shops were to be sold.

Fight for work scars economic recovery

(336) ARG 30/1/96

BEN HIRSCHLER
of Reuter reports
from Johannesburg

LESS than two years since the first all-race elections brought it back from the brink, South Africa's economy is booming.

But the recovery is scarred by chronic unemployment, estimated at afflicting a third of the economically active population.

The desperate scramble for work spilled over into tragedy yesterday with the slaughter of job-seekers queueing through the night for employment outside a Johannesburg factory.

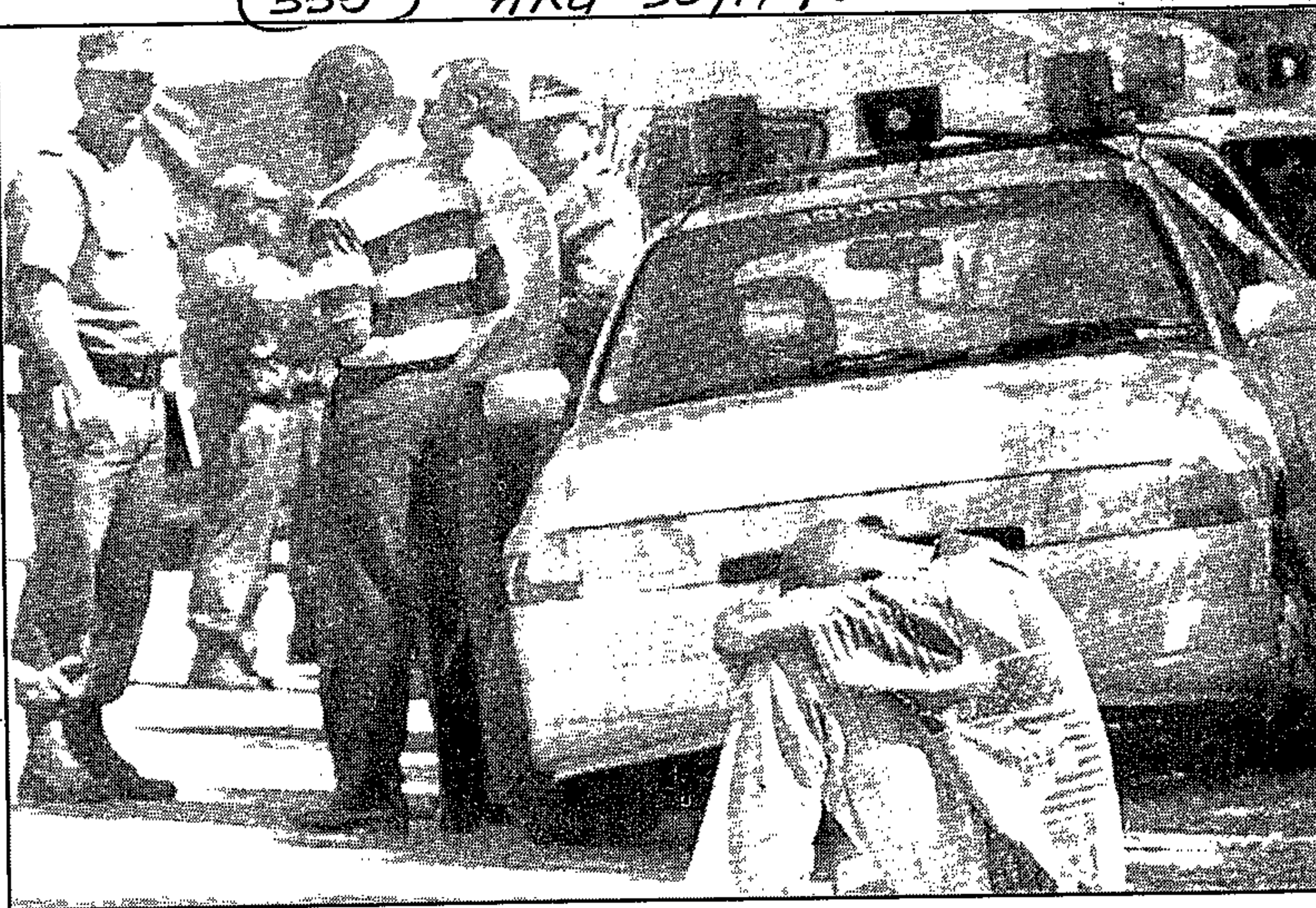
Economists, who confidently predict economic growth of 3.5 to four percent this year after three percent last year, admit the upturn has done nothing to curb unemployment.

Keith Lockwood, an economist with the South African Chamber of Business, reckons formal non-agricultural employment grew just one percent last year, creating 50 000 new jobs, while the number of new entrants into the job market swelled by 380 000.

Job creation could rise by 1.8-2 percent this year, creating 90 000-100 000 more posts. But Lockwood doubts South Africa will start to dent its unemployment backlog before the end of the century.

"I think it is going to be a good five years before we get to the stage where we are on an even keel. In the meantime, we can expect further increases in the unemployment rate," he said.

Reserve Bank figures show only 52 000 jobs were created



DEATH QUEUE: The desperate scramble for work spilled over into tragedy with the massacre of job-seekers queueing outside a Johannesburg factory yesterday. This picture was taken at the scene shortly after the killings.

between the start of the current recovery in mid-1993 and the first quarter of 1995, against the loss of 420 000 positions in the recession from 1989 to 1993.

Many more jobs are on the line this year.

Tens of thousands of provincial and central government employees face retrenchment, textile workers fear 100 000 jobs could go as tariff protection comes down, while the gold mines are haemorrhaging labour.

Employment by houses belonging to the Chamber of Mines has plunged by 140 000 to 333 000 in the past five years, with 58 000 going last year alone.

The government, reiterating its commitment to jobs, has targeted six percent annual growth as the level needed to achieve its development targets.

Without that, it fears, the inequalities inherited from the apartheid era will never be addressed.

A new study by researchers at the University of Cape Town showed more than half of all South Africans - 95 percent of them black - fell below the poverty line, when surveyed in 1993, earning less than R301 a month.

But even six percent growth may not be enough, some econo-

mists say.

"We need about a six percent growth rate simply to tread water in terms of the unemployment level," said Jeremy Baskin, director of the trade union-sponsored National Labour and Economic Development Institute.

"We've got to start talking about eight or nine percent to make a real dent in the jobless rate."

Baskin estimates around half of the economically active population - eight million people - have a formal job. A further 20 percent probably find some work in the informal sector and 30 percent are unemployed.

World Economic Forum: Leaders worldwide gather to discuss major events and activities

Workers unite to fight unemployment

M+G (Bm) 9-15/2/96 (335)

Larry Elliott in Davos

LEADERS of the world's trade unions pledged this week to fight any attempts to drive down workers' living standards and warned business of an imminent public backlash against the unemployment and inequality caused by globalisation.

Stressing the need to examine the social impact of economic liberalisation, unions made it clear that they rejected calls by Bundesbank president Hans Tietmeyer and Bank of

France president Jean-Claude Trichet for greater labour market flexibility in Europe as one-sided.

"We anticipate a very difficult time if an attempt is made to reduce the living standards of employees," said Philip Jennings, general secretary of FIET, which represents 450 unions from 120 countries.

Jennings was leading a group of union leaders to the World Economic Forum in Davos in order to lobby businessmen and

politicians about the plight of the 750-million people around the world who were unemployed or underemployed.

"You can't leave the destinies of working people in the hands of a few unelected central bankers. I fear there will be a backlash if people are going to get lower wages and higher unemployment as part of this process."

Jennings added that the reaction against "social Darwinism" could take the form of increased nationalism, xenophobia or greater

protectionism.

The growing strength of unaccountable multinational companies had left a vacuum in governance, and it was vital that minimum standards were used as the basis of a relationship between employers and workers.

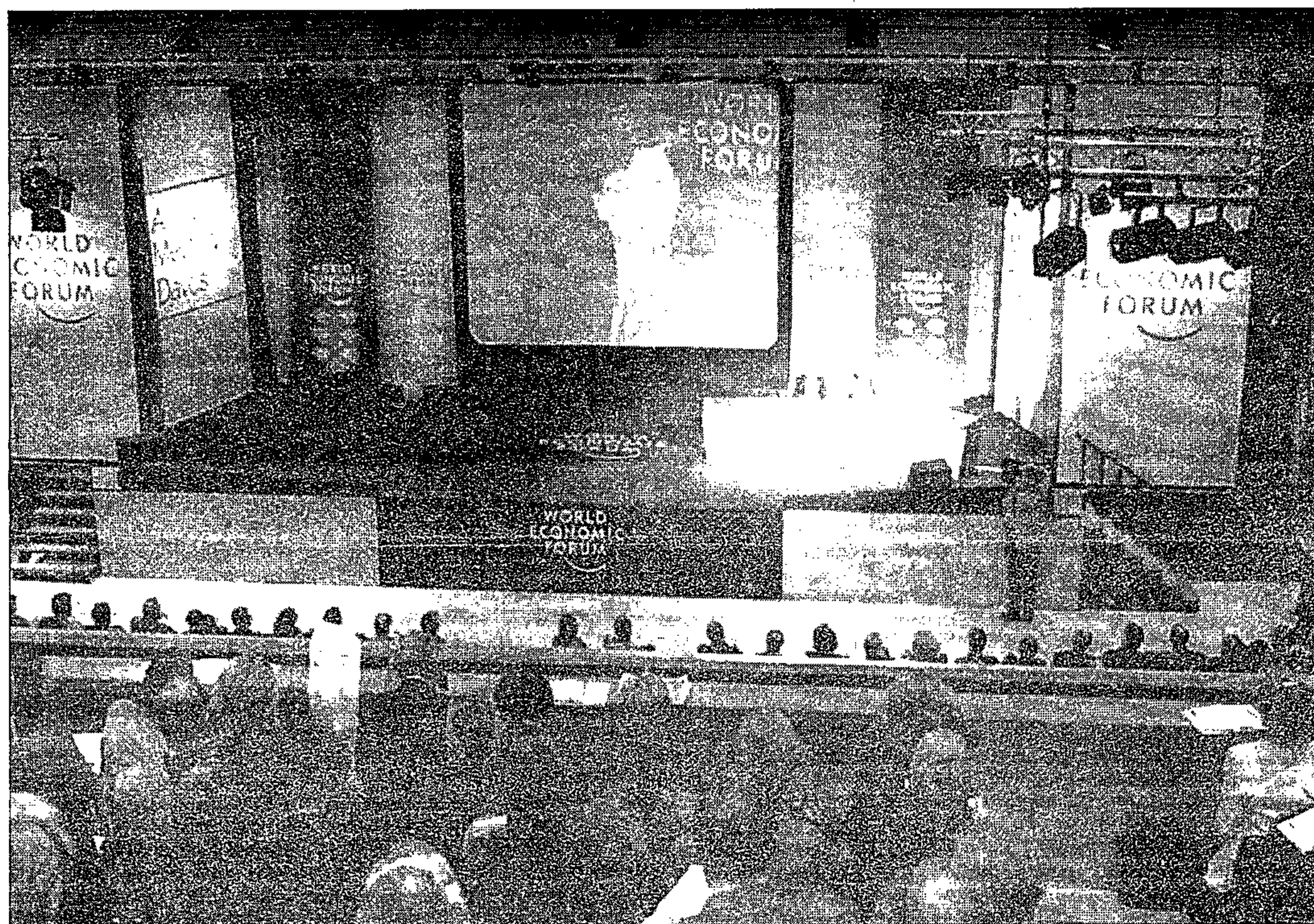
He added that the single currency project posed a possible additional threat to European workers. "If you take away the ability of a country to make an external movement in their currency to improve competitiveness, that will mean wage earners have to take the

flak. There has to be a social project to run alongside monetary union."

Bill Jordan, general secretary of the International Confederation of Free Trade Unions, said the 127-million members of his organisation were being affected by the massive problems of "world poverty, unemployment and social exclusion" in a way that was unacceptable.

Both Jordan and Jennings said organised labour had proved their willingness to promote employment, citing the part played by German unions in the recent job-creation package.

There has to be a social project to run alongside monetary union



A general view of the Plenary Hall where leaders congregated for the World Economic Forum annual meeting in Davos, Switzerland, last week. Addressing the audience on the giant screen is Microsoft chairman Bill Gates

PHOTOGRAPH: AP

Gold surge triggers rumours of rogue trader

Dan Atkinson in London and Jan Rocha in Sao Paulo

RUMOURS that a Nick Leeson-style dealer, based in Brazil, has been responsible for a surge in gold prices gained credence among certain international decision-makers at the World Economic Forum.

Suggestions that a central-bank trader in South America found himself short of bullion have been around since before Christmas, but recent events have added force to the gossip.

In New York, bullion dealers are reported to have abandoned their habit of secrecy and are comparing notes, convinced the official figures for gold dealings do not add up.

One London broker said: "The whole thing remains shrouded in secrecy and is either a potential fireball or a damp squib."

Joubert Furtado, a senior Brazilian central bank official, said: "The rumours are laughable. We are not preoccupied by the recent price movements."

Until now, the rumour that a Latin American central bank — finding itself short of gold to fill speculative positions — has been behind the price surge, from some \$340 an ounce before Christmas to \$414.5 on Monday, have tended to be dismissed by market professionals.

But market talk has continued, and the announcement last week that Brazil's state-owned company, Vale do Rio Doce, had discovered

Money squabble threatens Bosnian recovery

Larry Elliott in Davos

ADISPUTE between the United States and Europe over funding for the \$5.1-billion package to rebuild the Bosnian economy threatens to delay the massive reconstruction effort, it emerged this week.

With the World Bank stressing that work on rebuilding infrastructure,

this will only be enough for the first three months of 1996.

It is putting pressure on donor governments — who are expected to find 90% of the \$5.1-billion — to settle their differences before a special conference in April, which will discuss a full blueprint for the reconstruction of Bosnia-Herzegovina.

Officials are working on a fast-track programme for Bosnia-Herzegovina to

The need for the private sector to move into Bosnia has been one of the main themes of the World Economic Forum, and World Bank president Jim Wolfensohn has been lobbying hard among the businessmen gathered for the discussions.

Wallich said she remained confident that the funding row would eventually be

capital. He said the US was fully committed to the reconstruction effort, but added: "We want the Europeans to contribute more and they want us to contribute more."

One particular problem for the Clinton administration is the difficulty of getting an aid package through the Republican-dominated Congress.

Inflexible labour market blamed for country's high unemployment

By Roy Cokane

Pretoria — The National Productivity Institute has identified the inflexibility of the labour market as the major reason for South Africa's employment problem.

The institute said that few low-level jobs had been created despite people being desperate for work.

It said one of the most alarming trends in the South African economy over the past two decades was

the appallingly low growth in formal sector employment.

The institute said formal sector job creation of 2,9 percent a year in the 1960s was almost equal to the population growth rate but employment creation in the 1980s dropped to only 0,5 percent a year.

It said another alarming trend was that the few new jobs created in the 1980s were in the public sector rather than in the private sector.

The institute also said slow pro-

ductivity growth contributed to the problem and stressed that productivity growth oiled the wheels of the economy and was the basis for improved standards of living.

It said: "If anything, productivity growth generates economic growth, which boosts long-term job creation. However, while the employment problem in South Africa is worsened by slow productivity growth, it is due more to the inflexibility of the labour market, with few low-level

jobs being created. In addition, drastic rises in labour costs during the 1970s favoured capital-intensive production techniques.

"Since the 1970s, overall productivity growth in South Africa has been insignificant by world standards."

South Africans' financial situation in 2035 could be little changed from today if productivity growth did not surge upwards from its levels of the past two decades, the

institute said. It said the crucial yardstick for judging the economy's long-term performance was the growth in output of each person.

It stressed that in the long-term, issues such as inflation, the balance of payments, the budget deficit and gold mine output paled into insignificance compared with the growth in output of each person.

"Economic policy should therefore focus on the long run, with

productivity as its central goal. The problem is that productivity growth is linked to long-term trends... such as savings and investment rates, technological progress, export performance and education levels.

"These, in turn, have their roots in political history, cultures and religions, the competence of state administration.

"None can be changed quickly," the institute said.

1 100 lose their jobs

(335)
(17/2/96)

ARG 17/2/96

MAUREEN MARUD
Business Reporter

SPORTSLINE, a clothing company based in Botswana, but managed from Cape Town crashed this week with the loss of 1 100 jobs.

Richard Wistyn, head of R W Design of Cape Town, was unavailable for comment this week, but planning manager David Johnstone confirmed that the firm had procurement and design agreements with Sportsline in Selebi-Phikwe, Botswana, and that Mr Wistyn was Sportsline's managing director.

The firm was Selebi-Phikwe's largest private-sector employer with an average annual turnover of about 20 million pula (R26 million). It was one of the biggest manufacturing companies in Botswana.

Among its laid-off workers

were about five from Cape Town, who were repatriated this week, said provisional liquidator John Stevens of Deloitte & Touche in Gaborone.

The firm's failure would cause "serious hardship" for the town's economy and the workers, said Mr Stevens.

He said he had paid the labourers off on Wednesday. The labourers received a total of one million pula (R1,3 million), of which 200 000 pula (R260 000) was paid by the Botswana Development Corporation (BDC), a 20 percent shareholder that is owed about 28 million pula (R36,4 million) in equity, loans and guarantees by the failed company.

Mr Stevens said on Wednesday: "I have lent the Cape Town chaps a truck, and they all left this morning with their families and will be arriving tomorrow."

The first creditors' meeting will be held next month, when a liquidator will be appointed.

"In this case, there will be a full liquidation," said Mr Stevens.

Mr Johnstone said R W Design had no shares in Sportsline. He said the 80 percent shareholder lived in England.

"R W Design is a marketing and sales company which used Sportsline for production purposes. We use production facilities all over the country, and Sportsline was one."

He said Mr Wistyn had been managing director of Sportsline for about 18 months.

A BDC spokesman said that before joining their organisation, Sportsline was financially helped through the Botswana government's business incentive programme, which included labour and capital grants over a five-year period and a tax holiday.

'Two tier' proposal to deal with high unemployment

Alan Fine

335
BD 1/3/96

THE authors of the SA Foundation's growth strategy document have made a radical "two tier" proposal to deal with perceived labour market inflexibility as the primary cause of high unemployment.

They believe the strategy would facilitate the creation of nearly 1-million low-wage jobs in three years.

In terms of the proposal, which implicitly gives recognition to the strength of organised labour, workers appointed to new jobs and new and existing plants, young workers (for example, those below 22 years of age), and workers in defined depressed geographical areas would enjoy lesser rights and legislative protection.

Current workers in their present employment, those who replace them and young workers who have "graduated into tier one" would continue to enjoy the rights offered by existing legislation.

Workers in the second tier would still "have levels of protection which are high by developing country standards, and would engage in collective bargaining.

"They would be able to join trade unions and have the right to strike."

However, barriers to retrenchment, such as the automatic right to severance pay and consultation procedures prior to retrenchment would not apply.

There would be no non-wage employment costs such as unemployment insur-

ance. Second-tier employees would be liable to instant dismissal for non-procedural industrial action.

They would not be covered by minimum wages and minimum standards legislation other than the "most fundamental" such as basic health and safety laws.

The labour minister should also not have the power to extend industrial bargaining council agreements to firms not party to those agreements.

In terms of the Labour Relations Act, non-parties have to apply for exemptions from agreements to an independent tribunal. The foundation document argues that the introduction of second-tier arrangement would encourage a 4% annual growth in low wage jobs worth approximately R700 a month.

"Under current conditions this would mean the creation of almost 1-million jobs in three years."

This, in turn, would have a "dramatic and positive effect on poverty levels".

Cosatu general secretary Sam Shilowa said yesterday the proposal was flawed in that it would not be possible to keep the two tiers separate.

He said the proposal confirmed that business "thinks job creation is a labour market issue, rather than a broader macroeconomic one".

He said the strategy would "informalise the formal sector rather than draw the informal sector into the formal sector".

Labour-intensive growth path urged

Renee Grawitzky

335 20 6/3/96

A COUNTRY concerned with poverty and welfare should promote a labour-intensive growth path to achieve a sustained and significant drop in unemployment, a report in the latest edition of the SA Labour Bulletin says.

Nicoli Nattrass and Jeremy Seekings say in the report, titled "The Challenge ahead — Unemployment and Inequality in SA", that the measure of inequality in SA is one of the highest to have been recorded.

In the past, they argue, the factor determining inequality was the gap between white and black earnings. "In the past, the poorest SA citizens were low-paid black workers and their families. Today the poor are the unemployed and in many cases the never-employed," they say.

"The nature of poverty and inequality in SA poses severe challenges to those committed to an inclusive understanding of democracy and development."

Due to changes in world markets and budgetary constraints of government, poverty and inequality "must be tackled through the labour market".

Nattrass and Seekings reject the view that higher wages paid to the currently employed could alleviate poverty. They argue, instead, that labour-intensive growth will reduce unemployment and poverty levels. This view is reinforced by a recent study which suggests that "a 10% increase in real household income that accrues entirely to currently poor households via new formal but low wage employment would result in over one-third of poor households rising above the poverty line".

Nattrass and Seekings question whether the Labour Relations Act would be compatible with a labour-intensive growth path and instead could contribute to "low employment growth".

They highlight possible tensions between the interests of the employed and unemployed and the role played by the trade unions. They say that there could be strong pressure on unions to favour wages rather than employment growth. "This is not to say that trade unions will altogether ignore the interests of the poor, but they will sometimes be under pressure from their own members to act in ways which impair the interests of others."

Boom has added only 12 000 jobs

BY SEAN FEELY

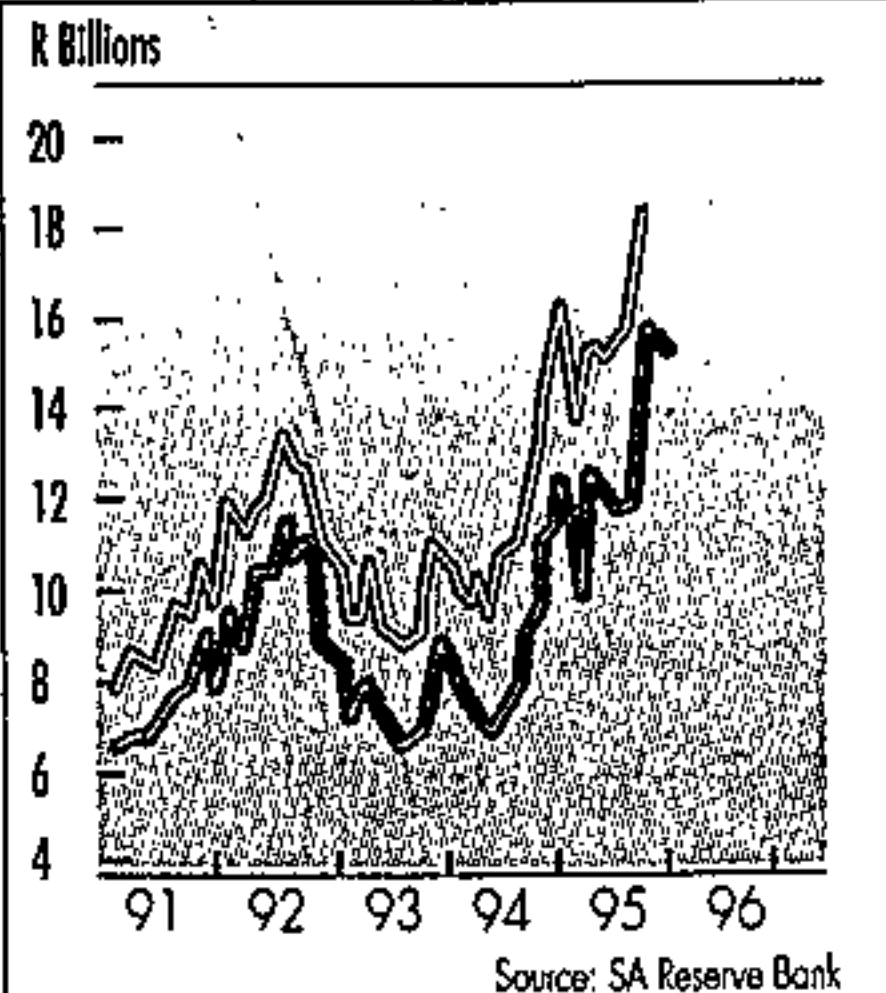
Cape Town — A sparse 12 000 jobs have been created since the economy started growing in May 1993 and the average individual's income is at a similar level to what it was 25 years ago, the Reserve Bank's latest quarterly bulletin showed.

Businesses have employed fewer people as they strive to cut costs and become more competitive. The government has also trimmed jobs recently as it scales back current spending. In the first half of last year, 32 000 people lost their jobs in the government and its institutions, the Reserve Bank's March quarterly bulletin said.

For people who still have jobs in the private sector, wages rose a nominal 11,7 percent in the first six months of last year from the same period a year earlier. Government employees' remuneration increased by 11,5 percent.

Real-per capita personal dispos-

Gold & Foreign Reserves



able income was R4 196 last year. This was below the R4 240 of disposable income enjoyed in 1971, even as the economy expanded at its best rate in seven years and the consumer price index dropped to its lowest level in 23 years.

After falling 12 percent during the 1989 to 1993 recession, the real per capita income of South Africans had advanced just 2,5 percent in the current economic upturn.

The build-up in inventories also "slackened" slightly in the last half of last year on expectations of lower consumer spending. Demand for South African manufactured exports also "began to abate".

Another disconcerting factor is that the net inflow of overseas capital of R21,7 billion last year contained a "relatively small" component of foreign direct investment, which was used mainly to invest in existing South African businesses.

Foreigners purchased a net R6 billion in South African securities, bonds and equities last year, representing nearly half of the total net inflow of long-term capital of R12,5 billion, the Bank said.

The inflows of net capital helped to buoy the Reserve Bank's gold and foreign exchange reserves. Total foreign reserves at the end of last year equalled seven weeks of imports, just more than half of the three months of imports recommended by the International Monetary Fund.

UNEMPLOYMENT, the IMF is telling SA, is not just another big problem. It is the mother of them all, the crisis of crises, upon whose resolution SA's economic, political and social prospects all depend. The 6% a year growth Deputy President Thabo Mbeki is calling for will not materialise until SA's unemployment rate, staggering even by comparison with rates in the US and UK at the depths of the depression, is confronted honestly and head on.

This must begin, in the IMF's view, with an honest appraisal of how many people in SA are unemployed, and who they are. Until recently, the numbers supplied by the Central Statistical Service (CSS) have not been very reliable. The IMF thinks that has changed and that recent data is much improved, if not very well presented. Yet there are still difficulties of definition.

Using its "strict" definition of unemployment, CSS's October 1994 household survey (the latest and best data available to the IMF's number crunchers) tallied the overall jobless rate at a little over 20%. Under the "expanded" definition, which includes those wanting work but not actively seeking it — the "discouraged" — the figure rose to about 33%.

The trouble is that even that number is not terribly useful when one considers CSS's extraordinarily expansive definition of an employed person: it encompasses anyone who said that, in the five working days prior to being surveyed, he or she had spent five hours engaged in any activity, paid or unpaid, formal or informal, which contributed to the wellbeing of their household.

In no other country for which credible statistics are available is five hours of unremunerated effort a week to feed or house one's family continuous with the concept of employment. Therefore, on any reasonable analysis, the "expanded" definition is anything but expanded, and any count on the basis of the "strict" definition must be tossed out as worthless.

Accordingly, IMF economists now take the 33% overall unemployment figure — equal to the worst fig-

Unemployment the mother of all other crises, IMF tells SA

SIMON BARBER in Washington

(335)
PD 26/3/96

ure recorded in the UK during the depression — as best case.

However, what really shocks them is the rate among people formally classified as black: 42%. Four out of every 10 blacks in the labour force did not meet even the CSS definition of "employed" in late 1994, and things have not improved since. So much for the notion of the informal sector taking up the slack.

CSS's improved reporting has enabled the IMF to reach several key conclusions about unemployment among SA's vast black — not coloured, not Indian — majority. It is not a regional phenomenon, but a national one.

The Free State and the Western Cape boast the lowest rates, both nudging 30%; that may not match the even more appalling state of affairs in the Northern Transvaal and Eastern Cape, where rates hover around 50%, but is still cataclysmic by any standard.

Unemployment in SA hits hardest among the young. About 60% of the black unemployed are under 25. Fully half of all black people under 30 are without work. Virtually all black unemployed have less than Standard 10 educations (or what passes for such); more than 65% have never been employed under the CSS's definition and 70% of them have been unemployed for more than a year.

What that says, according to the

IMF, is that black school leavers are simply not being absorbed into the economy. "The standard life cycle for a young black person," as one fund economist put it, "is open unemployment of up to 10 years after leaving school". Is it any wonder, under such circumstances, that crime rates are exploding? Violent crime is an occupation of youth.

Furthermore, says the IMF, to those who contend the numbers cannot be true because people are still managing to get by, people are not getting by. Get out of your enclaves and look around: outright destitution — something entirely different from poverty — is on the increase.

Three big things need to be done, the IMF argues. First, the quality of education has to be improved dramatically to ensure that black teenagers emerge from school with saleable skills. By itself, that would take forever to have much effect, so, second, there have to be reforms to prise the young and unskilled into the labour market.

The IMF is not impressed by the SA Foundation's proposal to exempt newly created jobs from existing labour rules. Such a process would be highly distorting and would immediately be the toy of employers scrambling to reinvent themselves as "new". Nor does the IMF like the

idea of export processing zones. Jobs have to be created everywhere, not just in a few chosen areas.

A better approach, in the IMF's view, would be to establish a sliding scale of age-dependent wage floors that would permit employers to hire younger, less experienced workers for lower wages than older ones to offset increased training costs. This is not a novel approach. The IMF says it has been adopted successfully in the Netherlands, and notes that it is now part of the UK Labour Party's manifesto.

The third, and no less critical, leg of the IMF's strategy is accelerated removal of tariff protection for finished goods.

The argument runs like this: unemployment in SA virtually exclusively affects the unskilled. If you have skills, the chances are good you have work. Most skilled jobs are in the manufacturing and service sectors. What is so special about manufacturing? This is the sector most heavily protected from foreign competition. Tariffs on capital and intermediate goods are, by contrast, low to non-existent.

Protected industries can employ skilled workers and meet their wage demands (inflation by, among other things, the apartheid-induced skills shortage) because they do not have to worry about external competition. The IMF calculates that the average effective rate of protection

for finished goods produced in SA is presently between 30% and 35%. What that means is that SA manufacturing firms can, and do, operate at costs 30% higher than their outside competitors.

Unhappily that restricts them to selling in their own market, and thus puts a crippling constraint on their ability to expand beyond what is, after all, an economy with a GDP no greater than that of the American state of Maryland.

This also helps to explain the paucity of foreign direct investment in SA: no one is rushing to build manufacturing capacity in the country because protection has sucked wage levels too high to permit foreign firms to make use of SA as an export platform.

Protection of manufacturers, in short, is hampering the growth of industries that could begin to absorb the largest bloc of unemployed, new and recent entrants into the labour force.

Expansion of the raw material beneficiation sector might help offset that, but for the fact that industry insists on demanding special deals from government — deals that promote capital and skills intensity, and so militate against the creation of unskilled jobs, and shield industry from real world costs.

The IMF is sincerely complimentary about what President Nelson Mandela and his team have achieved in the past couple of years. It believes government is moving bravely in the right direction on trade and it does not blame the unemployment exclusively, or even largely, on the unions.

Its staff are, however, contemptuous of anyone who refuses to understand the enormity of the unemployment problem and who thinks job growth is largely being held back by lingering exchange controls, an improperly valued rand or the structure of the country's corporations.

SA, they argue, has the basic wherewithal to achieve growth rates in excess of Mbeki's 6% target. It will not do that as long as more than a third of its labour force is doing less than five hours a week to add anything to the GDP. That is a recipe for disintegration.

Unions blame business for high unemployment

BD 4/4/96

(336)

Renee Grawitzky

ORGANISED labour this week challenged business on its attempt to lay the blame for the high unemployment levels at the door of workers and organised labour for being a "labour elite" and attempting to create "inflexible labour markets".

This emerged from labour's document released this week, which was not seen as a response to the SA Foundation's growth for all strategy, although it challenged a number of the foundation's positions.

Labour argued that it was the business community which retrenched workers and further exacerbated unemployment levels.

A call was made for companies to sign a code committing themselves to avoiding retrenchments.

A strong theme running throughout

labour's document was the emphasis on training and education.

Labour said one of the reasons for SA's uncompetitiveness was the low levels of company investment in training and education.

It submitted a number of mechanisms to increase such investment by proposing a number of levies on companies to force them to invest in training and education.

Labour argued that it was the employed workers who provided the social security net for the unemployed, while at the same time it illustrated that wages of many employed unionised workers were extremely low.

Statistics revealed that union-negotiated wage rates in a number of instances were lower than the minimum wage of R700 proposed by the foundation document for workers employed in "labour-absorbing ventures".

IEM

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- ◆ *Turnover up 32%*
- ◆ *Attributable earnings up 12%*
- ◆ *Hampshire performs to expectation*

W Cape jobless rate 'lowest' (335)

THE Western Cape's rate of unemployment was by far the lowest in the country and its average disposable income was R13 638 per person last year — way above the national average of R8 065 per head.

CT 16/4/96
This was disclosed yesterday by Posts, Telecommunications and Broadcasting Minister Jay Naidoo in reply to a question from Senator Charles Redcliffe (NP).

Only Gauteng's disposable income per capita was higher at over R17 000.

Political Staff, Staff Writer

Economists warn more retrenchments coming

Grim forecast of little hope for jobless

ET(BR) 23/4/96

(335)

BY CHRISTO VOLSCHENK

Cape Town — Three years into the upswing, the economy continues to shed jobs.

Figures published yesterday by the Central Statistical Service showed that last year the manufacturing, mining and construction sectors shed 2 percent of the workforce, or 49 000 jobs, bringing the number of job losses in these sectors to 126 052 since the beginning of the economic upturn in May 1993.

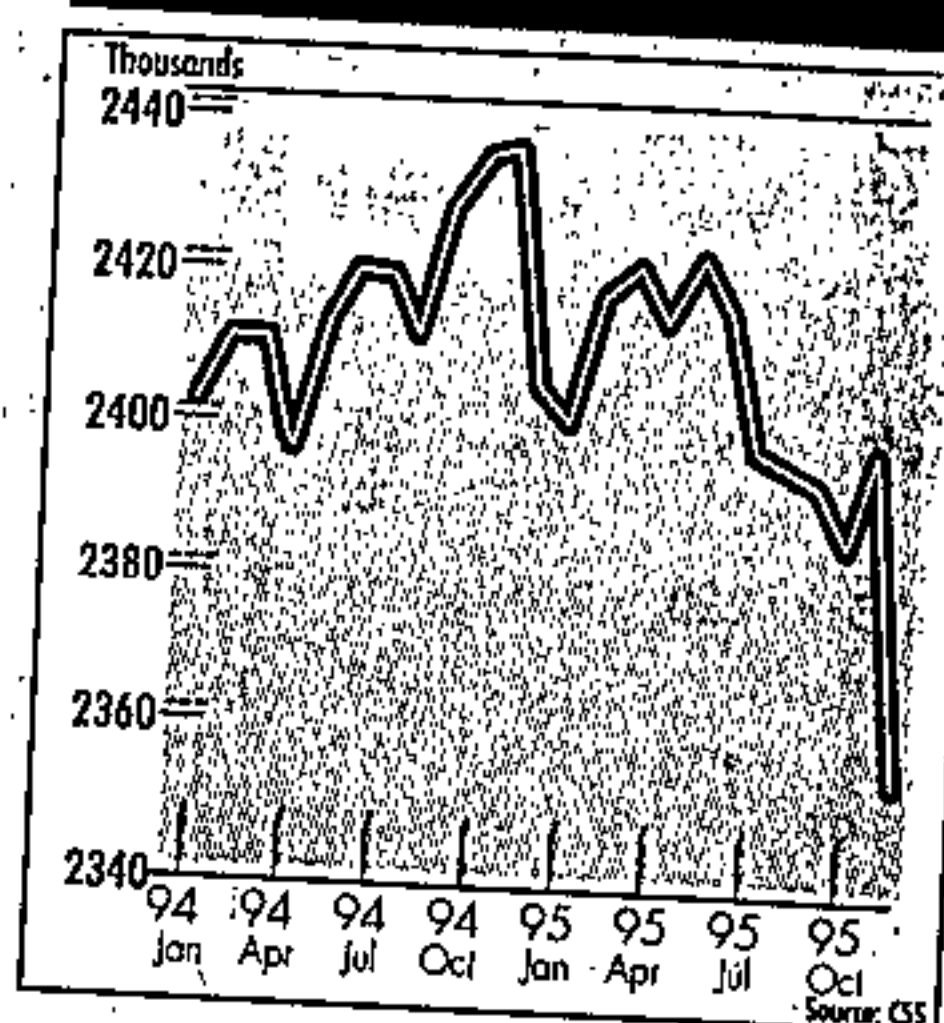
The Reserve Bank's quarterly bulletin showed that employment in the manufacturing sector has not changed since the mid-1980s. Economists warned yesterday that more jobs may have been lost since December and that more retrenchments will follow.

They said reasons for the decline included "inflexibility of the trade unions on policy matters", the recent economic slowdown, the drive to become internationally competitive and the "dismantling of trade barriers by government".

Liz Farquharson, an economist at stockbrokers Mathison & Hollidge, said the government's inability to complete an industrial strategy added to the uncertainty and kept businesses from investing.

"The manufacturing sector has been making new fixed investment. The output of the sector has grown steadily in the last years. Still the

Employment



employment figures have dropped.

"That is a clear sign that manufacturers have been substituting machines for labour. That is quite understandable given the inflexible stance of the trade unions on policy issues," she said.

Keith Lockwood, an economist at Sacob, said its last manufacturing survey indicated businesses would continue to lay off unskilled workers until at least the end of the year.

The latest employment figures leave policymakers with a problem because job creation is a central objective of the RDP. Thabo Mbeki, the deputy president, said the government would aim to add at least 500 000 new jobs by 2000.

Last year the mining sector shed 3 percent of its workforce, and the manufacturing and construction sectors dropped 1 percent and 5,4 percent of their employees.

Economic growth too low to end unemployment — Sanlam

Lukanyo Mnyanda

SA WAS falling short of the level of economic growth necessary to eliminate unemployment and make a lasting impact on the lives of its people, Sanlam group chairman Marinus Daling said.

He said in the group's annual report that economic growth of 3,3% was only marginally higher than the 2,5% population growth and it was premature to assume economic fundamentals had changed sufficiently to ensure long-term growth.

SA needed a national economic vision such as the one envisaged in the SA Foundation growth plan, which he believed to be based on internationally proven policies able to stimulate sustainable growth.

Although the plan could make substantial contributions to the debate on economic growth, it was not the only growth plan. SA had to develop a na-

tional consensus on the best way to achieve growth, he said.

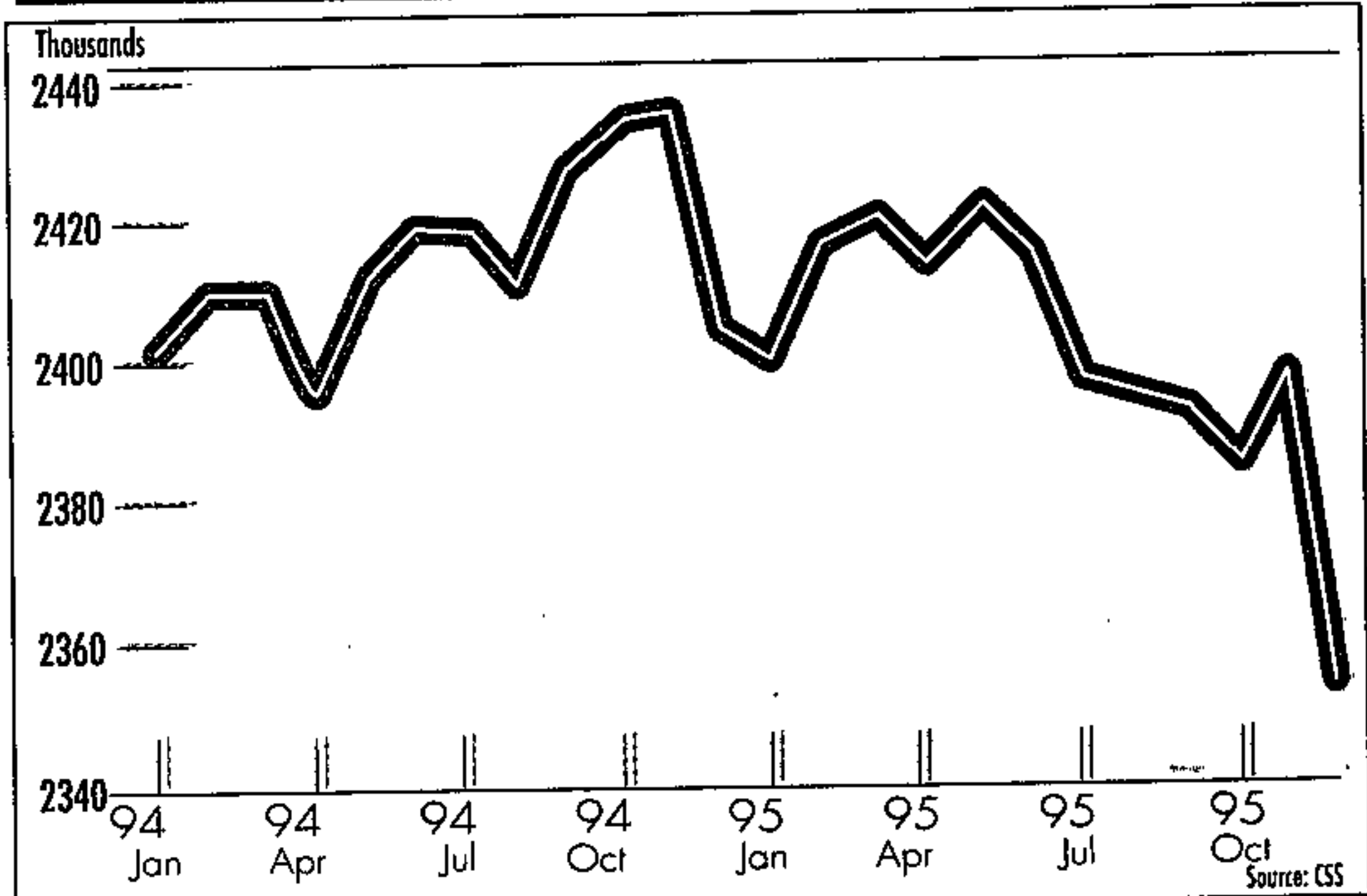
"What we have to do now — as a matter of urgency — is to develop and string together the common themes of the various growth plans, for example those inspired by Deputy President Thabo Mbeki, organised labour and the SA Foundation, into a vision that fires the imagination of our people."

The widely mooted target of reducing the unemployment rate to acceptable levels by 2020 through sustained economic growth of at least 6% a year was an appropriate economic vision.

He said a labour dispensation which promoted job creation and the speedy phasing out of exchange controls were necessary measures if SA was to improve its position as a trading power.

"All decisions must be driven by the national vision, which must be promoted vigorously by leadership at all levels," Daling said.

Employment



Still waters

(335) (44) CT (BR) 25/4/96

ANN CROTTY

Recently released figures from the Central Statistical Service (CSS) that indicate the South African economy suffers from the phenomenon of jobless growth are reinforced by data from many of the large industrial groups listed on the JSE.

And it seems the trend toward increased profit being accompanied by reduced numbers of employees goes back some years.

The vast majority of those companies that do provide the information in their annual reports show a decline in the number of employees in the five years to last year.

To the extent that any pattern is identifiable, it seems that companies involved in the heavier side of manufacturing and industry are reducing their workforce, while companies in the service sector are increasing their employee numbers.

In the five years to last year, the chemicals and explosives group AECI reduced its workforce from 27 300 to 18 000.

Between 1990 and 1993, Anglo American Industrial reduced its employee numbers from just more than 44 000 to just less than 40 000.

At the conglomerate Hunt Leuchars & Hepburn, employee numbers were down from 30 760 in 1990 to 12 011 last year; over the same period Metkor cut its workforce from 30 760 to 12 011 and Nampak's employee numbers were down from 22 960 to 18 049.

De Beers shed more than half of its workforce between 1990 and 1995.

It is not all bad news though: a number of companies reported increases in employee numbers.

Edgars increased its numbers from 12 530 in 1990 to 15 500 last year.

Over the same period, Foodcorp's workforce increased from 14 468 to 16 804; Lenco's workforce rose from 6 155 to 10 381.

Some of the more dramatic changes in employee numbers can be attributed to corporate restructuring.

In the case of Pepkor, its numbers jumped from 15 000 in 1990 to 39 000 last year.

The Premier Group's workforce doubled over the same period; while Barlows' employee numbers almost halved.

Pepkor's increase is attributable to its acquisition of much of the Tradegro operations in the early 1990s.

Similarly, Premier's figures were bumped up by acquisition. The reduction at Barlows was due to its unbundling.

Possibly the only thing that can be said decisively about trends in the employment numbers is that it is very dangerous to say anything decisive.

And if this is so, then the gloom that has been cast by reports of jobless growth may be too dreary.

It also means that knee-jerk criticisms of labour and trade unions is misplaced and misleading.

There appears to be sufficient evidence locally and internationally to suggest that the absence of trade unions would not materially alter employment trends.

There are a number of reasons not to be too disheartened by the official figures, chiefly because they do not represent a South African phenomenon.

Jobless growth is a worrying feature of most Western economies. This reflects the fact that every time equipment is replaced, whether it is a PC or a packaging plant, it is replaced by something that can produce a much greater output.

Bevcan, a Nampak subsidiary, recently announced it had invested R465 million in three high-tech canning production lines.

Using only 380 employees, these lines can produce record levels of output.

The reduction in Nampak's workforce since 1990 has been accompanied by a significant increase in output and a 42 per cent increase in labour productivity, with turnover an employee up from R153 000 a year to R327 000.

Though Nampak's management has had some tough years with the trade unions, it stresses that the increased capital intensity is forced by the threat of foreign competitors who manufacture flawless products using state-of-the-art technology.

It is the same story at the recently opened R5 billion Alusaf smelter, which can produce 466 000 tons of metal a year with a minimal work force.

In the retail industry, and the services sector generally, there is limited scope to replace labour with machinery. That is why so much of the formal growth in employment occurs in companies in these areas.

SAB's figures reflect an inter-

esting combination of the two forces — reducing manufacturing employees and increasing the service-related workforce.

Despite a reduction in the workforce needed for beer production, the group's total employee numbers increased from 91 000 in 1990 to 110 000 last year, reflecting SAB's extensive retail and hotel operations.

Another reason not to be too depressed about official employment figures is that they may not accurately reflect an international trend to replace full-time employees with part-time and temporary staff.

A recent survey by Frank Horwitz of UCT's Graduate Business School reported that flexible work practices such as outsourcing were receiving more attention with South Africa's economic and political changes.

"Reasons for this include avoidance of non-wage benefits, greater flexibility by passing costs of fluctuating demand on to the contractor and greater flexibility in hiring and firing," said Horwitz.

It is likely that the smaller firms that spring up in response to this trend are not captured by the CSS figures.

A number of academics charge that the figures do not accurately reflect that an increasing proportion of new jobs are being created by small and new entrants to the economy.

In response to complaints that its sample population is too dated to accurately reflect the considerable changes that are taking place in the workforce, the CSS stresses

that its survey sample is updated regularly in line with information being provided to the registrar of companies.

Anecdotal evidence in industries such as transport, which is highly competitive and where the barriers to entry are low, suggest that jobs lost by the big companies are being replaced by small players who may not appear in the registrar's figures.

Unfortunately the bottom line is that no matter how much allowance is made for under-accounting for employment numbers, the picture does look grim.

And it is made grimmer by the lack of a convincing strategy from labour, government or business.

'It means that knee-jerk criticisms of labour and trade unions is misleading'

'Crisis' for jobless in SA

ESTELLE RANDALL
Labour Reporter

335

MOEGAMAT Armien is a regular at the Unemployment Insurance Fund offices. He started his first job when he was 12 as a packer on chip trucks. Later, he worked as a council road worker and then drifted to Cape Town harbour as a labourer.

For the past 14 years, he has worked as a fireman in the harbour. But since 1992, work has become increasingly erratic.

Sometimes he works for six days a month, at other times almost every week. But this occasional access to work enables him to draw unemployment benefits when all else fails.

He is not sure about what he will get this time round. In June 1995, when he last drew, he got R700.

For millions of others, the scenario is even more bleak.

South Africa's unemployment rate is nearly four times higher than the international average and could constitute a national crisis, a recent South African Institute of Race Relations special investigation into unemployment says.

Overall unemployment in 1995, which rose slightly from 1994, was

34 percent. Those classified black accounted for 40 percent of this figure, coloureds for 25 percent, Indians for 20 percent and whites for 10 percent.

The international average rate of unemployment for developing industrial countries is nine percent. In South Africa, the unemployment rate is generally accepted as being about 32 percent. Total employment in the four main industries dropped by 1.8 percent between November and December last year, the Central Statistical Services said this week.

The 1.8 percent drop in employment amounts to a decrease of 43 565 workers in mining and quarrying, construction, manufacturing and electrical industries. The biggest decreases occurred in the mining and quarrying, and construction industries, followed by manufacturing.

The CSS said the decrease occurred because of discharges, resignations and the conclusion of seasonal and contract work.

However, even those in formal employment do not necessarily escape the vice-grip of poverty.

The median personal income of all African wage and salary earners of about R470 a month is not significantly higher than the R457 median monthly income of infor-

mal sector operators. And both these median incomes are well below the family minimum living level of about R750 a month. But unemployment makes the difference between marginal and serious poverty, the Institute of Race Relations says.

The presence of at least one unemployed person in a household means a drop of between R150 and R200 in monthly income. This makes it impossible for such households to afford to pay for municipal services, school fees or anything other than the means of physical survival and essential transport.

It also means that these households are unable to pay off a bond on the most basic ready-built house, even with a government subsidy.

As most of the homeless fall into this category, it means that the national housing strategy and the Masakhane Campaign are only of academic and political interest to them.

The institute argues that since most people in the informal sector are not significantly disadvantaged relative to formal wage earners, the development of the informal sector should form an important part of strategies to address unemployment in South Africa.

*29. Dr A P JANSE VAN RENSBURG—Arts, Culture, Science and Technology. [Question standing over.]

Mortgage Bond Indemnity Fund: granting of loans

*30. Mr M G MASHER asked the Minister of Housing:†

- (1) Whether her Department has granted any loans from the Mortgage Bond Indemnity Fund yet; if not, what is the position in this regard; if so, (a) how many and (b) what is the total value of the loans so granted;
- (2) whether she or her Department has laid down any guidelines whereby loans are granted; if not, why not; if so, what guidelines;
- (3) whether she will make a statement on the matter?

N568E

The MINISTER OF HOUSING:

- (1) No, Mortgage Indemnity Fund does not grant loans. It is a guarantee scheme which guarantees financial institutions against political risk in areas where the due process of law has collapsed.

The basis of mortgage lending is that a loan is granted against the security and value of a fixed asset (residential property). Where, in the case of default by the borrowers, the lender cannot exercise its contractually entrenched right to attach and dispose of the property due to a breakdown in the due process of law in a specific area, the state (MIF) will buy in affected properties at fair market value, subject to certain restrictions. This scheme has been introduced as a short term, temporary measure in order to facilitate an early re-entry by mortgage lenders into areas where measures taken to stabilise and normalise the environment, are taking effect. Cover will only be provided to accredited lenders whose credit considerations have been approved by the MIF and adhered to in lending practices.

As a matter of principle, the state should not get involved in covering or indemnifying against normal commercial risks undertaken by private sector institutions such as banks and building societies, in the

course of their business activities. The MIF clearly excludes normal commercial risks.

- (2) Not applicable.
- (3) Not applicable.

Health plan for prisons

*31. Mrs E J CHAT asked the Minister of Correctional Services:†

- (1) Whether he or his Department has drawn up a health plan for prisons; if not, what is the position in this regard; if so, who was involved in the drawing up of the plan;
- (2) whether he will make a statement on the matter?

N570E

The MINISTER OF CORRECTIONAL SERVICES:

- (1) Yes.

The current health care plan which is based on the Correctional Services Act, 1959 (Act No 8 of 1959), Regulations promulgated in terms thereof and Departmental policy, was evaluated by a Work Group appointed by the Commissioner: Correctional Services, during 1995. This Work Group recommended certain adaptations to the current health care plan which is presently under consideration.

Delegates from the following Departments/Organisations formed part of the Work Group and were thus involved in making recommendations for a new health care plan:

- Department of Correctional Services
- International Committee of the Red Cross
- Gauteng Provincial Administration (Medical Legal Section)
- Chief District Surgeon
- Part-time District Surgeon
- South African Nursing Council
- Department of National Health
- Lawyers for Human Rights and
- Transformation Forum on Correctional Services

- (2) I will be making a statement on the implementation of recommendations contained in the Work Group Report in due course.

Minibus taxis: subsidy

*32. Mr Z D MNGUNI asked the Minister of Transport:†

- (1) Whether he or his Department has allocated a subsidy in respect of minibus taxis; if not, what is the position in this regard; if so, what does this subsidy amount to;
- (2) whether he or his Department has laid down any guidelines about how this subsidy is to be spent; if not, why not; if so, what are these guidelines?

N571E

The MINISTER OF TRANSPORT:

- (1) No subsidy has been allocated to the minibus taxi industry.

The question of economic assistance does not stand alone. It is part and parcel of a comprehensive strategy to resolve the issues affecting the taxi industry, and therefore the commuter, in a sustainable way.

I, as Minister of Transport, have steered a proposal through Cabinet, as a result of which resources to the tune of R39,5 million have been approved for this financial year to fund the implementation process.

- (2) Clear guidelines have been laid down as to how this economic and financial assistance will be applied. It would be useful here briefly to outline the context within which these guidelines have emerged.

The National Tax Task Team (NTTT), was established to help solve the problems experienced in the taxi industry. The NTT followed a consultative process to identify the critical problems and to seek concrete solutions. Resulting from this process, recommendations were made to me as Minister of Transport and to MINCOM. The three essential areas covered by the recommendations are:

- regulation and control measures;
- training and skills development; and

— economic sustainability and industrial structure.

These have been accepted as the basis for addressing the fundamental problems of the taxi industry. Government has now also convened three working groups which will present implementation guidelines within the next few days.

I can also report that the provinces are all on board and have already started giving effect to many of the proposals. Most notably, taxi offices have been established in the provinces to help the industry build capacity and Provincial Registrars offices for the regulation of taxi associations and operators are in the process of being set up. Proposals to be implemented very soon are:

- Legislation of illegal operators using sound and responsible criteria
- Amendment of existing permits to normalise taxi operations
- A comprehensive training strategy and programme for operators and drivers
- A draft standard constitution and code of conduct is nearly completed and the taxi industry will then be consulted about it.
- Co-operatives have been approved by Government both as a mechanism for the economic development of the taxi industry and as the most appropriate structure for channeling financial assistance to it. Other forms of assistance will also be made available to the taxi associations.

Unemployment figure

*33. Mr D W MAKHANYA asked the Minister of Labour:†

- (1) Whether he or his Department has an unemployment figure for the past financial year; if not, what is the position in this regard; if so, what is the figure;
- (2) whether he or his Department has any strategies or plans to reduce this figure drastically; if not, why not; if so, what are the relevant details;

North's problems not the fault of South, says Unctad

(335) ST(BT) 19/5/96

By CIARAN RYAN

THE UNCTAD Trade and Development Report for 1995 rebuts the notion that cheap Third World imports and coupling trade to labour standards are the cause of unemployment in the developed world.

"Unemployment is now a veritable scourge in the developed world," says the report. But not, it appears, because of cheap Third World imports.

Where large numbers of jobs have been created, such as in the US, their quality has been poor. Most new jobs created in the US have been low-paying, resulting in stagnant general rates of pay.

The gap between rich and poor countries is set to widen as the newly employed are denied a share in economic growth. The 44% growth in US stock prices over the past year only exaggerates the widening wealth gap.

There is a perceived wisdom that high labour and other costs in the developed world have driven investment into the sanctuary of high growth, low-cost developing countries. In many countries, low pay and unemployment are blamed on the growth in international trade and investment, especially manufactured imports from countries where labour costs are low.

Solutions typically advanced include a demand for higher labour standards in the developing world and stronger import protection. Others see unemployment at home as an inevitable consequence of falling competitiveness.

The notion is that unemployment in the developed North is a by-product of rising imports of manufactured goods from the less developed South, and that this appears to have supported the growth in unemployment in the North since the early 1970s. This is true of some sectors, but not all.

"The South's receipts from manufactured exports are largely spent on buying other manufactured goods from the North, thus generating jobs," according to the Trade and Development Report, 1995. Yet even where there is a balance of manufactured imports and exports between North and

substantial decline in its trade balance with the developing world between 1970 and 1993, yet it had the largest increase in total manufacturing employment, while Italy — the country with the smallest trade balance — lost a fifth of its manufacturing jobs.

The notion that exploitative "sweat shop" labour in developing countries is destroying jobs in the North has attained near mythical proportions, yet the truth is somewhat different. Those developing countries which have been most successful in expanding exports of manufactured goods have also experienced rapidly rising wages, and they have upgraded skills and technology levels.

"While the greatly increased volume of manufactured imports from developing countries has indeed caused significant job losses in certain industries, the explanation for the sharp rise in mass structural unemployment lies elsewhere."

Another cause of unemployment is labour displacement by new technology. But, unlike the golden age of the 1950s and 1960s, these unemployed still have not been able to find work elsewhere in the economy at remuneration wages.

Economists blame this on labour market rigidities, such as social charges, severance pay, restrictions on job assignment and working hours. By deregulating the labour market, labour costs would in theory fall, thus creating more jobs and allowing companies to expand production. But if all companies acted similarly, none might choose to increase output unless there was an aggregate increase in demand.

Labour market deregulation could in fact reduce aggregate demand by shifting income from wage earners, who spend a high proportion of their earnings, towards profits, not all of which is spent. Furthermore, firms might respond to greater labour market flexibility by shedding jobs, particularly if they are facing a profit

in OECD countries fell from 6% in 1960-73 to 1.1% in 1973-79 and 3.1% in 1979-1990. This falling investment is not the result of higher labour costs or low profitability, but of the macro-economic environment.

"The generally restrictive monetary policies implemented over the last two decades have shunted economies into low growth paths in which low demand growth and low potential output growth have fed back into one another," says the report.

Frequent under-utilisation of existing productive capacity has made for slow capital formation and macro-economic policies have often been shaped to accommodate this.

Restrictive monetary policies and financial deregulation pushed up interest rates to historically high levels. In the US, France, Italy and Canada, real long-term interest rates between 1981 and 1993 were three times their level in 1956-80.

Financial deregulation, together with an increasing tendency to gear monetary policy to monetary aggregates or price movements, has made exchange rates and interest rates more unstable.

Refuting the prevailing wisdom that unemployment is the result of too much regulation and inadequate skills, Carlos

Fortin, officer-in-charge of UNCTAD, says the real culprit is the macro-economic environment: high real interest rates, volatile interest and exchange rates and high fiscal burdens brought on by the rising cost of servicing public debt.

"What is required is an expectation by business that demand will grow vigorously enough over a prolonged period to justify heavy investments in plant and equipment. Without the inducement of higher

sales, private firms will continue to be cautious, preferring to invest less and to cut costs rather than increase capacity."

To stimulate investment, businesses require cheaper capital and improved prospects for sales. If governments and central banks attempt to contain economic growth to 2.5%, companies will not expand capacity faster.

Accelerating demand expansion is unlikely to result in higher inflation, as it did in the 1970s.

WORLD OUTPUT 1980

COUNTRY GROUP	(% change)		
	1990	1991	1992
World	2.9	0.2	1.2
Developed market-economy countries:			
USA	2.7	-1.1	2.6
Japan	4.1	4.3	1.2
European Union	2.3	0.7	-0.4
Germany	2.3	1.8	3.6
France	2.3	0.7	1.4
Italy	2.2	1.3	0.9
UK	2.7	-2.3	-0.5
Central & Eastern Europe	-2.1	-11.9	-15.3
Developing countries:			
America	1.3	3.7	2.9
Africa	1.6	2.8	1.8
Asia	4.3	3.3	6.1
Least developed countries	2.2	0.6	1.0
China	8.8	7.2	12.0

* Estimate # Forecast

Graphic: FIONA KRISCH

Source: UNCTAD

South, more jobs would be created in the South because labour is cheaper and more abundant.

The North has a considerable manufacturing trade surplus with the South, thus generating jobs in the North. This surplus declined in 1980s following the collapse in commodity prices, rising interest rates and the debt crisis — thus reducing the import capacity of the South. The result was a substantial loss of jobs in the North.

There appears to be little correlation between unemployment and trade imbalances between the North and South. Canada, for example, suffered a

squeeze.

Market deregulation also creates disguised unemployment by taking people off the dole and placing them in low-paying, low productivity jobs (such as in the UK, where labour market reforms were introduced in the 1980s). Countries with highly protected agricultural sectors, such as Japan, also have a high rate of disguised unemployment in low productivity farm jobs.

The slowdown in capital formation over the last two decades has been a major factor in job destruction. The annual growth capital formation

1995			
1993	1994*	1995#	
1.7	3.1	2.9	
3.0	4.1	2.7	
0.1	0.6	0.5	
-0.5	2.8	2.8	
-1.3	2.9	2.5	
-0.9	2.7	2.5	
-0.7	2.2	3.0	
1.9	3.8	2.8	
9.4	10.1	4.2	
3.1	3.7	2.0	
1.4	2.0	3.3	
4.8	2.3	6.0	
3.3	1.4	2.3	
12.2	11.8	9.6	

'Tremendous task' facing SA in fight against joblessness

(335)
Government had to shift from current to capital expenditure to make the population more self-sufficient and to reduce the unemployment rate, according to the 1995 annual report of the Central Economic Advisory Service tabled in Parliament yesterday.

It was estimated that even if the growth in employment for each 1% growth in GDP remained at its relatively high level of 0,7% over the past two years, South Africa would still have to grow at almost 4% a year just to prevent unemployment from increasing.

That was a tremendous task given the social backlog in the majority of the population, the report said.

The correct fiscal policy would have to be supported by the appropriate monetary discipline if the country was to maintain macro-economic stability.

Excessive wage and salary increases above productivity gains, higher domestic consumer demand and credit growth – which led to a rebound in inflation during mid-1995 – were still real threats that may put upward pressure on the inflation rate.

However, the Reserve Bank was keen on keeping inflation on a par with the country's main trading partners, and was set to continue its restrictive monetary policies until the money supply and credit growth were under control.

It could be concluded that the modest rate of inflation experienced last year (8,7%) indicated a projected inflation rate of 8 to 8,5% for 1996. – Sapa.

Star 24/5/96

Number of jobs is lagging behind growth

(335) *Stan 31/5/96*
STAFF REPORTER

The growth in employment is well below that of the economy, even though South Africa has seen an economic upturn over the past year, a National Economic, Development and Labour Council report has said.

Releasing the council's first annual report on key social and economic developments in South Africa yesterday, Nedlac executive director Jayendra Naidoo said the high levels of unemployment contributed to the "extreme inequality in the distribution of income and resources".

He said the high levels of inequality were fostered by wide wage gaps between the incomes of the employed as well as the unequal access to infrastructure and services.

The report found that fixed investment had declined significantly as a proportion of the GDP.

While there has recently been strong improvement in private investment, the 1995 level of 16,9% remained below the levels of close to 23% achieved in the mid-1980s.

"Another important issue is that, in 1995, imports rose faster than exports and the economy be-

came increasingly dependent on inflows of foreign capital," a Nedlac statement said.

But Naidoo said the report highlighted some important gains and opportunities. He said labour productivity had been rising more quickly than wages since 1992, a factor that contributed to the lower rate of inflation.

The second annual Nedlac summit, to be presided over by Deputy President Thabo Mbeki, will be held this weekend. It brings together 300 key figures from Nedlac's membership - government, labour, business and the public.

Inequality fostered by unemployment

John Dladlu

THE high number of South Africans out of work was the main contributor to "extreme inequality" in income and resources distribution, executive director for the National Economic, Development and Labour Council Jayendra Naidoo said yesterday.

Naidoo said after the release of a socioeconomic survey that SA's inequalities were fostered also by other factors, including wide wage gaps between the incomes of various groups of people with jobs, as well as unequal access to infrastructure and services.

The survey, to be unveiled at Nedlac's first summit in Midrand tomorrow, also showed the recent economic upturn had not been accompanied by a substantial increase in jobs. "Overall unemployment continued to grow, with fewer jobs being created than the number of new entrants to the labour market."

Although there had been a strong improvement in private sector investment, last year's figure of 16,9% remained below the levels of about 23% recorded in the

mid-1980s. Another important issue is that, last year, imports rose faster than exports and the economy became increasingly dependent on inflows of foreign capital.

An increase in the rate of export growth, especially manufactured products, was needed to sustain the current levels of imports.

Naidoo said the report showed capacity utilisation in manufacturing had risen to 84% last year from 1993's 78%.

He noted also that since 1992 labour productivity had been rising at a faster pace than workers' wages.

Nedlac sources were optimistic that agreement would be reached by government, labour and business on supply-side measures this year, paving the way for the spending of R181m earmarked by the state for industry support measures during the budget year.

A source said labour was interested in support measures, covering areas such as training, while business was keen on measures that would replace the general export incentive scheme.

See Page 11

'Jobless growth' has led to greater unemployment

CT (PR) 5/6/96

#7 (335)

South Africa's economic growth during the past few years has been termed "jobless growth" because it has generated so few employment opportunities.

The first annual report on the activities of Nedlac shows that, despite positive economic growth from 1993, employment growth picked up only last year and then at a much lower rate than the gross domestic product (GDP).

The report states: "Recent rates of economic growth have produced only a small number of new jobs. Given the number of new entrants to the labour market, this has meant an overall increase in the rate of unemployment. Growth in GDP and non-agricultural employment shows there was a drop in employment in the early 1990s. Between 1990 and 1993, the equivalent of 6,5 percent of total employment was lost in the non-agricultural sector."

The report says that according to Central Statistical Services (CSS), in

1995 56 percent of the economically active population was employed in the formal sector. An additional 11 percent was employed in the informal sector while 33 percent was unemployed.

"Over the last 10 years, the largest employment losses have occurred in the mining industry where employment fell from a 1987 peak of over 750 000 to less than 600 000 in 1995," the report adds. "There were also losses in state enterprises with 122 000 jobs lost in Transnet alone between 1984 and 1994."

In the manufacturing sector, there had been an overall decline in employment from a high of over more than 1,5 million in 1988 to just over 1,4 million in 1995. The largest losses in manufacturing were in the food, textiles, other non-metallic minerals, iron and steel and metal-product sectors.

The report adds: "There were, however, employment gains in some sub-sectors of manufacturing, including

clothing, printing and publishing, plastics, electrical machinery and furniture."

Nedlac said it should be noted that there had been some controversy about employment numbers in the clothing and textile sector. While the figures for the CSS showed a strong increase in employment in clothing and a sharp decrease in textiles, the Southern African Clothing and Textile Workers' Union (Sactwu) argued that there had been large employment losses.

Nedlac points out that across the economy as a whole, unemployment is skewed by race, province and gender. In 1994, some 50,2 percent of African women and 33,6 percent of African men were unemployed, compared with 9,2 percent of white men and 4,55 percent of white women.

Meanwhile the rural rate of unemployment at 39,7 percent contrasts with the rates of 25,6 percent and 21,3 percent in urban and metropolitan areas.

In global terms, the degree of income inequality in South Africa is among the highest in the world and although there is considerable inequality within each racial group, much of the overall pattern is due to the low incomes of Africans.

Gender inequalities in income are also stark, with some 59 percent of female-headed households living on average incomes of below R727 a month, in contrast to 35 percent of male-headed households.

The report concludes: "Although the South African economy has begun to grow after a period of decline, rates of unemployment and inequality remain high. This implies that economic policy needs to aim not only for much higher rates of economic growth, but also for a type of growth that increases the demand for labour and reduces the gap in earnings among those who are employed."

Help for retrenched workers is investigated

(335)

CT(MR)5/6/96

Nedlac's Trade and Industry Chamber has set up a task team to develop possible options on a framework for assisting workers where there have been large scale retrenchments.

The chamber's report to the annual summit this weekend says that a research report, summarising international experience and exploring various options for social plans, has been developed by the Nedlac secretariat as a basis for task-team discussions.

These discussions will also take into account the findings of the Comprehensive Labour Market Commission report expected mid-year.

The report being considered by the task team covers these areas:

- ☐ Globalisation, competitiveness and democratisation;
- ☐ Macro-economic policy and its effects on employment;
- ☐ Avoiding retrenchments and redundancies;
- ☐ Anticipating and preparing for retrenchment and redundancy;
- ☐ Employment or income-gen-

erating opportunities available to those to be retrenched or made redundant;

- ☐ Advice and assistance for those to be retrenched; and
- ☐ Institutions.

Nedlac is in the process of finalising its consideration of the National Small Business Enabling Act in draft bill form. This bill provides for:

- ☐ The setting of standards to define small, micro and medium-sized enterprises (SMMEs);
- ☐ The establishment of the National Small Business Council which will represent and promote the interests of SMMEs;
- ☐ The establishment of the Ntsika Enterprise Promotion Agency which will provide non-financial support to SMMEs such as information, advice and training;
- ☐ The creation of regulatory framework to assess the impact of laws and policy on SMMEs; and
- ☐ The parameters for the relationship between small business promotion functions at provincial level and national levels.

Employment standards under the spotlight

A Green Paper on employment standards was released by the Department of Labour this February and has been tabled in Nedlac for negotiation.

The green paper looks at setting minimum employment standards in both organised and unorganised places of work with the aim of drafting an employment standards statute.

According to the Labour Market Chamber, the statute would set minimum standards for leave, working hours, overtime, maternity leave, notice periods and unfair dismissals.

The green paper contains proposals on these types of issues in order to facilitate a debate on appropriate standards that would balance basic rights for all workers with the need for employment creation.

The Labour Market Chamber has established a special committee for the purpose of negotiations on the green paper.

Agreements concluded in Nedlac will form the basis of a draft employment standards bill.

The chamber noted that the Wage Board, which investigates employment conditions and wage levels in various sectors and makes determinations setting minimum wages, was not functioning despite an urgent need for investigations in certain sectors.

"Further, the long-term future of the Wage Board was uncertain pending new legislation and the findings of the Comprehensive Labour Market Commission," it reports.

The chamber lists six items as key issues to be considered in the coming year. They are: a green paper on employment equity, a White Paper on human resource development, the Comprehensive Labour Market Commission report, occupational health and safety, social benefits and public holidays.



TALKING SHOP Tito Mboweni, the Minister of Labour, at the summit

DESPERATE SCRAMBLE FOR A DAY'S WORK

Chasing employment in the morning traffic

CT 6/6/96 (335)

ALL OVER the Peninsula, unemployed people congregate at major intersections — hoping a sub-contractor may stop and pick them up to do a day's work. **LINDZ VAN ZILLA** reports.

UNDER cover of the early morning darkness, they are gathered at the pick-up point, faces eager in anticipation of a day's work ahead.

Anxiously they scan oncoming cars, more specifically bakkies and vans.

At the slightest hint of a vehicle slowing down and stopping, they are on their feet and running, jostling to be first in line — to secure employment for the day.

All over the Peninsula, unemployed people congregate at major intersections. It is here that they hope to strike it lucky — hoping a sub-contractor will stop and pick them up to do a day's work.

Each morning, Mr. Zamikava Nyarasha walks 45 minutes from his home in Langa to an intersection in Epping, opposite the Epping Fire Station. He is there by 7am.

Nyarasha has no qualifications and no permanent work experience, but just hopes for a job. "I'll do any kind of work," he said.

Mr. Charlie Ludziya of Khayelitsha was one of the lucky ones. He was picked up on Tuesday and got work digging trenches to lay pipes. He was paid R20 for the day.

Another man, who didn't wish to be named, hasn't had the same success. The last time he got a job was in April.

According to him, it is only by luck that one gets a job and yesterday his run of bad luck continued. A van stopped



FIRST COME, FIRST SERVED: Desperate for employment, would-be workers scramble into the back of a sub-contractor's bakkie.

PICTURE: THE MANAGER, LINDZ VAN ZILLA

and a mad rush ensued, with everyone scrambling into the back.

However, the driver of the van instructed him to get out, as he had enough people, he said. Then the van sped off with the rest, to do electrical work for the day.

The man just shrugged his shoulders and went back to waiting.

He'll wait around until about 2pm, then trudge home disheartened. There he says, he will clean the house, cook food and prepare to return today to try his luck again.

The way to get a job is to run as fast as possible to the bakkie. If the back of the vehicle is open, jump in and hope you stay there. Otherwise, everyone crowds around the sub-contractor, pushing forward, almost willing him to select them.

Wages for a day's work range between R20 and R50. All the people the Cape Times spoke to wanted R60-80. One optimistically chirped, "R120-150".

At the entrance to the Goodwood showgrounds another batch of hopefuls wait. They come from all over — Guguletu, Khayelitsha, Langa, Philippi.

At lunch-time two of the men are picked up in a small car. The driver, Mr. Tony de Beer, works for a swimming pool installation company.

"Our work is a very seasonal business, therefore we can't employ full-time workers," he said.

"I do, however, have close contact with about half-a-dozen guys, whom I use regularly."

As he drives off, one of those left behind comments: "Maybe tomorrow, yes?"



THE DAY AHEAD: With a fire keeping off the early morning chill, (from left) Mr. Charlie Ludziya, son and Mr. Michael Mityaka contemplate the start of a day-long search for work. PICTURE: THE

Unemployment resists feeble assaults



Only economic growth can check our burgeoning unemployment, but achieving that will require a total onslaught from the private sector. State and labour movement **WILLIAM-MERVIN GUMEDE** reports

South Africa's growing army of jobless has become the mother of all problems which needs to be addressed if the country wants to prosper. However, can the country achieve that magical 6% economic growth rate that should, at least, put the brakes on spiralling unemployment? Yes, said Deputy President Thabo Mbeki at last week's meeting of the National Economic Development and Labour Council (Nedlac).

In the golden years of the '60s, South Africa's economic growth rates rivalled that of Japan: the gross domestic product (GDP) shot up at an average rate of almost 6% a year. During the first half of this century, at the height of South Africa's gold and diamond boom, the economy swelled. Between 1911, a year after the British forged the Union of South Africa, and 1961, real GDP per head more than doubled during a period of rapid population growth.

But, in recent decades, the situation has slid for much of the time, due to a fatal mix of weak world prices for gold and commodities, the cost of enforcing apartheid and the accompanying evaporation of political confidence.

In the 10 years to 1993, growth failed to keep up with the rapid arrival of new mouths to feed. GDP slipped each year and for the last four years of that period, the country languished in one of the longest recessions of this century. The most visible evidence of the decline has been unemployment.

Recent employment figures provide dismal reading. Over the past 10 years, the largest job haemorrhage has occurred in the mining sector. Between 1987 and 1992 more than 150 000 mining jobs were lost – more than a quarter of all jobs in that sector – according to the first yearly survey of Nedlac.

The Central Statistical Services puts the official unemployment rate at a shocking 35%, but the proportion of South Africans without a formal job is almost half, as many people eke out a living informally, hawking fruit and vegetables, or running spaza shops.

Moreover, the economy continues to shed jobs and the State has joined the job-cutting spree, with 122 000 jobs lost in Transnet alone between 1984 and 1994. Government and the manufacturing industry are still the country's top employers.

However, employment in the manufacturing sector shrank from a peak of more than 1,5 million in 1988 to



BLEAK FUTURE: Many of the jobless eke out an existence in the informal sector. This individual collects material for recycling

PHOTOGRAPH: THYS DULART

just over 1,4 million last year. When the Government advertised 11 000 job vacancies two years ago, it got a staggering 1,5 million applications. The bulk of the unemployed are blacks and the volume is growing at an alarming rate.

The SA Reserve Bank Quarterly Bulletin shows that since the nadir of the employment cycle was reached in mid-1994, a mere 40 000 jobs have been created by the private sector. Since the start of the upswing, only 12 000 new entrants to the job market have found employment.

Ben van Rensburg of the South African Chamber of Business said, after meeting a delegation from the Washington-based Institute of International Finance this week, that the international community was pessimistic about South Africa's ability to generate new jobs at a satisfactory pace over the next two decades.

In contrast, Mbeki, at the Nedlac summit, was optimistic that a 6% growth rate by the turn of the century was within reach. "We believe that the goals we set a few months ago, which included a 6% growth rate by the end of the century and the creation of a 500 000 new jobs by then, are attainable," he said.

Mbeki, in the Government's Growth and Development Strategy document, which is noticeably short on

specifics on how to tackle unemployment, promised a detailed programme would be released soon.

He said an understandable complaint had been expressed that the Government lagged in formulating a comprehensive policy that would go beyond just stating "heartfelt wishes and desires" and would, instead, offer a practical programme.

The good news is that the economy is growing again, albeit slowly. The advent of the new democracy pushed up economic growth and the GDP grew by 3,3% last year. Inflation also dipped below double digits, making the average South African a little richer for the first time since 1988. South African business has also gained confidence. Domestic private sector investment is up more than 32% since early 1993.

Leslie Boyd, chairman of Business South Africa, said that private sector fixed investment stood at 14,5% of input at the end of last year. "This is higher than the average level over the past three decades and nearing the historical peak of 15,5% achieved in the early '80s."

Productivity at last jumped – by 8,7% since December 1992, although it could do with much further improvement.

Economists started the beginning of this year in

high spirits, reckoning that growth could just exceed last year's figure. But the fall in the rand and the rises in bank rates and the petrol price could reverse the gains, even though inflation plunged to its lowest level in 24 years, at 5,5% in April.

In spite of the improvement in the economy, job creation remains below par. Nedlac executive director Jayendra Naidoo refers to the economic growth as "jobless growth".

Economist Vella Pillay, who is on the board of the National Institute of Economic Policy (Niep), said a growth rate of 6% or 7% was needed to prevent the current unemployment rate of 33% from getting worse.

The Institute for Futures Research at the University of Stellenbosch concurs and says a higher growth rate is needed to reduce unemployment. It says an unemployment rate of 33% means that new entrants to the labour market will not be able to get jobs. The institute predicts that by the year 2026 there will be about 64,6 million people in South Africa, 14,2 million of whom will be unemployed.

This week, the trade and industry department warned that considerably more work had to be done to achieve employment targets. The department's direc-

tor-general, Zaverah Rustonjee said that of the target of 300 000 non-farming jobs, only 70 000 to 90 000 sustainable jobs were expected to be created in manufacturing.

The contribution of the primary and tertiary sectors in job creation was crucial. "In particular, tourism, financial services and construction have the biggest potential for job creation," he added.

Rustonjee said that last year's growth rate of 3,3% was an indication that the growth target of 6% by the turn of the century was within reach. Employment had jumped substantially last year in financial services and in the trade, catering and accommodation sectors. Employment in the construction industry was also expected to climb as a result of the implementation of the RDP.

So far, the Public Works Department – earmarked to spearhead the job creation drive – has generated just 7 201 jobs and used less than half its R150 million budget setting up 199 community-based public works projects countrywide. Department director-general Sipho Shezi blamed a "vacuum of capacity at provincial level" for the slow delivery.

He says that although staff have "raw technical skills", they generally have no project management expertise, especially at provincial level, the tier responsible for implementing the programme.

Nico Czwiyonka, senior economist at Standard Bank, says the country needs a labour policy that makes way for new entrants, adequately protects the rights of current employees and reduces the high labour costs.

"We have to increase the labour-absorption capacity of the economy. The creation of industries that can assimilate unskilled people are the way to go," he says, while admitting that labour unions have denounced this direction as one which would create a cheap pool of labour.

Ravi Naidoo, labour economist at the Cosatu think-tank, the National Labour Economic Institute (Nalei), says an immediate but short-term solution is to focus on labour-intensive job creation. "Government policies must emphasise public works programmes with on-the-job training schemes, land reform, development of rural infrastructure and the fostering of entrepreneurship," he argues.

Technology is both hero and villain. It provides the only sound basis for economic growth, but its application by firms seeking greater efficiencies generally results in initial cutbacks in jobs. A worker who is retrenched because his employer introduces new machinery is unlikely to draw solace from the argument that greater efficiencies lead to cheaper goods, which stimulate demand that creates jobs elsewhere in the economy.

In the longer run, said Niep labour economist Asghar Adelzadeh, South Africa needed to improve its pitiful school system and miserable skill levels. "The quality of education has to be improved dramatically to ensure that black school-leavers emerge from school with marketable skills," he said.

"As much effort must be put into providing people with skills as is expended in boosting the growth rate. This cannot be achieved solely by State spending on education and training.

"Moves to stimulate growth have to be accompanied by creation of corporations to recruit and train employees," he added.

Trade unions, should be pushing to improve their members' skills.

Plan to reduce unemployment to 8% by 2020

Star 15/6/96 (335)
By ALIDE DASNOIS

A total of 250 000 new jobs next year, rising to 400 000 in the year 2000: that's the hope held out by the Government in its new economic policy.

Minister of Finance Trevor Manuel and his cabinet colleagues have thrown their weight behind the plan to shift job creation into a higher gear.

Without some major changes in direction, Manuel said, economic growth would not top 3% a year, and fewer than 100 000 new jobs would be created each year - bringing unemployment from 33% now to about 37% in 2000.

The new plan, which involves what Manuel called some hard decisions, aims to create an average of 270 000 new jobs each year between now and 2000, and 400 000 a year after that. If it works, the unemployment rate will have been slashed to 8% by the year 2020.

The Government calculates that job creation will be particularly strong in manufacturing, construction, trade and private services.

The plan aims to create 833 000 more jobs between now and 2000 than would have been created if the economy had been left to trundle along its present path. The bulk of these - 692 000 - would be in the formal sector.

Part of the job gains are to come from higher output, but about one-third of the acceleration in employment would be the result of policy changes. Key among these are the Government's plans to introduce greater flexibility at the lower end of the labour market - a move

which is more in line with the demands of the business lobby than with those of organised labour.

Average wage and salary increases should not exceed productivity growth, the Government has warned. Hinting that differentials between skilled and unskilled workers might widen under the new plan, the policy documents note that as the country adapts to international competition, downward pressure would be placed on the wages of the unskilled.

In contrast, employment and wages of skilled workers were likely to rise because skills were in relatively short supply.

Average wages in the private sector, taking into account inflation, are forecast to grow by 0,8% this year, with real wage growth averaging 1,4% up to the year 2000. Wages in the public service are expected to grow at an average of 1,2% a year from a high point of 4,8% this year.

The policy document aims to end uncertainty about the direction the Government intends to take in its attempt to foster a growth rate of 6% by 2000.

The uncertainty has been fuelled by sometimes acrimonious exchanges between business and labour.

Business has called for accelerated privatisation, bigger cuts in the government deficit, lower direct taxes and more flexible wage policies. The major trade union federations have demanded job creation through public works and mass housing programmes, more money for training, taxes on the wealthy, stronger worker rights and a tougher competition policy.

Call to establish social fund

Renee Grawitzky

BD 20/6/96 (335) (473)

structural employment decline".

On retrenchment procedures, the commission said these had to refer to selection criteria, specified notice periods, minimum levels of severance pay and provision for training.

The commission also proposed the amendment of section 189 (2) of the Labour Relations Act which obliges employers to consult on retrenchments. The amendment proposed strengthening the clause to refer to "structural employment loss", in the event of which parties would have to attempt to reach consensus on social plan measures.

The social plan fund would be funded by business, labour and government — though detail in the report is sketchy. However, other sources of funding could be pursued such as directing funds from agency shop fees. Government would also have to play an important monitoring role of planned closures and restructuring exercises.

THE Labour Market Commission has recommended the drafting of social plans at either plant, sector or regional levels, and the establishment of a special fund, to limit and cushion the effect and extent of structural job losses.

This recommendation formed part of a number of broader proposals to address the "plight of the unemployed" and in response to the feasibility of introducing a Social Plan Act as one of the "labour market instruments to deal with negative social implications associated with economic restructuring".

These measures referred to granting access of relevant information to unions and government during restructuring exercises; training of workers; counselling; and the establishment of a national social plan fund.

The intention of the fund would be to "support strategies negotiated between employers and workers facing

Unemployment ideas 'hazy' and 'elastic'

ILO refutes SA's jobless statistics

(335)

CT(BR)20/6/96

By Christo Volschenk

ECONOMICS EDITOR

Cape Town — South Africa's unemployment rate may be far smaller than is conventionally believed to be true.

The powerful International Labour Organisation (ILO) believes the jobless figure is 20 percent and not the 33 percent traditionally accepted by local economists.

The ILO yesterday released the results of a survey on South Africa at the same time as the labour market commission published proposals in broad sympathy with the government's desire to negotiate a national wages and prices pact to stimulate growth and alleviate unemployment.

The ILO study says it "expresses considerable scepticism about the conventional view that South Africa's unemployment is 'the highest in the world'. It is not".

The ILO rejected notions that South Africa suffered from structural unemployment as "hazy" and "elastic", and said the figures produced by the most widely quoted October Household Survey were distorted and exaggerated.

It was hesitant about giving its own estimate on unemployment, but said the jobless rate could be "guesstimated" at about 20 percent.

The report said it would be wrong to believe that the main ways of reducing poverty would be through focusing solely on unemployment. "Poverty has many causes other than unemployment, and many of the poorest in South Africa are not unemployed."

In yesterday's report to Tito Mboweni, the labour minister, the labour market commission proposed that the social partners negotiate a so-called national accord for employment and growth in the National Economic Development and Labour Council (Nedlac).

"It must be a bargain between the social partners in which the size of wage increases is placed on the table with commitments from business on price increases and government, on, for instance, tariffs and supply-side measures to assist

exporters. "We do not call for a statutory enforced incomes policy of the kind which has been unsuccessful in the past in other countries but opt for a voluntary and self-regulated accord," the commission said.

Business would have to hold price increases below the rate of inflation, show moderation when setting salaries for managers and offer credible profit-sharing arrangements to labour.

In turn, labour must commit to moderation in wage demands and government must promise to keep the price increases of key products such as petrol, diesel, public transport and electricity below inflation, the commission suggested.

The commission suggested that President Nelson Mandela call a jobs summit "as a matter of urgency" to reach agreement on "an agenda and timetable for the negotiation of the accord".

The labour market commission was appointed by Mboweni about 18 months ago to draft a comprehensive labour market policy.

He will appoint a team of experts in the coming weeks to advise him on which proposals to accept.

Business, labour and smaller political parties received the suggestion of an incomes policy with little enthusiasm. The South African Chamber of Business (Sacob) said "an essential prerequisite for the success of an accord is a common economic vision between business and labour which is not yet in place".

The Democratic Party said the mooted accord "will do nothing to alleviate the plight of millions of unemployed" while labour's Ebrahim Patel said he "doubts business will keep to tough commitments negotiated in Nedlac".

Patel said he welcomed the ILO research because "one of the weaknesses on labour market policy has been the absence of reliable information and engagement on common information".

□ See Business Watch, Page 14 and feature, Page 17

Report puts jobless at 20%

ARG 20/6/96 (335) (428)

UNEMPLOYMENT is probably closer to 20 percent than to 32 percent, estimates a report by the International Labour Office (ILO).

The report, on which the recommendations of the Labour Market Commission are based, examined figures of unemployment and employment from several sources and concluded that, though serious, unemployment in South Africa was not as high as claimed.

Nor was unemployment the only source of poverty, said the authors of the report, in a finding which has major implications for policy.

"Claims that unemployment in South Africa is the highest in the world are certainly false",

the co-ordinator of the ILO report, Guy Standing, told a media briefing.

Mistakes had been made in estimating both the numbers of people with jobs and the numbers of people with no jobs, he said. But this did not imply unemployment was not a serious problem.

The ILO also debunked another claim - that higher wages for some always means far fewer jobs for the others.

The report found that in South Africa, like in other countries, wage increases did not have a major effect on numbers of people employed.

This meant wages should not be the basis of a policy for full employment in South Africa.

The ILO report found South Africa was one of the two or three countries with the most unequal distribution of income in the world.

"Wage differentials are excessive in South Africa," the report said. "By international standards, the level of earnings of senior managers is very high, and wage differentials have been much greater than in economically dynamic countries of South East Asia, as well as in industrialised economies."

Dr Standing said econometric models in all parts of the world had shown that the more unequal a society, the lower the rate of economic growth. "So decreasing inequality can increase economic growth."

Aid plan for retrenched workers

A SOCIAL Plan Fund to help workers facing retrenchment is one of the ways the Labour Market Commission suggests to cushion the effect of job loss.

Unions and government should be involved in the process of structural change which implies scale redundancies in particular areas or sectors, it says.

The threat of structural employment loss should trigger

ARG 20/6/96
attempts by employers and unions to agree on the introduction of Social Plan measures - even when job loss is not immediate.

The Social Plan should include a training programme linked to realistic employment or income generation opportunities, and retrenched workers near retirement age should be able to cede their training to a dependent.

The fund, preferably man-

(335) ~~23~~
aged by the department of trade and industry, could be financed from the National Public Works Programme, the Reconstruction and Development Programme (RDP) Fund, and foreign donors.

But money in the Social Plan Fund should only be used to add to social funds which have already been set up at plant, sectoral or local level to open up alternatives for retrenched workers and their families.

Employers must be forced by law to give information

AR 6/20/96 (335) (166)
LABOUR legislation should be tightened if necessary to force employers to provide workers with better information on retrenchments, the Labour Market Commission recommends.

The unions should use the channels provided by the Labour Relations Act to secure disclosure of information by employers. But where this is not sufficient, the law should be strengthened, the Commission says.

Reluctance to provide information, it warns, will intensify the unions' view that employers are "insensitive and uncaring" about structural change and mass redundancies.

The Department of Labour should be informed of planned plant closures and redundancies where, say, more than 20 percent of the workforce is involved, the Commission says.

Only '20 percent could be jobless

Kouetari 20/6/16
335

By Waghied Misbach

THERE may be fewer unemployed people than was originally estimated and unemployment in South Africa could be as low as 20 percent.

This is a claim by a member of the International Labour Organisation.

Guy Standing of the ILO says the current figures of the Central Statistical Service (CSS) and the South African Labour and Development Research Unit (Saldru), were inadequate to determine the rate of unemployment in the country.

He was speaking at a media briefing in Cape Town yesterday before the release of the ILO Country Review on the South African Labour Market.

The 1993 Saldru survey put unemployment at 30.1 percent, while the CSS said that it was 32.6 percent.

Although Standing challenged the official figures, he said the ILO study could not reach a "definitive view" on how many unemployed people there were in South Africa.

Economic upswing

He said that his figure was a "guestimate". The study also challenges the widely held view that jobs have been created as a result of the recent upswing in the economy.

However, the report emphasises that it does not want to create the impression that unemployment is not a "serious problem".

The report said that unemployment mostly affected black people, women and youth.

Of those without jobs, there were about 4 million unemployed Africans, a rate of 41 percent, compared to 23 percent for coloured, 17 percent for Asians and 6.4 percent for whites.

Sceptical

Standing said people should be sceptical of any claims that South Africa was experiencing "jobless growth" because this could be based on the "inadequate" data available.

The ILO Review was released as part of two studies commissioned by Labour Minister Tito Mboweni to investigate the labour market in South Africa.

BUSINESS WATCH

336 DT(MR) 2016/9/6

What if it was just not true that the growth plan has urged it to. It

unemployment rate in the world? Because their numbers would be for the year 20 March '51 with about 1940 rates are highest would strengthen the unions. Petrol of James Medley's results.

What if the true rate of unemployment represent a bigger proportion of the national shareholders in question? The available workforce than previously. The wisdom of the extensive three as is often feared, but possibly, possibly thought it could dramatise the situation programme in which the below 20 percent. According to, really alter the electoral strategies group has been involved for the International Labour Organisation of the ANC last approaches the past few years. With the vote publication (110), our unemployment next election, including the infirmary, operations, year ending 1941 is nearer 20 percent. Since of leaders who hope that future in a new, and

If this is correct, it changes the political landscape dramatically. First, the labour market commission report released yesterday — in effect a pale copy of the macro-economic recommendations in the government's growth plan released last Friday — would need rewriting. It predicted we have an unemployment crisis, which 20 percent is not. It would mean industry may perhaps not have to throw itself at labour intensive activities as quickly as

the poor and jobless should be. Precedence over the poor and working. The possibilities are endless, though it is inevitable that the musings of the ILC will be sharply attacked by the high unemployment is precious. If we have been cheating more jobs than we think, why then, a blisse wage agreements of greater second-tier jobs market? The sooner we have a census the better.

occupying an inordinate measure of management attention. The response would no doubt draw attention to the uncertain future of newspapers and the need to ensure against this eventually. While the principle is sound, investors are taking more and longer times. Media special deal activities must be clinched by the core business interests. Thus, for the solid

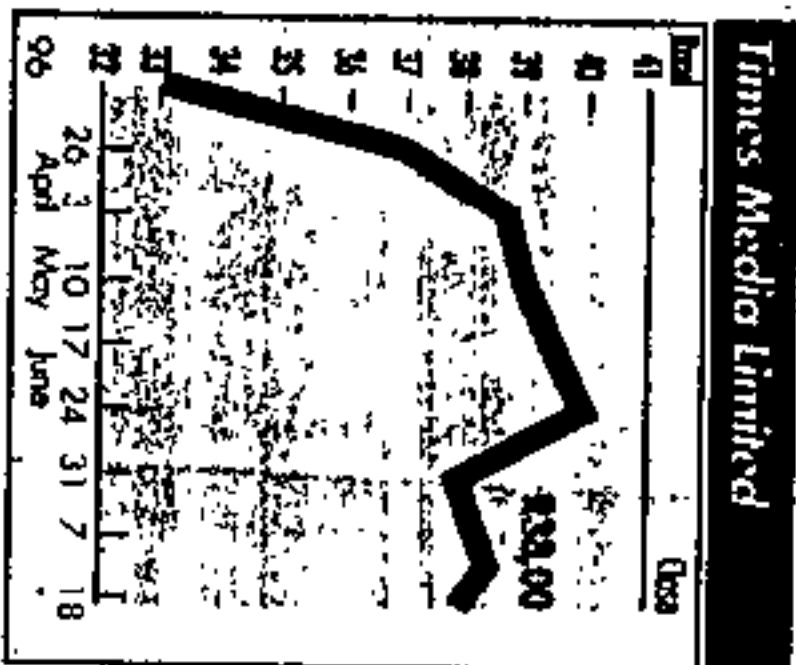
progress of the core activities will have kept shareholders happy. But they might not be quite so accommodating should a setback occur

The shares might have enjoyed a rise, almost £30 million, a year ago, but the company could confuse the focus at the time. The shares might have enjoyed a rise, almost £30 million, a year ago, but the company could confuse the focus at the time.

Automet, the road transport arm of the seen sound and hardly reflex an image of a stodgy parastatal. Automet, maximising payloads and success with its separately listed Edition, while other prominent players include Log-Tek (the owners of the Academy of Learning),

of Maritime Carriers, the refrigerated goods handler that put the skids on profit growth at its parent company, Laser Transport in dubbing Laser's proposals "very competitive", Peter Mageza, Autonet's chief executive office, hinted that the K29 million pricing for the 235 vehicles was, in fact, abysmal. He also indicated that the sizeable Mainline fleet could be incorporated into Autonet at little extra cost.

Intec
The owners of Intec College, who snapped up Rapid Results College yesterday to create the largest privately owned distance learning institution in Africa, are doggedly determined to maintain their independence. Though there are clear advantages to doing a deal with a number of listed companies which have earmarked the private education sector as a strong growth business, LeisnerNet (Varsity College) One could speculate that Maunier is playing hard to get, knowing that companies wanting to diversify into private education will pay top dollar for a foothold in this fast growing market. Either way he would not be unhappy at Edunor's spectacular JSE debut yesterday—a clear indication of how highly the private learning business is rated.



at a time when the blood from the lean-core interests has still to be stemmed. The most recent results deliver a price-to-earnings multi-

LABOUR MARKET COMMISSION

ILO report queries SA jobless figures

Alan Fine and
Renee Grawitzky

BD 20/6/96

#7 (336)

AN INTERNATIONAL Labour Organisation report on SA challenges the conventional wisdom that SA has a 32% unemployment rate.

Arguing that previous surveys, including the Central Statistical Service's household survey of last October, employed incorrect figures, it suggests the figure could be closer to 20%.

It supplies 14 reasons in challenging previous surveys. These include the "pervasive distrust factor among respondents", various sampling errors including the neglect of mining hostels, the omission of small-scale "informal" business units, and major inconsistencies between CSS figures and a big World Bank/Saldru survey of 1993 over employment in construction, public utilities and the retail sectors.

For the same reason, it also challenges the view that the 1990s' GDP growth has largely not involved increases in employment.

The ILO argues that contrary to popular belief, the SA labour market is highly flexible with considerable flexibility around employment, wages and the degree of work organisation while although unemployment was a serious problem, current statistics underestimated actual employment levels.

The report "Restructuring the labour market: the SA challenge" was compiled by Guy Standing, John Sender and John Weeks. This report, commissioned by the ILO, was used by the labour market commission as background information on the current state of the labour market.

Standing said during a briefing this week that the SA labour market faced three key challenges. The first was addressing poverty and the high levels of inequality. International evidence showed less economic growth was achieved in an unequal society, he said.

The second challenge related to the question of whether SA's unemployment levels were the highest in the

world as depicted by the SA Foundation. He disputed the current figures given by the Central Statistical Service, the October Household Survey and the 1993 Saldru figures related to unemployment and cautioned against the interpretation given them.

Standing said not only were these levels of employment an underestimate, but the level of employment changes were underestimated. "The type of employment which was growing in SA was the type traditionally not being picked up."

Talk about "jobless growth", he said, "should be treated with scepticism."

Unemployment, he said, could not be equated with poverty as large numbers of the poorest in SA were not unemployed but were the "working poor".

The third challenge related to efficiency. Standing said in order for SA companies to become more competitive, "some sort of reform" had to be achieved in the area of non-wage remuneration which did not really provide sufficient incentive to workers. He proposed, in order to reduce overall labour costs, some of the social benefits provided to workers in the form of non-wage remuneration be transferred to local authorities or government.

Other aspects of the report focus on a survey of more than 300 SA companies which showed that hours of work in SA were among the highest in the world and "long hours were contrary to dynamic efficiency".

The survey also found that union membership statistics were questionable and the union movement did not appear to be united. "Overall union density is exaggerated and the capacity of unions to represent their members effectively is thin."

In this area, the ILO report expressed concern about the longer-term strength and representativeness of trade unions, and proposed a major programme of worker education to strengthen unions' labour market capacity to "make bargaining more responsive and responsible".

Commission recommends reworking welfare scheme

By James Lamont

CT (AR) 20/6/96 INDUSTRIAL EDITOR

Johannesburg — The government should consider the introduction of a far-reaching welfare scheme to support South Africa's unemployed, a report by the labour ministry's labour market commission has recommended.

The report by the commission to investigate the development of a comprehensive labour market policy, released yesterday, recommended that the labour, welfare and finance departments examine a new welfare system for the unemployed that could include benefit payments along the lines of the dole system used in Britain.

It found that the Unemployment Insurance Fund (UIF) and the Public Works Programme, the two schemes which support unemployed people, did not cater for most of the 40 percent of the population who are without jobs.

Evidence that 53 percent of unemployed people lived in households with no wage earners underlined the importance of introducing state benefits for those without employment. About 63 percent of unemployed people lived in households which received no financial assistance.

"While employment creation must form the heart of any strategy designed to alleviate poverty, higher wages and more generous transfer payments, in so far as these are feasible, would also reduce poverty provided higher wages do not lead to a counterproductive decrease in employment," it said.

The report said that the UIF

should be reformed and made available to as many workers as possible.

People earning more than R69 240 a year did not contribute to the fund. "Those most vulnerable to unemployment are members of the fund, while those less vulnerable do not contribute."

The fund's system of keeping records had to be transformed because no reliable information on the number of contributors or the amount paid by individuals was available.

All institutions that provided benefits to the unemployed should be linked to a central base.

The report said that while the commission would have liked to

have recommended a substantial increase in commitment to the RDP-funded R250 million community-based public works programme, it had not done so because of the absence of credible monitoring.

However, it said that the public works department, which would serve as the co-ordinating ministry for infrastructural projects, would create an "enabling environment" for the construction industry.

That would encourage the industry to pursue labour-intensive methods and to curb the use of casual labour. It would also promote the allocation of public contracts to black-owned small and medium-sized businesses.

Unions would be expected to accept greater flexibility in wage levels and ways of remuneration.

'The majority of unemployed people live in households which receive no assistance from the state'

ILO unemployment claims 'rash'

Renee Grawitzky

21/6/96

(335)

THE Central Statistical Service (CSS) — quick to react to claims by a recent International Labour Organisation (ILO) study that unemployment figures quoted in its October household survey of 1994 were incorrect — said that given the gravity of SA's unemployment, these claims were rash.

The ILO's country report, released at the same time as the labour market commission's report, criticised the lack of accurate employment and unemployment figures in SA and questioned figures released by the CSS and other institutions.

The report rejected the view

that SA's unemployment was about 32%. The ILO said it was closer to 20%.

The CSS said some of the criticisms raised by Guy Standing, co-author of the ILO report, were perceptive, and "indeed we ourselves drew several of the discrepancies to his attention".

The CSS said its estimate of unemployment of 32% was measure by a specified set of linked questions, using the appropriate ILO definition, on a representative sample of 30 000 households.

In obtaining unemployment figures two definitions could be used: a strict or an expanded definition. In its survey, the CSS had used the expanded definition.

'Dole' system for young jobless?

MTG (MM) 21-27/6/96

GOVERNMENT should consider introducing a basic income grant or a more traditional "dole" system for South Africa's long-term unemployed and unemployable youth, the Labour Market Commission said.

It admits that the "potential difficulties, not least the expense" of such programmes "are daunting".

"However, there may be advantages in considering the gradual introduction of such a scheme, beginning with younger workers, and integrating it with other social transfers and the ongoing process of welfare reforms."

The commission said the advantages of making some basic grant available would be "substantial" benefits for poor households and could moderate pressure by the employed for higher wages.

Research indicated that 53% of unemployed people lived in households which had no wage earners, indicating the importance of state

transfers and informal activities in supporting the unemployed.

It also recommended changes to the Unemployment Insurance Fund (UIF), which provides temporary relief to people between jobs.

The UIF system was "selective and arbitrary", excluding many classes of lowly paid workers as well as those earning above R69 420 a year. This had limited inflows to the fund and the state had had to bail it out on several occasions.

The commission recommended that the UIF be extended to the entire workforce to make the fund more solvent.

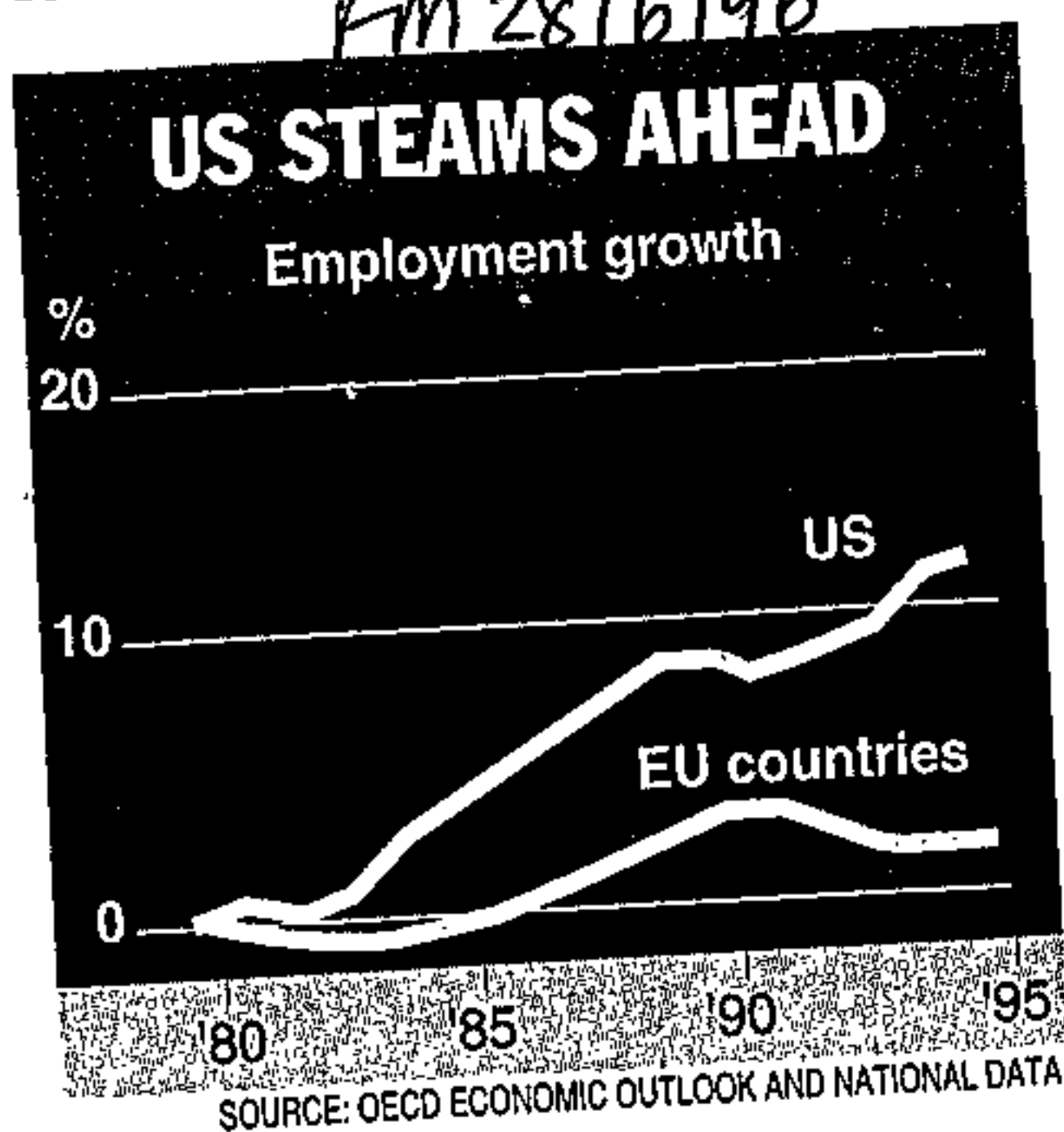
Records of UIF contributions must also be controlled by the fund itself to avoid fraud by employers who paid too little into the fund.

At the moment, UIF funds can only be invested through the Public Investment Corporation, and the commission said that government could consider allowing some of its assets to be invested in the open market by private sector fund managers.

WHERE JOBS COME FROM

The divergence in unemployment trends, in the US and in European Union countries, is highlighted by the nature of the debate over the natural rate of unemployment — the rate consistent with stable inflation — in each region.

FM 28/6/96



"In the US, the debate is whether the natural rate of unemployment has declined since the Seventies and Eighties," the Bank for International Settlements says in its report on the 12 months to March 1996. But "the principal issue in Europe is how much the natural rate has increased."

The figures (see graph) show why the questions are being asked.

The BIS report, released this month, says: "While the rate of unemployment eased overall in the industrial countries last year, the fall was less than expected and there were marked variations among countries."

"In the US, the rate declined to around 5.5% because of rapid employment growth. Unemployment also fell in the UK, though partly as a result of a decline in the labour force. In contrast, a number of other EU countries recorded higher unemployment rates at the end of 1995 than 12 months earlier. This is consistent with longer-run trends which have left the average rate of unemployment in the EU area at twice the US rate."

Concerns that unemployment will continue to rise in Europe have directed attention to "three separate but interrelated issues." These are:

□ Insufficient adaptability of European labour markets, mostly stemming from employment protection measures;

□ Rigidity of real and relative wages, usually linked to institutional and regulatory features; and

□ The high levels of labour costs, widely attributed to various kinds of nonwage labour costs.

The BIS report refers to experiences in the US and the UK which are in marked contrast. "Both countries have seen a shift in bargaining power in favour of employers and the degree of relative wage flexibility is substantially higher than in most other countries. Wage inflation has remained subdued (and) unemployment has fallen to levels which are low relative to recent experience." ■

Foreigners the jobs bogeymen

THE majority of South Africans believe the presence of illegal immigrants is a prime cause of the country's high unemployment rate, while many blame the problem on trade union demands.

These are some of the findings by recent opinion polls on unemployment reviewed in the latest issue of the SA Institute for Race Relations' Fast Facts.

The review is written by Prof Lawrence Schlemmer, vice-president and visiting fellow at the institute, and Kimberley Worthington, a research assistant working on the institute's unemployment project.

According to the article, the importance of unemployment in the minds of most SA voters was highlighted by a nationwide survey commissioned by the International Republican Institute.

The 4 000 people interviewed rated unemployment as the most important problem the new government should address. They gave it a higher rating than issues like housing, education and crime.

Survey results indicate that the extent to which South Africans look to the government for solutions on the issue of employment is almost "overwhelming", say Prof Schlemmer and Ms Worthington.

It was found that 69% of South Africans believe that the government has primary responsibility for job creation while 19% believe that this duty should fall to private companies.

Another survey, the February MarkData Omnibus, suggests South Africans feel most strongly that the cause of is the presence of foreign work-seekers, usually described as illegal immigrants, in the country.

This survey canvassed the 2 200 South Africans of all races

The latest research into popular perceptions of the causes of unemployment has major implications for policy makers, writes ZILLA EFFRAI.

and political persuasions. It found that 80% of unemployed blacks, and 79% of those who are employed, agree that illegal immigrants are a prime cause of unemployment.

Similar responses were recorded from white and coloured respondents while the level of agreement was even higher among Indians.

Fast Facts writers say signs of hostility to foreign workers and reported incidents of violence tend to confirm the survey's results.

But they say the SA Institute of Race Relations' project on unemployment has yet to find convincing evidence that foreign workers take large numbers of jobs away from South Africans. Evidence seems to suggest that the majority of unemployed South Africans may not be very interested in the wage or income

levels offered by the occupations foreigners tend to pursue.

If this turns out to be the case, then the hostility to foreign workers may be a form of scapegoating rather than the result of competition for scarce jobs, say Prof Schlemmer and Ms Worthington. This impression is strengthened by the fact that some of the categories which blame foreigners, like farm and unskilled workers, may be competing with illegal immigrants while others — those with household incomes of R1 250 a month or more — are not.

Most groups surveyed agree that lack of education, training and skills is a major factor in unemployment, as is a low level of fixed investment.

However, the different race groups disagree strongly over the motives of employers. Indians, employed whites, sup-

porters of the Democratic and National Parties and right-wingers are inclined not to blame business for unemployment. However, supporters of the IFP and ANC do.

Prof Schlemmer and Ms Worthington say the survey's findings also suggest that most South Africans believe that the demands of trade unions and the effects they have in creating inflexibility in the labour market, are a major factor related to unemployment levels.

NP, IFP, right-wing and DP supporters endorse this view quite strongly, as do black semi-skilled workers and those earning less than R600 a month. But Indians and PAC supporters generally do not believe trade unions inhibit job creation.

Significantly for the ANC-led government's alliance with Cosatu, the results indicate that more ANC supporters are critical of the effects of trade union demands than are not.

About 53% of ANC supporters lay at least part of the blame on trade union pressure which, according to Prof Schlemmer and Ms Worthington, is surprising

considering the prominence of Cosatu within the ANC alliance. "This points to great variation around this issue in party ranks. It is quite clear that the ANC has or is going to have difficulty in positioning itself on this issue."

They say the survey's results clearly indicate that most South Africans think that the government could be much more concerned about unemployment.

More ANC supporters think this way than do not (62% vs 29%). In addition, IFP supporters and right wingers are particularly critical of government on the unemployment issue.

The writers say an earlier MarkData Omnibus survey in December 1994 reveals that the majority of South Africans expect the government to take the lead in employment creation.

A substantial number expect it "to do so in a very directive manner, through state employment schemes and even through nationalisation strategies".

This approach is more pronounced among blacks, while Indians and whites tend to favour more private sector-friendly solutions.

PERCEIVED CAUSES OF UNEMPLOYMENT ACCORDING TO RACE AND EMPLOYMENT STATUS

% AGREEMENT	AFRICAN		COLOURED		INDIAN		WHITE	
	Unemp	Emp	Unemp	Emp	Unemp	Emp	Unemp	Emp
Too many foreign work-seekers	80	79	86	77	100	90	81	78
Business selfish and uncaring	77	78	74	71	62	38	56	33
Lack of education skills, training	78	76	67	71	71	64	86	83
Lack of investment in new industry	60	70	77	76	92	66	86	70
Trade union wage demands	52	57	72	61	41	51	76	85
Government can solve problem but is not concerned	68	67	92	68	74	52	76	55

Graphic: FIONA KRISCH

Source: INSTITUTE OF RACE RELATIONS

Inequality stunts growth

(335)
MTG (PM) 28/6-4/7/96

Madeline Wackernagel

OFFICIAL unemployment may not be as drastic as previously thought, according to the International Labour Organisation (ILO) report released last week, but levels of inequality are still abnormally high. And while there has been some progress on redistribution between the races, intra-racial inequality is growing.

"The gap between the haves and the have-nots is widening," says Dr Azar Jammine, chief economist at Econometrix. "Otherwise, why would sales of food be underperforming sales of luxury goods?"

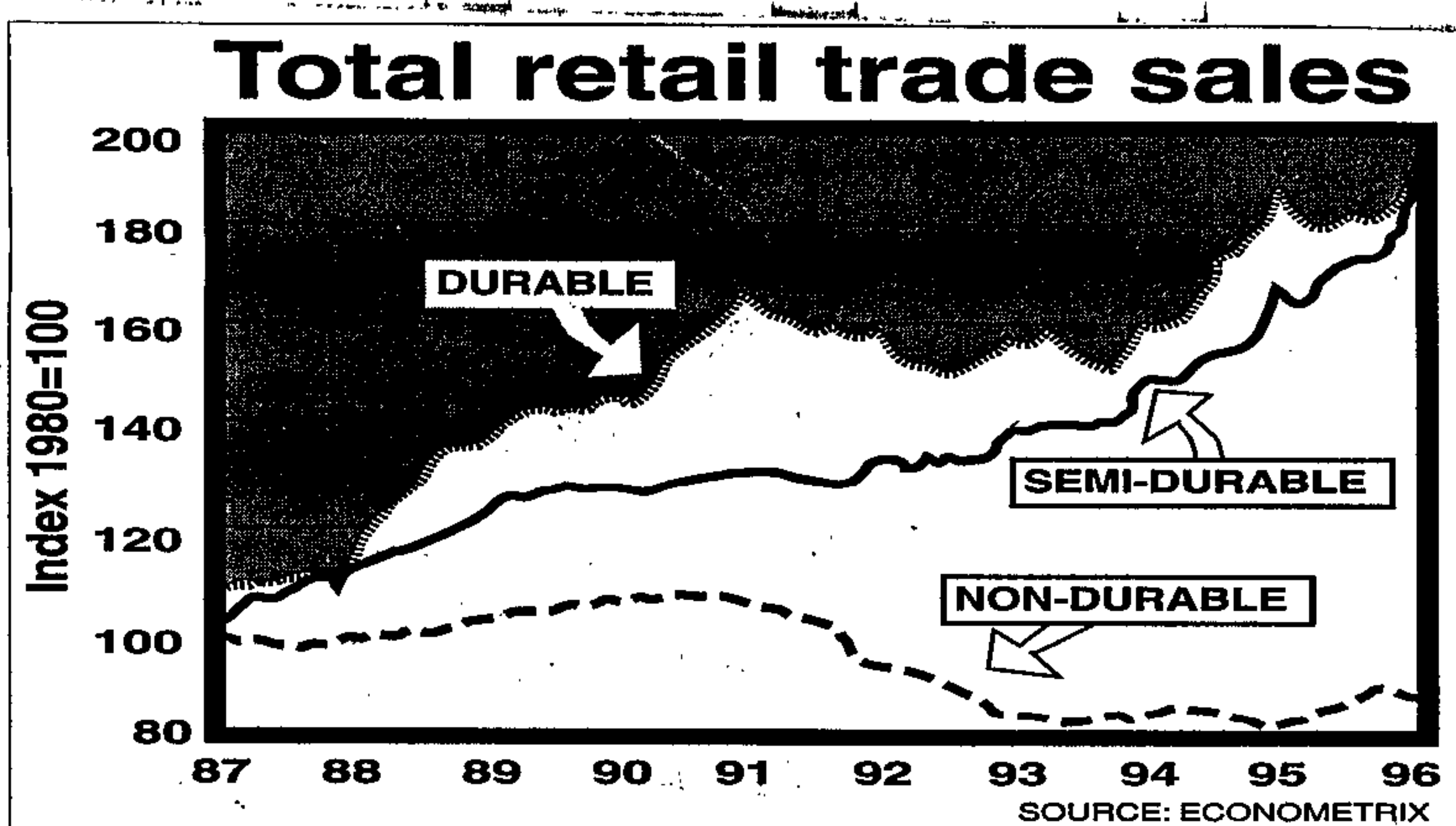
"It is no longer only a racial issue; the distribution of earnings is becoming increasingly unequal, leading to skewed consumption patterns in favour of durable goods for the haves and away from 'essential' non-durable goods for the have-nots."

Inequality affects poverty, as well as growth prospects. Says the ILO: "Modern economic theory has established, with strong empirical support, that severe income inequality of the type found in South Africa hinders economic growth, and that a reduction in inequality would in itself increase the rate of economic growth ..."

"If more impressive economic growth and development are desired, then lessening the degree of inequality would be a way of achieving them."

On a 20-year trend, the income gap between black and white workers has narrowed but the differential between unemployed and employed blacks has been growing.

Redistribution is not simply a matter of creating more, low-wage jobs, believes Murray Leibbrandt, of the University of Cape Town's economics department. "All this talk of a



Mind the gap: 'The sale of food [non-durables] is underperforming sales of luxury [durable] goods'

flexible labour market being the solution to all our poverty and unemployment problems amounts to nothing more than platitudes.

"Unemployment is worst in rural areas, yet most jobs are created in urban areas. Without incentives, you won't get the jobs in rural communities; most rural people can't just up and leave in pursuit of a job miles away in the city. And cutting wages alone is not going to do the trick."

"What we need is proper targeting, with particular emphasis on the agricultural sector, to address rural unemployment."

The ILO found that the worst-hit group was rural women, "who deserve very high priority in the targeting of labour market and social policy. Improving the lot of African women, particularly in rural areas, would ... reduce poverty, assist in human development and reduce inequality."

According to the ILO, 53% of the unemployed live in households with no wage-earners, relying instead on social transfers and informal activities. But the rural level is nearer to 70%.

Jammine says this finding shows that lower wages in the formal sector would help to boost employment, despite union claims that the contrary is

John Kane-Berman, head of the South African Institute of Race Relations, is not convinced. The correlation between wages and unemployment may not be that clear-cut, he says.

"If real wages are held down in order to speed up the rate of job creation, we may find that not too many people are prepared to work at lower wages."

"This is certainly the case in domestic service and agriculture — often illegal immigrants perform the jobs that locals are not prepared to do because the wages are too low."

Kane-Berman says there is evidence that a number of the officially unemployed rely on the support of a wage-earner within the household, supplementing their income with informal activities, including crime. According to this theory, the extended family system operates in the same way as the social security safety net in Europe. And it has the same effect — people on the dole are less likely to seek formal employment at low wages.

Leibbrandt disagrees: "Surely anyone would prefer a formal job to hawking vegetables on street corners? If wage employment is avail-

take it up. Granted, at ridiculously low wage levels, it would not be worth it, particularly if one's costs outweighed the benefits."

While it did not call for a national minimum wage, last week's Labour Market Commission report highlighted particular sectors as suitable for target wage levels, especially agriculture. "Minimum wages set at appropriate levels, combined with a de-emphasis on capital intensity in most sectors of agriculture, may eliminate extremely low wages, encourage the more productive use of labour and increase total employment"

In this context, the commission recommended that the wage board be given the power to determine regional and local conditions and set suitable wage levels.

A sectoral policy makes sense, says Leibbrandt, but it must form part of an holistic approach, combining macro-economic, industrial and labour policy.

"Industrial policy must set out to encourage labour-intensive projects, instead of following the capital-intensive route. Then, sectoral policy can step in to address localised conditions and wages. Redistribution must form part of that holistic approach, with the

'Seasonal factors' affect employment

Lukanyo Mnyanda

EMPLOYMENT in the manufacturing, construction, electricity and quarrying sectors fell by between 0,3% and 0,9% during the first quarter of 1996, latest Central Statistical Service figures show.

Employment in the manufacturing sector decreased 0,9% or 12 880 workers to 1,44-million by the end of March. Employment in the construction and electricity sectors fell 0,3%.

The construction industry employed 332 351 workers on the last working day of March, compared to 336 939 in December last year. The figure had been 348 957 the previous month.

Econometrix economist Tony Twine said the drop between November and March could partly be explained by seasonal factors such as the heavy rainfall during the early months of this year.

The figures show November and most of last December had seen higher levels of employment while the figures began dropping towards the end of December and January when the heavy rains which disrupted some construction projects began.

The mining and quarrying sectors also experienced a 0,3% fall in employment levels, though the figures did not include March.

Twine said the declines in the mining and quarrying, and manufacturing sectors were understandable in the context of declining productivity levels.

The drop in the electricity sector was, however, surprising as growth in the utility sector was "one of the stars" in terms of contribution to GDP growth.

Eskom's electrification programme, which should have boosted growth, was still going strong. The drop in employment could be an early forerunner of rationalisation at parastatals, he said.

OK likely to retrench

Sowetan 30/7/96 (335)

By Coudjoe Amankwaa

LEADING chainstore, OK Bazaars, could retrench about 2 800 workers as a result of restructuring.

Spokesman for the SA Commercial, Catering and Allied Workers Union Mr Sithembele Tshwete told *Sowetan* that OK management informed staff at its branches throughout the country that about 2 800 workers had been earmarked to lose jobs because of restructuring.

"The union will be staging a number of protest actions with regard to this

move to stop the company's intended retrenchments," Tshwete said.

OK Bazaars human resources director Mr Keith Hartshorne yesterday played down the issue and said retrenchment had not been finalised.

"OK management are discussing the numbers and the process with the union at the moment," he said.

Evaluate progress

Hartshorne said the company would meet with Saccawu soon to evaluate the progress of discussions.

Tshwete said the union would be

calling a national meeting of all workers to plan national mass action.

According to Tshwete, OK Bazaars said that the 2 800 workers are in excess of their overall staff complement and that their retrenchment would save the company R34 million that could be used to improve employee benefits.

He said the union had entered into a record of understanding with OK that stipulated that restructuring should create jobs, provide training for employees and training hours should be extended to Saturday and Sundays.

1721

WEDNESDAY, 21 AUGUST 1996

1722

- (2) whether such payments will be made before the end of 1996, if not, why not; if so, when;
- (3) whether any teachers who have obtained other posts elsewhere on the basis of expectations created in this regard, will have to relinquish such posts in order to continue qualifying for such severance packages; if so, what are the relevant details; if not, what steps will be taken to accommodate such teachers?

N1239E

The MINISTER OF DEFENCE:

- (1) (a) The applicable strengths of the former SA Defence Force members who are to be integrated, are as follows:
- | | |
|-----------------|---------|
| Full-time Force | 67 300 |
| Civilians | 24 388 |
| Part-time Force | 55 269 |
| Total | 616 957 |
- (b) (i) The process of integrating members of the former SA Defence Force has already commenced and it is our aim that the process be completed by the end of the year.

- (2) Yes. Provision for the voluntary severance package has been made with effect from 1 May 1996 and will be implemented as from 1 July 1996.

- (3) All educators in the employment of the State, irrespective of what posts they occupy may apply for a voluntary severance package. Therefore, educators who have for whatever reason, obtained other educator posts may apply for a voluntary severance package. However, it remains the prerogative of the employer whether or not to approve such an application. In considering an application the employer must take all relevant factors into account, the most important of which is whether or not it would facilitate the redeployment of educators.

SANDF: former Defence Force members integrated

*53. Mr R S MOLEKANE asked the Minister of Defence:

- (1) (a) How many former South African Defence Force members have been or are to be integrated into the South African National Defence Force and (b)(i) when and (ii) where have such members been so integrated or are they to be so integrated;
- (2) whether such integrated members have undergone or will undergo the same or similar bridging training as members of

1723

WEDNESDAY, 21 AUGUST 1996

HANSARD

1724

- (3) The filling of a member's post during periods of absence due to training commitments, depends entirely upon the level and frequency of work associated with the post and the number of people/subordinates available with the necessary qualifications and experience to take over the workload.

Legal Aid Board: applicants for legal aid

*54. Mr M A MZIZI asked the Minister of Justice:

- (1) Whether the Legal Aid Board has experienced any backlog in respect of the screening of the large number of applicants for legal aid; if not, what is the position in this regard; if so,
- (2) whether any staff members have been made available to assist the Legal Aid Board in this regard; if not, why not; if so, how many staff members were made available;
- (3) whether the backlog has been cleared; if not, why not; if so, what are the relevant details?

N1243E

The MINISTER OF JUSTICE:

- (1) The rendering of legal representation and legal assistance in terms of the Interim Constitution, has since 10 March 1995 been managed by the Legal Aid Board as an agent of the State. This substantially increased the workload of personnel at the Legal Aid Board offices who are required to process applications.

The number of legal aid applications granted during 1995/96 increased by 30%, compared to the previous financial year.

Although the increase in the applications for legal aid over the past few years has put pressure on the personnel, no backlog is at present being experienced in the consideration of applications. However, a considerable backlog is being experienced in the taxation of settling of accounts of the legal practitioners.

This situation has caused considerable inconvenience to legal practitioners who frequently have to wait for long periods before their accounts are settled. This is a matter of concern to the Department.

- (2) To cope with its increased workload, the Legal Aid Board appointed 30 officials at its head office on a temporary basis. In addition personnel who deal with applications at the Board's head office, spend many hours doing overtime work.
- During May 1996 the Board approved the creation of 77 new posts, after which a submission was forwarded to the Minister of Finance for his consideration. A decision by this Minister is being awaited. As soon as the required approval is received, the Legal Aid Board will advertise the posts, with a view to filling them.
- (3) The posts approved by the Board ought to be sufficient to enable the Legal Aid Board to handle all facets of its enlarged workload in a proper manner.

For written reply:

Unemployment rate

427. Mr C M GEORGE asked the Minister of Labour:

What was the unemployment rate in South Africa in (a) 1992, (b) 1993, (c) 1994 and (d) 1995?

N740E

The MINISTER OF LABOUR:

The Department is not able to give information on the unemployment rate in South Africa as it only deals with unemployed persons who report on a voluntary basis. The following number of unemployed persons reported to the Department during the last four years:

1992—3 453 661
1993—3 759 604
1994—3 255 889
1995—3 275 747

These figures include unemployment insurance beneficiaries and unemployed persons older than 15 years who are not compelled to attend school and who voluntarily report to the Department or its agents with the purpose of being placed in employment.

We are in the process of building capacity for statistical collection and evaluation within the Department. Nothing of the sort existed before.

AMONG the muddle of economic statistics supplied by Reserve Bank Governor Chris Stals this week, one stands out: 280 000 people joined the jobless queues last year.

"Unemployment remains the most intractable economic problem of South Africa and drastic measures are needed to raise the labour absorption capacity of the economy," Stals told the Reserve Bank's annual meeting.

Stals never springs policy surprises when he delivers his annual address, but his review is always an appropriate time to take stock of the performance of the economy. The picture that emerges on the jobs front is a gloomy one.

The Bank's annual economic report, released simultaneously, adds to the tale of woes. It estimates that 5-million people were without formal jobs by the end of last year, "yielding an unemployment rate of about one out of every three economically active South Africans". This estimate is based on the Central Statistical Service's 1994 Household Survey, which reported that 4.7-million people were unemployed in October of that year.

The Bank says between the end of 1988 and last year the private sector shed about 440 000 jobs — a figure which was only slightly offset by the 130 000 additional civil servants employed over the same period.

The average level of formal-sector employment last year was roughly equal to that in 1982 and 6.4% below the peak in 1989, says the Bank.

The widening gap between population growth and job creation is illustrated in the accompanying graph — and it is a gap that is showing no signs of narrowing.

The picture for the past four years of economic growth — the longest economic boom period since the Second World War — is particularly worrying.

It is estimated that only 50 000 new private-sector jobs were created during the past four years. Against this, the yearly growth in new entrants to the job market was 2.8%.

Inflexible labour market pushes jobless to the back of the queue

ST(MT) 11/9/96

UNEMPLOYMENT
By SVEN LUNSCHÉ

The Bank says the economy's ability to boost investment was seriously hampered between 1985 and 1993 because of the outflow of capital and sanctions. "The removal of these growth-inhibiting factors nevertheless did not strengthen the labour absorption capacity enough to reduce unemployment," it says.

What then lies at the heart of rising joblessness? "Inflexibility of the existing labour market," says the Bank, picking up on a consistent theme in its latest pronouncements on the economy.

"In many countries it has been found that steps taken to provide workers with greater job security often tend to undermine the labour absorption capacity of the economy."

The report says investors have switched to capital-intensive

methods "rather than being burdened by a multitude of labour regulations". The Bank's figures draw further attention to an anomaly that seems peculiar to South Africa, and is a clear reflection of the bargaining powers of the trade unions. During the first half of the 1990s, wage increases exceeded inflation, despite the high unemployment rate.

Even taking into account some modest gains on the productivity front, unit labour costs — wages adjusted for productivity improvement — have increased continuously this decade.

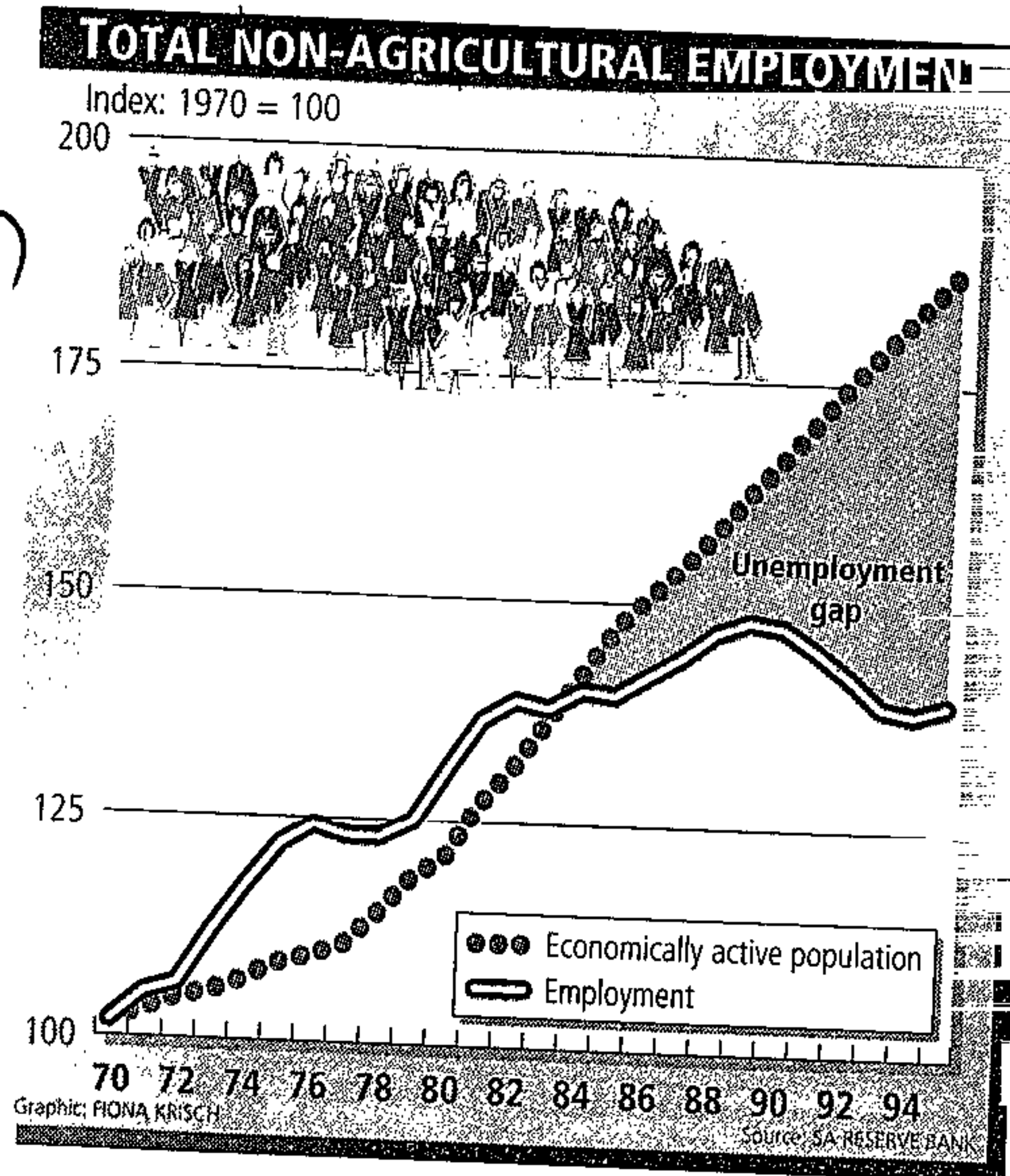
A slowdown in the pace of unit cost increases — from 17.3% in 1990 to 6.1% last year — con-

'In many countries steps taken to provide workers with greater job security often tend to undermine the economy's capacity to absorb labour'

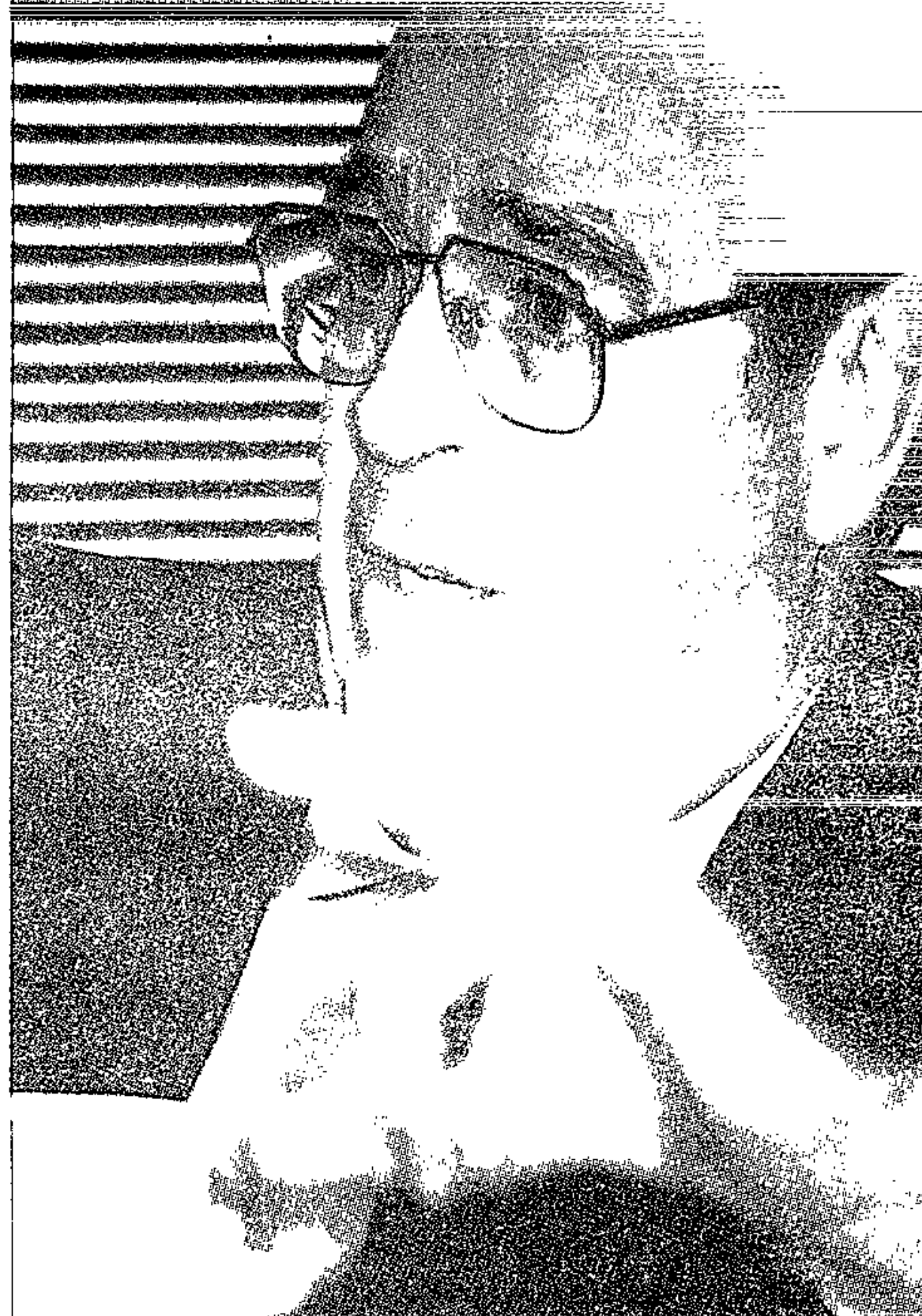
tributed significantly to the recent fall in inflation.

The steady acceleration of wages without a commensurate improvement in productivity implies a persistent weakening of the competitiveness of SA industry, says the Bank.

An international study of man-



Picture: RUSSEL ROBBIE



BLEAK PICTURE . . . Chris Stals has called for the speedy implementation of the government's macroeconomic policy

ufacturing companies in various countries shows that unit labour costs in South Africa rose by 12,4% a year between 1970 and 1994 and labour productivity by a mere 1,4%. The respective figures for France are 5% and 2,4%, for Italy 8,9% and 4,4% and for the United States 3,8% and 2,4%.

The Bank urges the speedy implementation of the government's macroeconomic strategy, which aims to create 400 000 jobs a year by 2000. However, this can be achieved only if wage demands are moderated and improvements in productivity are promoted, say the Bank.

Unemployment rate found to be inflated

Bonile Ngqiyaza

SA's official unemployment rate — currently derived from social survey findings or on the population census — is significantly inflated, according to an SA Institute of Race Relations bulletin published this month.

Unlike most highly industrialised economies, but in common with most of the developing world, SA had no accurate register of un-

employment, the bulletin said.

It said the last census in 1991 was outdated and its accuracy questionable, and that official unemployment rates had been based largely on household surveys of the Central Statistical Service.

It suggested that a "tentative, provisional" adjustment be made to exclude those claiming to be unemployed while working in the informal sector and that only those earning less than R100 a month be

classified as unemployed.

On that basis unemployment would be reduced by 36,5%. The figure was still "uncomfortably high" and took no pressure off government, trade unions and the business sector to reduce it.

The bulletin rejected the convention of including unemployed persons not actively seeking work as "inappropriate because it included some fairly comfortable small entrepreneurs".

The last CSS estimates had

been questioned in a recent ILO Review because of the omission of mining hostels and the probable under-representation of informal employment, it said.

In 1993, employment in the informal sector was estimated at no less than 32,8% of economically active people, but in the 1994 survey — despite the addition of the formerly independent TBVC states — the informal sector fell to

no more than 11% of economically active people.

In absolute terms, the bulletin said, the informal sector fell from more than 4-million workers in 1993 to 1,6-million in 1994.

It concluded that not all the "unemployed" were without work. About 15% of white and Indian "unemployed" worked in the informal sector. The figure rose to 21% among blacks and 30% among Coloureds, the bulletin said.

(335) BD 9/9/96

Surprise on country's jobless statistics

By Goba Ndhlovu

Star 11/10/96 (335)

South Africa's unemployment figures compare favourably with those of other developing countries and are not as high as people believe, according to Labour Minister Tito Mboweni and other experts.

Speaking to delegates at a Centre for Development and Enterprise debate in Johannesburg, Mboweni said Central Statistical Service figures had set the unemployment rate at 33% and had shown that it had decreased by 1% this year.

CDE consultant Professor Lawrie Schlemmer put the rate even lower, at between 20 and 25%.

Most delegates were surprised at the statistics, believing that the unemploy-

ment rate was much higher.

CDE executive director Anne Bernstein acknowledged discrepancies in statistics and said that because statistics regarding the population were unreliable, others, like those of unemployment, were not accurate.

Schlemmer said SA's unemployment figures were similar to those of Morocco (23%), Sri Lanka (21%), the Philippines (18%) and Turkey (18%). He said the rate could still be reduced, depending on the research done.

He added: "The huge rates of unemployment usually circulated - some in the region of 50 and 60% - are a gross exaggeration. These are not properly researched."

Manufacturing jobs fall 0,9%

(155) (335) ET(BR) 9/10/96
JONATHAN ROSENTHAL

Johannesburg — Manufacturing sector employment has fallen 0,9 percent, almost 13 000 jobs, from January to March this year, the Industrial Development Corporation said in a report released yesterday.

Sectors including the electrical machinery, wood and wood products, beverages and footwear sectors and representing 18 percent of total manufacturing employment, have continued to exhibit a down-

ward trend in employment.

Employment stabilised or rose in clothing, furniture, rubber products and basic iron and steel products. Sectors representing 28 percent of manufacturing employment increased or stabilised.

Growth in manufacturing has stalled since the end of last year, after reporting growth of 7,6 percent last year. Economic growth of 3 percent for this year was still likely, but would be driven by the agricultural and mining sectors.

Time to ponder ... lacking the most rudimentary of practical skills, many South African school leavers are set to face a bleak future with no job prospects.

Misery awaits thousands of matriculants

By BONGIVE MLANGENI

For hundreds of thousands of matric pupils about to sit their final school examinations the end of school life will only present the beginning of a tough life, one that offers no jobs or any other source of income.

Unemployment has been hitting post matriculants for the past 15 years, even for those who acquired tertiary education after matric.

Most are still battling to understand why a matric certificate which guaranteed a job in the formal employment sector 30 years ago no longer provides a guarantee for avoiding the misery of being jobless.

Now, the question haunting some parents and students is: what is the value of school education if it does not prepare children for the future and does not expose them to the needs of today's world?

Experts say the 12-year-school programme and some university degrees will continue producing unemployable graduates until they are equipped with the necessary skills required in today's business world.

Entrepreneurial and technological skills are among those missing in the education system, they say.

For a long time schools have been offering only an academic education, which many experts claim is useless. Most students leave the school grounds without any practical skills such as being able to drive, write their own curriculum vitae, or handle a job interview.

It is estimated that less than 5% of

about 450 000 school leavers every year are able to find jobs after completing school.

The Department of Labour last year showed that of the 1995 matriculants only 3% were going to find work in the formal sector, 7% would continue with tertiary studies at technikons and universities and 25% would end up in the informal sector.

Toni Twine, Econometrix director, a company that does economic research, says with the country's 3% growth rate, only about 100 000 jobs are created in the formal sector every year and these jobs are contested by about 10-million people.

"The current scenario makes it impossible to incorporate all school leavers who have no work experience and few life skills."

The pinch of unemployment is also felt by university graduates who find out after obtaining their degrees that their choice of courses places them in the same boat as matriculants. Some focus on courses that do not directly help in finding a job.

Twine believes introducing entrepreneurial skills at schools is one effective way of addressing the problem encountered by most school leavers. However, Twine states that "an environment for entrepreneurship will have to be enhanced by government policy".

Some experts consider the high unemployment rate among youth to be one of the major sources of crime.

In 1993, 52% of the country's youth were unemployed, with the highest number falling among black and coloured youth, according to a national youth survey done by Community Agency for Social Enquiry (Case).

Central Statistics Service figures showed that in 1993 53% of the unemployed were under the age of 30. Researchers estimate the figure to be over 65% this year.

At the same time the number of young people involved in crime is increasing daily. Police statistics show that last year more than 300 000 youth were

arrested countrywide for serious crimes such as murder and robbery.

Former teacher and public speaker Cherie Ellertsen tried to address this issue during the Women's National Convention focusing on management for a new

millennium.

She believes education authorities are turning a blind eye to the changes and needs of today's employment sector.

"Job security no longer lies in academic results. We are refusing to accept that the world we are in will not reward conformity but will reward uniqueness, flexibility and independence," she says.

Children need to be taught marketable skills while at school so that they are self-employable, she says.

Ellertsen acknowledges there has been efforts made in the last two years to change school education, but points out

the changes have so far shown no impact.

"Our children are being trained for jobs that no longer exist. The education they are getting was good for the 1950s up to 1970s."

In Gauteng, only one school offers both entrepreneurial and technical skills. Organisation for Educational Resources and Technological Training College (Ort-Step) in Midrand will this year produce the first 62 matriculants to be tested on a subject called technology. The subject entails knowledge on designing, processing and implementing various computer programs.

Most of the Ort-Step students have already been placed in different companies which they will join next year.

"They are already guaranteed jobs because they did not just study for a certificate," says Ort-Step principal Tamsanga Kambole.

"Our education all these years has been too academic. There is a need for a serious mind shift," he said, adding that introducing job-orientated and entrepreneurial skills at high schools is the only way today's youth will be able to survive.

Kambole is confident that his pupils, once they are employed, will not have to contend with the problem of retrenchment as they have skills that can make them self-employable.

Being self-employable even when you are formally employed is a necessity in today's world, according to Clem Sunter,

Anglo American chairman of corporate affairs division. This is why entrepreneurship is becoming an important survival tool to address unemployment, safeguard those who are retrenched and also boost the economy, he says.

A few private schools and non-governmental organisations have already recognised this and introduced practical skills on how to open and run a business. But Ellertsen insists this kind of education does not have to be for the privileged.

Other skills which she believes will change the face of school education, if introduced, are self learning, time and money management, self-promotion and self-motivation.

"The time is over when we still have to teach our children to memorise and regurgitate information. Computers will do this better. Children need to be taught how to acquire new knowledge and skills without the assistance of a teacher."

She stresses that independence and creativity will bring a new understanding of the world in children's lives. However, this will not be achieved without the assistance of the private sector, she says.

But, to make these ideas which are shared by some parents, pupils, educators and members of the private sector a reality, the Government will have to listen and focus on developing an education that will create productive citizens.

Education

authorities turning a blind eye

Star 14/10/96

(2335)

Need to

teach more practical life skills

Unemployment rate lower than given - ILO

'Inequalities in groups have grown'

ARG 15/10/96

(335)

Geneva - The South African unemployment rate is not as high as the figures usually given, the International Labour Organisation (ILO) said in a report published in Geneva yesterday.

Even if joblessness is substantial, the generally suggested unemployment rate of 33 percent is probably exaggerated, and a rate of 20 percent is no doubt closer to reality, said the study, made at the South African Government's request.

The 500-page report stresses the risks of

loss of international confidence that might result from an erroneous view of the labour market.

It says that statistics on the issue are inadequate and sometimes out of date.

The report notes that surveys made before 1995 did not allow for the various forms taken by economic and social activity, partly due to the political regime then in place.

The growth rate of employment since 1994, when the South African economy started to advance, is underestimated, the

study says.

Still, income inequality and poverty threaten the country's economic development and its social stability.

While inequalities between the races have tended to stabilise during the past few years, inequalities within each racial group have increased, the report says.

The report recommends a large number of political, industrial and wage measures, rather than a single policy aimed solely at reducing the unemployment rate. - Sapa-AFP

Wolpe heads Gender Equity Task Team

(335)

By Victor Mecoamere

SENIOR researcher Dr Ann-Marie Wolpe from the Education Policy Unit of the University of the Western Cape is to head the Gender Equity Task Team appointed recently by Education Minister Professor Sibusiso Bengu.

Wolpe will "investigate and advice" the Minister of Education on the establishment of a permanent Gender Equity in the Education Unit.

Wolpe said she was happy with the appointment and described it as the culmination of her life's work.

The ten-member team is expected to table its report in April next year following "national and international research and consultations with provincial educa-

tion departments and key stakeholders in education".

Wolpe's team comprises South African Council of Education member Ms Pinkie Mbowane, Soweto schoolteacher Mrs Hilda Marima, University of Stellenbosch lecturer Mrs Amanda Gouws, lecturer in natural sciences at the University of Potchefstroom Dr Lesley Ann Greyvenstein and the Dean of Students at the ML Sultan Technikon Mrs Naziema Japie.

Other members of the task team are Soshanguve schoolteacher Mr Gideon Mkhusele Nanise, Centre for Reconstruction and Development Director Professor Kenosi Mokate, and Human Relations Director in the Department of Education, Mrs Nomlamli Mahanjana.

Semeton

22/10/96

Unemployed 'could pose threat to Cosatu'

Farouk Chothia

(335) BD 29/10/96
DURBAN — Cosatu would have to consider relaunching a union for unemployed workers as they could pose a threat to the labour movement, Cosatu KwaZulu-Natal secretary Paulos Ngcobo said yesterday.

He said employers justified low wages by citing the high unemployment rate, and used unemployed workers to break strikes. It was essential that Cosatu found a "home" for the unemployed, and developed harmonious relations with them.

He said negotiations with employer bodies and the Natal Training Centre

were at an advanced stage to open offices in Pinetown to service unemployed workers. Discussions were under way with the labour department to secure funding for the project.

About 2 000 Cosatu shop stewards attended a workshop at Curries Fountain yesterday on the Labour Relations Act. Ngcobo said Cosatu had to formulate a consensus position on the issue of investment companies.

He also said there was no debate in KwaZulu-Natal on whether to end their alliance with the ANC. Instead, the debate in the province was on how to strengthen the alliance in order to defeat the IFP in the 1999 elections.

(335)

'ILO must lead as industry goes global'

STUART RUTHERFORD

Durban — The International Labour Organisation (ILO) needed to distribute specific information on the quantity and quality of employment in the textile, footwear and clothing industries (TCF) worldwide and promote the adoption of codes of conduct to prevent worker exploitation during the globalisation process.

These were some of the conclusions reached last week in Geneva by delegates attending the ILO tripartite meeting on the effects of globalisation on employment and working conditions on TCF industries.

The delegates felt that, while TCF industries played a basic role in development as early steps in the industrialisation process, globalisation that was not

accompanied by a social dimension could lead to serious problems.

"In an environment characterised by relatively stagnant demand and stronger competition among manufacturers, retailers and countries, TCF enterprises need to adapt in order to survive."

"This requires more flexibility than before in the operations of enterprises and therefore a certain degree of flexibility in labour practices."

"Innovative business strategies are required to improve the level of productivity."

"In adopting and implementing these new strategies, employers should take into consideration not only the economic and financial implications but also their social effects."

CT(BR) 8/11/96

NEW

Unemployment 'could

(335) ARG 9/11/96

be 12 percent higher'

Gender, residence key to getting job

ALIDE DASNOIS
BUSINESS EDITOR

Unemployment among Africans in South Africa could be up to 12 percent higher than official estimates, head of the Central Statistical Service Mark Orkin has warned.

Addressing the Stellenbosch Bureau for Economic Research conference in Bellville yesterday, Dr Orkin said unemployment levels in the African population, according to the 1995 Household Survey, ranged from 19 percent in the Western Cape to 41 percent in the Eastern Cape and the Northern Province.

But effective rates could be seven percent to 12 percent higher, he said, because many people had stopped looking for work because they were discouraged.

Analysis of the figures showed that gender and place of residence were far more important than education in determining whether or not a person could get a job, he said.

In urban areas, 72 percent of African men had jobs, compared to 58 percent of women.

In rural areas, the proportion of African

men with jobs changed little – 70 percent were employed – but the proportion of women with employment dropped to 48 percent.

But education did make a difference to the sort of job people could get, especially in the case of women, Dr Orkin said.

Among women with matric or a higher

***'Employment
does not
mean the
absence of
poverty'***

qualification, 85 percent had white collar jobs.

But only 12 percent of women with primary level education had white collar jobs compared to 29 percent of men.

"The conclusion is that if you're a man you don't need such a strong reliance on education to get a better job.

"But if you're a woman, make sure you

get a better education if you want to get behind a desk rather than in front of it," Dr Orkin said.

"Employment doesn't mean the absence of poverty," he said, noting that though the CSS had expanded its definition of employment, a person was still labelled as employed if he or she had worked five hours in the previous seven days.

"This certainly does not generate a living wage," Dr Orkin said.

The survey showed that 81 percent of urban African households had electric light compared to only 24 percent of rural households.

Only five percent of rural African households had an inside toilet compared to 42 percent of urban African households.

Half the African households in the rural areas had to travel for more than an hour to reach the nearest clinic or hospital.

The poorest households were those headed by women, in the rural areas.

Forty-one percent of these households had an income of less than R6 840 a year, compared with 27 percent of rural households headed by men and 10 percent of urban households headed by men, Dr Orkin said.

Work for only one in 10 matrics



WITH JOBS scarce and applications flooding universities and technikons, experts are advising school-leavers to upgrade their matric symbols and gain skills, writes **CAROL CAMP-BELL**, who has won the category News Reports in the Print Media in this year's Sanlam Awards for Education Journalism.

(335) CT 20/11/96

MATRICES in the Western Cape write the last of their examinations this week and are gearing up for life in the world beyond the classroom.

The bad news is that these pupils will have to fight for a place at a tertiary institution or enter a stagnant job market with almost no chance of finding work.

The Western Cape's director of labour, Mr Brian Williams, said yesterday that only one in 10 matriculants had a chance of finding a job in the formal sector.

"In reality the options for matriculants are limited — mainly because they are not adequately prepared for the job market."

A "very small" percentage of matrics would create their own jobs because entrepreneurs needed a wide range of skills to sustain their employment, Williams said.

Despite the poor chance of youngsters finding work, the Western Cape had one of the lowest unemployment rates in the country.

"We are making every effort with limited resources to start job-creation projects. Matric-

ulants without skills can apply to the Department of Labour for training. Our placement office will try to find them jobs."

The type of skills training to which Williams referred ranged from computer literacy to mechanical draughting.

University of Cape Town spokeswoman, Ms Helen Zille said so far this year, four applications were received for each place at the university.

The projected enrolment of new undergraduates for 1997 was 3 000, of whom 2 500 were expected to be entering university for the first time. It was expected that the balance would be transfers from other tertiary institutions.

"UCT makes a great effort to reach all potential students nationwide who have the ability to succeed at university study," Zille said.

"Entrance is on academic merit and we try to ensure places for students who get sufficient points in matric or who do well in our alternative admissions test."

Mr Henry Visser, Cape Technikon's director of public relations, said 33 000 inquiries had been received from prospective students, 9 000 application forms had been dispatched and



SCHOOL'S OUT: Rhodes High pupils, who wrote their final matric examination paper yesterday, give vent to their elation on the school's wet sportsfield. Most said they hoped to get into a university, or technikon next year. Others were undecided about what they would do with their futures.

about 7 500 completed applications had been submitted. Of the 7 500, only 3 000 could be accommodated next year.

Mr Yasier Gabriels, a spokesman for the Careers Research and Information Centre in Athlone, said he expected a rush of new job-seekers in the new year when school-leavers heard whether they had been accepted at universities or technikons.

"We advise those who don't get into a university or technikon to upgrade their matric symbols so they will stand a better chance next year."

"It's no use their sitting at home, they must do something. They need to make themselves competitive — even if it means doing voluntary work to get experience."

Matriculants who tried to break into the job market "fresh" from school stood little chance of finding work. The right skills and work experience were crucial to success.

Gabriels warned that there were "very convincing" comment who were using the insecurity of matrics to make money. "They promise businesses and jobs, provided people pay a fee and sign up with their agencies."

Cape Town careers expert Mr Mervyn Wetmore said many matrics who had "romantic ideas" about jobs approached him for advice on how to break into their "dream" profession.

"Youngsters who love animals want to become veterinary surgeons, but they have no idea what that really means. Sports science is another career many want to get into, but without properly exploring what it involves."

"On the other side, of course, are those who are depressed about their prospects. With proper planning, a matric or university student can find work," Mr Wetmore said.

**THE HOPELESS
JOB OF
FINDING WORK**

—Page 2

PICTURE: GARTH STEAD

IL O report calls for new policies to combat global unemployment

Reneé Grawitzky

THE 1996/97 world employment report of the International Labour Organisation (ILO) calls for the introduction of policies to promote full employment and rejects the view that labour market rigidities are the major cause of unemployment.

The report, released today, calls for the continued pursuit of full employment, pointing out that 1-billion people are either unemployed or

underemployed in the world. It says growing unemployment could "risk aggravating the social and economic ills caused by high jobless rates".

It dismisses the arguments that globalisation, technological change and corporate downsizing have ushered in an era of jobless growth.

The ILO says that "the concept of full employment, suitably updated, should remain as a principal objective of economic and social policy".

The report rejects the view that

"the world's job woes" are a result of rapid technological progress and trade liberalisation. Both are needed, it states, to stimulate economic growth and productivity.

The report insists that "trade between industrialised and developing countries is only a minor explaining factor behind the rise in the unemployment of low-skilled workers and in wage inequality in the industrialised countries".

The ILO ascribes the rise in un-

employment to a decline in economic growth rates rather than the onset of jobless growth.

Also, it says labour market rigidities did not increase in the period of rising unemployment. Labour market factors alone were not the sole cause of increased unemployment.

Based on the experience of Asian economies, the report argues that rapid industrialisation has played a pivotal role in generating high productivity manufacturing jobs.

The report says Chile, Jordan and Mauritius were the only developing nations outside East Asia with strong job growth in the past 20 years. It was mainly "export-led industrialisation" which generated "a massive increase in manufacturing and other modern-sector jobs".

The report argues that the rise in unemployment can be countered by increasing economic growth rates combined with measures to contain wage inflation.

SA was saddled with about 1,5-million "discouraged workers" — one of the highest rates in the world, Rand Afrikaans University economist Elsabe Loots said yesterday.

Addressing a National Productivity Institute conference, Loots defined "discouraged workers" as unemployed people younger than 30 who were not trained and

SA has a 'discouraged workforce'

skilled for the labour market and had lost hope of finding jobs (335)

She said SA's unemployment situation was deteriorating despite economic growth and a recovery phase in the business cycle.

Real economic growth on its own did not significantly contribute to the

creation of new jobs because SA was experiencing a situation of "jobless economic growth".

SA's labour market was characterised by high and low productivity and inflexible wages.

Loots said the country should move towards a higher growth path which implied faster em-

ployment-led growth.

SA's unemployment rate reached an estimated high of 33,8% last year. While the formal sector had been able to absorb more than 80% of the labour force in the period before 1983, this figure declined to an estimated 53,2% last year, Loots said. — Reuter.

BD 28/11/96

Democracy fails to wipe out history's inequalities

ST 1/12/96

A major government report shows that blacks remain underdogs in SA society, writes DON ROBERTSON

TWO years of democracy have done little to ease the plight of the black population, with racial and gender inequalities still a depressing factor of life in South Africa.

Blacks still suffer from an inordinate paucity of employment, education and income opportunities. Of the 4,2-million people unemployed (30% of the economically active population), most are blacks.

This gloomy picture of the economy is painted by the annual Household Survey conducted by the Central Statistical Service. The survey shows that a large portion of blacks still live in poverty and have no access to electricity, water, sanitation and other household services.

The position is more severe in rural areas. In presenting the survey, Dr Essop Pahad, Deputy Minister in the Office of the Deputy President, said "this is clearly a situation which government needs to both monitor and address".

The survey estimates the total population at 41,5-million people, living in 8,8-million homes in an equal split between rural and urban areas. Of these, 75% are black, 13% white, 9% coloured and 3% Indian.

The survey was conducted in October last year in 3 000 areas, with 10 homes visited in each area. The unemployment figure of 4,2-million represents 29,3% of the economically active population of 14,4-million.

This figure, based on the unemployment definition of those who are able to work, whether or not they have tried to find a job, shows that almost half of black women and 29% of black men are without jobs.

Among coloureds, 18% of males and 28% of females are unemployed, while 10% of Indian men and 20% of Indian women have no work.

In contrast, unemployment among whites is 4% for men and 8% for women.

In spite of efforts to bolster economic activity in the Eastern Cape, it remains the province with the highest unemployment levels. Mpumalanga is in the mid-

dle of the nine provinces and the Western Cape boasts the highest employment figures. In all instances, except the Western Cape, unemployment is highest in rural areas.

The survey reveals that 34% of black males and half of the females are employed in elementary occupations while a fifth of those employed work as operators, assemblers or similar occupations. In contrast, whites, especially males, are in occupations which require higher levels of education. Many of them will be managers or in senior positions in the blue-collar job category.

Fewer than 4% of black males and 2% of females are in managerial positions.

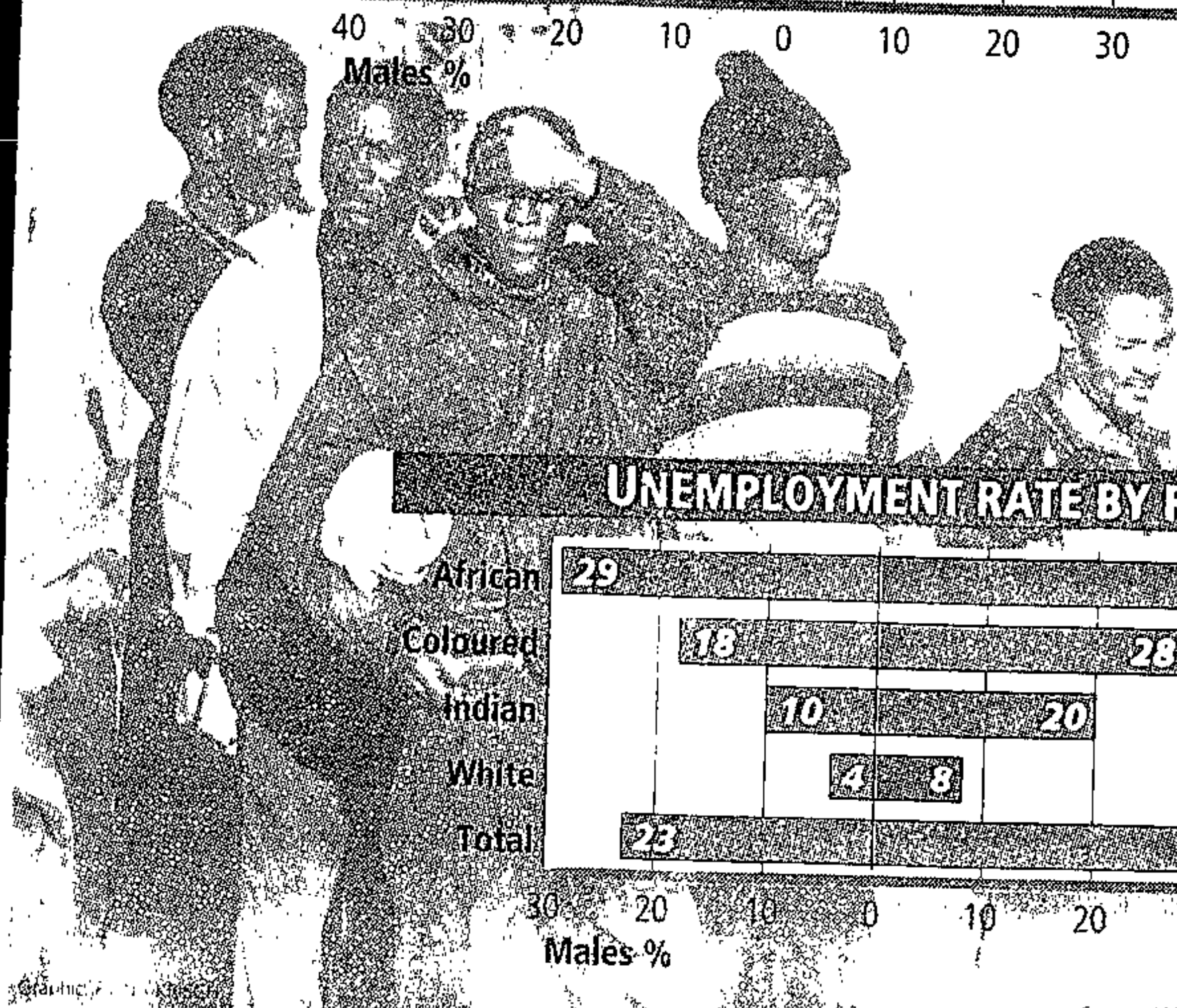
Significantly, the informal sector is a growing source of employment for blacks, with about 1,7-million people involved, of which about 1,3-million people, mainly women, work for themselves.

The survey also shows that a third of all employees are members of a trade union.

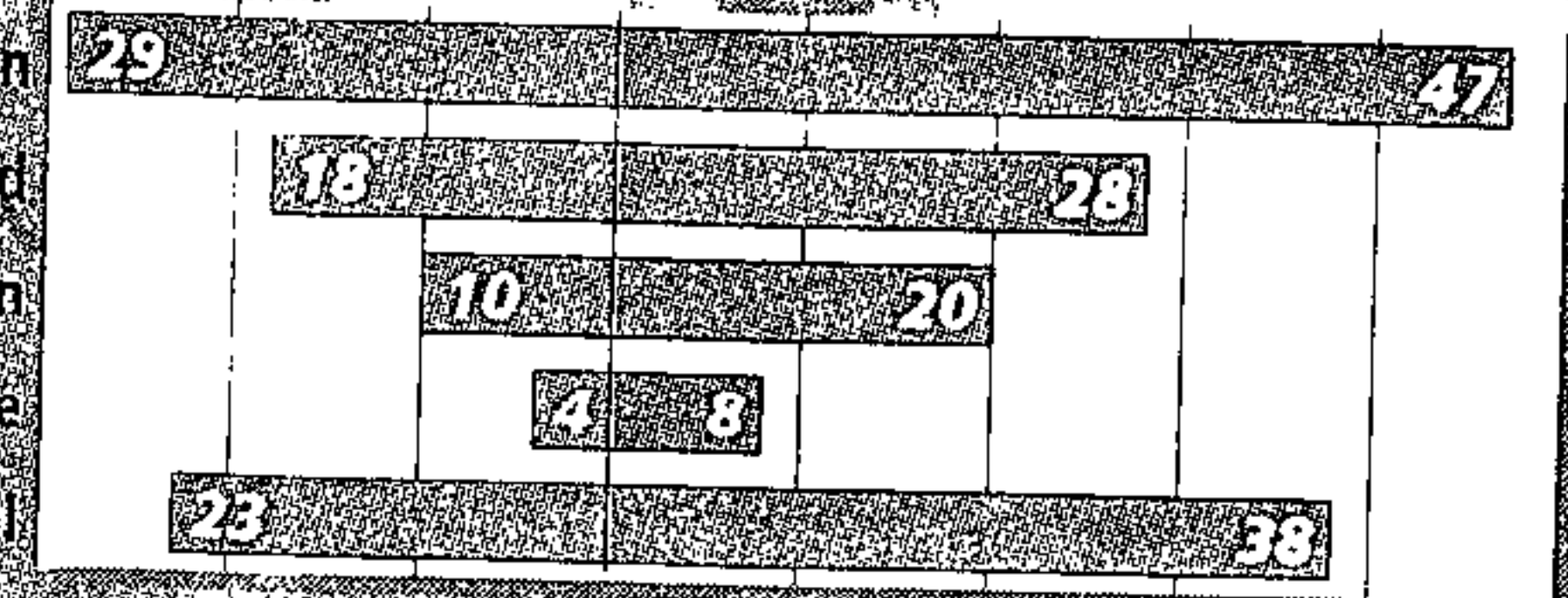
In the past, education was not equally available to the total population and this is best shown by the fact that only 2% of blacks over the age of 65 years have passed matric.

Almost 29% of blacks aged 50 to 54 years and 40% of those between 60 and 64 years received no education. In all age groups, a fifth of black women and 14% of men were never educated.

UNEMPLOYMENT RATE BY PROVINCE



UNEMPLOYMENT RATE BY RACE



Source 199. FBI NEW YORK HOLD SURVEY

The survey also shows up further inequalities in income generation. Black households are the poorest, with 26% earning less

In contrast, two thirds of white households earn more than R53 092 a year against 45% for Indians, 16% for coloureds and only 9% for blacks.

Among black households, 51% have electricity, compared with 99% for whites and Indians. Only 33% of black households have

What the survey does point out, though, is that South Africa has a relatively young and expanding black population compared with the coloured and Indian population and an ageing, shrinking white population.

NEWS

Race-based structure is being replaced by class-based interracial structure

A third of SA 'can't find work'

(335) CT(BR) 2/12/96

NANCY MYBURGH

FINANCIAL SERVICES EDITOR

Johannesburg — Almost one-third of South Africa's economically active population is unemployed, the Central Statistical Service's October Household Survey for last year shows.

According to the survey which was released on Friday, 29,3 percent of people over the age of 15 who had expressed a desire to work, were jobless.

Though unemployment was still heavily divided along racial

lines, with 47 percent of African women and 29 percent of African men unemployed, Mark Orkin, the head of the service, said the data from those South Africans who had formal jobs showed a new and different trend.

"The race-based structure of employment is being replaced by a class-based interracial structure," he said.

The survey showed that Africans and coloureds had similar patterns in the jobs they held. Most of the jobs held, for example, were classified elementary

Indians and whites also showed similarities, with the survey showing that the greatest numbers entered clerical and then semi-professional jobs.

Of all those employed, about one-third belonged to a trade union, the survey said.

Education statistics showed that 20 percent of African men and women had a standard 10 or higher level of education, compared with 73 percent of white males and 67 percent of white females.

The survey estimated the

country's population at 41,5 million, 76 percent of whom were African and 13 percent of whom were white. Coloureds made up 9 percent of the total, and Indians 3 percent.

The survey has been conducted every year since 1993 and received a R2 million revamp from the Swedish International development Agency for last year. The agency also funded a R2 million income and expenditure survey, taken from the same sample as the household survey, which Orkin said would be released soon.

Clothing and textiles disagree on credits

CT(BR) 2/12/96

MAGGIE ROWLEY

PROPERTY EDITOR

Cape Town — The Clothing Federation will continue pushing for the extension of the duty credit certificate system to cover value-added goods despite opposition from its new bedfellow, the Textile Federation.

The federations, which have a history of being at loggerheads with one another over tariff issues, held a breakthrough forum in Cape Town last week, emerging with consensus on important issues facing the industry.

However, they say partners disagree even in the best of mar-

riages, and the certificate issue still divides the newly unified clothing and textile industry.

The Clothing Federation says the extension of the system to cover value-added goods will give the clothing industry an immediate R100 million shot in the arm.

However, the Textile Federation says the system, which provides import credits to exporters, will hurt the textile industry because the credit points awarded for exports of outsourced goods will be offset against new imports of textiles and clothing.

Bernard Richards, the Clothing Federation's president, said last week that offshore manufac-

turing was the fastest-growing segment in international clothing and textile trade; half the European Union's clothing production was made overseas, and was growing at 6 to 7 percent a year.

However, he said for South African clothing manufacturers to attract outsourcing contracts from Europe and elsewhere, the system would have to be extended to allow fabric in at no value.

"South African industry would then charge a CMT (cut, make and trim) fee before re-exporting at no charge," he said.

Richards said local companies could receive at least R100 million in new contracts if the sys-

tem was extended. Based on this figure, an extended system would bring in a maximum of R30 million in additional fabric imports and create about 6 600 new jobs.

The R30 million represents 0,3 percent of textile industry output and is equal to the average output of 260 textile employees. It equates to 2 percent of fabric imports, which Richards said would clearly have a negligible effect.

Mike Hankinson, the Textile Federation's president, said the figures were a matter of debate. In the interests of the domestic textile industry, his federation could not support the Clothing Federation on the issue.

CSS report shows a job loss trend expected to intensify toward year end

Job seekers face bleak prospects

CHRISTO VOISCHENK

ECONOMICS EDITOR

Cape Town — In the first eight months of the year, the economy (excluding agriculture) shed about 60 000 jobs. On the basis of current trends, the job loss will be even bigger by the end of the year.

About 28 000 jobs were lost in the private sector and 32 000 in the public sector, according to figures released by the Central Statistical Service (CSS) yesterday.

The government projected in its growth, employment and redistribution (Gear) plan that the

number of jobs in the economy (excluding agriculture) would grow by 126 000 this year.

The creation of new jobs is one of Gear's main aims. But analysts said yesterday it would be wrong to infer that Gear had failed because it could not create the number of new jobs targeted in its first year.

But since job creation started from a lower base it would take a bigger effort to reach the goal of 400 000 new jobs a year by the turn of the century, the service said.

Manufacturing was the only sector which created new jobs

this year. Between January and August 31 31 000 new jobs were created in this sector and job numbers dropped by 16 000 in the construction sector, by 23 000 in the mining sector and 300 in the electricity sector.

According to the third quarter Reserve Bank Bulletin, about 32 000 jobs were lost in the public sector in the first half of the year.

Based on current trends, the Gear target for new jobs next year will be missed by an even bigger margin.

Job numbers in the economy (excluding the manufacturing

sector) have consistently dropped since the beginning of the current upswing in May 1993. Apart from the manufacturing sector, which sustained 24 000 more jobs in August this year than in May 1993, employment numbers in other sectors were lower in August this year than at the beginning of the upswing.

Economists expect the economy to slow next year and the prospects for new jobs to be created to be even dimmer. The target for new jobs of 252 000 set by Gear for next year will prove to be far too optimistic, they said.

25% of women in W Cape are unemployed (335)

New nationwide survey ARG 3/1/97

ALIDE DASNOIS
BUSINESS EDITOR

One woman in four in the Western Cape is jobless, although unemployment is lower here than any other part of the country.

These are the findings of the 1995 household survey undertaken by the Central Statistical Service.

The survey found an unemployment rate of 18,6 percent in the Western Cape.

Joblessness is much higher among women, with nearly 25 percent of women of working age unemployed against 14 percent of men.

But most of these figures are lower than the national averages.

Unemployment rates for the country as a whole top 29 percent, with joblessness among women 38 percent.

The highest levels of unemploy-

ment are in the Eastern Cape and in the Northern Province, where two fifths of those who would like to work do not.

The findings underline the huge geographical, colour and gender inequalities in living standards in the country.

Africans still carry most of the burden of unemployment, the survey shows.

Nearly half the African women in the country and more than a third of the men are unemployed.

Only 20 percent of African men and women have passed Standard 10, compared to nearly three quarters of white men and two thirds of white women.

Nearly half of urban African households and 88 percent of rural African households do not have drinking water on tap in their homes.

Wages up ... but hard times go on

Rising unemployment puts burden on those with jobs

ESTELLE RANDALL

LABOUR REPORTER

Average real wages increased during 1996 but this does not mean workers were better off, says a South African Labour Bulletin survey.

Writing in the Bulletin's December issue, Wendy Dobson, co-ordinator of the Labour Market Chamber of the National Economic Development and Labour Council (Nedlac), says rising unemployment this year has placed greater burdens on those who are employed.

Decreased consumer spending, she says, also suggests that in general real income levels have not improved.

Although the economy continued to grow, mainly because of increased agricultural output, growth had little impact on

employment in the formal sector.

The Government's Growth, Employment and Redistribution (Gear) document released in June had set a target of six percent sustainable economic growth and the creation of 400 000 jobs by 2000.

This was based on wage moderation and a real wage increase of 0,5 percent during 1996.

Average wage increases were about 10 percent during 1996, higher than the average inflation rate of about 6,5 percent, Ms Dobson says.

Wage increases over the last three years averaged about 10 percent, making 1996 the third year in which real wages had increased.

Strikes were largely absent from 1996 wage negotiations, except for the clothing industry which faced its first national

strike and wage-related actions by members of the South African Commercial, Catering and Allied Workers' Union at Edgars and Sun City.

The strike by skilled, mainly white technicians at South African Airways over wages was unusual, Ms Dobson says. It was the first time these workers had taken action in more than 10 years.

She says the wage gap is an increasingly important issue in negotiations and unions are starting to make gains in tackling the gap between higher-skilled and lower-skilled workers.

In the auto-manufacturing, metal and engineering, tyre and rubber, and mining agreement, for instance, lower-grade workers received larger increases than those in higher grades. But, several unions persisted in tabling across-the-board increases

which widened wage gaps.

Wage differences between sectors have widened further, Ms Dobson says.

Cleaners, for instance, who carry out similar tasks in different sectors, earned minimum monthly salaries ranging from R1 800 in the auto-manufacturing industry to R1 100 in clothing and R752 in mining.

Besides wages, unions' other key demands this year have included better maternity and paternity benefits and leave, a reduction in working hours, housing, health care, education and retirement benefits.

Unions also started to assert rights granted under the new Labour Relations Act, including the right to better disclosure of information from companies, paid time off for shop stewards' training and agency and closed shop agreements.

Little hope for black graduates

Sowetan 27/12/96

By Victor Mecoamere and
Jethro Khuzwayo

THE South African Graduates Development Association has complained bitterly about the lack of employment for black graduates, claiming that most of these end up in unchallenging jobs which pay far less than they are worth. (335)

"The present available statistics from both the Human Sciences Research Council and the Central Statistical Service reveal that the total number of South African graduates is 411 353," said Sagda president Mr Vukile Nkabinde.

Eighty-four percent (345 462) are white, 7,5 percent (31 246) black, 5,1 percent (20 684) Asian and 3,4 percent (13 860) is coloured. Nkabinde said 31 246 black graduates, 23,3 percent (7 275) are unemployed, of the 345 462 white graduates, 2,3 percent

(8 198) are unemployed, of the 20 684 Asian graduates three percent (617) are unemployed, and of the 13 860 coloured graduates 5,5 percent (763) are unemployed.

"Even the few who are employed constitute less than three percent of managerial and executive posts, and this might be attributed to the legacy of apartheid and its poor education system policies and the Job Reservation Act. But there is a need to address the acute shortage of skills needed in the job market.

Nkabinde said the effects and consequences of the large number of unemployed graduates have tended to show in the crime statistics that have swollen rapidly, increased alcohol and drug abuse, stress, family disintegration, loss of role models and loss of personal integrity.

Black graduates can call Nkabinde on (011) 630 7983.

SA employees 'more negative than in 1994'

(128) (335) 00 12/2/97
Lukanyo Mnyanda

SA EMPLOYEES have become more negative towards key parts of their working environment since 1994, although they show more confidence in their organisations compared with employees in other countries, says the Chicago-based International Survey Research Corporation.

The annual survey, representing perceptions of about 22 000 employees, showed that local workers had negative perceptions towards their working conditions, job security and employee involvement in decision making. Employee benefits was the only area which showed an improvement.

But there was not a widespread belief that the "world is coming to an end" and although SA workers were feeling less secure about jobs than in 1994, their level of security was still high.

About 82% of workers surveyed felt assured of jobs as long as they continued to perform well, a better rate than many developed countries including Hong Kong, France and the US where only 52% felt the same.

When asked if they believed they had an opportunity for personal growth in their companies, 61% answered positively compared with only

44% surveyed in the UK, which came at the bottom of the scale.

Managers had an ambiguous attitude towards affirmative action with most acknowledging that increased diversity at supervisory and management levels would give their companies a competitive edge although they felt it was not being implemented well.

University of SA Graduate School of Business Leadership professor Karl Hofmeyer said employees' negative attitude towards involvement in decision making was of concern and had implications for the country's competitiveness. "Despite all the talk about 'participative management', it appears that many companies remain authoritarian and do not tap the ideas of their employees," he said.

Perceptions of management had deteriorated in the two years to 1996, with the number of employees who believed management decisions were often unfair doubling to more than 40%.

The lowest workers — unskilled and some semiskilled — were the most negative, reflecting widescale alienation which could have an important bearing on productivity. Local employees also reported high stress levels with about 60% managers saying they had suffered from excessive pressure.

Employee insecurity is rising

THABO LESHILLO

Johannesburg — South African employees were feeling less secure about their jobs than they were two years ago, a survey by the Chicago-based International Survey Research (ISR) released yesterday shows.

The finding, announced by John Stanek, ISR's president, comes despite the introduction of South Africa's new Labour Relations Act last November.

The poll found almost half of the country's working people were frequently concerned about being retrenched. One in three worried about being replaced by automation. A significant proportion felt their companies did not value long-serving staff.

Karl Hofmeyer, a Unisa academic who represents International Survey Research, said the results had to be taken seri-

ously. "One of the reasons the country does poorly on ratings of international competitiveness is that not enough attention is paid to the attitudes of employees."

The survey found that one in three employees was not satisfied with their involvement in decisions that affected their work, while half believed their employers had not created a climate to challenge traditional ways of doing things.

Fewer than half the employees felt top management was doing a good job of establishing priorities, taking decisions promptly or providing leadership. They said the management style of their companies was rigid, bureaucratic, intimidating and short-term-orientated.

Workers most negative about management were among the lowest-paid, unskilled and some semi-skilled categories.

Hofmeyer said it was unlikely South Africa would have high productivity if morale was low and perceptions of management poor. "There is a positive correlation between high-performing countries internationally and positive attitudes of employees and managers."

The poll found South African employees, especially managers, experienced high levels of stress.

The good news was that perceptions of working relationships have remained high since 1994. Almost 90 percent of the employees said they get on well with their colleagues.

The poll found 82 percent of South African employees said they felt assured of having a job with their company while they performed well. This compared with 75 percent in Hong Kong, 68 percent in Italy, 58 percent in France and 52 percent in the United States.

NEW GOVT APPROACH TO POOR

Cosatu gains hollow social welfare victory

CT 19/2/97

(335)

THE GOVERNMENT has acknowledged it has a central role to play in the social security needs of the unemployed. Political Writer **HENRY LUDSKI** reports.

COSATU has secured last-minute amendments to the government's proposed new social welfare policy, but it is not the victory it would have liked.

The Social Welfare White Paper, to be debated in Parliament today, radically redefines the government's approach to welfare delivery with an emphasis on assistance for poorer and marginalised communities.

But the labour federation maintains that the white paper doesn't go far enough. It wanted social security to be dealt with in a separate white paper to ensure that the critical issue of poverty relief for the millions of people falling outside the traditional poverty net enjoyed prominence.

However, this week Cosatu had to settle for much less than it had bargained for when its position ended up being incorporated in a few last-minute amendments.

The Welfare Department now acknowledges that it has a "central role to play in serving the social security needs of the great number of people who have no formal employment and live in grinding poverty". It further "commits itself to the establishment of a social security policy and legislation" which, it says, should be arrived at in consultation with civil society, labour,

business and other stakeholders.

Cosatu is supported by members of the welfare portfolio committee, with many recognising that the white paper may not have sufficiently addressed the federation's general concerns.

Committee chairman Mr Cas Saloojee said Cosatu had played an important role in bringing the committee's attention to the fact that the specific section in the white paper was "not sufficiently strong".

He said it was a concern that would receive attention from his committee in the next few weeks.

Cosatu spokeswoman Ms Nowetu Mpati said yesterday that although Cosatu welcomed the amendments, it was not claiming it as a victory.

She said Cosatu remained "very concerned" that the government had not yet developed a comprehensive social security system.

Mpati said the federation nevertheless welcomed the fact that the

government had committed itself to the development of a comprehensive social security policy.

Welfare Minister Mrs Geraldine Fraser-Moleketi is expected to respond to the white paper in today's debate.

Cosatu also said the white paper did not give enough attention to providing social security in terms of the commitment in the Bill of Rights to social security for all South Africans.

Cosatu remained "very concerned" that the government has not yet developed a comprehensive social security system, according to Cosatu spokeswoman Ms Nowetu Mpati.

It pointed out that old-age pensions were not a rational form of poverty relief, as most South Africans who were poor were not aged. Also, a recent International Labour Organisation study into the Unemployment Insurance Fund showed that only about seven percent of the

unemployed received UIF benefits.

Cosatu has proposed that the new social security system should provide for a general means-tested social assistance payment to all households earning below a certain agreed-upon income.

It also wants legislation passed that would provide all employees with pension and provident funds, as well as medical aids.

and Technology visited Robben Island last week it was not apparent that there was any well-thought-out administrative plan in place to assist Dr Odendaal in his work as interim administrator. Could the Minister tell us clearly whether there is a business plan in place now, or whether there was a plan in place at the time of this unfortunate incident, so that the person responsible can be guided adequately when it comes to taking suitable security precautions?

THE MINISTER OF ARTS, CULTURE, SCIENCE AND TECHNOLOGY: Madam Speaker, the commission of a crime cannot, in any way, be governed by a management plan for an organisation or an institution. We have a plan in place. The committing of a crime did not, in any way, impact negatively on the plan that is there.

Business interrupted in accordance with Rule 199 (3) of the Standing Rules for the National Assembly.

Prisoners released on parole in 1996

*11. Mr G C OOSTHUIZEN asked the Minister of Correctional Services:†

- (1) (a) How many prisoners were released on parole in 1996 and (b) what was the success rate in respect of parole supervision in that year.

(2) whether he will make a statement on the matter? N53E

THE MINISTER OF CORRECTIONAL SERVICES:

- (1) (a) 47 491
(b) 70,9%

(2) No.

Unemployment rate for 1996

*12. Mr P G MARAIS asked the Minister of Labour:

- (1) Whether he or his Department has the unemployment rate for the period 1 January to 31 December 1996; if not, what is the position in this regard, if so, what is the figure;

- (2) whether he will make a statement on the matter? N54E

THE MINISTER OF LABOUR:

The government relies on data from the October Household Survey, undertaken and published by the Central Statistical Services office once a year.

The data for the period 1 January to 31 December has not yet been published and is therefore not available.

The government is considering undertaking a more regular survey of labour trends to provide more comprehensive data on employment and unemployment. The process of establishing this capacity is under way.

Constitutional Court: cases referred in 1996

*13. Mrs S M CAMERER asked the Minister of Justice:†

- (1) (a) How many cases were referred to the Constitutional Court in 1996 and (b) how many of these cases were still pending as at the latest specified date for which information is available;

(2) whether he will make a statement on the matter? N55E

THE MINISTER OF JUSTICE:

- (1) (a) 44 cases were issued during 1996.

(b) 13 of these cases were still pending on 7 February 1997.

(2) A statement is not necessary.

SABC: pirate viewers

*14. Mr M C J VAN SCHALKWYK asked the Minister for Posts, Telecommunications and Broadcasting:†

- (1) (a) How many pirate viewers were there in the Republic during the period 1 June to 31 December 1996 and (b) what does the total loss of income for the SABC amount to in this regard;

- (2) whether he will make a statement on the matter? N56E

THE MINISTER FOR POSTS, TELECOMMUNICATIONS AND BROADCASTING:

- (1) (a) The SABC has only the All Media and Products Survey (AMPS) figures (a test sample of 16 000 participants) that incorporate the whole of South Africa for a given year. Separate figures for the former TBVC countries are not available. Therefore, the 57% piracy rate calculated according to these statistics is a distorted percentage.

Legislation to incorporate the former TBVC broadcasters is still to be passed in Parliament, which will allow the SABC to collect television licenses in these areas and thus reduce this piracy rate figure.

- (b) The 57% as referred to above would imply an average loss of gross income of R400 000 000 should the SABC have the right to collect licence fees in the whole of South Africa.

Calculations are as follows:

Scenario A
43% generated a net income during 1995 / 96 licence year of: R288 000 000
thus 100% could generate a net income of: R650 000 000
A net loss of income of: R362 000 000 or

Scenario B
57% x 5 200 000 (households in the whole SA according to AMPS) x R150,00 (average fee per household) = A gross loss of income of: R444 000 000

Illegal casinos

*15. Mr S J SCHOEMAN asked the Minister of Trade and Industry:

- (a) How many illegal casinos were operating in South Africa during the period 1 July 1996 to 31 January 1997 and (b) what did the

turnover of such illegal casinos amount to during this period? N57E

THE MINISTER OF TRADE AND INDUSTRY:

- (a) The statistics at the disposal of the Department of Trade and Industry are only in respect of the number of legal casinos operating in the Republic. No factual statistics regarding illegal casinos are available. The physical regulation of the casino industry will be managed and controlled by the provinces within their various jurisdictions. The Department of Trade and Industry will, in co-ordination with the National Gambling Board, continuously oversee and manage the promotion of uniform norms and standards that should generally apply throughout the Republic regarding the casino industry. As soon as all the provincial gambling boards are established, the Department of Trade and Industry will set up a section to collect all relevant statistics and store them on an appropriate computer system.

- (b) According to the August/September issue of the *Gaming for Africa* magazine, the estimated 1996 gross gaming revenue was R1,7 billion for the legal industry and ± R2,6 billion for the illegal industry.

Qualified apprentices in 1996

*16. Mr A H NEL asked the Minister of Minerals and Energy:†

- (1) (a) How many persons qualified as apprentices in 1996 and (b) what was the pass rate in this regard;

(2) whether he will make a statement on the matter? N58E

THE MINISTER OF MINERALS AND ENERGY:

- (1) (a) 1 014
(b) 78%

Employment opportunities still dropping

BUSINESS EDITOR

(335)

ARLT 4/4/97

The downward trend in employment persisted at the end of last year, Central Statistical Service figures show, with employment opportunities in the manufacturing, mining, construction and electricity sectors dropping in December.

Retrenchments, discharges and resignations reduced the number of people working in these sectors by 17 177 workers to 2 339 482.

Most jobs were lost in the construction sector.

Total employment in these industries has been dropping since last October, with the four sectors together recording a loss of 20 313 jobs over last three months of the year.

In manufacturing and construction, bonuses swelled workers' wage packets in December, with the Central Statistical Service noting a 10 percent increase in the manufacturing wage bill and an 11.5 percent hike in salaries in the construction industry.

In electricity, where bonuses were paid in November the wage bill climbed, to fall back in December to stabilise at October levels.

75 000 youths jobless in Hazyview

HAZYVIEW — Almost 75% of unemployed youth in Mpumalanga's most heavily populated region — Hazyview — are at least semi-educated, a study by local employment consultants has found.

At least 40% of these have only their matric certificates, while an additional 35% have some form of tertiary qualification. (335)

Employment broker Peters Ngomane said despite a mini economic boom in the area during the past two years, local companies could not provide work for "even a fraction" of these people.

He said his company estimated at least 75 000 youths in the area were unemployed.

08/15/4/97
REPORTS: Sapa, Echa

Economic growth up, but so is unemployment

Star 16/4/97

(335)

STAFF REPORTER

Encouraging economic growth in a range of different sectors has been accompanied by increasing unemployment, the latest "Collective Bargaining Survey" has shown.

Conducted by industrial relations experts Gavin Brown and Associates, the survey finds signs of a "consolidation phase" in the economy that should provide a

strong platform for growth towards the end of the year.

"At least one reduction in interest rates now seems firmly on the cards for this year so long as the trends continue," the survey says.

It goes on to show that the promise of a second bumper agricultural season and increased investment points towards a renewed period of growth above the 2.2% now being suggested for

1997. But the survey found that the "jobless growth" pattern had been more evident since the end of the recession of 1989-93.

The Government's 1996 Growth Employment and Redistribution strategy had aimed to create 126 000 new jobs in that year and a further 252 000 in 1997.

According to the survey, at the end of June 1996 some 60 000 jobs had been lost in a trend that appeared to slow slightly towards

the end of last year.

"At the same time, however, growth in public sector employment has continued unabated for the fourth successive year and indicates a clear failure of the authorities to come to grips with the need to retrench large numbers of public servants," the survey said.

Throughout 1997 the economy will probably be disrupted by organised labour as it tries to reassert itself over the Government.

Jobless graduates pool brain power

SIPHO VANGA

SIX-HUNDRED jobless graduates from universities and technikons have put their brain power together to form a union to give them greater muscle in finding work.

The graduates, who have launched the South African Graduates and Diplomates Union (Sagdu), complain that job-seeking has been a frustrating enterprise despite their years of studying.

They say they have been turned away by the government and private sector companies, who explain that the job-seekers come with qualifications but no hands-on experience.

As a result many of them are heavily in debt.

The graduates have accused prospective employers of discrimination. The union intends to lobby the government to create job opportunities and tackle the problem of unemployment of qualified people.

Union member Michael Nkwali said: "Unless the government establishes temporary relief programmes to avoid the unemployment crisis, it will reach alarming proportions. This year outgoing university graduates and technikon diplomates will join those presently unemployed."

Another member, Russel Kele, said: "The government should regard this as a serious matter which

needs urgent attention. If the circumstances do not change we are prepared to organise a no-vote campaign in the coming general elections."

Nkwali said he had taken up their plight with the President's Office and the Ministry of Labour. Johan Fourie, administrative secretary in the ministry, said they were trying to help the students.

Charl Adams, Human Resource Manager, Cape Chamber of Commerce and Industry, said: "We have about 300 000 students at university and 100 000 are in social science. Some of their courses are not geared towards the requirements of the private sector. Taking on such persons would be costly because they would need training."

ST(CM) 4/5/97

(335)

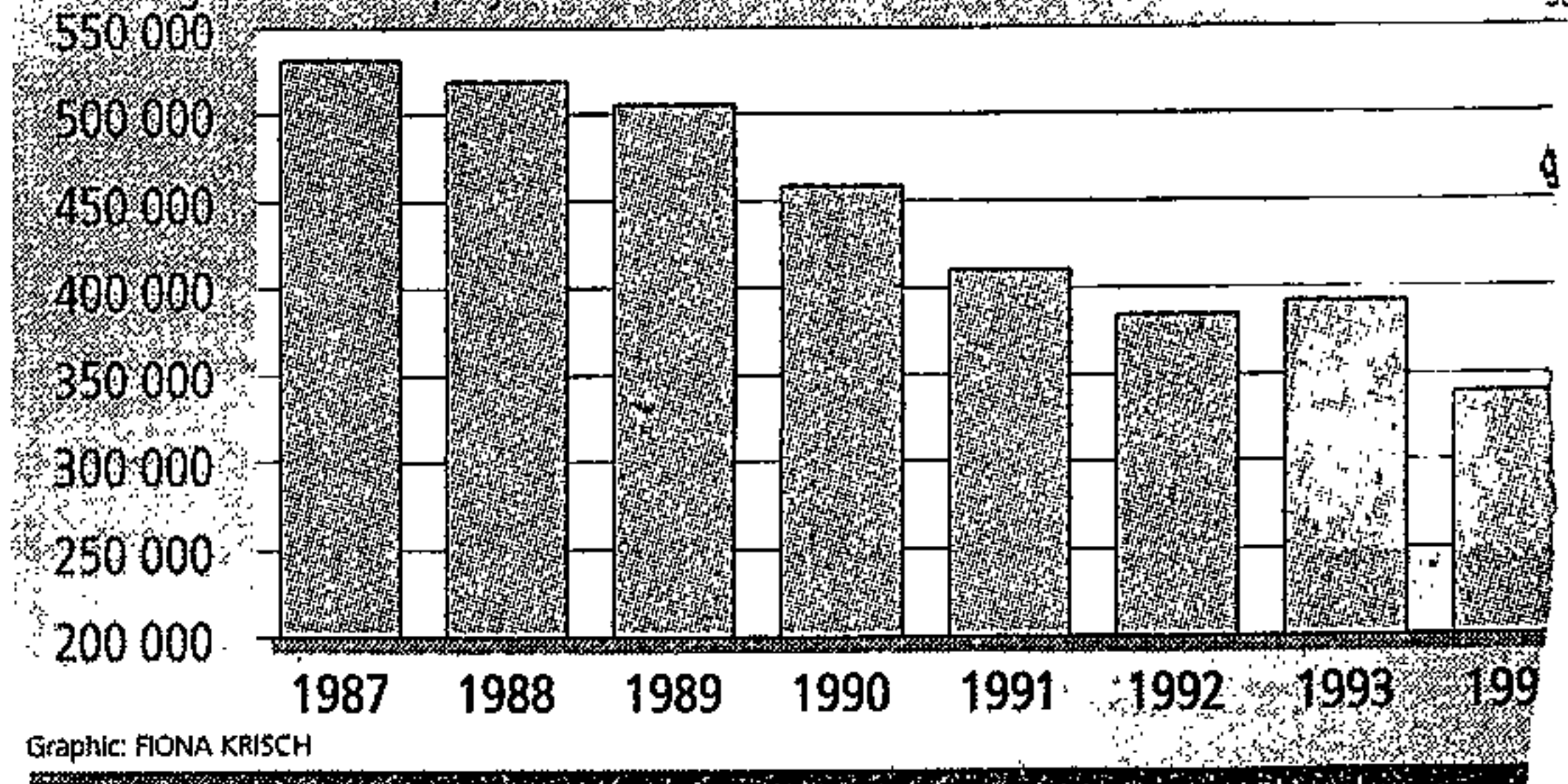
SVEN LUNSCHE
ST(BT) 11/5/97

EMPLOYMENT IN SOUTH AFRICA

No. of employees (Dec '96)	Increase (decrease) in jobs during 1996		Wage increases (decreases) during 1996
558 578		Mining	
1 428 996		Manufacturing	
39 857		Energy	
312 051		Construction	
775 577		Wholesale/retail/hotels	
280 031		Transport	
215 082		Financial services	
1 610 046		Government	
5 234 148		TOTAL	

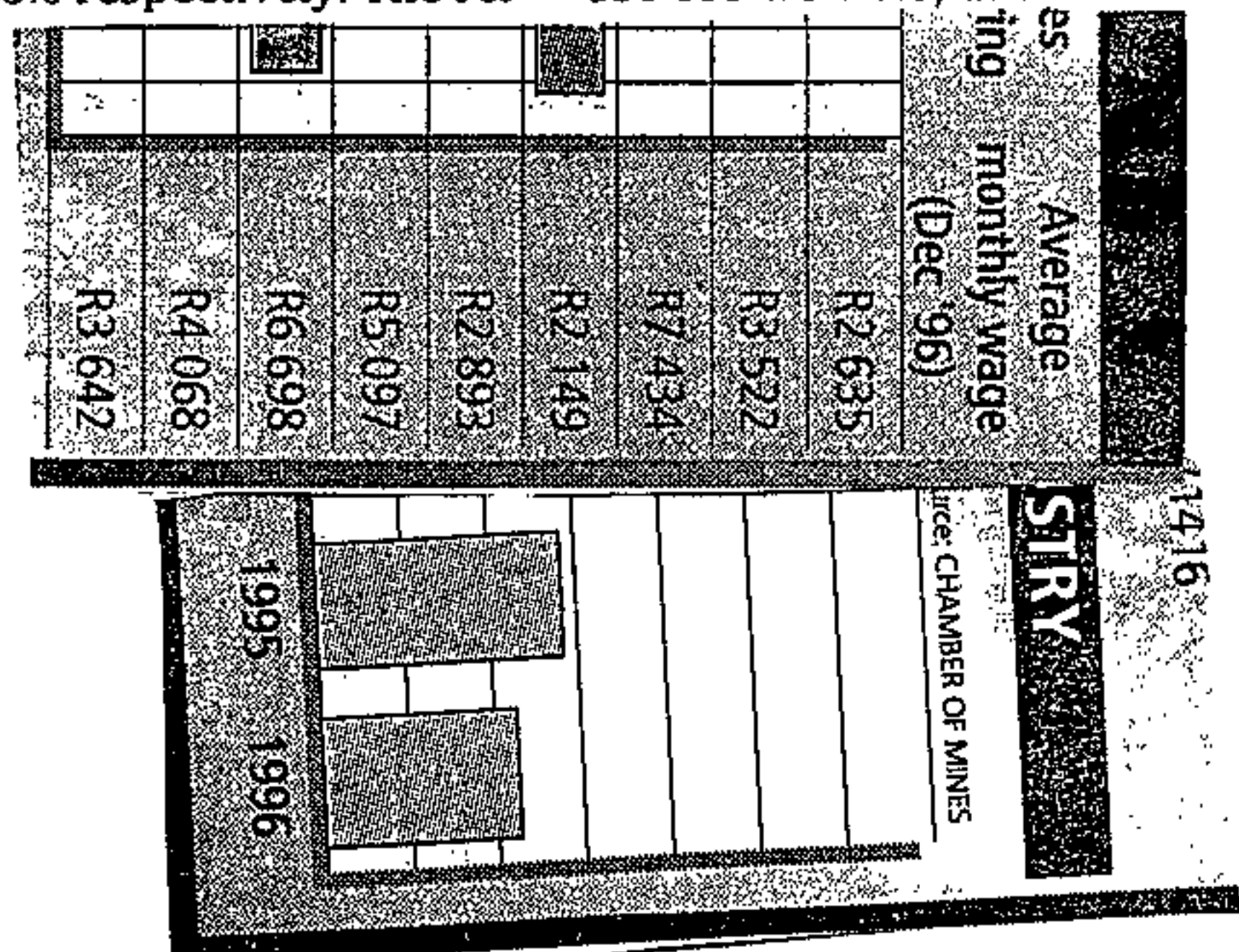
-8 -6 -4 -2 0 2 4 % 2 0 2 4 6 8 10 %

Average annual employment



The salary/wage trends of 1996 were still evident in the first quarter this year. According to a report by labour consultants Andrew Levy, union-negotiated wage increases for the first quarter averaged 9.1%, below the average 9.6% inflation rate.

Salary settlements across all sectors ranged between 8% and 12.5% and the average minimum wage has been raised to about R1 700 a month.



Project aims to find work for Alex's jobless thousands

Star 12/5/97

By Anna Cox
Sandton Bureau

A project aimed at creating thousands of jobs in Alexandra has been launched as a joint initiative of Build South Africa - a non-governmental organisation - and the Alexandra Unemployed Residents' Association (AURA).

This follows revelations that half of the residents in Alex are unemployed and up to 3 000 people a day report to the department of labour in Marlboro looking for work.

The project, called "Pro Jobs Anti-Crime" has the support of Business Against Crime, the Eastern council and the Gauteng departments of safety, security, labour and welfare.

It will investigate using the unemployed in the private, the public and the small business sector.

Said project co-ordinator Dave Jackson: "We are all sick of crime and there is no doubt that better policing and tougher sentencing are part of the solution. But while there is unemployment, crime is not going to decrease. We have got to do something about creating jobs and giving people the skills to be able to do those jobs."

The campaign will kick off with a survey of the 5 000 companies in the northern suburbs to find out which vacancies most frequently occur and what the training requirements are. Based on this, training and placement services will be set up.

The project has five aims: to create jobs, to combat crime, to control illegal immigrants, to upgrade living conditions in Alex, and to provide for the desperate needs of the unemployed.

Jackson said almost every vacancy was filled by someone who had already

been working. It was rare that previously unemployed people would be drawn into the labour market, he said.

And, the longer people stayed unemployed, the less chance there was they would ever be employed.

Jackson said many property owners in Sandton had expressed willingness to recruit and train the unemployed people to patrol the streets and parking areas. Others could be used in administrative work in police stations. Opportunities in municipal services and community projects would also be investigated.

AURA was investigating the possibility of giving its members identification cards with police clearances. Members would be able to use these cards for discounts on basic foodstuffs.

"If we improve chances of getting jobs in this area without improving the control of illegal immigrants, we are issuing an open invitation to thousands more to settle in the area. Companies which employ illegals are denying jobs to the residents of Alex - it's as bad as buying stolen goods," he said.

The project will also help the unemployed to start small businesses. It will investigate what products and services are brought to Alex which could be provided from by the community. It will also investigate the possibilities of outsourcing certain jobs from companies to cottage-industries in Alex.

"We cannot succeed unless we get strong support from community groups and business in the northern suburbs," said Jackson. "Pro Jobs Anti-Crime appeals for donations or for companies to become corporate sponsors. The account number is Nedbank Bramley Gardens 1973-008785. Tel.(011) 883-0998."

Labour minister calls for specific actions

Jobs summit aims to uproot unemployment

FROM REUTER

Cape Town — South Africa's deep-rooted unemployment problems would be the focus of a presidential jobs summit to be held later this year, Tito Mboweni, the labour minister, said yesterday.

"It is hoped that at this summit the government, together with the social partners, will commit themselves to specific actions intended to promote employment in a manner that is quantitatively and qualitatively different from what has been the case so far," Mboweni said.

Opening the parliamentary debate on his 1997-98 budget vote, Mboweni said discussions at the summit would be based on an employment strategy now being concluded. About a third of South Africa's workforce is unemployed.

He said the aim of the summit, which had been recommended by the Labour Market Commission, would be to thrash out an accord for employment and growth that would commit government, business and labour to stabilising prices, wages and other economic indicators and to developing initiatives at national and regional levels.

Mboweni said it was "quite



TASKMASTER Labour minister
Tito Mboweni seeks an accord

erroneous" to believe the task of creating jobs belonged to his ministry alone. It required the participation of government as a whole, the public and private sectors and organised labour.

This was because of the fragmented nature of the labour market as well as its inherited inefficiencies and inequalities, Mboweni said.

He said his department planned this year to present to parliament three new bills which would cover employment and occupational equity, basic conditions of employment and national skills development.

More blacks graduate, but big battle for jobs as firms opt for experience

ARGUS CORRESPONDENT

Johannesburg – Black university and technikon graduates – whose numbers have more than doubled in recent years – are still battling to find jobs as private companies opt for experience rather than educational qualifications, personnel agencies and educationists said here.

They urged companies to introduce training programmes

ARG 11/6/97 (335) (EPB)
to help graduates make the transition from the academic world to the workplace.

The disappointing job outlook is in sharp contrast to figures released by the South African Institute of Race Relations (SAIRR) showing a huge upsurge in the number of black graduates.

The SAIRR study found that from 1991 to 1994 the number of degrees, diplomas and certificates awarded by universities to Africans increased by 42 percent against the one percent for

whites. Over the same period at technikons the figure for Africans rose by 167 percent against 10 percent for whites.

But the increase in the level of education of blacks has far outstripped the number of jobs available.

The manager of placements at the Black Management Forum, Thobeka Modikoe, said the 375 unemployed black graduates on her books had been left disillusioned with post-matric education.

Many black graduates battling to get jobs

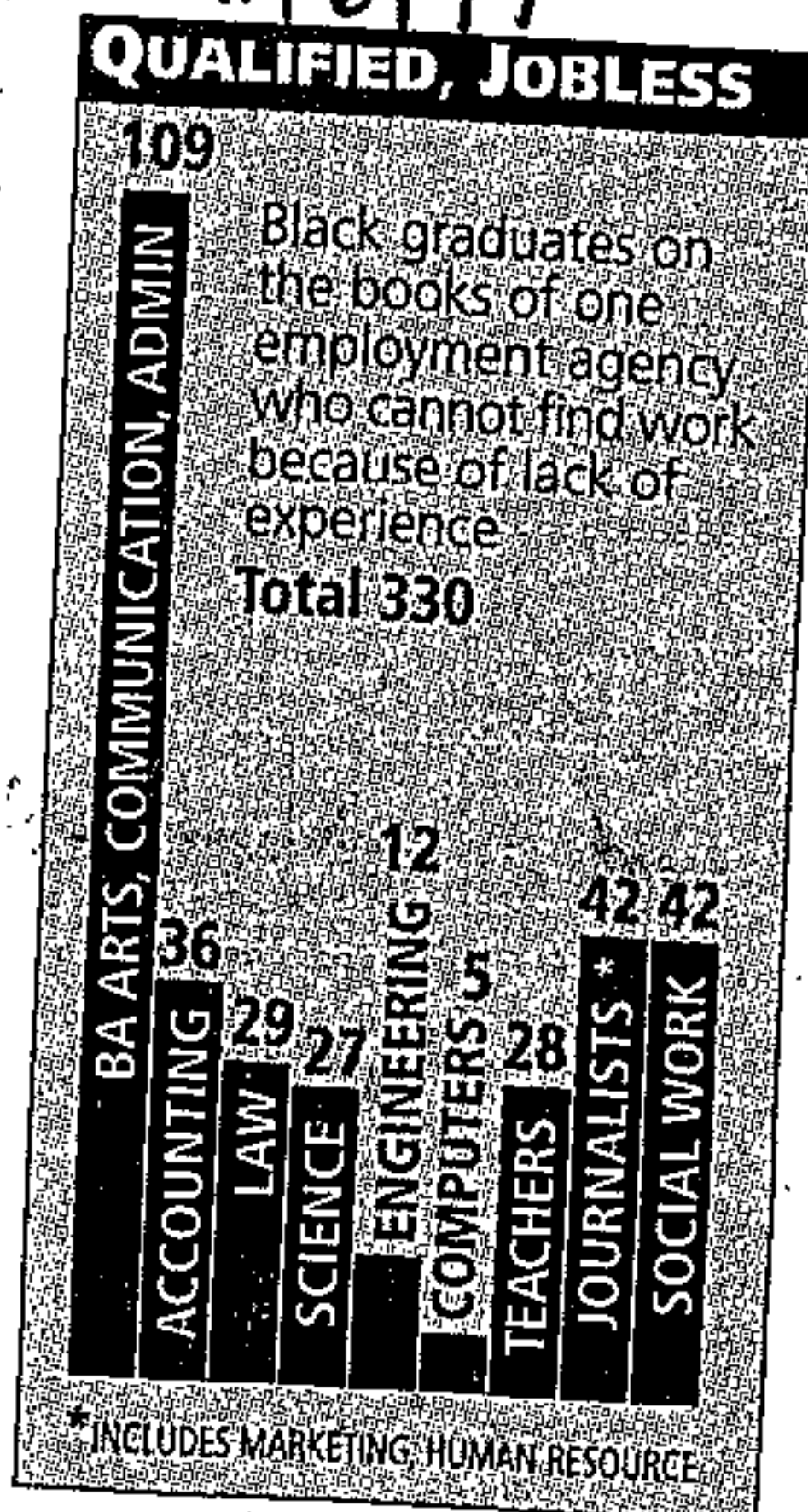
BY ADAM COOKE

Black university and technician graduates are still battling to find jobs as private companies opt for experience rather than educational qualifications, personnel agencies and educationists said yesterday.

They urged companies to put training programmes in place to help graduates make the transition from the academic world into the workplace.

The job outlook is in bleak contrast to figures released by the South African Institute of Race Relations which detail a huge upsurge in the number of black graduates.

The study found that from 1991 to 1994 the number of degrees, diplomas, and certificates awarded by universities to blacks grew by 42%, against a comparable figure for whites of 1%. At technicians the figure for blacks



rose by 167% against 10% for whites.

Last year there were still nearly twice as many whites with degrees, 403 000, as there were Africans, of whom 188 000 had degrees. Coloureds

had 24 000 and Indians 35 000.

The manager of placements at the Black Management Forum, Thobeka Modikoe, said the 375 unemployed black graduates on her books had been left disillusioned with post-matric education.

"These are people with degrees including B Comm honours, MAs and engineering diplomas.

"They are highly trained people who can't find work because the corporate world cannot take them."

The chief executive officer of the Committee of University Principals, Professor Jos Grobbelaar, said universities were already trying to produce more graduates than were needed in the economy.

"But industry and commerce have an increasingly important role - they need to translate and apply the skills that graduates have gained at university," he said.

Blame the bank, not the workers

Instead of pointing to inflexible labour markets as the cause of South Africa's unemployment problems, the Reserve Bank should look to its own policies, reports **Charles Millward**

TWO remarkable events connected to the Reserve Bank took place last week. First, Gencor announced that it would transfer (with the permission of the bank) the greater part of its assets, some R25-billion on a total market capitalisation of R31-billion, to its offshore subsidiary, Billiton. Henceforward, the country's second largest mining house will cease to be a South African company. True, its shareholders will remain in the majority South African for the moment, but long-term it will, likely as not, become just another British company.

Second, the Reserve Bank governor Chris Stals lent his weight to the conventional wisdom of local businessmen that an inflexible

labour market is the root cause of the country's unemployment problem.

Faced with the reality of declining employment levels despite modest growth in the economy, the business community, now supported by the bank, has opted to blame labour for the problem. The alternative would be to re-examine Gear, the government's macro-economic strategy.

Thus we have a society, until recently bitterly divided, where the business community blames a newly enfranchised labour constituency for the country's economic ills and, simultaneously, one of its leading companies removes itself and R25-billion of capital from the local scene at the stroke of a pen.

Good for the country? Reserve Bank governor Chris Stals PHOTOGRAPH: DANNY HOFFMAN

South Africa's situation is not unique. Many times in history have the moneyed and working class experienced a profound mutual distrust, although the situation locally is perhaps worsened by the fact that the classes are stratified on racial lines.

American historian William Shirer, in his book *The Collapse of the Third Republic*, traced the origins of France's precipitate military collapse in 1940 to profound divisions within the society. In the aftermath of World War I, a war-ravaged and deeply indebted society struggled for years to repay the massive war debt and bear the enormous cost of rebuilding the devastated regions.

In Shirer's words, describing France in the 1920s: "The selfishness of the moneyed class in avoiding any financial sacrifice to help put the country back on its feet later struck many French historians as shocking ... And in their fanatical regard for their capital and profits, which was matched only by their disregard for the salvation of the country, they spirited their capital abroad to such a massive extent as to make inevitable a fall of the currency, the bankruptcy of the treasury and a lack of capital at home to finance badly needed reconstruction, and, in particular, to enable the farmers, the little businessmen and the shopkeepers to get a new start in the difficult post-war world."

The permission given to Gencor by the Reserve Bank is quite remarkable in the light of the fact that exchange controls remain firmly in place in South Africa.

True, this type of shifting of assets abroad occurred when Derek Keys was minister of finance on a smaller scale. In late 1993, he allowed Gencor to locate its holding in Richards Bay Minerals offshore, allowing some \$30-million of dividends to flow out of the country in commercial rands (the financial rand was then still in place) to finance the acquisition of Billiton. The current transaction is merely a larger version, the principle being the same.

Of course, the bank has complete discretion in such matters and makes its decisions on the loose criterion of what is "good for the country". No doubt Gencor executives persuaded the bank that the success of the Billiton acquisition in recent years justified the current transaction.

The less charitable might suggest that Billiton's success was due as much to a firm and rising aluminium price in an upward bout of the commodity cycle as to any particular brilliance on the part of its new management. Be that as it may, the bank has pronounced — "has given its warm support", according to Gencor chief Brian Gilbertson — and the bulk of Gencor will leave these shores.

What will South Africa get in exchange? Well, the Gencor/Billiton team will now have an offshore asset base of some R25-billion and dollar earnings equivalent to perhaps R1,5-billion per annum against which they can gear up or raise additional capital. If successful, there will, hopefully, be enhanced dividend flows back to the South African shareholders and a possible long-term benefit to the balance of payments.

If unsuccessful, they have simply mortgaged a large South African asset to play in the international mining market, and ongoing profits from the South African assets will be used to repay their mistakes.

Exchange controls have had a particular place in South Africa for the last 50 years, the reason being that perennial crises of confidence about the political future have left the country vulnerable to a massive exodus of capital.

Indeed, so severe has the threat been that the country has had, on occasion, to resort to the financial rand mechanism and even a debt repayment moratorium to protect its reserves. Has the recent political miracle then justified the steady move towards exchange control liberalisation and the recent Gencor move in particular?

Consider that recent record gross reserves of nearly R20-billion still barely represent three months' import cover. Consider further that a significant portion of gross reserves originate from the interest-rate arbitrage created by the bank artificially holding domestic interest rates at real levels of 10% and more.

This results in corporate South Africa, or that part which can borrow offshore, borrowing dollars and ending up with a fully covered rand interest cost substantially below domestic rates.

Equally, foreign speculators in local bonds can show returns of up to 10% above those available in dollars and other hard currencies for as long as the rand remains stable. The resulting inflow of short-term capital results in an unstable and over-valued rand.

Precisely this situation pertained in February 1996 before the rand commenced its 30% slide. For that matter, the last experiment in strict monetarism from 1983 to 1985 saw interest rates peak at around 25% in mid-1985 and shortly thereafter, the collapse of the rand, as short-term bank lines and speculative capital were withdrawn.

Blame the bank, not the workers

■ From PAGE B2

The situation is not significantly different now. The relative stability of the rand at present is a short-term phenomenon resulting from deliberately engineered high short-term interest rates. When the market wakes up to the economic realities, as it did in February 1996, the adjustment will be sharp and painful, as it was then.

Ironically, the Reserve Bank is keenly aware of the structural problems facing the South African economy. Stals himself recently acknowledged that addressing unemployment is South Africa's crucial problem. According to the bank's own economists, the recession from 1989 to 1993 was worse in terms of job losses than that in the 1930s. Yet South Africa suffered disproportionately worse than the rest of

the world because of the bank's adherence to a strict monetary policy and a high real interest-rate regimen that continues to this day.

The combination of one of the highest real rates of interest in the world, together with the automatically overvalued exchange rate which this implies, has crippled the small business sector, particularly manufacturing, in recent years.

Together with the structural problems inherent in South African industry of inflated input costs resulting from the historical cossetting of primary industries in steel, aluminium, copper and others, many manufacturers have been unable to survive. The decimation of the white goods, clothing, textile, footwear and heavy engineering industries is brutal testimony of this.

Yet the Reserve Bank has chosen

to blame one particular component of South Africa's economic equation, namely labour, for the ills besetting industry. At the same time, it allows a major corporation to export its capital base, exchange control notwithstanding.

One is drawn to the conclusion that a cynical bank is facilitating the flight of capital from South Africa while mouthing platitudes about the need for greater labour productivity. The real economic problems go far deeper and are to no small extent caused by the bank itself. Perhaps the Reserve Bank officials, together with the recently exported South African corporations, have adopted that gloriously French approach to the future, *Après nous le déluge*.

Charles Millward is an independent corporate finance consultant

Unemployed march in Orange Farm to demand provision of jobs

(335)

BY FIKILE-NTSIKELELO MOYA

City Desk

Star 1/7/97

About 400 unemployed people from several Gauteng townships marched to the Orange Farm police station yesterday to pressure local councils into recognising their organisations and providing them with jobs.

Marchers from Katlehong, Vosloorus, Pretoria and Soweto handed Johannesburg's Southern council official, Wally Mayne, a memorandum spelling out their demands.

Amid chants of "Down with *Amakwerekwere*" (derogatory term for African expatriates), they singled out foreigners working in the country as a major cause of unemployment because, they said, foreigners accepted low wages from exploitative employers.

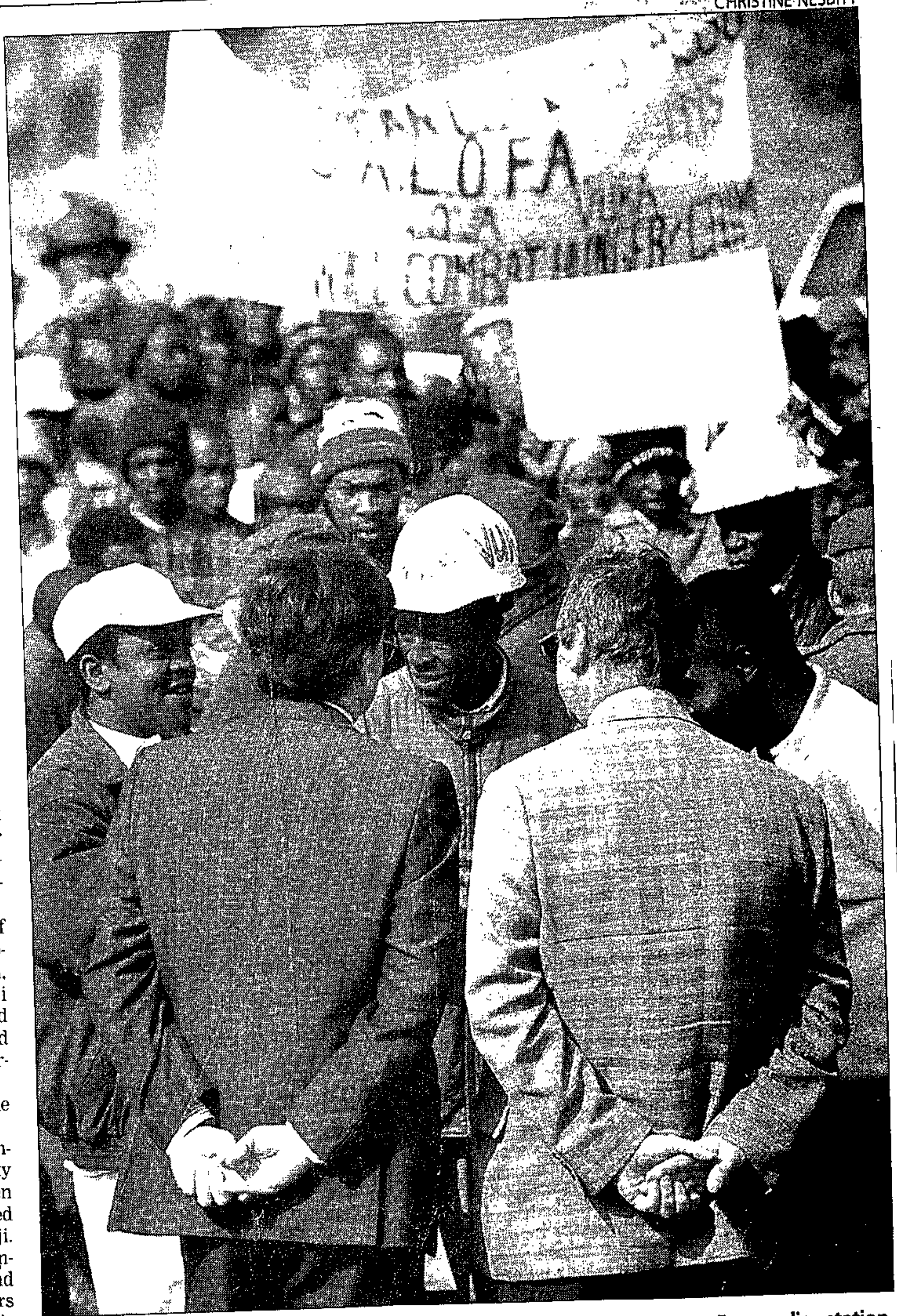
Mayne denied claims that workers were paid R30 a day for council work, saying the minimum the council paid to temporary workers was R45 a day.

Job Mthethwa, president of the South African Loafers Association (Salofa) in Orange Farm, accused councillor Chris Rabaji of giving jobs to friends. He said the council no longer consulted Salofa before employing labourers.

Rabaji, however, denied he had ever given jobs to friends.

"All people who seek employment throw their identity documents in a dustbin and then we draw as many as are needed for a particular job," said Rabaji.

He said contractors complained that Mthethwa and other community members wanted to use garden tools to dig trenches on the rocky Orange Farm, which led to delays.



Hands-on approach ... council officials talk to demonstrators at the Orange Farm police station. The demonstrators want councillors to recognise their organisations and give them council jobs.

Jobs roll in when states take a stand (335)

Jonathan Leape, director of the Centre for Research into Economics & Finance in Southern Africa at the London School for Economics, on jobs and growth



FM: Are there countries such as SA which are enjoying economic growth but are failing to create jobs?

JL: What SA is experiencing does have a lot in common with what a wide range of economies, both

developed and developing, are experiencing. The globalisation of markets is bringing change more rapidly. International evidence tells us that greater openness brings higher growth. But it also means economies succeed only when they respond to the changing mix of demands.

How do they do that?

JL: Governments have to pay much more attention to policy at the micro-economic level rather than simply the macro-economic level. There is broad consensus that the primary function of macro-economic policy is to create a stable platform on the basis of which firms can compete internationally. But employment will grow or shrink in accordance with how competitive the industries are on a micro level.

What do you mean by micro-economic policy?

JL: On the negative side it's ensuring that the State does not muck around unnecessarily through regulation and taxation. On the positive side it's ensuring that the State takes a proactive role in creating the foundations for competitiveness. The more and better the State invests in infrastructure, the more productive private investment will be. There are a number of ways in which the State has an important role in creating the foundations for competitiveness. We know, for example, that State investment in education is important for private-sector productivity.

Do you see any signs that the SA

government appreciates that analysis? *FM 4/7/97*

JL: Yes. I think the thrust of Gear and public statements made by the Ministers of Finance and Industry show that this is appreciated. There is still another step to understanding what the right mix on the micro side should be. It's a difficult area that no government in the world would tell you it has cracked. It is a moving target. This is part of the problem with cross-country comparisons. If you look to Korea as an example for SA, Korea had its growth spurt in a different environment. Strategies that might have worked then will not work today.

Why has SA had a perverse relationship between economic growth and job creation?

JL: On top of the somewhat shifting sands that affect all countries, SA has the added problem that it has also undergone a profound structural change in the sense of opening the economy to the international economy. That openness has meant that competitive forces have come to bear. Part of the reason we see shedding of jobs in established industries is that they are trying to become competitive internationally. Part of the process is going to be a loss of jobs. The answer is to have new activities take hold, new firms and new industries created, which can generate new jobs.

Given the peculiar circumstances of the changes in SA, what is the likely result of a continued failure to create jobs?

JL: There is no question that unemployment is a high priority for government and must remain so. There is no single magic answer. But there are some solutions. These include: taking seriously the quality of infrastructure; education is important, as is a move towards life-long learning where government works in partnership with firms; being sensitive to the changing situation internationally, such as trading relations; improving the quality of mar-

kets in SA; continuing reforms of the JSE and the capital markets.

None in itself will make a significant dent in unemployment but together they will create a more efficient economy which over time generates jobs.

Could SA's labour legislation price people out of jobs?

JL: Labour legislation is always country-specific. Each one needs to strike a balance between the labour side on the one hand, addressing factors which can promote productivity through security and more sensible working arrangements, and on the employers' side to avoid undue intervention and to restructure where necessary.

Are there emergency measures in countries when the number of unskilled people reaches crisis proportions?

JL: There are a range of things that can be done. Government can stimulate employment possibilities that are complementary to the RDP and Gear. One hopes that as the housing programme begins to gain momentum there will be an effort to use small contractors so that the process is kept labour- and not capital-intensive. Electrification is cre-

ating opportunities for cottage industries. Doors can be opened to encourage the creation of such industries.

There may be possibilities for encouraging the more value-added part of the informal sector. One must be careful to distinguish between hawkers, where value added is small, and those

who have begun to move into sectors where real income is generated and jobs created, such as panel beaters, hairdressers, and so on.

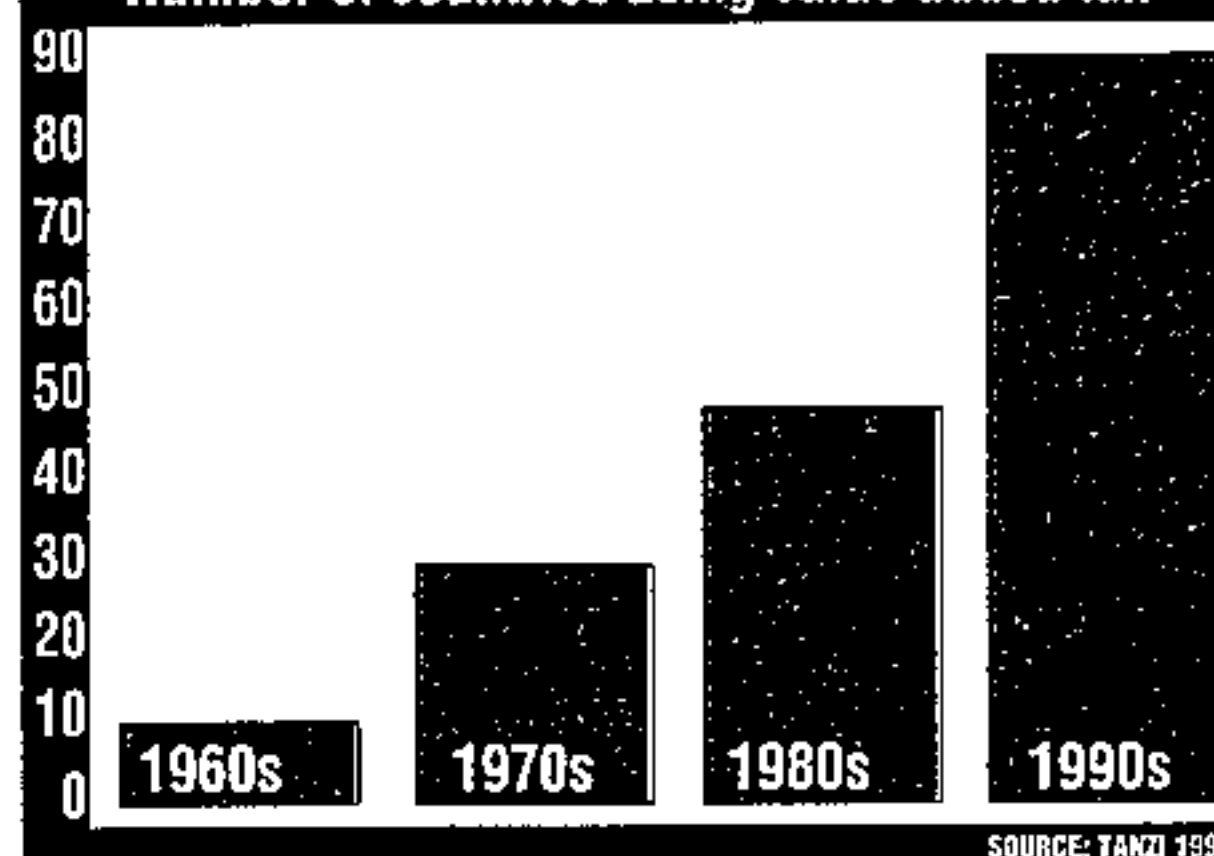
Does it matter if you create a large, and untaxable, informal economy?

JL: The informal economy can create problems. If tax evasion reaches a particular point it is more difficult to impose taxes on people who might otherwise have been honest. Also we have to remember that just about everybody pays Vat when they go to a shop, so even if people are evading some parts of the tax system, such as income tax, they are unlikely to be evading all of it. So the amount of lost revenue is probably still quite limited.

Peter Bruce & Caroline Southey

COUNTRIES ARE DISCOVERING THE ADVANTAGES OF VALUE ADDED TAX

Number of countries using value added tax



SOURCE: TANZI 1995

GROWTH AND UNEMPLOYMENT

FM 4/7/97 35 (335)

Defusing the time bomb

Financial crises come and go but the jobs deficit could be with us for a long time

In the short term, the biggest hurdle SA policymakers face is achieving financial stability. Last week's exchange control relaxation took Finance Minister Trevor Manuel and Reserve Bank Governor Chris Stals another step closer to achieving it.

When foreign exchange reserves are strong enough, when interest rates fall, when the country can afford to run a deficit on its current account to finance future growth, prospects will be bright.

But there remains another challenge. There is a structural distortion deeply embedded in the fabric of the economy: jobless growth.

As in many parts of the world, cyclical upswings no longer routinely recreate the jobs destroyed by a business downturn or a full-blown recession. More and more jobs are lost forever when the economy slides.

The problem has been brought into focus by news from Central Statistical Service this week that 71 000 jobs were shed in 1996.

This strikes at the heart of government's Growth, Employment & Redistribution (Gear) framework, announced by Deputy President Thabo Mbeki in June last year.

The Gear scenario forecast an average of 270 000 new jobs a year, over five years, starting with 126 000 in 1996. The latest figures put government about 197 000 jobs behind its 1996 target.

This is more than an embarrassment for a party that faces re-election in 1999. And it could be a deadweight on economic prospects.

Another way to put the job losses in perspective comes from labour economics specialist Carel Meintjes, a senior analyst at the Development Bank of Southern Africa (DBSA) Business Development Unit.

Using official figures, he estimates that more than 1 000 people enter the job market each day. Meanwhile, job opportunities are falling.

The 1996 CSS figures give the closest approximation to the size of SA's jobs crisis. It calculates that last year about 195 jobs were lost daily — a situation that has most likely deteriorated because the economy slowed in the first quarter of 1997.

Meintjes has tracked the relationship between job seekers and job creation over 35



Job seekers. . . how much longer before the queues begin to shrink?



years. He talks of the "absorption capacity" of the economy — that is, the number of jobs opening up as a ratio of the number of people coming in to the formal market.

This ratio (see graph, page 36) has slid from 107,6% in 1960-1965 to less than 1% in 1990-1995. And, in 1996, net job losses put it into negative territory.

The unemployment rate tracked this movement, says Meintjes. "It rose from 8,4% in 1960 to 12% in 1980, 19,4% in 1991, and 29,3% in 1995."

Inexplicably, however, this last figure represented a fall from 33% in 1994. The CSS explains this anomaly as arising from discrepancies in different samples used, rather than as a real decline in the unemployment rate.

The problem of shrinking employment is not peculiar to SA. Structural changes in the global economy are demanding unprecedented flexibility from economies and people. To the extent that they fail, unemployment becomes an intractable problem.

An OECD jobs study published in 1994 shows that in European countries with the exception of the UK, "wage differentials have remained compressed and real wages have risen irrespective of skills but at the cost of a shrinking number of job opportunities for low-skilled workers and a rise in their unemployment rates, both absolute and in relative terms."

The causal link is that the high cost of employing people with few skills keeps them out of jobs. Or the cost of employing unproductive people limits a firm's capacity to employ at the top of the skills scale.

But SA has special circumstances. The Bantu Education Act, introduced in 1953, was designed to keep people out of the mainstream economy — and to a large extent it succeeded. Certainly it destroyed the education of several generations of South Africans while it bred a rage that culminated in the Soweto uprising of 1976.

The damage was then perpetuated by the liberation-before-education ethos that swept the townships in the Eighties.

Today education is skewed by a lack of funds, poor organisation and the need to make up for past shortcomings.

In each period, the main casualty was the young black population which took the brunt of apartheid. Now 98% of unemployed South Africans are black.

The result, in 1997, is a relatively unskilled population, poorly equipped to meet the challenges of the 21st century. Large numbers of people — more than 4m according to the CSS — are trapped outside the circle of employment. One of the main contributory factors has been the minimum wage which has priced the poorly skilled out of the labour market and deprived them of the opportunity to acquire skills.

Trade union demands for minimum conditions of employment, including a minimum wage, have been felt most acutely by small business owners. Ironically, these employers have been led to believe they will be the focus of government efforts to create jobs.

Zodwala Dandala, who used to own Gracelines Textiles in Gauteng, says "small entrepreneurs from previously disadvantaged communities are subject to all the requirements expected of big businesses.

"It is so frustrating to be constantly faced with cash flow problems. And the biggest proportion of costs are wages. It is really difficult for us to pay the minimum," she says. "And pension and medical aid contributions are crippling."

She has been obliged — because of a number of factors and not only high labour costs — to sell her stake in the business.

A black businessman who employs 1 000 workers points out that he has put his own money on the line to start his business. He believes the unions have not acknowledged his contribution to the economy and job creation. Nor do they care that he comes from a disadvantaged background. He is reluctant to be identified as he is involved in difficult negotiations with the unions.

"They treat us the same way they treat big companies like Anglo American," he says.

He warns that if the latest demands for six-month maternity leave for woman employees are met, he will go out of business.

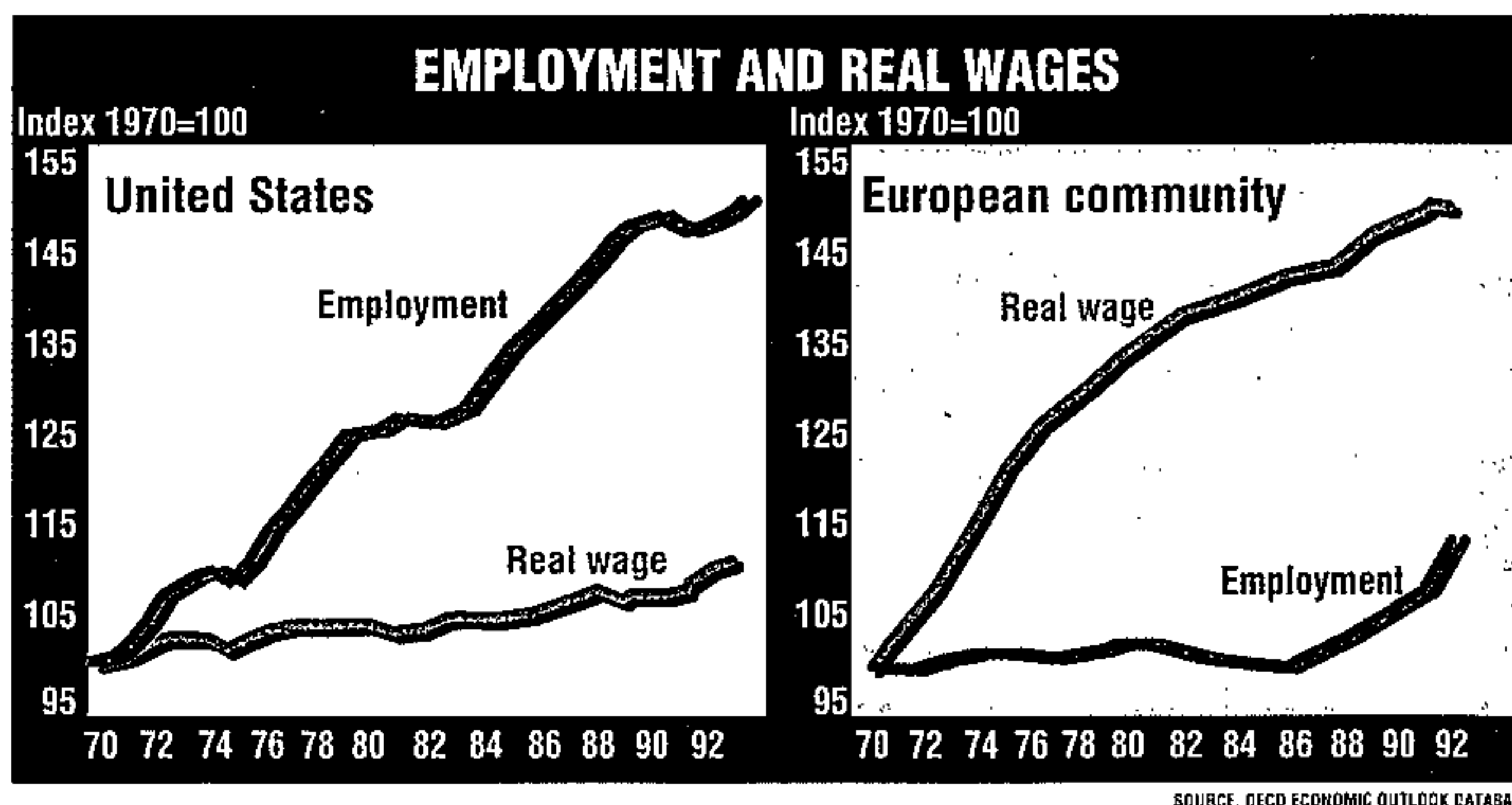
"What I have not been able to find out from the unions is what their attitude is to small businesses. They seem to see us as a threat to their membership and they are not concerned about the jobs we offer."

But there is a school of thought that the informal sector is absorbing the jobs shed by big and medium-sized businesses.

At a Centre for Development & Enterprise conference last year, Labour Minister Tito Mboweni put forward this theory: "As government succeeds in encouraging small, medium and micro enterprises in SA, so the CSS formal sector figures should reflect a shrinking share of total employment."

If this is true, the 71 000 jobs lost last year, and the declining employment over several decades, may represent a major shift from formal to informal sector, as a high corporate tax rate, costly labour markets and other costs of running a business in the formal economy push people out of it.

"The informal sector is a growing source of employment," says the CSS. Based on its 1995 October Household Survey (the latest available), it is estimated 1,7m people, out of an economically active 14,4m, worked in this sector. But the sector is probably even bigger than the survey reveals. It is a haven



for taxi drivers, hawkers, dressmakers, motor mechanics, bookkeepers, child minders, painters and builders.

Mel Brooks of the Wits Business School points out that people who fail to comply with labour relations requirements are operating outside the regulatory framework. And those who are not paying their taxes are unlikely to confide the extent of their activities to researchers.

Because of changes in the sample survey, no clear trend can be tracked in the informal sector figures. But logic suggests it is growing at a faster pace than the formal economy because the businesses are free of constraints.

Apart from the confusion created by quantifying how many jobs in the informal sector are replacing those in the formal economy, there are practical difficulties in compiling accurate statistics.

Figures on employment and unemployment are often misleading — partly because they are rooted in a past which buried its unemployed in imaginary homelands, partly because they are distorted by the transition period and the reunification of the Transkei, Bophuthatswana, Venda and the Ciskei with SA, and partly because the CSS lacks adequate resources, like all other government bodies.

There are also a number of technical issues which can confuse comparisons.

Old Mutual Unit Trust economist Terence Moll also challenges the official statistics. He suggests that the figures showing a decline in jobs during 1996 are "alarming but wrong."

He points out that similar claims were made about the recovery of the late Eighties when early numbers indicated that only 80 000 private non-farm jobs had been created between the first quarter of 1986 and the second quarter of 1989. Recent data, he says, imply this figure should be almost doubled to 150 000 jobs.

One reason he puts forward is that "early employment numbers are selective and invariably undercount new and growing firms, where many jobs are being created."

Another distortion is that the sectors in which jobs are lost tend to be high-profile. "It's bad news," says Moll, "when large

clothing factories retrench half their staff. But many areas of the economy which are expanding are less visible. Tourist hostels, tiny construction firms and security operations, for example, are all largely unnoticed by economists."

He believes the facts are obscured by the changing nature of work. "For example, transport and gardening functions, which large firms subcontract out to small firms or to labour brokers, may move out of the statistics."

Moll says that, whatever the official figures show, "the economic upturn in 1993-1996 boosted employment."

"We may know how big the boost is only in five years' time, once new and comprehensive figures are available."

Nevertheless, when all these factors have been explored, the fact remains that there is a worldwide trend, accentuated in SA, towards greater unemployment.

The driving forces behind higher rates of joblessness include new technology, cheap imports, inflexible domestic labour markets and a shortage of skills most in demand.

But this is not as depressing as it sounds.

The failure of Thomas Malthus's prediction — that an increasing world population would destroy any economic surplus automatically — shows forecasters cannot extrapolate in a straight

line from present circumstances.

Adaptability is what allowed the human race to survive its infancy and it continues to prevent it from meeting the same fate as the dinosaurs. But a lot depends on what form the adaptation takes.

The difficulty facing all societies is how to contain the social disorders associated with high levels of unemployment.

In SA 1 195 people enter the official unemployment figures each day. The difficulty facing government is how to ensure that those without employment are not lost to pilfering, mugging, car theft, hijacking, murder, drug peddling and rape. A further

challenge is to ensure that crime does not lay its dead hand on the country's growth prospects.

At the least, SA's growth prospects would be less damaged if the jobless were unpaid workers in the home, poorly paid workers in the informal sector or explored a niche in the informal economy.

Though their work would not be captured in official employment figures, or possibly even in the household surveys conducted each October, they would be making some contribution to their upkeep

and to national gross domestic product.

Such a development would give the country the breathing space it needs to recover from the depredations of a pernicious educational system and a dislocated economy.

The ANC, of course, has to deal with the present. Mboweni points to government's commitment to improve infrastructure, basic services and housing which "should give communities a stable basis for generating longer-term productive opportunities."

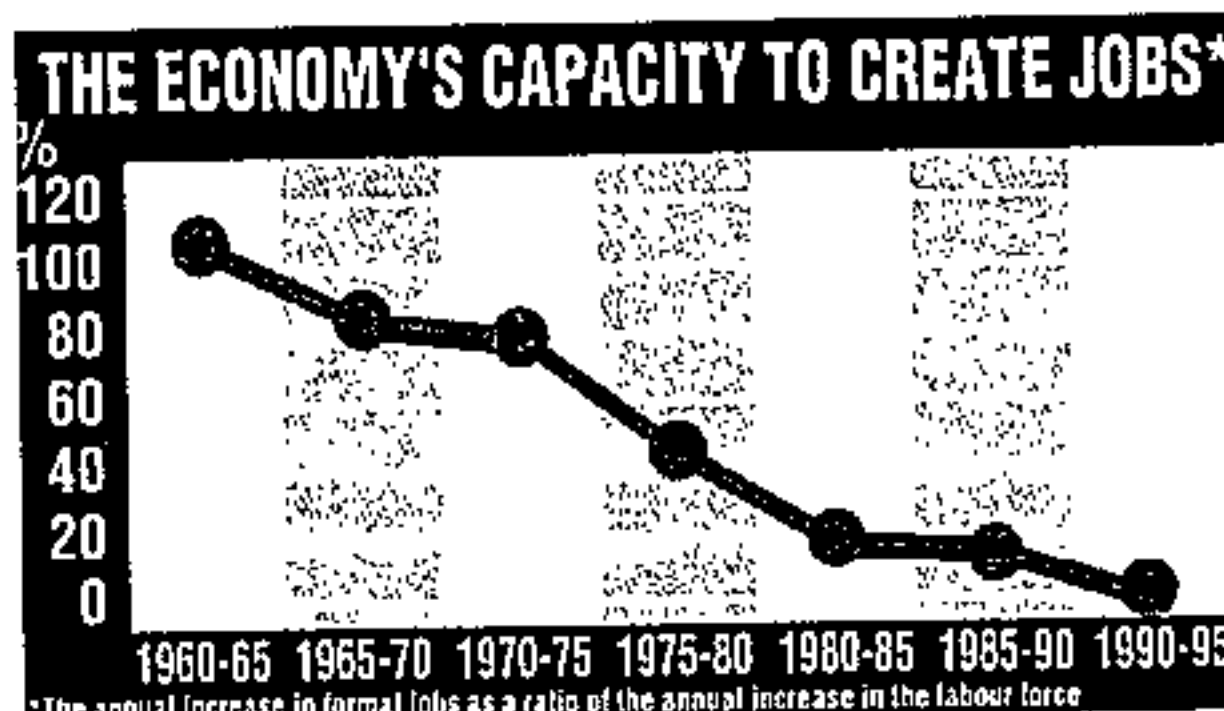
He also speaks of the commitment to employment equity by upgrading skills for the workplace.

But these moves will only scratch the surface. The best government can do is to remove restrictions that hamstring growth. Its constituency, after all, is the people — all 38m of them — and not just the few millions who are members of the organised trade union movement.

The beauty of a democracy is that all votes are equal, whether or not the voter is part of a powerful lobby or one of the dispossessed.

And it would do more good than harm if government were frank about the prospects of creating employment. Better by far than empty promises.

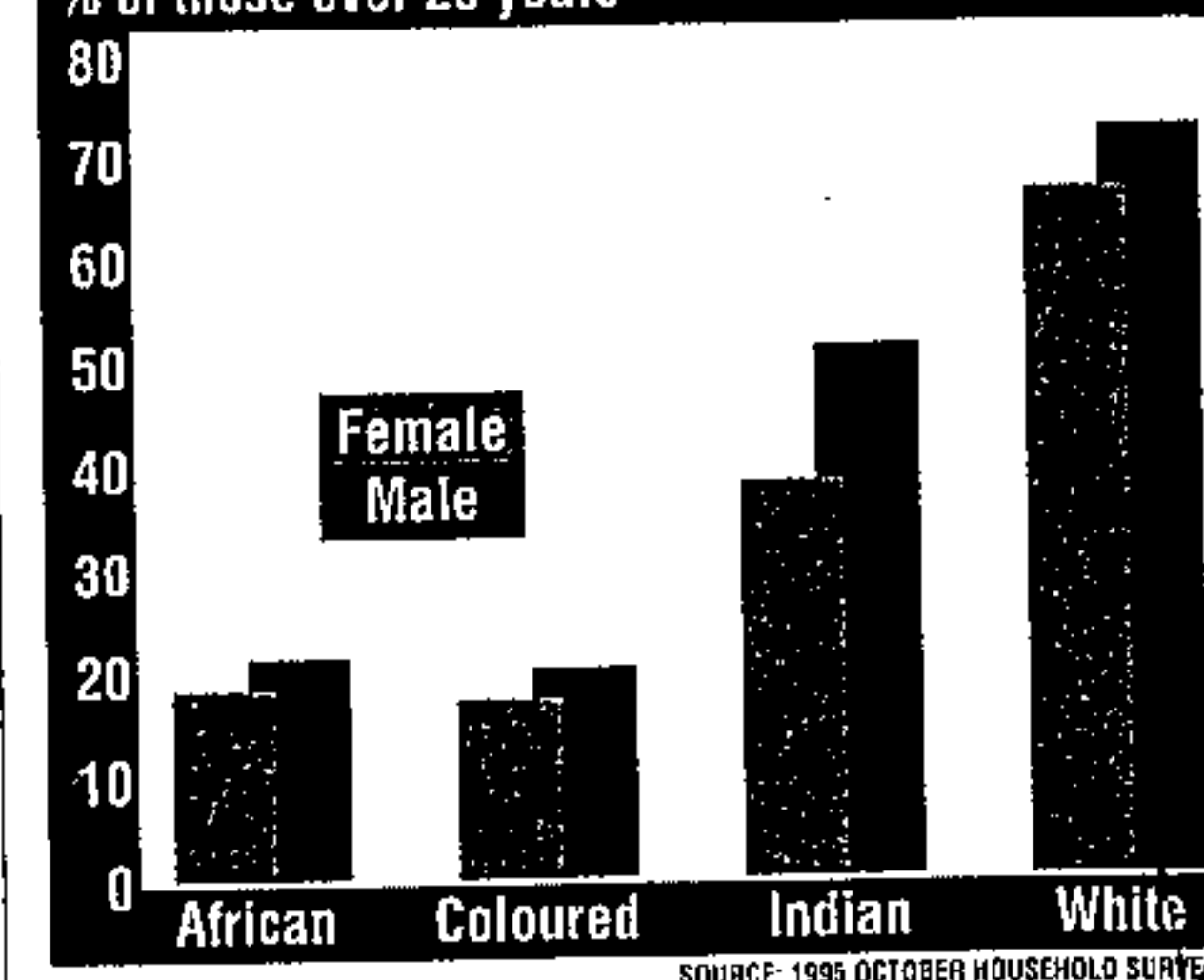
Ethel Hazelhurst



Zodwala Dandala . . . really difficult to pay minimum wages

UNEMPLOYMENT RATES BY RACE AND GENDER

% of those over 20 years



Millions of blacks still unemployed despite changes

Sowetan 10/7/97 (325)

By Abdul Milazi

THREE years after South Africa's historic elections and despite countless promises by Government to redress the imbalances of the past, blacks still make up four million of the country's 4.2 million unemployed people.

These are the very people who expected to benefit from the new South Africa.

To compound the problem, the Government does not have a social security system to care for the unemployed or the poor, a factor which has resulted in trade unions calling for what they term a social wage.

The concept of a social wage means industrial wages would make up for the lack of Government support for the unemployed.

According to National Union of Metalworkers of South Africa (Numsa) general secretary Mbuyi Ngwenda, the labour movement's rejection of the Government's macroeconomic policy – commonly known as the Growth, Employment And Redistribution (Gear) strategy – was not merely a political or ideological stance, but was about bread-and-butter issues.

Ngwenda says: "Our ideological vision of a socialist society must underpin our economic policies. Numsa accepts that the economy must be drastically restructured to meet the pressure of international integration and the eradication of social inequalities.

"It understands that this process will not be without pain for its members, but the pain must be distributed equally to other sections of the society."

Major flaw

The major flaw in Gear as seen by labour is its approach to economic growth, which focuses on comparatively little intervention by the state and allowing market forces to determine growth.

National Education, Health and Allied Workers Union (Nehawu) president Neal Thobejane says: "We are convinced that any policy that places the interest of investors above those of our people will not succeed.

"The strategic priority of the tripartite alliance (ANC, SACP and Cosatu) following the 1994 elections, was to meet the basic needs of our people and end poverty in the country."

Labour has identified Gear's flaws as follows:

- It favours business over labour;
- It prioritises economic growth over employment creation and wealth redistribution; and
- It relies on the goodwill of business to create jobs instead of state intervention.

Thobejane says: "The failure of Gear does pose a challenge for the trade union movement to come up with an alternative macroeconomic policy. This has been identified as a priority for both Nehawu and Cosatu.

"We believe there is a strong basis for an economic policy in the form of the Freedom Charter, the Reconstruction and Development Programme and labour's Social Equity Document."

Labour has continually complained that Gear has failed to create jobs and instead caused massive job losses.

When the Government unveiled its macroeconomic strategy last year, there was no consensus among South Africans on whether or not it could produce the desired results.

Economist Edward Osborne



Numsa general secretary Mbuyi Ngwenda ... labour's rejection of Gear was not merely a political stance, but was about bread-and-butter issues. PIC: ABDUL MILAZI

believes Gear is nothing but a "numbers game" – Government merely used a computer to work out a formula for growth and then attached the desired figures to the model, he says.

"It comprises litany of policy measures that could have been taken from an International Monetary Fund manual, but sanctified with the word "integrated" to give it the appropriate pseudo-scientific flavour."

Osborne says the policy framework was fraudulent in its projections of the economic results expected from its package: "What we have is a potpourri of ideas that, unfortunately, all contribute to achieving the very reverse of its claims."

According to him, in projecting a sustained six percent gross domestic product growth rate, the creation of 400 000 jobs annually and 1.1 million jobs by the year 2000, Gear was relying on "a cascade of improbabilities".

Ngwenda says Gear's projections were just a game of choosing numbers appropriate to realising the estimated end result of six percent growth and the creation of 1.1 million jobs by the turn of the century.

"In other words, first think of the results you want to achieve and then find the appropriate numbers that will generate the desired results according to the structural parameters of the model produced by the computer," he says.

Ngwenda says a danger inherent in Gear was that it perpetuates a philosophy which presumes that South African industry will be strengthened when, in fact, more jobs will be shed.

Rejects Bill

He says the concentration of poverty in black communities also forms the basis of labour's rejection of the Basic Conditions of Employment Bill.

Furthermore, labour does not agree with the Bill's proposal to reduce working hours from 46 to 45 hours a week and to grant four months' unpaid maternity leave.

Labour wants six months' maternity leave (with four months paid), a 40-hour week phased in over a period of five years and no downward variation of standards.

"Black workers have been the ones most exploited and grossly underpaid while white workers received the best salaries. Workers also need to work humane hours so they can rebuild their families.

"We need to improve pay so that they are able to take care of their families," says Ngwenda.

Jobs still being shed despite the good times

CT (M) 11/7/97
JUDY MOSES (335)

Johannesburg — The manufacturing sector shed another 14 000 jobs during the first quarter of this year, despite a 19 percent increase in the manufacturing production index during the same period, the Central Statistical Service (CSS) said yesterday.

The drop in first-quarter manufacturing employment follows a grim year for workers in the sector — nearly 50 000 workers lost their jobs last year.

Dennis Dykes, the chief economist at Nedcor, said while the domestic economy was strong in 1995, with export-related projects booming, last year saw "more pre-emptive buying" ahead of expected price increases.

However, prices for domestic goods weakened last year, meaning the South African public still had little incentive to buy manufactured goods. That trend, Dykes said, has continued this year.

However, if the rand continued to fall in line with inflation differences with the country's important trading partners, then manufactured exports could do well, Dykes said.

Carole Mason, the group economist for Investec Bank, said there were positive expectations for manufacturing next year because of the depreciation of the rand and external demand.

"Manufacturing has picked up, and we expect this to continue," Mason said.

The CSS figures for manufacturing production between last May and May this year showed that the motor industry, which was the fifth biggest sector, had declined by 12,6 percent.

Dykes said the slump in the sale of motor vehicles could be attributed to the high interest rates, consumer debt, companies holding up new purchases because of slow domestic demand and producers "still sitting on a fair amount of stock".

Jobless figures may be misleading

ARC 24/7/97 (336)

THE 1996-1997 SURVEY OF THE SA INSTITUTE OF RACE RELATIONS SHOWS THE UNEMPLOYMENT PROBLEM IS LESS SERIOUS THAN ORIGINALLY THOUGHT, WRITES CHERYL CHIPPS, CO-AUTHOR OF THE SURVEY

It is widely claimed that unemployment ranks alongside crime as South Africa's greatest challenge. Indeed, some argue that until joblessness has been drastically reduced, crime cannot be.

But it is not at all clear just how large a problem unemployment actually is. And those other bogeymen in the public's mind, illegal immigrants, also may have little to do with crime and unemployment.

On the contrary, their participation in our economy may be irreplaceable.

A significant proportion of people who claim to be unemployed, in fact, are productively employed in the formal sector of the economy. This is according to a study conducted by the SA Institute of Race Relations.

The preliminary results of the study are reported in the latest South Africa Survey, published by the institute.

The study questioned the validity of claimed unemployment after it found that the monthly personal expenditure of people who said they were unemployed was more or less at the same level as that of employed, low-level unskilled workers.

Less than one fifth of the unemployed were living in dire poverty. About 30 percent of coloured and 21 percent of African "unemployed" respondents to the study said they were working in the informal sector, while the figure for Indian and white respondents was somewhat lower at 15 percent.

According to estimates by the Central Statistical Service, 1,74-million people (or 17 percent of the total number of people

working) were involved in the informal sector, three-quarters of whom were self-employed.

The CSS estimated that the monthly contribution of the self-employed in the informal sector to gross domestic product was about R2,7-billion in 1995.

According to the study, a number of the "officially unemployed" were not in the market for low-wage, labour-intensive job creation schemes because of their earnings outside the formal sector.

At the same time, opinion polls indicate that most South Africans, in all race

'Supporters of the ANC and the IFP were emphatic in blaming business self-interest for unemployment'

groups, regard illegal immigrants as the single greatest cause of unemployment.

This is in spite of the effects of the distortion of the economy over decades in pursuit of social engineering.

But would South Africa's unemployed accept the jobs that immigrants apparently are happy to take? It is not clear that they would.

The lowest wage (after deductions) that unemployed African respondents were prepared to accept for formal-wage employment was at an average of R756 a month. White respondents indicated that they would not accept a wage or salary below R1 434 a month.

This is significantly higher than what is regarded as the kind of wage that should be paid in public unemployment relief programmes, and is close to the market-relat-

ed wages paid for unskilled starting grades in many formal commercial and industrial sectors.

The study demonstrated that supporters of the ANC and the IFP were emphatic in blaming business self-interest for unemployment.

With regard to trade-union wage demands, the majority of South Africans believed that this had a significant effect on unemployment and in creating inflexibility in the labour market.

Democratic Party, IFP, National Party and rightwing supporters endorsed this view strongly, as did African semi-skilled workers and people earning less than R600 a month.

Unemployed Africans, Indians and supporters of the Pan-Africanist Congress were the most inclined to disagree with this view.

About 53 percent of ANC supporters said that trade union pressure was at least partly to blame for unemployment. This is surprising considering the prominence of the Congress of SA Trade Unions within the ANC alliance.

But if even non-unionised people are not prepared to accept jobs at low wages, then who will take these on? There is simply no convincing evidence to suggest that illegal immigrants are taking large numbers of jobs away from South Africans.

The majority of this country's unemployed apparently are not prepared to work at the same income levels as foreign workers, and the perceived hostility towards foreign workers could, therefore, be a form of scapegoating rather than the result of competition for scarce jobs.

It appears that we have no choice but to rely on foreigners to carry the load of low-paying jobs if we are to enjoy economic growth.

■ Cheryl Chippis is a researcher at the SA Institute of Race Relations.



Worker blues: Labour Minister Tito Mboweni's labour unemployment problem seems to be less serious than it was thought earlier

COLIN DANIEL

Many 'officially unemployed' work in informal sector — study

BD 25/9/97

(335) (58A)

Business Day Reporter

A SIGNIFICANT proportion of people claiming to be unemployed were in fact productively employed in the informal sector of the economy with a monthly personal expenditure matching that of unskilled people in full employment, according to the SA Institute of Race Relations' 1996/97 SA survey released yesterday.

The annual survey — formerly known as the Race Relations survey — said a study by the institute last year found that less than one-fifth of the unemployed lived in dire poverty.

The study said a number of the "officially unemployed" were not in the market for low wage, labour-intensive public works job

creation schemes because of earnings outside the formal sector.

The lowest wage — after deductions — that unemployed black respondents were prepared to accept for formal employment was the median amount of R756 a month, while white respondents indicated they would not accept a wage or salary below R1434 a month.

The survey noted that the Central Statistical Service (CSS) found that about 29,3% — or 4,2m — of SA's economically active population were unemployed in 1995. If only those people actively seeking work were counted, however, the figure was closer to 16,5%.

It quoted the CSS as saying "some 17% of the 10,2-million people working in SA in 1995 were in-

involved in the informal sector — 76% of whom were self-employed. Their monthly contribution to the gross domestic product was approximately R2,7bn in 1995."

About 58% of all self-employed people in the informal sector in 1995 were African women, it said.

The survey said the All Media and Products Survey, published by the SA Advertising Research Foundation, showed that more than 22% of households earned below R500 a month last year. About 31% of black households earned less than R500 a month, compared with 3% of coloured, Indian and white households. A fifth of the coloured, Indian and white households earned more than R9 000, compared with fewer than 1% of black households.

IMF worried about SA jobs

Simon Barber

BD 29/7/97

(375)

WASHINGTON — The International Monetary Fund's executive board has told the SA government it has to do more about the country's high and undiminishing unemployment without succumbing to the temptation to protect jobs behind trade barriers.

The message was delivered by IMF MD Michel Camdessus after the board, representing member state constituencies, met on July 11 to discuss the findings of the fund's annual consultations with SA. If approved by Pretoria, a summary should be released shortly.

Sources familiar with the board's deliberations said that while the board was "very supportive" of government's growth, employment and redistribution (Gear) strategy, there was concern that words were not translating into action, especially on issues relating to labour flexibility.

Members were troubled about the level of public sector wage settlements

and about legislation seen as likely to make SA labour less competitive at a time when SA is opening up its markets to greater international competition — acknowledged as a major factor in current job shedding by the private sector.

Rather than slow the pace of trade liberalisation — the past absence of which is seen as having driven up SA labour costs to the benefit of a minority of workers, but to the detriment of the untrained majority — the board urged government to be more flexible on wages and conditions, and specifically to institute a low minimum "training wage".

On a brighter note the board was unanimous in its praise of the SA authorities' efforts at "fiscal consolidation", the sources said.

The board's deliberations were based, as usual, on a report prepared by a staff team that visited SA to gather data and hold discussions with authorities.

42 000 jobs lost in first quarter

CT (BR) 1/8/97

(335)

DUMA GQUBULE

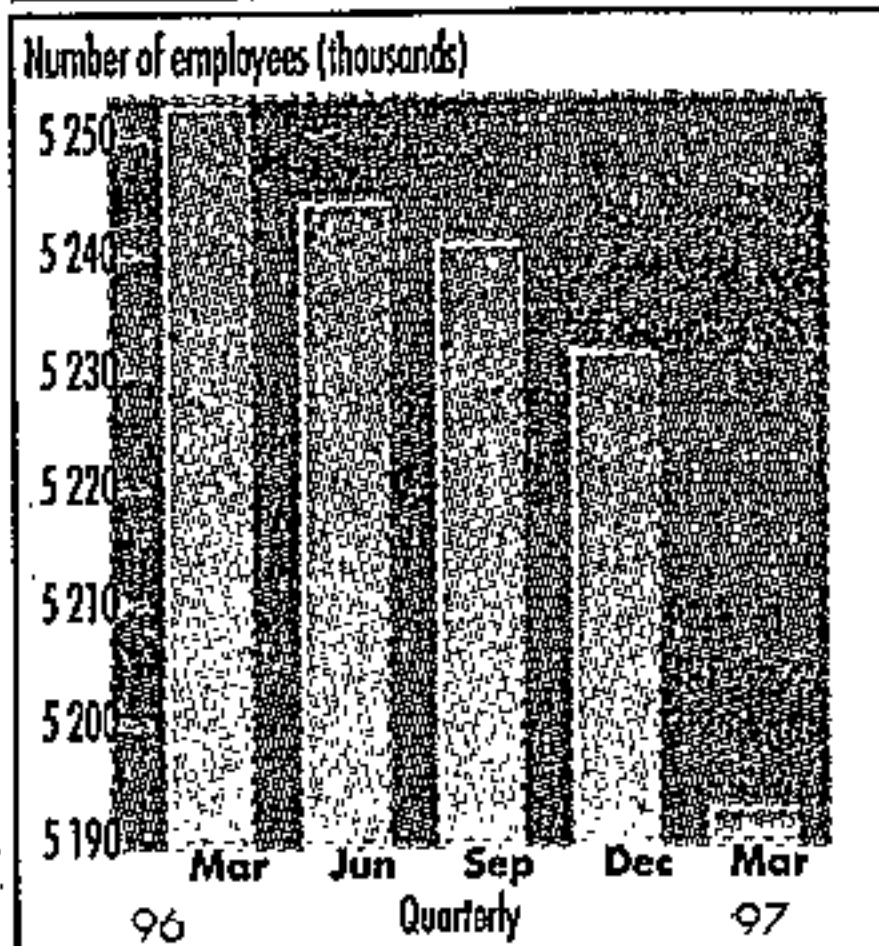
Johannesburg — A further 42 000 jobs were shed in South Africa's non-agricultural formal sector during the first quarter of this year, shattering government hopes of creating 252 000 jobs this year, figures released yesterday by the Central Statistical Service (CSS) showed.

The government's growth, employment and redistribution (Gear) strategy had projected the creation of 126 000 jobs last year and 252 000 this year — none of which have materialised.

The latest shock figure comes when an increasing number of economists are predicting the economy will slip into recession this year and register two consecutive quarters of negative GDP growth. GDP dropped 0,8 percent during the first quarter this year.

Government sources said the

Non-agricultural employment



time had come for its Gear strategy to be supplemented with a comprehensive development plan to boost job creation.

An economist said the employment figure showed the rate of job losses had accelerated at an alarming rate — if they continued at this rate, nearly 170 000 workers could be laid off this year compared with 71 000 last year.

"If you include the 1 000 people a day who are entering the job market, the country could have another 500 000 people joining the jobless millions on the streets by the end of the year," he said.

The CSS figures show that jobs were lost in most sectors of the economy, including the government sector which, until the end of last year, had been creating employment. Hardest hit was the manufacturing sector, which shed 14 000 jobs during the first quarter.

A government source said the figures could not be ignored, although there were statistical problems with the way the CSS collected its data.

He said Gear-type policies were designed to improve the formal sector of the economy and stressed that "Gear must be supplemented with ... development measures to stimulate the informal economy".

Unemployment fund 'stronger'

Linda Ensor

CAPE TOWN — The financial health of the Unemployment Insurance Fund had improved considerably to give a net surplus in the year to end-1995, but R49,4m was still outstanding towards the end of last year, Auditor-General Henri Kluever said in a report tabled in Parliament yesterday.

During 1995, income moving into the fund increased by R137,7m, giving a surplus of R35,7m compared with the R102m deficit in 1994.

The accumulated balance in the fund by the end of 1995 amounted to R478m (R442m).

The auditor-general noted that the rise was due to an increase of R193,6m in

income contributions.

This followed general salary increases in 1995, the rise in the maximum threshold for contributions and an increase in the number of employers.

"The increase of R53,4m in benefit payments to contributors is attributed to claims by contributors in the higher income groups, together with an increase in the number of applications for benefits," the report said.

Benefits paid to contributors amounted to R1,87bn (R1,8bn).

An amount of R22,4m was lost when stocks were sold by the public investment commissioners.

The auditor-general found that the collection of outstanding arrears contributions

was inefficient.

"The possibility still exists that all arrears contributions will not be recovered, and that late and incorrect payments of contributions by employers may result in interest losses to the fund."

By end-1993 the accumulated outstanding contributions amounted to R3,9m, by end-1994 R12,7m, 1995, R32,7m and end-1995 R49,4m.

The fund attributed this inefficient follow-up and the failure to trace unregistered employers and employees to critical staff shortages and inexperienced staff.

In the Gauteng north office, 125 confirmed cases of alleged fraud had been identified and payments worth R323 358 were prevented.

BD 8/8/97

(335)

SA's jobless rate fell slightly in '95

STAFF WRITER

CT 14 Pg 197

(335)

UNEMPLOYMENT in South Africa eased slightly in 1995, with fewer people being jobless than the year before.

According to the Central Statistical Service's last survey, in October 1995, the latest available figures show that 30.9% of South Africa's 14.3 million economically active people were unemployed.

This is a slight improvement on the 1994 figure of 32.6% of the 14.4 million economically active people being unemployed.

Figures released in 1995 for South Africans 15 years and older show that blacks made up the largest number of unemployed people in the country.

It is unknown if this situation

has changed much as there are no figures for last year. These figures may be released in April next year with the Census '96 figures, a CSS spokeswoman said.

The CSS said that in 1995, about 4.2 million economically active people were unemployed.

Of this total, 36.9% were black, 22.3% were coloured, 13.4% Asian and 5.5% white.

The 1994 figures show that about 4.5 million were unemployed.

Of this total, 41.1% were black, 23.3% coloured, 17.1% Asian and 6.4% white.

The figures for 1993 do not include the former TBVC states and reflect unemployment at 29% of an economically active population of 12.3 million people.



SURVIVOR:

Surfer Clive Barber, who has built a shack at the Noordhoek settlement, was penniless but now makes a living from panel-beating cars under the pines. "It's a survival scene all of its own here, but you can make it work."

Illegals to blame for joblessness?

CT 14/8/97
(335)

CHERYL CHIPPS

IT IS widely claimed that unemployment ranks alongside crime as South Africa's greatest challenge. Indeed, some argue that until joblessness has been drastically reduced, crime will not.

But it is not at all clear just how large a problem unemployment actually is; those other bogeymen in the public's mind, illegal immigrants, may also have little to do with crime and unemployment. On the contrary, their participation in our economy may be irreplaceable.

A "significant proportion" of people who claim to be unemployed are in fact productively employed in the informal sector of the economy. This is according to a study conducted by the South African Institute of Race Relations. The preliminary results of the study are reported in the latest *South Africa Survey*, published by the Institute.

The study questioned the validity of claimed unemployment after it found that the monthly personal expenditure of people who said they were unemployed was more or less at the same level as that of employed, low-level unskilled workers. Less than one fifth of the unemployed were living in dire poverty. Some 30% of coloured and 21% of African "unemployed" respondents to the study said that they were working in the informal sector, while the figure for Indian and white respondents was somewhat lower at 15%.

According to estimates by the Central Statistical Service, 1,74 million people (or 17% of the total number of people working) were involved in the informal sector, three quarters of whom were self-employed. The CSS estimated that the monthly contribution of the self-employed in the informal sector to gross domestic product was about R2,7 billion in 1995. According to the study, a number of the "officially unemployed" were not in the market for low-wage, labour-intensive job-creation schemes because of their earnings outside the formal sector.

At the same time, opinion polls indicate that most South Africans in all race groups regard illegal immigrants as the single greatest cause of unemployment. This despite the effects of the distortion of the economy over decades in pursuit of social engineering. But would South Africa's unemployed accept the jobs that immigrants are apparently happy to

take? It is not clear that they would.

The lowest wage (after deductions) that unemployed African respondents were prepared to accept for formal-wage employment was at an average of R756 a month. White respondents indicated that they would not accept a wage or salary below R1 434 a month. This is significantly higher than what is regarded as the kind of wage that should be paid in public unemployment relief programmes, and is close to the market-related wages paid for unskilled starting grades in many formal commercial and industrial sectors.

The study demonstrated that supporters of the ANC and the IFP were emphatic in blaming business self-interest for unemployment.

The majority of South Africans believed that trade union demands had a significant effect on unemployment and in creating inflexibility in the labour market.

Democratic Party, IFP, National Party and right-wing supporters endorsed this view strongly, as did African semi-skilled workers and people earning less than R600 a month.

Most of this country's unemployed are apparently not prepared to work at the same income levels as foreign workers, and the ... hostility towards [them] could be ... scapegoating.

Unemployed Africans, Indians and supporters of the Pan-Africanist Congress were the most inclined to disagree with this view. Some 53% of ANC supporters said that trade union pressure was at least partly to blame for unemployment. This is surprising considering the prominence of the Congress of South African Trade Unions within the ANC alliance. But if even the

non-unionised are not prepared to accept jobs at low wages, then who will take these on?

There is simply no convincing evidence to suggest that illegal immigrants are taking large numbers of jobs away from South Africans. The majority of this country's unemployed are apparently not prepared to work at the same income levels as foreign workers, and the perceived hostility towards foreign workers could, therefore, be a form of scapegoating rather than the result of competition for scarce jobs.

It appears that we have no choice but to rely on foreigners to carry the load of low-paying jobs if we are to enjoy economic growth.

Cheryl Chipps is a researcher at the South African Institute of Race Relations and a co-author of the 1996/97 *South Africa Survey*, released this week.

N Prov project set up to train the unemployed

By Shadrack Mashalaba

THE Informal Business Training Trust (IBTT) and Modjadji Teachers College will spearhead a joint small business development programme to help the unemployed in Northern Province.

The business programme, which will be conducted by IBTT, will train 10 lecturers from Modjadji College who in turn will teach people to train the unemployed.

The programme will be conducted from September 5 to 11 in Duiwelskloof, near Tzaneen. Candidates would learn how to draw a business plan and manage a business.

Programme facilitators will be trained to help the unemployed to start and finance their own business through the One-Up Business Training programme and the Start-Up Fund. Participants will be eligible for loans from the Start-Up Fund loan scheme, ranging from R100 to R5 000, but will have to make a refundable deposit of R100 to qualify.

IBTT director Cedric Buffler said the IBTT's One-Up Business Training programme has benefited about 75 000 people across the country.

The programme is also open to other individuals who wish to help the unemployed.

● The Centre for Business Education (CBE), a Soshanguve-based consultancy has embarked on a road show type business education programme where they take training to budding entrepreneurs.

The centre says lack of business literacy and continued failure of small businesses prompted them to embark on these road shows.

CBE director Barney Lehari said his organisation conducted a research in the Soshanguve area and discovered that there was a high failure rate among small business people.

Lehari said CBE has also found that there was both a lack of business education and personal commitment on how to run a business. He said his organisation has developed a complete bookkeeping system to help businesses, churches and NGOs.

"Recently we launched a group scheme for the unemployed, where each participant in the scheme contributes a fee and identifies a business venture they wish to establish. Each participant becomes a shareholder in the venture and contributes with his skills."

14/8/97
Soshanguve

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More than 90 000 jobless in W Cape

LENORE OLIVER

STAFF REPORTER

ARG 20/8/97
Joblessness in the Western Cape has reached alarming proportions, with more than 90 000 people applying for unemployment insurance benefits this year.

And the Labour Department's employment services section, which tries to find jobs for the unemployed, says that more than 40 000 people have registered with it so far this year.

Rashieda Wentzel, deputy-director of employment services, this compared with 41 495 in the same period last year.

"There is a slight increase, which is to be expected as unemployment figures rise," Ms Wentzel said.

"Although the increase is not that big, it is important to remember that not all unemployed people are registered with us. Other people go to private employment agencies which are less focused on unskilled workers."

Jobless people's details are put on computer and staff provide employment counselling and placement in appropriate career markets.

Their details are also sent to other

(335) (4000)
provinces. Applicants include matriculants, skilled and semi-skilled workers.

Employers needing permanent or casual staff can contact the department. The service is free.

"Although the service is free to employers and employees, this does not mean the service is inferior," Ms Wentzel said.

Her department's success rate for career counselling and placement was between 8% and 11%.

"We have a higher success rate than other provinces because our area is more industrialised and there are more job opportunities."

Ms Wentzel said it was difficult for matriculants to find jobs because their school subjects were often inappropriate to the world of work.

"We also need a change of mindset among people who believe they can do only one job."

"For example, many people with matric come here believing they can be only domestic workers."

"We are trying to move away from being just civil servants because we want to provide an integrated and professional service to employers and employees," Ms Wentzel said.

In order to align with the National Qualifications Framework, we are presently developing a system of Recognition of Prior Learning which will be open to persons who deem themselves to be competent. We will offer an advisory service to help candidates draw up portfolios of previous experience and qualifications.

COTT is approached often about the testing of persons who are to be made redundant by their employers, in order to equip them for a new career. We have rendered this service several times in the past, and there is at present a request from a company to test 400 such candidates.

State schools: pupil/classroom ratios

233. Mr M J ELLIS asked the Minister of Education:

What were the average pupil/classroom ratios in (a) state and (b) state-aided schools in each of the provinces as at the latest specified date for which information is available? N374E

The MINISTER OF EDUCATION:

The average classroom-learner ratio for each province is indicated in the table below. The classroom and learner numbers for each school were gathered through *The School/College Register of Needs Survey*, which was conducted in 1996. The information is as on 27 May 1997.

Table: Average classroom-learner ratio in former state and former state-aided schools.

Province	Average Classroom-learner ratio in:	
	(a) Former State Schools	(b) Former State-aided Schools*
Eastern Cape	1:52.3	1:50.0
Free State	1:37.2	1:24.5
Gauteng	1:31.5	1:26.8
KwaZulu-Natal	1:36.0	1:43.0
Mpumalanga	1:43.6	1:37.8
Northern Cape	1:27.7	1:23.4
Northern Province	1:43.4	1:45.4
North West	1:37.7	1:35.3
Western Cape	1:26.8	1:19.6

*State-aided schools were those schools which were defined, before the implementation of the South African Schools Act, Act No. 84 of 1996, as owned by a body other than the state and funded or partially funded by the state. This includes former farm, model C, community and church schools, but not private schools.

Tax amnesty: tax collected

241. Dr T G ALANT asked the Minister of Finance:

What amounts in respect of (a) company tax, (b) personal income tax and (c) value-added tax will be collected as a result of the recent tax amnesty? N384E

The MINISTER OF FINANCE:

It is not possible to furnish full details of the amounts which will be collected as a result of the recent tax relief as the tax returns received and those for which extension has been granted, have not yet been assessed and no details of tax payable are therefore available in these cases.

The available statistics are as follows:

Category 1 - Applications for new registration and whereabouts unknown

	New registration	Whereabouts unknown
(a) Company tax	761	1 337
(b) Personal income tax	18 185	8 968
* Employees tax	882	381
(c) Value-added tax	998	856
	20 826	11 542

Category 2 - Registered persons who applied for relief as a result of certain details or income not previously disclosed

	Value of income not disclosed (full details not yet available)
(a) Company tax	R 858 000
(b) Personal income tax	4 913 985
* Employees tax	65 478
(c) Value-added tax	2 117 934
	R 7 955 397

Category 3 - Registered persons who qualified for relief in respect of interest, penalty and additional tax

	Payments processed up to 14 June 1997 in respect of the tax relief period 1/1/96 - 28/2/97
(a) Company tax	R119 151 817
(b) Personal income tax	314 568 767
* Employees tax	7 417 615
(c) Value-added tax	31 608 396
	R472 746 595

* Separate statistics for companies and individuals are not available.

Unemployment

251. Mr D W MAKHANYA asked the Minister of Labour:

- (1) How many persons were unemployed in the past financial year;
- (2) whether he or his Department has any strategies or plans aimed at reducing this figure; if not, why not; if so, what are the relevant details;
- (3) whether he will make a statement on the matter? N397E

The MINISTER OF LABOUR:

- (1) Data on unemployment is collected and reported on by the Central Statistical Services on a calendar year basis through the October Household Survey. The latest published figures are those for the 1995 calendar year in which the unemployment rate was reported to have been 29,3% by the expanded definition (which consists of those who looked for work during the four week reference period of the interview and the jobless who are those who did not do so but were nonetheless without jobs) and 16,5% by the strict definition (which only counts the jobless that were actively looking for work within the four week reference period).

- (2) Cabinet has recently approved a proposal submitted by the Department of Labour for the preparation of an Employment Strategy

that would be tabled at a Presidential Jobs Summit later during this year. Cabinet has approved the recommendation and has appointed a Committee of Ministers comprising of -

Labour,
Trade and Industry,
Finance,
Public Works,
Agricultural and Land Affairs,
Provincial Affairs and Constitutional Development, and
Transport

to oversee the preparation of the Employment Strategy and the convening of the Presidential Jobs Summit. While the Department of Labour has undertaken background research into the prospects of employment promotion in the various sectors of the economy, and has prepared a framework document for discussion purposes, there is need to have the inputs of other Departments so that a consolidated Employment Strategy is prepared. It is this consolidated document, once approved by Cabinet, which will comprise the official policy document of government and which will be the basis for consultation with social partners. At this stage, therefore the Department of Labour is unable to give any further details regarding the Employment Strategy pending the outcome of the process of interdepartmental consultation and Cabinet's approval of the resulting strategy.

- (3) A statement will be made as to the process to be followed leading up to the Presidential Jobs Summit, once the Inter-Ministerial Committee has met. The details of the Employment Strategy will be announced once it is approved by Cabinet.

Number of AIDS cases

253. Dr W A ODENDAAL asked the Minister of Health:

How many AIDS cases were identified in each province in (a) 1995 and (b) 1996? N399E

Loafers long for a slice of the action and toast councillors

Star 25/9/97

(335)

By RODNEY VICTOR

Members of the South African Loafers' Association had to loaf around for a long time yesterday waiting for their councillors to come to a meeting.

The loafers, representing the unemployed of Soweto and other places, had invited Soweto councillors to say what they were doing to create jobs. They arranged a meeting at the council offices in Jabulani, but not a single councillor arrived.

After an hour the loafers

concluded that the councillors were the biggest loafers of all, except when it came to payday. They decided to set a good example and start without them.

"We're tired of waiting," said Sipho Nkosi, secretary of the association, part of the National Unemployed Co-ordinating Forum.

"We're tired of plans and promises. We voted this government in because we believed they would deliver. The anger of the unemployed masses has reached boiling point," he said.

The National Party had created institutions to give work to its supporters in 1948, Nkosi said. The current government was doing the opposite, privatising and selling off state institutions which could give work to the masses.

Loafer president Sithembele Madlala said loafers did not believe in sitting around and doing nothing. They were keeping themselves busy and accumulating skills so that they could be self-sufficient.

Gauteng's Masakhane co-ordinator, Toka Molapo, said

councillors should be paid according to what they did. Those who did no work should not receive a salary.

He called for the reintroduction of street committees to fight crime, which was scaring away potential investors. In the 1980s they had brought crime in the townships to negligible levels, he said.

Molapo suggested that the loafers approach the council to establish a mini industrial park in Soweto where they could pool resources and create a viable enterprise.

Unemployment rises again as job

More than 20% out of work as jobless rate resists

(134)

(335) ARK 5/11/97

Johannesburg - South African jobless levels rose again in the second quarter, continuing a trend that shows no sign of abating despite the Government's efforts to make job creation its top priority, economists said today.

The country's non-farm payroll slipped in the second quarter to 5,17 million, a 1,5% decline from June last year, the latest data from the Central Statistical Service showed.

The CSS said 25 072 employees, or 0,5% of workers, left the payroll between March and June.

Economists said the trend was of deep concern. "We've had three years of economic growth at a rate of roughly 3%, but suffered a systematic rise in unemployment," said Nedcor economist Kevin Lings.

The Government last year unveiled a five-year strategy which aims to produce annual growth of 6% in gross domestic product and job creation of 400 000 a year by the year 2000.

The CSS said average monthly wages rose 11,01% year-on-year in the non-farm sectors in March to June - above the rate of inflation. Job cuts were worst in manufacturing, where payrolls shrank 3,9%, and construction, down 3,6%.

Mr Lings said this was consistent with the adjustments taking place in the new South Africa. "We've seen major technical upgrades as firms face foreign competition, investing in capital equipment which has mainly been imported. That has led to a lot of job rationalisation."

Other economists said the data overstated unemployment because it excluded a number of important sources of work, including restaurants and bars, certain financial institutions and the whole of the country's substantial informal economy.

The CSS estimated that broadly defined unemployment - which includes anyone who expresses a wish to work - was now running at a rate of almost 30%.

Government focus

The latest survey estimated South Africa's population at 38 million - implying between 11 and 12 million economically active people between the age of 16 and 60, Mr Lings said.

"Even if you adjust for the informal sector, unemployment is still running above 20%. It's a very worrying burden on the state and is systematically eroding our already narrow tax revenue base," he said. - Reuters

Cuts bite

Training strategy may curb huge unemployment problem

Nicola Jenvey

DURBAN — Statistics released by the labour department indicated that nearly 2-million people in KwaZulu-Natal — nearly 50% of the province's economically-active population — could be unemployed by 2000 unless an appropriate training strategy was implemented.

Consequently the department had recently established training boards for the building and hospitality industries, in a project to design and implement a new apprenticeship system.

The concept of "learnerships", proposed in the department's Skills Development Bill, would provide a mechanism to facilitate the link between structured learning and work experience, in an attempt to overcome the current divide

between theoretical education and skills training.

The Hospitality Industries Training Board executive director Tony Ansara said KwaZulu-Natal, where unemployment was 32%, provided "a challenging arena" for the pilot project. The province accounted for 20% of SA's labour force, yet produced only 15% of the gross domestic product.

"The learnership concept will provide skills training to the unemployed and the field research aimed to investigate the willingness of employers to participate in the scheme by providing work experience to the learners," he said.

He believed the concept had been well received by the employers and the first group of learners would start the training process in the new year. The

training programme should be completed in time for the hospitality industry's peak season next summer, when employers required additional staff.

The pilot project was the forerunner to broader projects across the country and experience would be documented and used to assist other regions and industries in developing and implementing learnerships.

The International Institute for Management Development rated SA as one of the least competitive economies in the world in its 1996 World Competitiveness Yearbook.

"The learnership system will not only assist many people to find sustainable jobs or meaningful self-employment, but will also contribute towards improving SA's international competitiveness," Ansara said.

Jobs shock as labour bill passed

POLITICAL STAFF

ARG 7/11/97

(335)

(444)

As the Basic Conditions of Employment Bill was passed by the National Assembly yesterday, a new study reported South Africa's unemployment rate was lower than officially estimated, but at 24% it was among the highest in the world.

The private sector has claimed that the bill will have serious consequences for unemployment, especially in small businesses.

The study was conducted by socio-

political analysts Lawrence Schlemmer and Charisse Levitz.

Professor Schlemmer told a SA Institute of Race Relations meeting today that in the former homelands areas, the unemployment rate was more than 40% and among black women between the ages of 18 to 24 in those areas it exceeded 50%.

He said the unemployment rate was increasing by between one and two percentage points a year and would exceed 40% if economic and employment patterns did not change.

Jobless figure not as bad as was generally believed — survey

(B35)

A new study has cast fresh light on SA's unemployment, writes Linda Ensor

BD 7/11/97

THE unemployed slip through the calculating fingers of befuddled statisticians, trying to determine their number, with alarming ease. With definitions and responses varying with each survey conducted, it is not surprising that unemployment estimates range from 24% to the official 30%.

The validity of official statistics has been questioned by, among others, the International Labour Organisation, which thought 20% a more likely figure. However, there is consensus that the problem gets worse with each passing year and has to be the highest priority of government policy.

The latest contribution to endeavours to round up the unemployed into a reasonable statistic has been made by sociologist Prof Lawrence Schlemmer who released the results of a major study — undertaken on behalf of the SA Institute of Race Relations — yesterday. The conclusion of the research was that the unemployment rate was between 23% and 24%. This, Schlemmer said, was realistic in terms of international comparisons.

Schlemmer was concerned about the huge disparity in most surveys between the "strict" definition of unemployment, which excluded nonworkseekers, and the "expanded" one, which included them on the assumption that they were too poor, sick or demoralised to look for work. In some cases, the difference was as much as 32%, which Schlemmer regarded as being improbably high.

To address the inflation which repeatedly crept into unemployment statistics, the institute's

survey, conducted by MarkData, asked more questions than usual — such as what were levels of personal income?

MarkData undertook a national survey of a representative sample of 9 000 households, covering 25 000 adults, in 1995, and a further 4 500 last year. As with Central Statistical Service surveys, estimates were based on claimed unemployment, which at 34,2% (on an expanded definition) was higher than the CSS's 29%.

However, Schlemmer said this figure could not be taken at face value. "Other questions asked in our special surveys reflect serious shortcomings in estimated rates based on the claims of people surveyed." By taking these factors into account, the estimated rate of unemployment could be reduced by 31% to 23% in 1995 and 24% last year, or to 23% if people not seeking work were excluded.

On the basis of further questioning, about 5% who claimed to be unemployed were found, in fact, to be unfit for work and should not have been included in the economically active population at all. A further 6% could be deducted to remove a bias in conventional surveys which tended to select the unemployed for interviews, despite the random selection methods used. The institute's survey took all members of a household into account.

And, most importantly, said Schlemmer, at least 20% of the people who claimed to be unemployed were found to have various kinds of ad hoc, informal or casual employment. Among this conservative estimate of 20%, four out of

five had regular earnings, and most of the remainder worked in family enterprises.

"The fact that not all those claiming to be unemployed are in fact jobless was illustrated also by the finding that two-thirds of the people who claimed to be unemployed spent R50 or more per month on personal clothing."

The mean monthly income of unemployed earners was discovered to be R309. About 20% said they had "regular earnings" or income in kind.

"Hence by no means all the unemployed are in utterly dire straits, and while many of them depend on the employed members of their households and families, many others have gainful employment. Some also do non-cash-wage work for their families in productive activity, which is internationally recognised as constituting employment."

The survey results suggested also that the CSS estimate of 11% of the economically active people employed in the informal sector was far too low and was more likely to be at least 22%.

But, Schlemmer said, while the level of unemployment was not as bad as it seemed, it was still among the highest in the world. In some parts of the country, such as the Northern Province and the former homelands, the figure soared to more than 40%.

At current economic growth and labour absorption rates, he warned, the 24% unemployment rate of today would escalate to a nightmarish 43%, which no amount of statistical innovation could ameliorate.

Job figures show up ANC's poor track record

(335) (488)
The new labour bill is likely to worsen the employment situation, writes SVEN LUNSCHE

ST (PT) 9/11/97

ALMOST 80 000 formal sector jobs have been cut over the past one-and-a-half years and there are no indications that the ANC government has learned the lessons of its disastrous labour policies.

This week the National Assembly passed a controversial jobs law enshrining core worker rights despite renewed warnings from business that it will have a disastrous effect on growth and job creation.

The warnings were backed by a study by the SA Institute of Race Relations (SAIRR) warning that more rigid labour laws would have "a severe effect on labour absorption".

The government's track record since assuming power in May 1994 is a dismal one — a total of 25 000 jobs have been lost; only the most unproductive area, the public sector, has seen its numbers rise from 1.814-million in June 1994 to 1.9-million in June 1997.

Over the past one-and-a-half years unemployment has accelerated: 80 000 jobs have been cut, including 20 000 public servants, as government attempts to trim its staff complement.

Over the same period the economy was to have created about 190 000 jobs in terms of government's Gear strategy.

In the three months to June this year alone 25 000 jobs, 0.5% of the total labour force, were cut, according to figures released by the Central Statistical Service this week.

The manufacturing sector — potentially the most significant employer — has been particularly hard hit since early last year; almost 90 000 jobs have been shed as companies responded to the economic slowdown and escalating labour costs. In the June 1997 quarter alone 40 000 jobs were eliminated.

The government has responded to criticism of the high unemployment rate — officially said to be 29% of the active workforce in 1995 — by questioning its accuracy. The SAIRR study undertaken by Prof Lawrence Schlemmer backs government in its assessment, saying the rate was probably more in the re-

gion of 23%, but adds that unemployment is rising by two percentage points every year.

The study among 30 000 participants states that about 20% of unemployed workers were in fact deriving income from informal sector activities. "A rate of 23% is nevertheless among the highest in the world and is probably rising by one to two percentage points a year," the SAIRR says.

Schlemmer says that one of the major reason for the rise in unemployment are "labour disturbances, poor labour productivity and the cost of labour".

A study among 300 mainly small to medium-sized businesses also revealed that the inflexibility of the labour market and the "hassle factor" in the employment of low-skilled labour impeded job creation.

The study shows that SMEs were increasing their labour absorption rate but were doing so at a relatively lower rate in recent times.

"Against a background of poor labour productivity, the effects on labour absorption of any legalised upgrading of conditions of employment or further limitations on the flexibility of the use of labour are likely to be very severe," the study concludes.

Schlemmer says the effect of new laws would be particularly severe on

SMEs — "the very sector of the economy which has been absorbing labour, and in which the labour market up to now has not been unduly rigid".

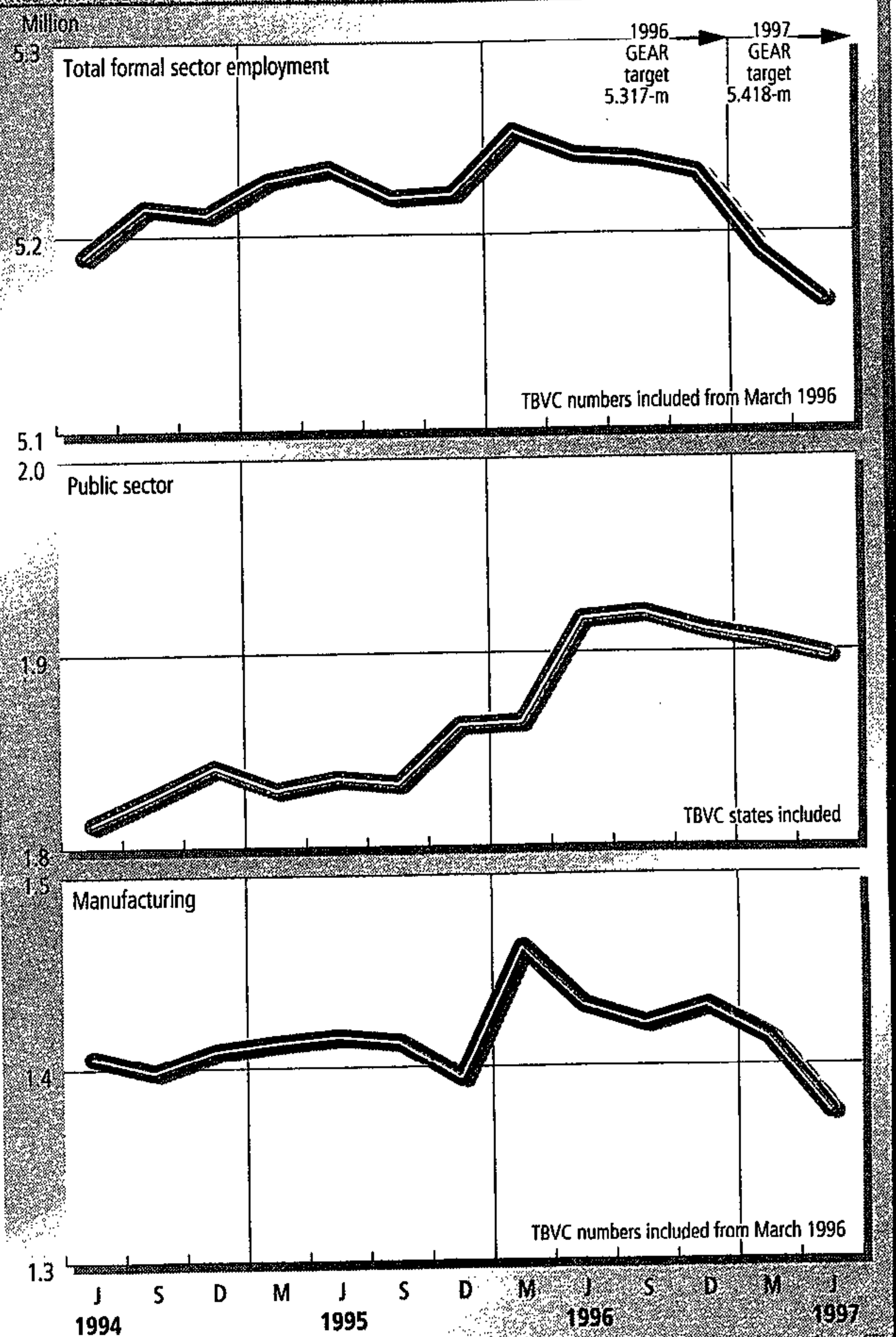
Schlemmer also points out that SA was moving in an opposite direction to most of the rest of the world in terms of labour legislation. "Unless the SA economy meets its growth targets of 6% a year, the rate of unemployment will rise steadily to 30% and beyond in the next century."

Despite mounting evidence that high labour costs, entrenched by a bevy of new labour laws, are forcing business to cut back on jobs, the government sided with its Cosatu trade union alliance partners this week in passing the Basic Conditions of Employment Act.

Opposition Democratic Party leader Tony Leon warned that the bill would raise labour costs 10% and could thus lead to a further 300 000 job cuts. "This bill represents the triumph of politics over economic reality," Leon said.

Business SA's Adrian du Plessis said the bill had been passed without regard for the concerns of business, particularly because it had been amended to include the unions' demand for a progressive reduction to a 40-hour working week.

THE JOBS DISASTER



"The further reduction of hours proposed by the bill and the increase in employment costs involved ... will have negative effects on growth and job creation in South Africa," he warned.

The bill will have a particularly severe effect on small business.

While Labour Minister Tito Mboweni said he would investigate the effects of the changes on small business before the bill was promulgated in

mid-November, he said he was not in favour of blanket exemptions. He feared that exemptions could lead to abuse with companies dividing into smaller entities to avoid their labour law responsibilities.

However, promises last year to investigate exemptions for small business to clauses of the Labour Relations Act have yet to be implemented.

The bill cuts the working week to 45 hours, raises

overtime pay to time-and-a-half from time-and-a-third, extends holidays and maternity leave and sets other basic worker rights.

Mboweni tabled the bill after last-minute changes introduced by Cosatu, which established the 45-hour week as a non-negotiable core right.

This and other concessions to organised labour angered business, which said it had been excluded from the process.

Fewer jobless than suspected in SA but figure is still high

OWN CORRESPONDENT

ET 11/11/97 (335)

AS the Basic Conditions of Employment Bill was passed by the National Assembly last week, a new study was released that said that South Africa's unemployment rate was lower than officially estimated, but at 24% was among the highest in the world.

The private sector has claimed that the bill will have serious consequences for unemployment, especially in small businesses. The study was conducted by sociopolitical analysts Mr Lawrence Schlemmer and Ms Charisse Levitz.

Schlemmer told a breakfast meeting organised by the South African Institute of Race Relations that in the former homeland areas, the unemployment rate was over 40%, and among black women between the ages of 18 to 24 in those areas it was over 50%.

He also said the unemployment rate was increasing by between one and two percentage points a year and would rise to over 40% if economic and employment patterns did not change.

The Central Statistics Service had claimed that unemployment was 29,3% in 1995 but a survey conducted in nearly 9 000 households in the same year found an even higher estimate of claimed unemployment at 34%.

"Questions asked in our special surveys, however, reflect serious shortcomings in estimated rates based on the claims of people surveyed," Schlemmer said.

After further questioning, the level of unemployment had to be reduced. This was because about 5% of the people who claimed to be unemployed were in fact unfit for work and therefore should not be included in the economically active population. When all members of households were taken into account the level could be reduced by a further 6%.

Most importantly, however, at least 20% of the people who claimed to be unemployed were found to have various kinds of ad hoc, informal or casual employment. Among the 20%, four out of five had regular earnings and most of the remainder worked in family enterprises.

Schlemmer said the survey suggested that at least 22% of economically active people were employed in the informal sector, well above the estimate of 11% in the official Central Statistics Service data.

Even if the official rates of unemployment overstated the problem, the real level was sufficiently serious to warrant an urgent consideration of the causes, and the introduction of policies to address it.

The bill's final reading is on November 21.

Botswana's 'Midas' Masire bows out



STEPPING DOWN: A file picture of Botswanan President Sir Ketumile Masire who yesterday announced his retirement from office.

PICTURE: AP

JOHANNESBURG: Botswana's president, Sir Ketumile Masire, who announced his retirement from active politics yesterday, will go down in African history as one of the few leaders to leave office voluntarily and one who transformed his country from being dependant on aid to one of the continent's richer nations.

He has been president for 17 years.

Riding on the crest of a booming diamond mining industry, set to be the world's biggest by the year 2000, Masire has been able to do for Botswana what most of his African counterparts are struggling to achieve — harness natural resources for the people's benefit.

Husbanding the new-found diamond riches, Masire and his colleagues in government have achieved 14 years of budget surpluses. Foreign reserves top 20 billion pulas (about R25bn).

In 1984 he led the Botswana Democratic Party, which has ruled Botswana since independence 31 years ago, to a 68% victory in elections.

In 1994, the BDP lost 10 seats to the Botswana National Front, which had taken advantage of rising unemployment to woo protest votes. Official unemployment is running at 21%. Statistics show that since 1994, formal sector employment has increased by only 1.5%.

The opposition says Masire's political fortunes have gone full circle and his resignation could be a case of good riddance.

"There is much criticism of his leadership. He does not seem to have control over his party," BNF vice-president Mr

Michael Dingake said yesterday. "There is so much arrogance in public service that people are beginning to react."

Born on July 23, 1925 at Kanye, from Gaborone, Masire matriculated as a teacher in South Africa, started a secondary school at Kanye.

Masire's political roots go back to service in colonial tribal administration and later in the Legislative Council Executive Council. He helped launch BDP (then the Bechuanaland Democratic Party) in 1962 and became its secretary general. He was first elected to parliament in 1965 and appointed Deputy Prime Minister by Sir Seretse Khama.

In recognition of the role he played in the constitutional talks in London, he made vice-president of the newly independent Botswana in September 1966.

But he appeared to lose touch with his constituency and was defeated in the first post-independence election. He was named a specially elected member and was reappointed vice-president and Minister of Development Planning.

Always calling himself "a farmer on loan to politics", Masire took up farming in 1956. He now owns farms throughout Botswana and is well known for developing ostrich farming.

He has also worked as a journalist for the African Echo, becoming a director of the newspaper.

He is co-chairperson of the Global Coalition for Africa and first vice-chairperson of the OAU. — Sapa

hand-grenade and illegal firearm.
Mbuli's bail application on Tuesday was postponed to Friday. But on Friday, counsel for Mbuli said

Meanwhile, Spoornet's Main Line Passenger Service (MLPS) announced on Wednesday it would suspend all its advertisements fea-

were thrown at his home.
In 1989, Mbuli and his wife, Nomsa were arrested for being in possession of two Russian-made

made in September last year outside a friend's home in Leondale, on the East Rand. His car - the same blue BMW 326i which was confis-

tralia, the US, Europe and many other countries - testimony to his growing stature as an international artist.

Chop, chop, chop there goes your job

CP 16/11/97

■ Continued from Page 1
their presence does not cost the air force money."

Meanwhile, provincial education departments this week announced that temporary and substitute teachers, who comprise the bulk of teachers from formerly disadvantaged schools, will be laid off at the end of the year.

KwaZulu/Natal will feel the biggest pinch: 20 624 temporary teachers, mostly from rural areas, will lose their jobs.

Most rural schools in the province will be forced to close.

The Northern Cape will lose 1 200 teachers, Free State 2 500, Eastern Cape 5 557 and Gauteng 1 800.

Figures for Western Cape, North West, Northern Province and Mpumalanga are not yet available.

The move to fire temporary teachers was received with shock by teachers' organisations, who said this would throw the education system into total disarray.

They said the new strategy contradicted President Mandela's assurance that no teacher would be retrenched as part of the process of rationalising education.

Sadtu's secretary-general, Thulas Nxesi, said the majority of temporary teachers were members of his organisation and had contributed immensely to education in the country.

He said in some schools the principal and his deputy were the only qualified staff members and the rest were temporary teachers.

"Who is going to fill their places?" he asked.

He said teachers were already overloaded and would not be able cope if temporary teachers were dismissed. He said the irony of the move to dismiss temporary teachers was that the government had announced that it would introduce outcomes-based education next year.

"We are surprised because the government wants to retrench the very same teachers who are expected to implement the new system," he said.

Leepile Taunyane, president of the National Professional Teachers Organisation of South Africa (Naptosa), said the Government was not over-spending on education and that the truth

of the matter was that provincial education departments were inadequately funded.

He said the Minister of Finance, Trevor Manuel, will be held accountable for the dire condition in which education in this country will find itself.

"The implications of these unacceptable actions are so serious that the time has now come for the authorities to deal with more than just the manifestations of the problem.

"As a matter of national importance, all efforts should be made to attend to the root cause," he said.

Minister of Education Sibusiso Bengu confirmed that jobs were going to be lost as part of the process of rationalising the education department and cost cutting.

He said that as part of the process of being cost effective, the department of state finance and his department were currently visiting provinces to assess the situation in provincial education departments.

"When this process is completed and reported on, the position with regard to provincial over-expenditure will be dealt with by the government," he said.

He said provincial education departments had to urgently curb over-spending.

Bengu said some provinces had indicated that personnel expenditure was taking up an inordinately high percentage of their budgets - up to 88 percent of some budgets.

He said the temporary teachers who would be dismissed would be replaced through a process of re-deployment of teachers.

Bengu said he hoped that any plans by provincial education departments regarding lay-offs will be lawful done with due regard to the prevailing labour relations laws.

"We are convinced that all government departments involved will deal with this difficult matter in a transparent fashion and with due regard to the educational needs of the country," he said.

□ This week gold slipped below the psychologically important barrier of US\$300 an ounce, raising fears that gold mines may be forced to retrench. A weak gold price also affects South Africa's foreign earnings.

No more jobs!

Chop, chop, chop there goes your job; soldiers, teachers too, sorry, we're firing you

CP 16/11/97

By SIFELANI MLAMBO
and JIMMY SEEPE

SOUTH AFRICA is facing an explosion of retrenchments in the public sector, with thousands of workers in the defence force, health and education departments expected to lose their jobs soon.

The continuing decline in the price of gold could also force more job losses in the mining sector, which employs about 350 000 workers.

An estimated 40 000 temporary teachers and substitute teachers, most of whom have been employed by the Department of Education for many years, have been informed about their pending dismissal.

The South African National Defence Force is to start retrenching more than 30 000 soldiers over 12 months, starting from next year.

Political scientist Prof Themba Sono has warned that the implications of these large-scale retrenchments could be "devastating, coming over and above massive unemployment among blacks".

The retrenchments are part of efforts by various ministries to introduce austere budgetary measures in the light of the Finance Ministry's decision not to bail out those who previously overspent.

The SANDF retrenchments come closely after the demobilisation of thousands of former members of non-statutory forces (MK and Apla), and allowing others to take voluntary severance packages.

The department's voluntary severance package scheme had backfired when incompetent personnel and soldiers opted to stay behind and the more skilled ones left.

The 30 000 retrenchments are said to be part of the defence force's efforts to cut down on its spiraling expenditure, mostly incurred in salaries and benefits for soldiers.

The defence force has been ordered to save R400 million from this year's budget of R9,9 billion.

Those facing the prospect of retrenchment will be informed in the new year, after a report detailing the process to be followed is completed.

But the department has said that affirmative action and demographic representation will be the guiding principles in retrenching soldiers.

The SANDF plans to cut its bloated army down to size from its current 90 000 soldiers to 60 000 before the end of 1999. More cuts will follow after 2000.

The defence force plans to have a lean army of around 40 000 soldiers by the year 2005.

The cuts are said to be influenced by the peacefulness of the region. Projections are that there is unlikely to be a serious conflict in the region in the next 20 to 30 years.

But there is now concern that the rationalisation process could target former members of the non-statutory forces who recently joined the SANDF.

During the integration process, rightwing political groupings tried to tarnish the image of members of Umkhonto we Sizwe and the Azanian People's Liberation Army by accusing them of being ill-trained and undisciplined.

Spokesperson for the Minister of Defence, Col Phuso Tladi, told City Press this week that the defence force would use affirmative action and demographic representation as guiding principles.

Meanwhile, some of the drastic measures that the defence introduced this week include grounding all aircraft except for emergency flights, which include those for emergency crime situations and presidential flights.

Other options being considered are to send certain people home on paid leave. Regarding this option an official was quoted as saying: "If they are not in their offices they cannot make telephone calls, lights do not have to be switched on and

■ Turn to Page 2

P.T.O.

Lay-offs

Continued from Page 1

lems was the fact that surplus staff could not be shed because of the lack of affordable retrenchment mechanisms.

An industrial relations specialist said yesterday that an affordable retrenchment package would not bring much relief in the coming year because of the political and social difficulties of retrenchment as well as delays imposed by labour laws, plus the fact that a private sector package costs about a year's pay and therefore the savings would not accrue until the second year.

The government official said the major cost of the current retrenchment package was the provision of a full pension for all employees with more than 10 years' service and therefore skewed it in favour of people at the top and those with more than 10 years service.

Private sector norms are a number of weeks' salary a year of service plus the retrenched employee's payout from

the pension or provident fund equal to their actuarial assets.

Clearly, the official said, there would have to be a trade-off between the number of weeks salary a year of service, the option of early retirement and the social plan. It was critical that lower-paid workers who were retrenched did not suffer long-term unemployment under the social plans.

The social plans should, as discussed in the National Economic, Development and Labour Council, use expertise from departments such as labour and trade and industry, and include counselling and support.

The SA Democratic Teachers' Union last week threatened a nationwide strike after the education ministry confirmed that the jobs of many of SA's approximately 60 000 temporary teachers were on the line.

While it was easier to retrench casual and temporary public servants, many were in fact long-term employees, the government official said.

Comment: Page 15

World Bank study blames unemployment in SA on high wages

20/17/11/97

Renee Grawitzky

A DRAFT World Bank study on the SA labour market being circulated in government and economic think-tanks has found that the high level of wages paid to workers contributed to high unemployment among black workers.

The report also found the Basic Conditions of Employment Bill would raise labour costs in sectors already experiencing very high unemployment.

A government source said the report could aggravate tension around

labour market policy and the presidential job summit next year, especially as the labour department was about to release its employment strategy that stressed the main causes of unemployment were structural.

A union source said this type of research failed to move the debate forward in ways that really addressed the employment problem.

The draft report was written by World Bank economist Peter Fallon and Nobel economics prize winner Robert Lucas.

Their examination of the effect of wages on employment found that a 10% increase in black wages could lead to a 7,1% decline in employment. If real black wages had remained constant between 1970 and 1994, black formal employment would have grown at 1,48% a year instead of the 0,9% achieved. In this scenario, employment would have been 13,3% higher than its current level, they said.

Fallon and Lucas concluded that employment was more sensitive to wage levels than concluded in an ear-

lier Fallon study which found that a 10% wage increase would have resulted in a 2,8% decrease in employment. Wage differentials could be resolved, they argued, by removing discrimination and barriers to mobility rather than increasing black wages.

The study focused almost exclusively on wage-employment links although conceding that wages was only one factor playing a role in reducing formal employment. Others included a rise in capital intensive investment, an unskilled workforce which could con-

3361 (3361) ~~3361~~
strain growth and employment, and declining private investment.

Labour department chief director for labour market policy Guy Mahone said the report failed to explore these factors and encouraged narrow debate blaming unemployment on wages.

The authors concluded that reducing unemployment required "sensible macroeconomic policies which would encourage labour-demanding growth, while the skills of much of the labour force must be improved considerably to support growth and lessen inequality".

High wages not only cause of unemployment — bank study

Reneé Grawitzky

A DRAFT World Bank study on SA's labour market, which found that the high wages paid to workers contributed to high black unemployment, was not an attempt to "provide ammunition for any particular side", the bank said yesterday.

World Bank representative Judith Edstrom said the study was intended to update earlier

research and to see whether any change had taken place.

While the report indicated that wages did affect employment levels, it would be surprising if they did not have some effect, Edstrom said. However, the report recognised that some structural difficulties and other nonwage factors contributed to unemployment.

Further research could be done on this and on the effect of

other policies, particularly government ones, on employment levels.

The bank believed that structural factors played a role in contributing to unemployment as described in the World Development report.

She said research disclosed that the degree of permeability between rural and urban labour markets or formal and informal labour markets could be limit-

ed. Taken to extremes, this could imply that even with lower wages, not all unemployed people would become employed due to factors such as location and education levels.

The draft study, written by Peter Fallon and Robert Lucas, found that black employment was sensitive to wage increases and that a 10% increase in wages could lead to a 7.1% decline in black employment.

BD 18/11/97

(335)

Grim job prospects for this year's matrics

Nine out of every 10 school-leavers will end up jobless, say labour analysts

(335)
Star 24/11/97

By Ryan Cresswell

Employment prospects for matriculants are grim again this year with some labour analysts predicting only about one in 10 will get a job.

Labour analyst Gavin Brown said the employment situation for matriculants had been bad for about 10 years.

He said this year things looked especially difficult and school-leavers would probably have about the same chances as last year when only one in 10 found a formal job.

"There are more people coming out of school but there are fewer jobs," he said.

Another analyst said the high unemployment figures would have to level out before school-leavers got a proper chance in the job market.

The SA Institute of Race Relations did a detailed study for 1996 and found 24% of the employable population did not even have part-time or informal jobs. Among African women (18 to 24) this figure jumps to well over 50%.

At the beginning of this year 805 452 full-time and part-time students signed up for matric. Even if thousands have dropped out, there could still be as many as 800 000 writing final exams this month.

But Department of Education information systems director Helen Perry said the overall pass rate would probably be similar to last year's rate of 54,7%. "We should not get too optimistic."

This means hundreds of thousands of young people will again be left out in the cold when they go looking for jobs early next year.

Their hunt for work will be even more difficult than usual because thousands of workers in the health field, education department and the defence force are expected to lose their jobs soon. The low gold price could also mean miners lose their jobs next year.

The row between business and unions over the affects of recent labour conditions legislation on unemployment is hotting up and the air is thick with theories and accusations.

Cape Town university economist Professor Brian Kantor is even calling for a radical loosening of legislation in the interests of employment, while Hein van der Walt, director of the Confederation of Employers of SA, said increased legislation was making the country less competitive and thereby risking increased unemployment.

Gear job target will 'not be reached'

But Congress of SA Trade Unions (Cosatu) spokesman Nowethu Mpati said Cosatu considered many employed, and unemployed workers, to be impoverished, making the new legislation vital.

Mpati said business had never really produced solid statistics proving the new Labour Relations Act had had a negative affect or that the recently

passed Basic Conditions of Employment Bill was about to lower job opportunities.

The South African Chamber of Business (Sacob), however, feels its recent survey does indicate a negative employment reaction to the legislation. In September 45% of the respondents in the survey expected to employ more unskilled workers during a 12-month period, but last month the group of hopeful employers dropped to 41%. Employers expecting to hire skilled workers dropped from 51% to 47%.

Mpumalanga, KwaZulu Natal, Eastern Cape, North West province and Western Cape all showed drops. Gauteng had a slight improvement but the overall picture in the province is still bleak.

Sacob director-general Raymond Parsons said the Basic Conditions of Employment Bill played a part in this.

Kantor went further and said the unemployment situation was virtually unchanged unless labour legislation loosened up, instead of tightening up.

"There are fewer people employed today than 10 years ago despite a rising population. People with jobs are very much better off but others can't get in. People have good employment benefits, but at the expense of the unemployed."

Kantor said the Growth, Employment and Redistribution (Gear) target of 175 000 new jobs this year and about 250 000 next year "would not happen".

Van der Walt said everybody agreed upliftment and development was needed but, if the economy did not grow, then unemployment would increase.

He suggested a system whereby factory employees act as individual contractors. He also said production and wages did not compete favourably with some other countries.

But Cosatu's Mpati accused businessmen of looking at countries with poor worker rights records when talking about issues such as working hours and at developed countries when they looked at their own salaries.

Mpati said no company had

come forward with employment growth statistics in the 90s. "What we do know is more than 20 000 lost their jobs fairly recently. They (businessmen) cannot accept the changes in labour conditions."

Labour analyst Brown said there had been a shedding of jobs for the past five or six years. The consensus was the employment situation was bad.

He said the Labour Relations Act had acted as a disincentive to employers and the "hassle factor" had impacted on employment.

He said the latest bill would in time also probably have a similar result.

"In defence of Cosatu, it should also be remembered that acts and bills are not the only things slowing down employment: things like transport costs, tax payments and inflation are all equally important."

Government, labour and the private sector were due to commit to reducing the country's 32,6% unemployment figure at a presidential jobs summit, but pre-summit consensus did not go smoothly.

Competition forcing firms to cut staff – global survey

BUSINESS EDITOR

(335)

ART 4/12/97

Competition is forcing businesses across the world to downsize and a survey of 1 800 businesses employing 18 million people has found that nearly two-thirds cut staff in the last two years.

And the process is far from over: the survey of businesses in Canada, France, Germany, Japan, Britain and the United States found that two-thirds expected to continue restructuring into the 21st century.

Results of the survey by Watson Wyatt Worldwide, released in South Africa by FSA-Contact, found that improving the productivity of employees topped the list of issues concerning executives.

More than two-thirds used merit pay to prod employees into productivity increases.

Productivity concerns were lowest among French respondents to the survey.

Next on the list of executives' concerns were worries about government regulation.

Executives surveyed also expressed fears that a shortage of skilled employees could impact on productivity.

In Japan, 83% of executives considered a shortage of qualified people an important issue.

In Italy, the number was 75% and in Britain 52% of executives rated a shortage of skilled employees as a key issue in their business.

People more concerned about jobs than global problems

Jacob Dlamini

SOUTH Africans were more concerned about unemployment, housing shortages and crime than they were about global problems such as illegal immigrants, a Marknor survey has found.

The survey, commissioned by the Johannesburg-based foreign policy think-tank Foundation for Global Dia-

logue, found that South Africans generally showed scant concern for international issues.

The survey was based on a national sample of 3 500 people, distributed across sex, age, race, education, working status and income. It was spread proportionally across provinces and metropolitan and rural areas. In areas where respondents showed

any regard for international issues, the focus tended to be on human security matters such as poverty, drug trafficking and global unemployment.

Respondents wanted SA's foreign policy to be guided by the promotion of democracy, human rights and the combating of drug trafficking. However, they believed participation in the global economy was more important than co-oper-

ation with regional and other developing countries.

The foundation said the response suggested that South Africans preferred the maximisation of trade relations with Africa, Europe and North America.

There were marked responses to questions about SA's relations with countries such as Cuba. About 35% of respondents

agreed that SA should be a reliable ally and partner of Cuba, while 29% expressed uncertainty and 19% disagreed completely.

Those who supported relations with Cuba tended to be supporters of the African National Congress and the Pan Africanist Congress, while those who disagreed came from the Democratic Party and the Freedom Front.

Linda Ensor

MINERAL and energy deputy director-general

Gordon Sibuya said his resignation from the Central Energy Fund (CEF) board — tendered to Mineral and Energy Minister Penuell Maduna — was motivated by his objection to Don Mkhwanazi's appointment of Emmanuel Shaw as his personal adviser.

Shaw was appointed without board approval and without following normal tender procedures.

Sibuya resigns over Shaw's appointment

Ed 4/12/97

Sibuya also disagreed with Mkhwanazi that restructuring state assets was a day-to-day issue for management — Shaw's brief was to advise on this issue — as this was the responsibility of the state, and the sectoral task team of which Sibuya was chairman.

"Somewhere along the line there will be a collision between the CEF and the department on the restructuring

of state assets and I don't want to be part of this."

Sibuya's stand was supported yesterday by the Chemical Workers' Industrial Union which said any corruption and lack of transparency must be attacked. The union demanded that Shaw and Mkhwanazi be removed and that appropriate action be taken after an investigation.

Acting mineral and energy

director-general Dick-Baker noted the team appointed to probe Shaw's appointment would sit for three days from December 17. Mkhwanazi and the CEF staff and board would be called to give evidence, but Baker said the inquiry would not involve Maduna himself.

The team would have to determine whether tendering procedures were followed in appointing Shaw; whether the

powers of the chairman included the power to conclude contracts; and why Shaw was selected.

Baker said the CEF board's term of office expired at the end of the month. As there would be no time to make new appointments before then, he had advised Maduna to extend their term of office until the end of March. A departmental replacement for Sibuya would also have to be found.

ST(BT) 7/12/97

Employment at its lowest in 16 years

(335)

EMPLOYMENT levels in SA have slumped to their lowest levels in 16 years amid signs that the economic slowdown is widening.

The Reserve Bank said in its Quarterly Bulletin that a further 62 000 jobs had been lost in the first half of this year. "This brought total employment back to a level which was roughly equal to that of 1981," the Bank said.

And the picture looked set to get worse next year. This week, the Bank, the Finance Department and the SA Chamber of Business downgraded their growth forecasts for next year.

Instead of 3%, Sacob now expected 2.3% economic growth in 1998 after a meagre 1.8% this year and executive director Raymond Parsons warned that employment levels were set to fall by a further 2% in 1998.

Government has declared employment growth as the priority of its economic policies and has pledged to create 400 000 new jobs by 2000.

In the bulletin, the Reserve Bank painted a sober picture of weakening consumer confidence and low domestic savings, echoing other indications of slowing growth — this week, the motor industry reported that November car sales plunged to their lowest levels since 1991.

"Although a technical analysis could not provide conclusive evidence that SA had entered a downward phase of the business cycle, the economy is not

JOB PROSPECTS

By SVEN LUNSCHÉ

producing at full capacity," it says.

Private consumer spending was up a mere 1% in the third quarter, while fixed investment spending, the engine of economic growth over the past few years, slowed to 3%. Total gross domestic expenditure was down 0.5%.

The bulletin says that the balance of payments took a significant knock in the third quarter this year. Slowing exports were exacerbated by a sharp decline in capital inflows as foreigners rushed to get their investments out after emerging market confidence was shaken last month. The current account deficit more than doubled to R7-billion in the third quarter from R3.4-billion in the second quarter.

The Bank warned that continued outflows spelt disaster for future growth as domestic savings remained too low to finance new investment. Domestic savings fell to 15.5% of GDP in the first nine months from 16.5% last year.

In Sacob's 1998 outlook, Parsons said strong growth in manufacturing, construction and electricity would partly off-set expected lower agricultural and mining output.

"A great deal of our 2.3% growth prediction will depend on the government's fiscal discipline and the credible implementation of the Gear strategy."

● See Page 3

Reserve Bank backs down

IN WHAT must rate as one of its rare political setbacks, the Reserve Bank has significantly toned down its criticism of government labour policies.

In a Quarterly Bulletin earlier this year, the Bank directly implicated Labour Minister Tito Mboweni's labour legislation, particularly the recently passed Basic Conditions of Employment Act, in the fall in job levels. Needless to say Mboweni, backed by the trade unions, attacked the Bank "for meddling in political affairs".

In its December 1997 Bulletin, released on Friday, it was thus back to usual Bank-speak and a call for productivity-based salary levels despite the fact that job levels have plunged to their lowest in more than 16 years.

It even picked up government's ex-

LABOUR POLICY

By SVEN LUNSCHÉ

cuse that the official unemployment levels understated the number of jobs in the informal or services sectors.

In another victory for the Labour Department it appears that labour market flexibility will not be discussed at the proposed presidential job summit.

SA Chamber of Business economist Ben van Rensburg said on Friday: "We know that labour market inflexibility is bad for job creation, but we are not going to change the structure of the job market at next year's summit."

Instead Van Rensburg expected the summit to deal with issues such as poverty alleviation and job security for employed workers.

UNEMPLOYMENT

1998

(335) Sewetan 5/1/98

WITH unemployment expected to grow by eight percent, this year will see tens of thousands of matriculants swelling the ranks of the unemployed.

Economist John Kane-Berman said unemployment among African women between the ages of 18 and 24 was currently at 53 percent, while the overall unemployment rate was expected to increase from 20 percent to 28 percent this year.

He argued that the reduction of the unemployment rate was unlikely to become a key issue in government policy this year, which would be virtually an election year.

Pityana said the government's Skills Development Bill, currently being discussed, was aimed at

"The Bill is aimed at enhancing the job prospects for matriculants by encouraging them to pursue career opportunities in areas where jobs are available," said Pityana.

Skills shortage

Pityana said there were hundreds of other graduates who had general qualifications such as Bachelor of Arts and Bachelor of Arts-Communication with no particular field of specialisation, who also found it difficult to find jobs.

He said the government had started bridging programmes to help matriculants without mathematics and science backgrounds enter the science fields.

"The South African economy can no longer absorb the large numbers of relatively low skilled labour," Pityana said.

The number of skilled jobs also rose from 28,6 percent to 34,3 percent, while semi-skilled and unskilled jobs declined from 61,3 percent 48,4 percent.

He said this profile compared poorly to other middle-income and advanced industrial countries.

"The skills shortage is evident in craft and related trade, where South Africa has 12,4 percent compared to 18,3 percent in middle-income countries, and 16,5 percent in advanced industrial countries."

Pityana said the government's focus was not only to encourage matriculants to pursue careers in economic sectors where there were job opportunities, but also on providing skills to the country's employed and unemployed people.

SA needs employers: chamber

BUSINESS EDITOR

ARG

22/1/98

(335)

South Africa needs to create employers to solve the unemployment problem, says Cape Chamber of Commerce and Industry president Johann Baard.

In a New Year message, Mr Baard said job creation

would not work until policymakers made it more attractive for employers to employ more labour and for prospective entrepreneurs to start new businesses.

Employer creation was the only way to create jobs, he said.

"The simple fact is that our country requires more

favourable conditions to encourage school-leavers, graduates, the employed and the unemployed to become employers," he said.

The chamber was preparing a submission to the presidential job summit to be held later this year, said Mr Baard.

Call for co-ordinated action on joblessness

Reneé Grawitzky

RETRENCHMENTS this year could lead to antagonism and increased strike action if labour, government and business failed to adopt a co-ordinated approach to unemployment, labour department director-general Siphos Pityana said at the weekend.

The warning comes as parties prepare for the presidential job summit later this year. It is made in the wake of mining-industry retrenchments, leading to the call by the National Union of Mineworkers for a gold summit.

Pityana said that given the crisis in the markets, all parties had an obligation to apply their minds and work towards the adoption of a successful strategy to deal with unemployment.

A less-than-enthusiastic approach by business and labour would be unwise as the parties "had an opportunity to devise long-term approaches which could bring them closer to developing a vision which would put employment at the centre of a strategy".

Pityana said it was hoped the job-summit process would lead to some form of accord. In the SA context, a

(335) (123)
pact was not the issue but rather whether agreements were enforceable.

It was the worst time to have a summit, he said, "as it comes amid huge job losses in the mining industry" and the agricultural sector, while the public sector was committed to shedding jobs. The finance and service sectors appeared the only sectors keeping jobs to any degree, Pityana said.

An environment characterised by high unemployment and increased job losses could lead parties to focus only on short-term measures, whereas the summit's intention was to look at both short and long-term measures.

Government was in the process of drafting a discussion document which would be considered by the interministerial-cabinet committee next month.

On proposed labour legislation, Pityana said the Basic Conditions of Employment Act would only come into effect once a study had been completed into its impact on small business.

Proposed amendments tabled by the Congress of SA Trade Unions, excluded in the final draft of the Bill, would have to be resolved at alliance level, he said.

BD 26/1/98

Job creation suffers despite surging US investment

Simon Barber

WASHINGTON — Surging US direct investment in SA is not creating jobs at anything like the same pace as US companies remain wary of the labour environment and the scarcity of skills, the Investor Responsibility Research Centre says.

The research centre follows direct investment trends in SA on a company-by-company basis.

It estimates the value of assets owned by US companies in SA reached more than \$9.5bn last December.

That compares with US commerce department figures, also derived from company surveys, of \$2.7bn at the end of 1994 and \$4.3bn at the end of 1995.

However, the number of employees per unit of asset value has been falling.

US companies in SA today employ the same number of workers — about 90 000 — as they did at the pre-sanctions high-water mark of US direct investment, when US assets were valued at \$3bn in 1997 dollars.

Peter DeSimone, the Investor Responsibility Research Centre's chief SA specialist, said American firms were "choosing to enter and expand into much more capital-intensive investments in SA than they had in years past."

"There seems to be a reluctance to enter labour intensive investment because of concerns over wages, the overall labour environment and skill sets."

De Simone said companies were telling the centre that they saw the dearth of skills and the concomitant need to "spend large amounts on training" as a deterrent given that "there are other places they can go."

The research centre's employment estimate is based on figures for majority-owned subsidiaries of US companies, and does not, for example, include figures for the SA companies in which returning car makers Ford and General Motors have taken stakes.

Counting those numbers would push the payrolls of US affiliates to about 100 000.

Meanwhile, the US corporate presence measured by number of companies had returned to pre-disinvestment levels, even though only 64 US firms of the more than 250 that left during the 80s had returned, DeSimone said.

New entrants like Southwestern Bell, which purchased a 30% stake in Telkom

for \$757m last year, have been leading the charge to invest in SA.

By the research centre's count, 296 US firms now have employee or indirect investment in SA.

This is almost the same number of firms as before the sanctions exodus.

DeSimone calculates that GM paid about \$100m for the 49% stake it announced it was acquiring in Delta Motors last December.

Delta Motors was created in 1986 out of GMs disinvested assets.

GM and Delta have declined to disclose the purchase price.

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Social plan to cushion job losses almost complete

Reneé Grawitzky

A NATIONAL Economic Development and Labour Council (Nedlac) task team is close to finalising a draft social plan agreement aimed at cushioning the social and economic consequences of job losses on communities, local economies and the country as a whole.

The agreement, yet to be finalised, sets out a range of measures to assist trade unions and employers to avoid job losses.

In line with the Labour Relations Act, the draft document stresses the need for discussions at the earliest possible stage on potential job losses.

Where retrenchments are unavoidable, a number of measures have been proposed for existing government funding to be redirected to limit retrenchments. A call has also been made for restructuring government-funded bodies such as the National Productivity Institute (NPI) to play a crucial role in investigating job-

saving initiatives. Another proposal is that the Industrial Development Corporation could assist in employee buyouts.

A possible agreement within the task team leading to formal negotiations within Nedlac coincides with a call by the National Union of Mineworkers (NUM) leadership for a gold mining summit to consider elements of a social plan to address the industry's job crisis.

Mineworkers' Development Agency CEO Kate Phillips said the

Nedlac document dealt with the economy as a whole while the union believed the unique circumstances in the mining industry required a special social plan. The mining industry, unlike other industries, was different in that there was a necessary end to the life of mines, she said.

NUM spokesman George Molebatsi said that despite progress in Nedlac, the union believed it had to pursue this issue more vigorously, as "we are the most affected sector in the economy".

Government, in the eventuality of large-scale retrenchments, would provide a technical support facility through a restricted NPI.

This body, in evaluating requests for assistance from unions and employers, would have to determine the extent to which retrenchments would significantly affect the local economy and the region, and whether it would affect "the national interest to increase levels of employment in the country".

Government has been called on to provide a number of new supply-side measures, as yet undisclosed, to companies or sectors unable to afford implementing recommendations of the support body to save jobs.

The labour department would offer various services to retrenched workers who could also be assisted in starting their own businesses. Proposals also relate to adopting measures to ensure the regeneration of local economies as a result of retrenchments.

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Social plan to cushion job losses almost

(335) BD 29/11/98

René Grawitzky

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complete

Unemployment is likely to increase mercilessly, according to a new study by a team of economists.

Among South Africa's grave socio-economic problems, unemployment is one of the most serious and intractable.

It is the greatest single cause of deep poverty, it has replaced race as the major factor in inequality, and it underlies or contributes to a wide range of other socio-economic ills.

The level of unemployment, however, is not as high as official estimates would suggest. Instead of a rate of nearly one third of economically active adults being fully unemployed, our estimate is that for 1996-97 the real rate is less than 25% and it could be as low as 20%. An unemployment rate of 20% to 25%, however, is very high by world standards, and places South Africa among the top five or six countries with critically high rates of joblessness.

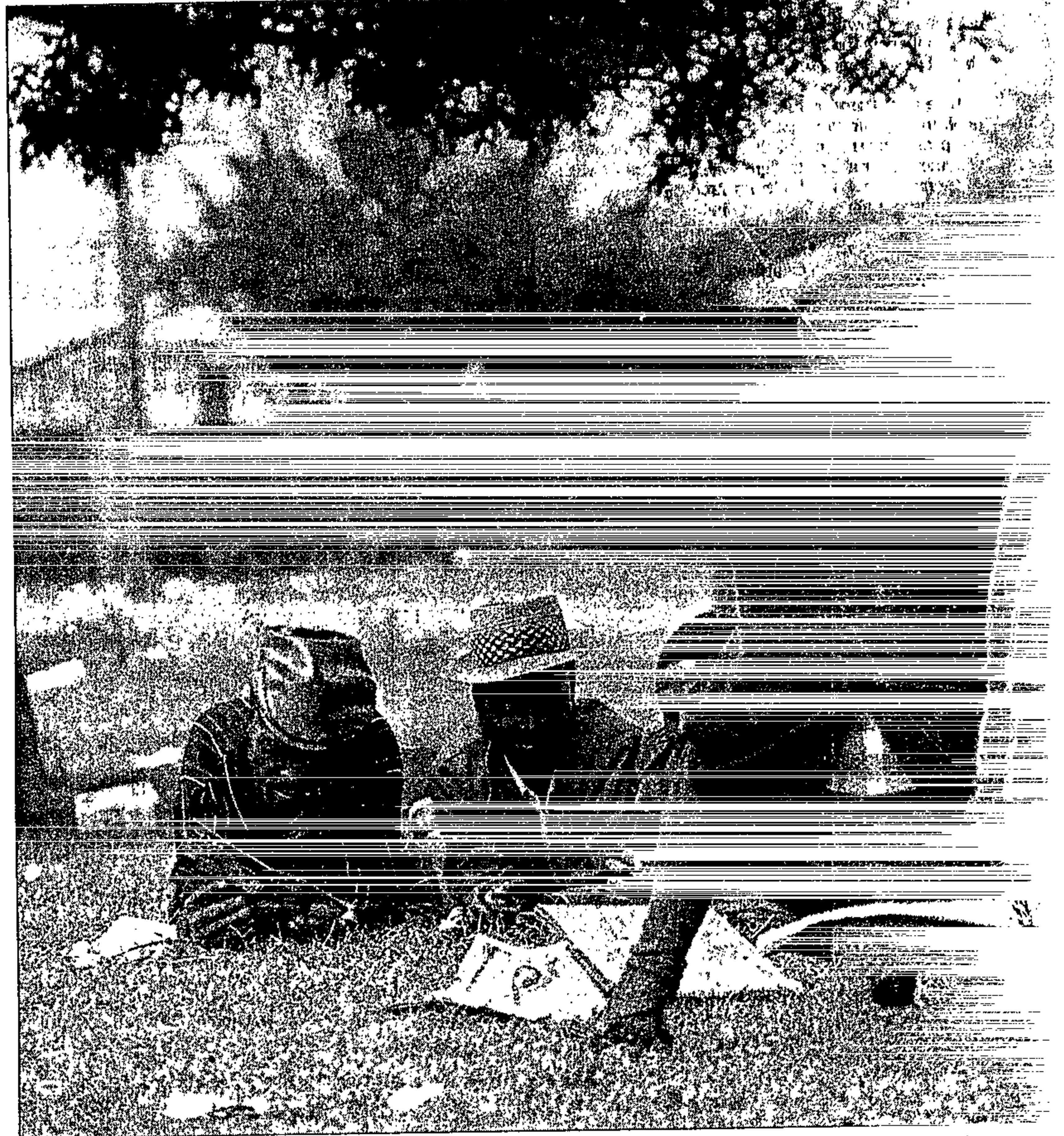
There certainly is no cause for complacency. Furthermore, there are categories of the economically active population among which the rate of unemployment is at crisis levels.

For example, among African women it is nearly 40%, and among African youth in the 18- to 24-year-old category it is above 40%, as it is in the Northern Province as a whole.

These levels among women and youth, and the patterns in certain parts of the country, are such that unemployment becomes a lifelong condition, in which the victims lose all aptitudes and motivations for gainful employment. For many of the unemployed the condition has become a chronic social malaise.

While our revised estimates of current unemployment might alleviate some of the extreme pessimism surrounding unemployment, the future holds little consolation.

At current levels of labour



Nothing to do but wait ... these job-seekers outside the Jabulani municipal offices can only hope they will gain employment

New SA's economic

absorption by both the formal and informal sectors of the economy, and at rates of economic growth below 6% a year, the level of unemployment in the country is likely to increase mercilessly.

The best that the new macro-economic policies of the Government can offer, if they are consistently and effectively applied, is that the level of joblessness could be stabilised at the turn of the century. But even this extremely modest goal depends on an economic

performance well above the apparent capacity of the economy at present.

The stark reality of South Africa is that it seems headed towards what we may describe as an "enclave" society. This will be a form of socio-economic apartheid in which the employed sector of society progresses but the margin of unemployed or marginally employed people increases relative to the ability of the state to provide survival benefits.

The longer-run prospects for

stability in the enclave society will increasingly begin to resemble those of the unsuccessful economies to our north.

The Government has grasped the solution to this socio-economic malaise in theory. It appears to have acceded to the well-nigh universal consensus that liberalisation of the labour market and a reduction of wage and non-wage costs relative to output is necessary for employment creation in any market economy. However, a substantial part of its own per-

sonnel, as well as its partners, not to mention a range of lobbies and left-wing opinion leaders with an ambit, are opposed to the discipline at the core of new economic policies.

We cannot predict South Africa will add to the problem of mounting unemployment through major initiatives, or bold liberalize economic forces, example set by some over-regulated and corrupt economies such as Sweden.

(335) Star 23/1/98

According to a new study by a team led by Professor Lawrence Schlemmer

CHRISTINE NESBITT



They can only hope they will gain employment some day in a country with a critically high rate of joblessness.

conomic apartheid

the enclave society simply begin to re-examine the unsustainability of the unsustainability to our north. Government has no solution to this social malaise in theory. It has to have acceded to a universal consensus of the need for a reduction in non-wage costs relative to the creation in any economy. However, a part of its own per-

sonnel, as well as its alliance partners, not to mention a range of lobbies and left-leaning opinion leaders within its ambit, are opposed to the fiscal discipline at the core of these new economic policies.

We cannot predict that South Africa will address its problem of mounting unemployment through major policy initiatives, or bold decisions to liberate economic forces. The example set by some formerly over-regulated and corporatist economies such as Sweden, the

United Kingdom and the Netherlands are applauded internationally but they are still contested as models for SA.

But, even more regrettably, the policy debate may not even matter. Our research has shown that the disinclination to employ more labour among business is based on far more disincentives than trade union pressures, labour regulation or wage settlements.

They are what we have termed "hassle factors" in the management of large unskilled

or semi-skilled labour forces which exacerbate problems of productivity and the low level of skills.

These impediments operate to an extent that will curtail employment absorption under almost any dispensation, even the much-vaunted demand-driven, labour-intensive and centrally co-ordinated growth path proposed by the late socialists and adherents to the social market models.

Furthermore, we have found that confidence in the operat-

ing environment among business is so brittle that risks are avoided as much as possible, and managing labour in South Africa is seen as a primary risk.

For all these reasons we have arrived at what is for us the inescapable conclusion that the problem of growing unemployment can be addressed only through a concerted private-public sector partnership in the field of informal sector development.

However, due to both skills and market constraints, this cannot be based only on the conventional strategy of credit extension and business support. This will have to be a highly professional and expertly managed venture, informed by strategic production training initiatives and top-flight market research into new production opportunities. It will be best driven by a private sector agency, with support from state institutions.

Since the private sector is not likely to make significant breakthroughs in achieving labour market deregulation and will increasingly improve its productivity and competitiveness through labour rationalisation and technological innovation, it should give consideration to serious support for the development of the micro-sector as the optimal route of job creation.

It is in the interests of business to do what it can to avoid the implications of what we have called the enclave society. When the unemployed masses converge on the gates, many of the gates will be those of business.

■ *Unemployment in South Africa: The Facts, The Prospects and an Exploration of Solutions*, is available from the Institute of Race Relations at R98.

Near 50 and unemployed

'Bank of skills' aims to mobilise those in the (re)trenches

PETER GOOSEN
STAFF WRITER

It's a sad fact of life that in South Africa men and women, regardless of race, are often considered unemployable at 40, regardless of their academic qualifications, professional skills or level of expertise.

Some time ago, former industrial chemist Chris Viljoen of Sea Point wrote a letter that appeared in a Cape Town newspaper advocating the formation of a "bank of skills" of people who found themselves retrenched, had taken a package or left a profession to go it alone and hadn't been successful.

'There is an urgent need for a dedicated venue where retrenched people can meet'

He gave a fax number for contacts.

The response to this one letter was overwhelming - more than 30 faxes from people who had been involved in anything from banking and engineering to missile electronics replied, saying what a good idea it was.

Now, Mr Viljoen has refined the idea and wants to set up The Business Network, an organisation to link these groups of people and use the pool of education, expertise and experience to create new business opportunities for the development of all.

It would offer outside organisations a pool of skilled expertise and experience which they could use for

an appropriate fee. It was also planned to set up a comprehensive data base which would be available for networking through the Internet.

"The Network also will establish business-orientated peer group review panels to critically evaluate the merits of particular projects with a view to facilitating outside funding or a 'first opportunity' for members to themselves invest in specific projects," explained Mr Viljoen.

"Retrenchment's a very agonising experience for most people. Having lost the company of fellow employees, the retrenched person feels lonely and depressed.

"There is an urgent need for a dedicated venue where these people can meet others experiencing the same dilemma.

"This could provide the lost support needed.

"Disaster can be turned into an opportunity."

Mr Viljoen said a psychological

profile of probable members would show, more than 40 years old, a degree or equivalent qualification; further studies and in-job training; 20 years or more specialised experience; job loss through retrenchment, downsizing, affirmative action or unsuccessful self-employment and low on capital, but not down and out.

'Workshops and seminars will introduce positive thinking methods to de-motivated people'

The objectives of the Network would be to form a self-help network and establish venues where members could meet others with a view to forming business partnerships.

It would provide a forum for the generation, cross-fertilisation and exchange of ideas and the pooling of experience for mutual benefit and psychological support.

It would use members' technical expertise and specialist skills to develop projects and to harness the skills of experienced and professional business and marketing people to link up with those whose expertise lay in the technological field only.

As an introduction to the Network, seminars or workshops would be run to introduce the concept of generating ideas.

These would be active participation workshops that would introduce brain-storming and positive thinking methods to de-motivated people.

If you think you qualify and would like to become a member of the network, contact Mr Viljoen on (021) 465 9409 or fax 465 9410.

Infuriated critics accuse IMF of making global crisis worse

(356) PD 151199

WASHINGTON — Brazil's crumbling currency pointed to spectacular problems for another International Monetary Fund lending deal this week, infuriating critics who say the fund has made a global crisis worse.

Economists said the IMF should have looked more closely at the value of Brazil's currency, the real, before putting together a \$41bn international rescue deal for the country in November.

Brazil's foreign exchange markets registered a net outflow of \$1,094bn on Wednesday, down slightly from the \$1,2bn figure the previous day, and taking outflow for January to more than \$3bn.

The package, viewed as a precautionary arrangement that would prevent incipient problems turning into crises, had given investors time to flee Brazil but had not solved the country's underlying economic

woes, they said. Harvard economist Jeffrey Sachs, long a loud critic of the IMF, said: "They are now sitting with not just eggs on their face but with a terrible financial crisis, the fifth consecutive failure of a major IMF bailout plan, starting with Thailand, Indonesia, Korea, Russia and now Brazil."

"The IMF, US government and Brazil agreed on a strategy last year that Brazil should try to defend a

heavily overvalued exchange rate by using very, very high interest rates and try to combine that with budget cuts," he said. "The combination is sending Brazil right over the cliff in terms of a deep contraction."

Economists say they will revise down further already low forecasts for Brazilian economic growth.

Cynthia Latta, principal US economist at Standard & Poor's DRI, said: "I do not think they can push the currency back up, because it certainly was overvalued."

She argued that IMF loans gave investors time to take money out of a country. "They are spiralling into a crisis because the government is not going to take the drastic steps that are needed anywhere near soon enough to appease the international community."

Ian Vasquez, of the libertarian Cato Institute, said the devaluation of the real showed the new international idea of devising rescue packages before a crisis erupted, rather than afterwards, could not work.

"New IMF money has in fact served as a sort of financial morphine to the Brazilian political system, allowing it to continue in its years of postponing the introduction of economic reforms," he said.

The IMF rescue deal included tough Brazilian promises to rein in the country's budget deficit, and ministers insist they can still meet fiscal targets. However, economists like Sachs have long been critical of IMF prescriptions of high interest rates and balanced budgets, saying they are the wrong medicine for nations fighting to stave off recession.

The IMF says it has modified its recipes to take account of changing circumstances and maintains its programmes are working in South Korea and Thailand, where the collapse of the baht currency triggered problems around the world.

The fund has had harsh words for Russia, where a \$22bn rescue deal



A Buenos Aires Stock Exchange trader tries to console a colleague after share prices plunged more than 10% on Wednesday. Picture: AP

failed in a matter of weeks after Russia devalued the rouble and defaulted on some domestic debts. The IMF says lending can resume only if Russia adopts more appropriate economic policies and a more realistic 1999 budget than the one currently trundling through parliament.

Some Russian officials have hinted they might default on a broad range of debts if the IMF does not provide more cash. Russian economy chief Yuri Maslyukov is to meet senior IMF officials in Washington and he and IMF First Deputy MD Stanley Fischer are scheduled to address a seminar on Russian investment today.

Brazil's problems centre on the inability of the government to force the country's Congress to approve tough spending cuts. The situation

went from bad to worse last week after the governor of a major state froze debt payments to the federal government.

"The debt moratorium itself involved only a small amount of money, but it sent a clear signal that there would be significant opposition from state governors to the reform proposals," said Jeffrey Schott, from the Institute of International Economics think tank. "I would think that today's events would scare the living daylights out of Congress."

Schott said, though, the situation in Brazil was very different from that in Russia. "I do not think there is the same view that money is being poured down a rat hole in Brazil as there was in Russia." — Reuters.

In a tallspin: Page 9

VACANCY Senior Sub-editors BUSINESSDAY

An exciting opportunity has arisen for senior sub-editors in Business Day.

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Business Day, one of South Africa's most respected and influential dailies, is seeking applications for the post of night editor.

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Please submit applications to the Editor,

World Bank's new approach

Southeastern 16/1/99

By Malcolm Ray

IT'S ONE thing grappling with balancing a low-income household budget in times of financial crisis. It's quite another to stem the tidal wave of turmoil that rolled over the boundaries of the South-East Asian economies last year.

The problem? There is a shift in the world economy from national-corporate to personal wealth.

The nation state, once the engine of economic growth and distribution, is seemingly powerless in the face of a new breed of financial speculators and predatory corporate raiders.

They know no bounds. They move extraordinary fortunes from country to country in a world of fast-buck footwork and short-term capital flows.

Even the billionaire financial speculator, George Soros, last year compared the parlous state of the world economy to an overheated engine. It is in desperate need of repair.

The solution? Enter Joseph Stiglitz, the burly white-haired senior vice-president of the Washington-based World Bank.

His visit to the Diepkloof squatter settlement in Soweto this week was striking. It symbolised a growing sensitivity in the upper echelons of the bank to the ravages of unrestrained market forces.

There is clearly a recognition that the free market – as a mechanism for social delivery – is inadequate if left to its own devices.

This new school of thought pioneered by Stiglitz and others betrays the notoriety the Bank has gained in most of the developing world.

Since the early 1980s, it began implementing structural adjustment loans in developing countries. At its simplest, this theory held that governments had been mismanaging their economies – not producing enough goods (whether of primary materials or industrial manufacture) – to sell or export in order to pay for their expenditure on imports and social services.

The solution to the crisis was simple – a sound macroeconomic framework. This meant restricting state intervention in the economy, cutting government spending, privatising public sector enterprises, liberalising trade and financial markets and promoting domestic investment.

However, the goal of increasing export earnings in order to stimulate



domestic growth and job creation masked the hidden contours of economic transitions.

A recent World Bank report admitted that "in many developing countries, a period of painful macroeconomic adjustment was unavoidable".

By the late 1980s, the new economic model was falling apart – the debt crisis caused by loan repayments to the Bank was on.

Economic growth was dismal. Unemployment and falling standards of living were obvious for anyone who cared to look. And the Bank's macro-economic prescriptions came under increasing political attack.

By the 1990s, the world was a different place. Increasing private capital mobility across national boundaries replaced the Bank as a source of money.

New ideas were needed to redefine the role of the Bank as an international development institution. It is against this background that Stiglitz joined the Bank in 1996.

According to sources close to him, his enthusiasm to breath new life into the institution was infectious.

Endearingly described as a "puppy in an open field", a senior economist close to Stiglitz said: "His commitment to development and passion for

churning out progressive ideas at a pace that is difficult to keep up with is truly inspiring."

"He is always looking for something new in the New World Order and seizes opportunities to generate ideas."

His thinking is a profound mix of state regulation and a recognition of the "imperfections of the market". Unlike his predecessors, Stiglitz prefers a "soft approach" to growth and development.

He is vehement that macroeconomic prescriptions do not "restrain overly volatile short-term capital flows".

He has certainly learnt some of the bitter lessons of economic history. In his ground-breaking paper, *Redefining the role of the State*, Stiglitz argues that the troubles in South-East Asian countries is a "crisis of ungovernable markets".

He resists conventional arguments that the crisis is a result of "overbearing state direction of investments and capitalism".

Three threads are integrally woven into his thoughts. Firstly, markets do not yield efficient outcomes by themselves. They are more likely to produce results that are "in the private use of public interest rather than the other way round". In addition, many countries suffer losses because of "misguided

investments".

Secondly, he explains that the "traditional economic obsession with putting macroeconomic policies in place has been at the expense of community development and poverty eradication" – a subject that resonates more specifically with regard to the Bank's traditional role in development.

In his keynote address to a World Development Report conference in Kempton Park, he explained that this leads to "a lack of community control over their future, and a debilitating sense of hopelessness that leads to a breakdown in value systems".

He called for a redefinition of poverty and development to include education and skills levels, infrastructure and transport systems, and a healthy physical environment for investment.

Thirdly, he argues that over-regulation of the market has privileged special interest groups, particularly organised workers.

"The promotion of competition is put forward as a necessary counterbalance to the emergence of 'privileged interests groups'."

A final and related thread in his argument is the unpopularity of economic decisions where there is no consultation on the ground. He calls for a

A South Korean investor

slurps in his chair as he watches the prices of domestic stocks fall in Seoul yesterday.

South-east Asia's economies have been in turmoil since last year.

PIG: REUTERS

(352)

"consensual process" of decision making with the active participation of communities.

"The success of an economic programme is more likely to be undermined if it does not have the active political consent of communities. Growth strategies in the newly industrialising countries of central Asia have been successful because they are inclusive."

What role does he envisage for the Bank? Stiglitz's departure from traditional thinking throws up a number of challenges for international finance institutions.

Stiglitz says: "The weakening of the nation state raises the need for a global regulator of trade and finance, competition, corporate governance and standards within countries."

"By engaging in an international dialogue with communities in developing countries and building support for structural reform programmes, the Bank would act as a development institution, not a crisis fighter."

In this argument, he has fared very well – especially among non-government organisations.

He has not gone unchallenged, though.

Criticism from the Left in South Africa is that the search for the active consent of communities conceals a sinister agenda – to win political support for the Bank's discredited structural reform programmes.

They argue that the focus of the Bank's attention in the past decade on the stabilisation of the newly industrialised countries around macroeconomic reforms leaves the rest of the developing world open to attack.

Another view is that the Bank is merely trying to make amends for its ill-advised policies.

Both arguments are lost on Stiglitz. He is no pushover. As one colleague commented: "He has stood his ground in the face of adversity. He is a man with a mission. But he is, above all, a realist."

Indeed, Stiglitz is the first to concede that there is no magic formula for the problems of low-income countries. "The first step is to admit that we got it wrong."

"Our policies were narrowly focused on macroeconomic solutions, political stability and measuring poverty based on income levels."

"The second, is to agree on the need to reduce poverty and improve living standards."

UNEMPLOYMENT

Finally, unions step ahead of politics

FRANK NXUMALO

South African trade unions are sometimes criticised for being unreasonably militant, demanding First World working conditions and higher wages while millions are unemployed and thousands of matriculants are adding their numbers to the labour market each year.

One of the bitterest critics of organised labour is the Malamulele Social Movement for the Unemployed. The group's central demand — for market flexibility as a way to create jobs — puts it on a collision course with organised labour.

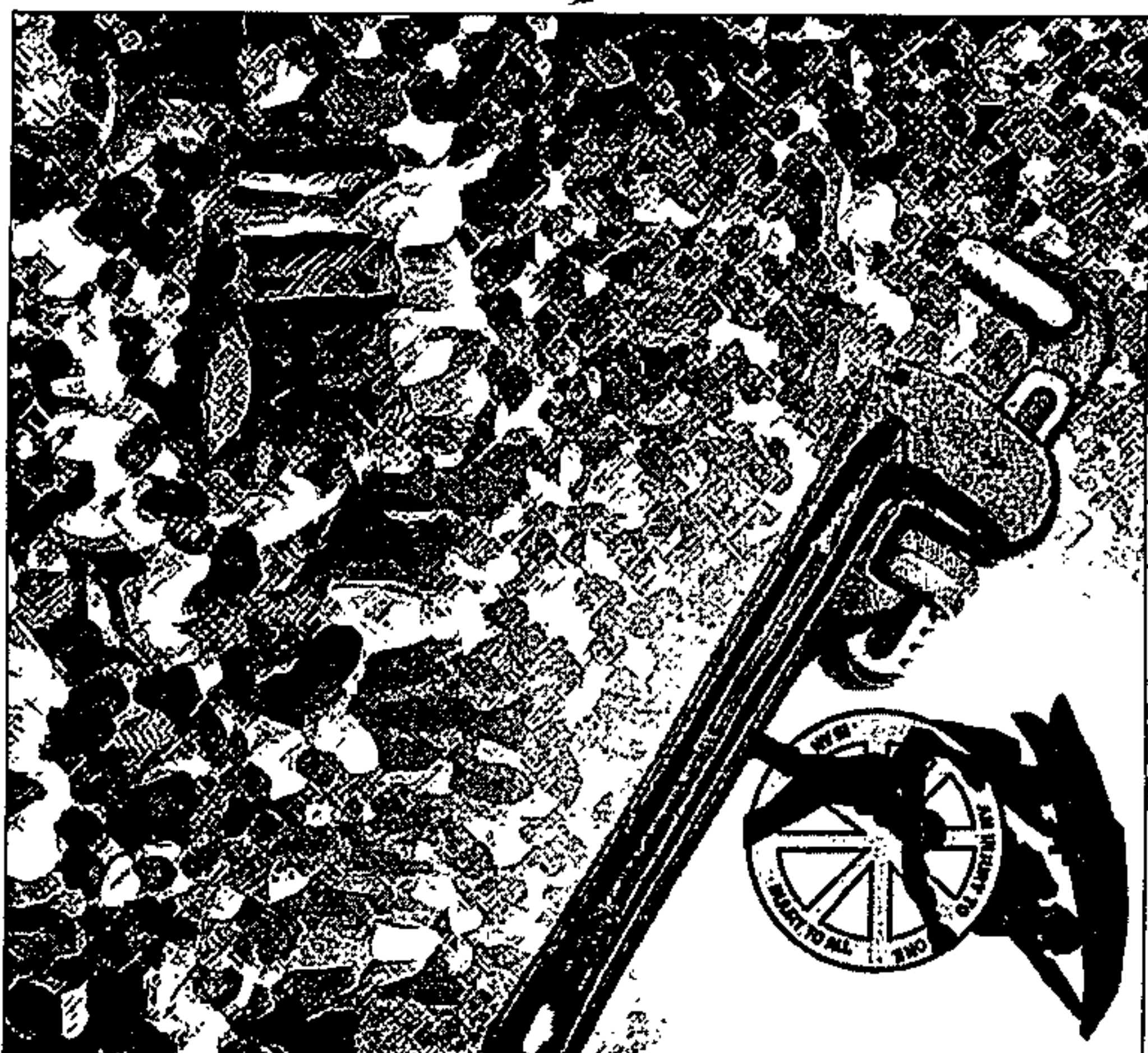
The Job Creation Trust Fund addresses such criticism. Unveiled this week as the result of an idea conceived during the long walk to the presidential jobs summit, the fund aims to raise at least R100 million from a one-day wage donation on March 3 to create thousands of new jobs.

This initiative by the country's three biggest trade union federations — Cosatu, the Federation of Unions of South Africa (Fedusa) and the National Council of Trade Unions (Nactu) — is historic in more ways than one.

Historic because, for the first time ever, and especially since the freedom elections of April 1994, the three federations are united. They are championing an economic issue together rather than allowing their relationships as representatives of the working class to be defined by political allegiances.

Nactu comes from strong Black Consciousness and Pan Africanist traditions. Cosatu, the most dynamic component of the alliance, is a close affiliate of the ruling ANC. Fedusa is apolitical, if that is the correct word for a constituency that spans the Democratic Party, the New National Party and the Freedom Front.

In fact, political allegiances and perceptions of these allegiances are the most important reasons why the long talked-about merger between Cosatu and Fedusa has never left the ground.



Maybe it's still too early to anticipate events. But bar the forthcoming national elections, the activities of the trust may prove to be one of the most exciting events of South Africa's year.

Already there is serious talk of the possibility that the fund might raise much more than the originally estimated R100 million.

If this were to happen, do our working-class financial managers, even helped by a sprinkling of prominent individuals on their board of trustees, have the technical capacity to spend much more than R100 million?

Even more importantly, is the solution to such a serious problem simply to throw serious money at it? The department of labour has said repeatedly, and correctly, that South

Africa's unemployment crisis was structural rather than cyclical. It further observed that a job was about much more than a pay slip at the end of the month; it was also about human and social dignity.

As the board of trustees gets down to the business of administering workers' donated money, these two observations should form the bedrock of basic fund policy.

More specifically, the board will need to target sectors that will remain labour intensive over the medium to long term. And they will need to draw a solid line between job creation and mere poverty alleviation.

Job creation leads to poverty alleviation. By contrast, poverty alleviation projects, though humane in a country

where millions are either homeless or living under the poverty line, does not necessarily lead to the creation of thousands of much-needed jobs.

Gwede Mantashe, the general secretary of the National Union of Mineworkers and a sharp commentator on the matter, says the fund's trustees should not stop at aiming for a lean, sharp and efficient staff complement; it should put project management skills ahead of financial management, speeding up the creation of thousands of sustainable jobs.

Mantashe also calls for a visible paradigm shift in a corporate world that is used to emphasising profit growth for shareholders at the expense of the workforce that created the wealth in the first place.

Mantashe knows firsthand all the pain of the unemployment crisis: his union lost more 65 000 members last year in a disastrous trading period for the mining industry.

Zwelizima Vavi, the deputy general secretary of Cosatu, says that with 37 out of every 100 people out of work and with little prospect of employing them, South Africa faces "imminent social disaster beyond the capacity of government alone".

Vavi says: "Unemployment lies at the root of many social ills, such as rampant crime, falling family values and the spread of the diseases of poverty such as HIV/Aids and tuberculosis."

"It is workers and their families who are the ultimate victims of all these social ills."

"The time to create jobs is now. We call workers and bosses, civil servants and private individuals, government and political parties to stand together by donating one day's value of their labour to create jobs."

The launch of the Job Creation Trust will be announced next week, once President Nelson Mandela, Deputy President Thabo Mbeki and Alec Erwin, the minister of trade and industry have confirmed their ability to attend the event.

By **Mzwakhe Hlangani**
Labour Reporter

THE new Chemical Energy Paper Printing, Wood and Allied Workers Union (Ceppwawu) has called for the establishment of a social fund for workers who are faced with retrenchment and rationalisation in the chemical, printing and pharmaceutical industries.

Its general secretary, Mr Muzi Buthelezi, said at the weekend the union would put pressure on employers to establish an industry-wide social fund to help train thousands of workers who were likely to be retrenched.

Union calls for workers' social fund to be set up

In the petroleum sector a R3 million social fund has been established to re-train employees from Sasol and AECI who might be affected by the planned restructuring, he said.

"With globalisation and rising economic competitiveness, employment is shrinking and in the chemical industry an average of 400 workers are

retrenched every three months."

He said the campaign would be launched next week to push for a broad-based fund in the 12 different sectors covered by the industries.

On collective bargaining, the union's inaugural congress resolved to meet next week to review wage and working condition demands to be

tabled at the 1999-2000 negotiations.

The implementation dates of collective agreements would be moved from March to July.

Ceppwawu president Mr Pasco Dyani said the union would approach the National Economic Development and Labour Council to review statutory and council agreements made between the

rival South African Typographical Workers Union and Nedlac with the view of broadening representation in the council to include all sectors of the industry.

Negotiations on the national bargaining council had reached advanced stages, Dyani said.

He said Nedlac would make its final decision once employers in the paper, printing and wood sectors had formed an employers' association.

Ceppwawu boasts 92 000 members. It would affiliate to the Congress of South African Trade Unions and the International Trade Union secretariat.

Sowetan 1/3/99

Government bent on getting the better of unemployment

By JOVIAL RANTAO
Political Correspondent

Cape Town - Despite the crisis in international markets, and operating in an environment in which the private sector has been shedding jobs, the Government says it is determined to reverse the current tide of unemployment.

Labour Minister Membathisi Mdladlana has told Parliament that the Government remains committed to solving the problem of unemployment.

He said that since 1994 the Government had made short to medium-term interventions on job creation. These included:

- The creation of 44 000 jobs in the past five years through the National Public Works Programme.
- Under the auspices of the National Economic Forum, the Department of Labour had generated 46 700 jobs.
- The Department of Water Affairs' Water Supply and Working For Water projects had yielded 60 000 short-term job opportunities.
- The creation of 1 630 new



Membathisi Mdladlana

businesses, resulting in 11 000 jobs, through the Department of Trade and Industry's initiative to promote small, micro and medium enterprises.

- Over the past three years, tourism had created 187 170 new jobs across the economy.

Mdladlana said the Government was hard at work implementing projects which had arisen from agreements reached at the Jobs Summit in October.

Failure to create jobs hobbles economy (335)

Reserve Bank figures show no abatement in the trend, writes
THABO KOBOKOANE
 ST (MT) 21/3/99

There appears to be no end in sight to SA's high unemployment levels. Statistics contained in the SA Reserve Bank Quarterly Bulletin show the upward trend in unemployment, an issue which has plagued the SA economy in the past few years.

The Bank says total employment in the formal non-agricultural sector fell between the fourth quarter of 1997 and the end of the third quarter of 1998. During the middle quarters of 1998 the decline "accelerated somewhat" from a seasonally adjusted and annualised rate of 1.6% in the second quarter to 2% in the third quarter.

Employment fell both in the private and public sector, the Bank says. It declined an annualised 2% in the third quarter of 1998 in the private non-agricultural sectors.

The steepest declines were in the mining sector which was badly hit by the drops in international commodity prices. This decline is in line with the deteriorating fortunes of the industry in the SA economy, which has seen hundreds of thousands of jobs lost in the past few years.

Most analysts expect the sector to continue to shed jobs.

The Bank figures also high-

light the effect of sharp increases in interest and mortgage rates on the construction sector — it declined 2.4% in the third quarter of 1998.

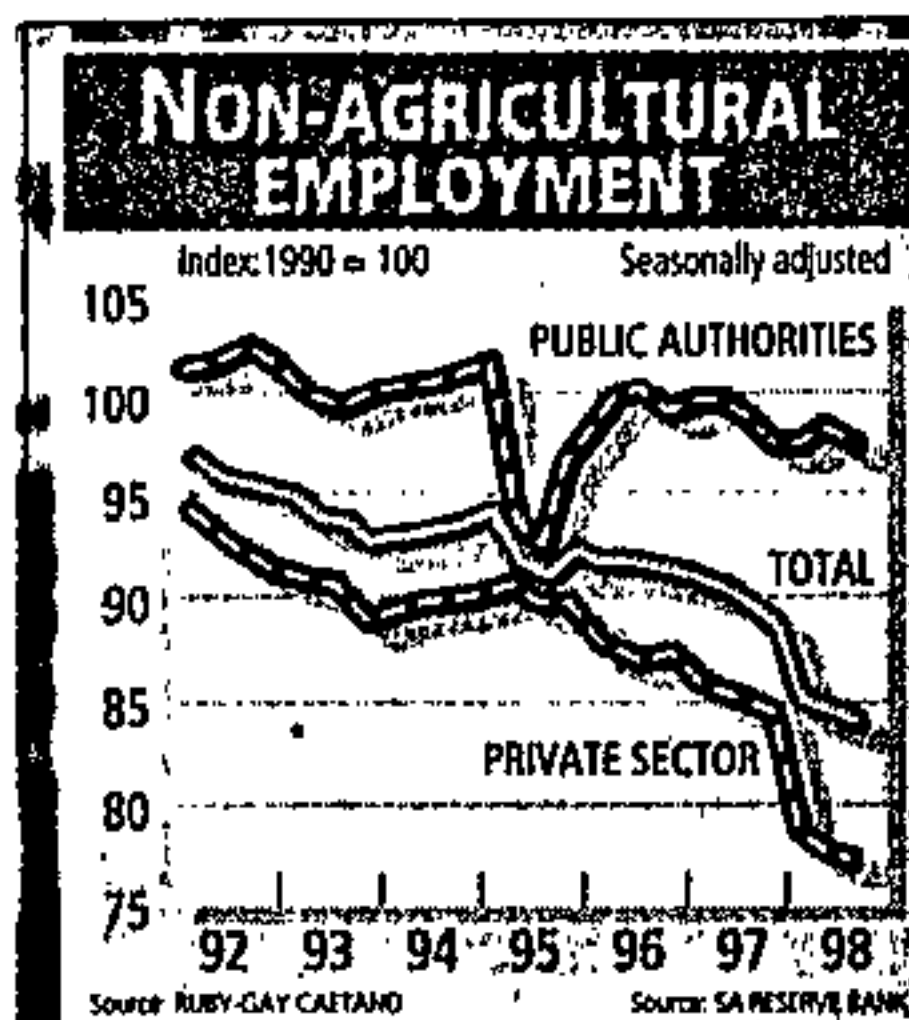
The only bonus is that government's pledges to reduce its bloated civil service appear to be paying off.

Public sector employment contracted at an annualised rate of 2% in the third quarter although it had risen 2.3% in the second quarter of 1998. The bank says the declines are a result of efforts to raise efficiency levels in the civil service which have gathered new momentum.

The high unemployment rates continue to be a major Achilles heel of the SA economy and the inability to create new jobs in sufficient numbers is a major concern both to business and government.

It is estimated that SA needs to create at least 250 000 jobs annually just to keep the unemployment rate from rising from its estimated levels of over 30%. Annually at least 300 000 people enter the labour market but the economy has created relatively few jobs in the past few years.

What is to be done? Last year government, business and labour joined hands at the presidential jobs summit with a view of finding ways to cre-



ating jobs. A broad programme of labour-intensive projects was agreed upon with all parties contributing over R5-billion to its financing. These projects include plans to build up to 150 000 low-cost houses and a tourism enterprise programme to promote the entry of small business.

These programmes will by design yield jobs of a short-term nature while, it is hoped, the structural changes which have been implemented will lead to sustainable jobs.

But the Reserve Bank figures showing that unemployment is

not easing are likely to fuel the debate on labour market policies. Though government, labour and the International Labour Organisation (ILO) maintain SA's labour policies are flexible, business says they are rigid and a stumbling block to job creation.

In its assessment of SA last week, the ILO said that when compared to other middle income countries, SA's labour regulations on dismissal, fixed-term contracts and working conditions "do not appear to be particularly onerous". It says further that the regulato-

ry environment has not impeded the process of rationalisation and rightsizing.

"This suggests that a degree of numerical adaptability (at exit level) does exist — thus dismissing the view that inflexible labour policies are at the heart of the employment problem," the ILO says.

Meanwhile, the Labour Department announced plans this week to amend the Labour Relations Act to make retrenchments negotiable. It will also put new minimum wage levels in place for farm workers and domestic workers.

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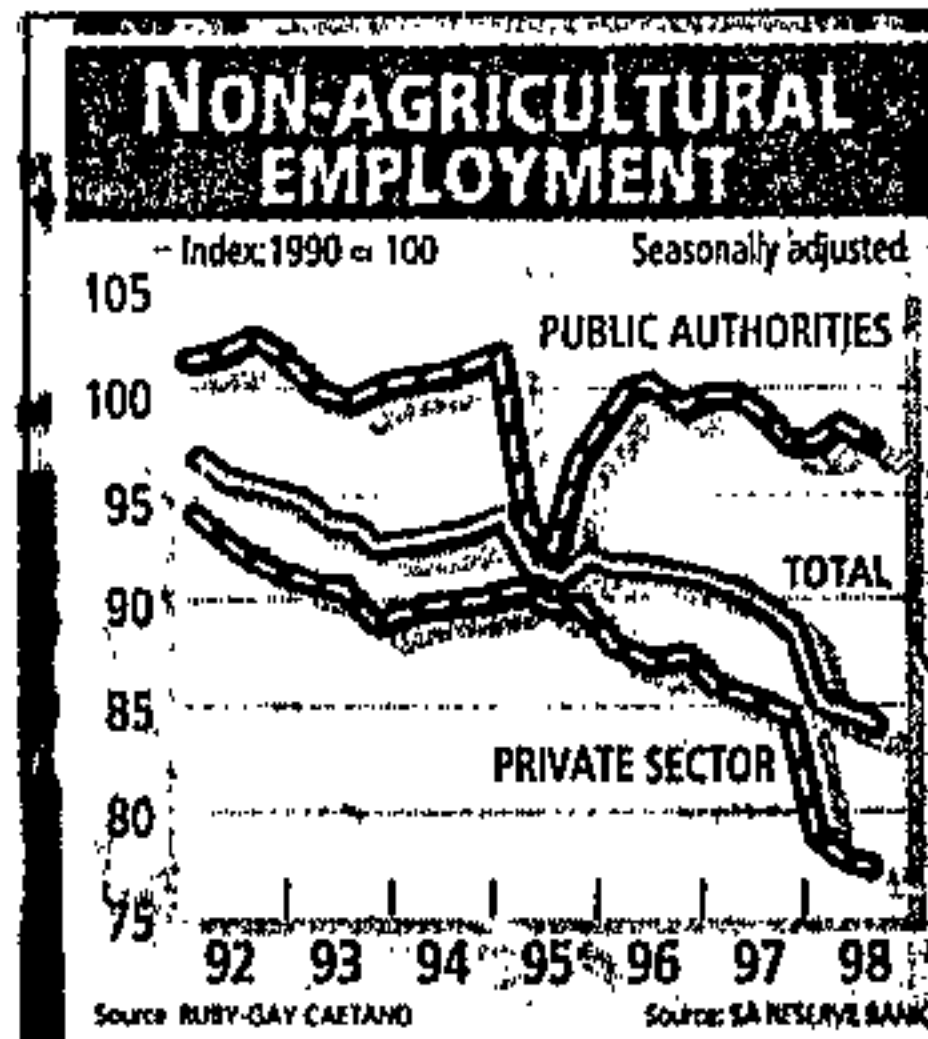
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Joblessness is key issue in June polls

ET (MK) 29/3/99 (335)
ALLAN SECCOMBE

Johannesburg — Unemployment is most likely to influence voters in the elections on June 2, but the ANC can count on an easy win, according to a poll of political analysts.

The poll of nine political analysts from around the country showed the ANC would probably win over 60 percent of the vote.

Reuters' first such survey indicated that unemployment was the most important issue likely to affect the vote on June 2.

Crime was rated the second most important issue for the country's largely black electorate, followed by housing.

Professor Tom Lodge at the Electoral Institute of South Africa, whose list matched the top three issues, said these were areas where the ANC-led govern-

ment was vulnerable.

"From opinion polls I have looked at," he said, "those are the things that the voters rank as the most important preoccupations they have. These are the things that the parties are likely to concentrate on for those reasons."

The analysts were asked to list in descending order of importance issues of crime, unemployment, housing, education, water and electricity, illegal immigrants, corruption and the government's macroeconomic policy, known as the growth, employment and redistribution programme (Gear).

The top issue was assigned one point, the second issue two points and so on up to eight points for the least important issue.

Unemployment scored 16, with crime coming in at 18 and housing placing third, on 26 points. — Reuters.

Money slows, but country sheds 186 000 jobs

Jobless data clouds M3 jubilation

CT(BR)31/3/99 (335)
**LUKANYO MNYANDA
AND ZINTLE FILTANE**

Johannesburg — South Africa was still losing the fight against unemployment, according to figures released by Statistics South Africa (SSA) yesterday.

The report overshadowed earlier money supply data, which fuelled hopes for another interest rate cut within weeks.

SSA said formal, non-farm employment had shrunk 186 000 jobs or 3,7 percent last year.

Mike Schussler, an economist at FBC Fidelity Bank, said the news was very worrying.

"We are not creating any jobs, but the fact that we are losing them this quickly is frightening," he said.

He said the drop would have been closer to 4 percent had it not been for growth in tourism. "This report puts a human face to the financial crisis."

SSA said the construction sector had accounted for the bulk of the losses, with its employment levels falling 21 000 jobs, or 7,6 percent.

That bore testimony to the effect of high interest rates.

Jos Gerson, the economist at Merrill Lynch, said solving South Africa's unemployment problem might require a change in labour legislation in the short term and more aggressive investment in skills in the longer term.

Economists said the job shedding trend was due to structural factors linked to globalisation of the economy and cyclical factors such as the emerging market crisis, which has pushed interest rates up and landed the economy in recession.

Markets had been cheered earlier by monetary data.

The Reserve Bank said M3 money supply annual growth fell to 7,08 percent in February from a revised annual rate of 12,47 percent in January and below market expectations of about 10,8 percent.

That was the lowest growth since 1993 and the first time since then it came within the Reserve Bank's target range.

Private sector credit extension (PSCE), which reflects household and company borrowing was below expectations of 15,1 percent, rising at an annual rate of 14,48 percent from a revised annual rate of 16,47 percent in January.

Carole Mason, the group economist at Investec, said the lower growth rate in M3 would reduce inflationary pressures in the medium term and encourage a continued decline in interest rates. "We can expect a further decline in rates in the next few weeks," she said.

The other loans and advances category of PSCE, the main contributor to the fall, rose 1,7 percent month-on-month but showed an annual increase of 26,3 percent versus January's 31,3 percent.

Mortgage advances, the second largest category, declined 1 percent in February, reflecting an annual increase of 8,2 percent, down from January's 9,1 percent.

Chris Stals, the Reserve Bank governor, told Reuters yesterday that the sharp slowdown in money supply growth proved that the country's financial state of affairs was on the mend.

Pros and cons to taking a package

Primarashni Pillay

PEOPLE who are being offered voluntary severance packages by companies are becoming cautious about this option, having learnt lessons from the past experiences of others, says Rod Petersen, a senior marketing consultant with Old Mutual.

Petersen says that often when people are faced with the prospect of a severance package, "they tend to get excited and lose sight of the consequences of leaving formal employment which offers medical aid, a pension fund, as well as life and disability benefits".

Petersen says people need to be educated about the pros and cons of taking a package. Even highly educated people may lack financial acumen needed to make this decision.

Old Mutual's manager of strategic markets, André Diederichs, says pension money "should be used for retirement purposes and if you have no alternate job opportunities, you could sit with a problem and then you should talk to financial experts".

(335) BD 1/4/99

SA must create a strong society of opportunity

Government will have to go back to the drawing board if it hopes to turn around unemployment, says Democratic Party leader Tony Leon

FIGURES recently released by Statistics SA show clearly the staggering rate at which our economy is shedding jobs. Last year 186 000 South Africans joined the jobless queue and the formal sector employed 3,7% fewer people than in the previous year.

Had the growth of job opportunities in tourism not intervened, the figure could have been as high as 4%. In stark contrast to the growth, employment and redistribution strategy promise of 833 000 new jobs by year-end. The African National Congress (ANC) government has presided over the sharpest decline in formal sector employment since the early 1990s.

Against these indisputable facts, the ANC musters its propaganda artillery, the Government Communication and Information Service, but it promises us nothing concrete. In a document, Realising our Hopes, government says: "Growth slowed down last year and too many jobs were shed. But the economy is on a long-term upward trend. There is hope."

The ANC government has a talent for euphemism. How are the 500 000 South Africans, who lost their jobs since this government came to power in 1994, supposed to believe there is hope when they face the de-

spair and destitution that joblessness brings? I challenge the ANC to ask the 186 000 South Africans who lost their jobs last year whether they believe there is hope? They will tell you a tale of empty promises, that the hope of 1994 has become the despair of 1999.

The ANC's record in government is one of broken promises and dashed expectations. The ANC lacks the vision and commitment to make the tough choices required to turn around the tidal wave of unemployment.

The Democratic Party answers the ANC's promises with facts and the truth — 186 000 people joined the jobless last year. The ANC has had five years of power without responsibility. A responsible government treats the interests of all citizens, employed and unemployed, equally. The labour dispensation we have ensures that some are more equal than others. This is favouritism, not fairness.

If government is serious about accelerating change, it should honestly confront its own legislative Frankenstein, from the Labour Relations Act to the Basic Conditions of Employment Act. Instead, the ANC's election manifesto promises to make retrenchments even more difficult and to implement a minimum wage for agricultural and domestic workers. These sectors have already wit-

nessed staggering job losses. This curve will increase when a minimum wage is introduced. Then we will have a grim sort of equality for all, with job losses in all sectors: agriculture, mining, manufacturing and domestic service.

Despite the fact that the fight against unemployment is our most urgent battle, our new labour policies are wrong in their basic approach. They count on redistributing existing jobs and improving the working conditions of the employed. We are creating a Utopia for the employed, with a ministry that exclusively legislates on their behalf. But what are the solutions? How do we fight back against the ANC's inability to turn the unemployment crisis around?

We must get our priorities right. In the short term we must establish a labour legislation review committee to look at existing laws. The review must ensure that we transform our industrial relations regime into a productive and competitive labour market.

The deputy president has taken significant first steps in this regard, but they are only first steps. We must deal with this issue decisively and have the courage and conviction to implement the findings of such a committee. If we wish to improve our ratings by investment agencies and the World Econom-

ic Forum's global competitiveness report, this must receive top priority.

We must reduce the costs of creating employment. This goes further than reviewing our restrictive labour legislation. It means we must look at the incentive structure for investment and industrial expansion. We simply must change our focus and the orientation of our policies.

We do not need a department that focuses all its attention and funds on legislating for the employed. What we need is a department of employment which must co-operate closely with the finance and trade and industry departments to look at how we can aid job creation and industry growth through a system of wide-ranging incentives.

In the longer term, we must focus on how we can forge a closer link between education and training and job creation to improve our global competitiveness. Similarly, a department of employment should work closely with the education department to ensure that the skills we produce match the demand curve in the domestic economy.

We must look at the experience of other countries that have recently implemented successful employment programmes. The UK's Welfare to Work programme, implemented in 1997, has had great success, and

we can learn from this experience. SA must forge a new deal for the unemployed.

In Britain, they have looked at features of the labour market, in particular the operation of the tax and benefit system, that place barriers in the way of greater employment opportunity. Tax credits for working families and the disabled were introduced with positive effects. There is also a message for our government in how these tax credits in Britain were funded — from a one-off windfall tax on the privatised utilities.

We need to go back to the drawing board. The answer to SA's mediocrity in the field of job creation lies in creating an opportunity society. We must structure incentives to make the tax and benefit system in SA function as an agent for job creation.

Government must muster the courage and conviction to own up to the folly of ill-conceived policy and legislation. A willingness to change direction will stem the tide of job losses. We must focus on creating a climate that encourages job growth. We must fight back against all obstacles to that objective. This must be our major national endeavour. Deputy President Thabo Mbeki must appoint a new minister of employment in his first cabinet with the courage and conviction to take this vision forward.

Worsen
(335)

Unemployment increasing by 3% a year, and it's set to

Star 17/4/99

By PADDY HARPER

Last year, around 180 000 jobs were lost nationally through retrenchments and closures. Almost 500 000 jobs have been lost since late 1994 and unemployment is climbing at about 3% a year.

Figures provided by Statistics South Africa for the past four years show that, at the end of 1998,

4.9-million were employed in the non-agricultural business sector.

This was a drop of 186 522 on the previous year – an annual decrease of around 3.7%.

Between December 1996 and December 1997, the number of jobs nationally dropped by 134 436, from just over 5.2 million to slightly under 5.1 million. December 1994 to December 1995 showed an increase

of around 200 000 – 0.4% up on the previous year.

Analyst Ray Brand, from Johannesburg-based MMS Standard & Poor's, says the major sectors to shed jobs in the first quarter of 1999 were mining and manufacturing.

Unionisation and the introduction of a minimum wage will continue to have a negative effect on the job market, Brand predicts.

In the short term, unionised workers will benefit the most. In the longer term, companies have to make profits to stay in business and more jobs will be shed, he adds.

The biggest losers are the unemployed, because wages are too high to allow them to break into the job market, Brand says.

The business sector cites cheap imports, high labour costs and low

productivity as the chief reasons for the profit drops which lead to job losses.

Durban Chamber of Commerce and Industry spokesperson Nadia Thompson said this week SA had to become more globally competitive.

"The reduction of tariff protection for our products means that we are having to compete in our local market with the most competi-

five international producers."

Thompson said some industries were battling, but others were meeting the challenges very successfully.

Her comments came in the wake of the news that two major KwaZulu Natal firms are set to fold.

SA Nylon Spinners at Hammarsdale (250 workers) and Mooi River Textiles (about 1 000 workers) are set to close within a month or two.

UNEMPLOYMENT

Natural jobless rate may have a mind of its own

MICHAEL WEINSTEIN

(335) 23/4199

Economists are compulsive naysayers - professionally dedicated to tweaking anyone naive enough to overlook the fact that good things have a cost and not all good things are affordable or possible. This spinach-eating mentality partly explains why they failed to predict the relentless good news in the 1990s, during which the growth rate of productivity rose and unemployment and inflation rates fell by half.

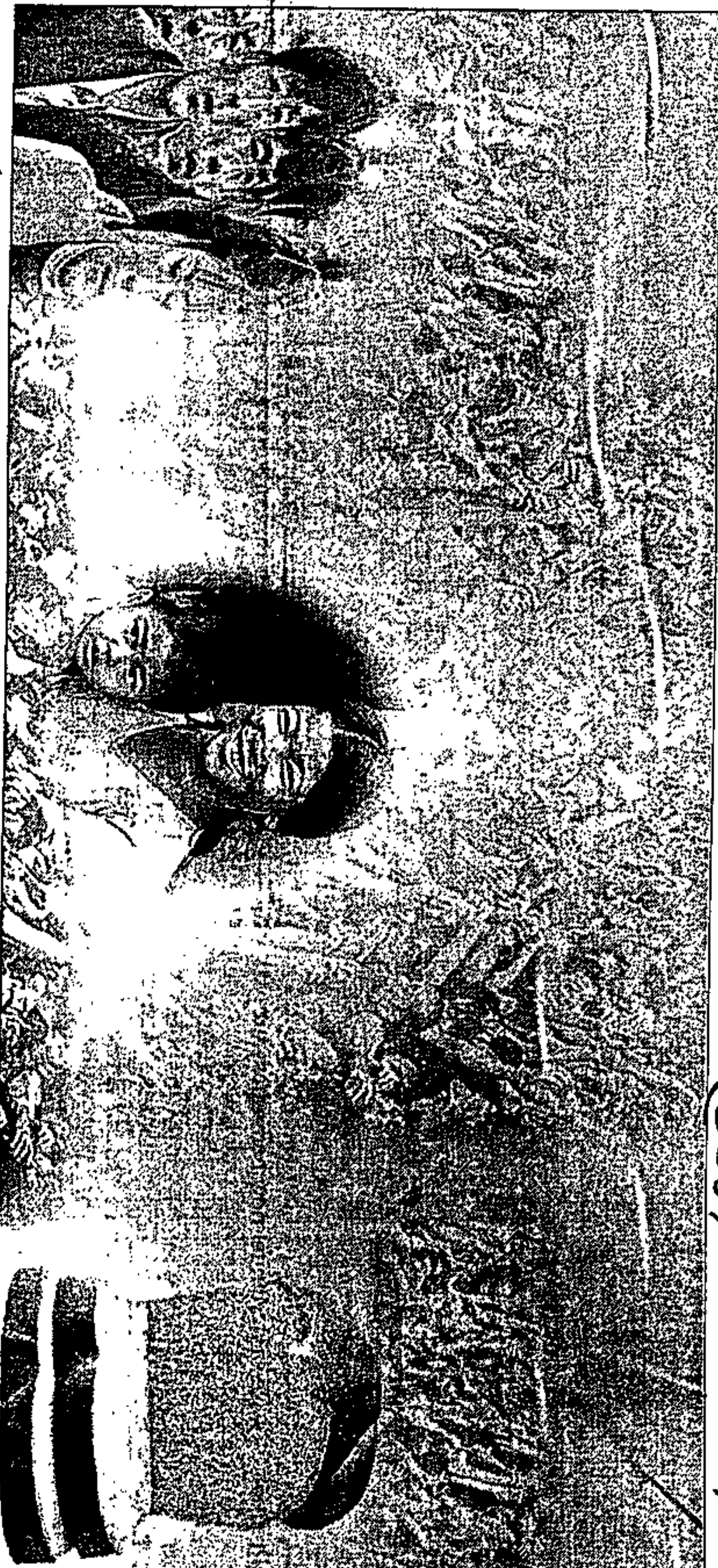
That felicitous combination was supposed to be impossible. Driving unemployment down was thought to drive inflation up, and economists ridiculed anyone, especially politicians, who denied the vicious trade-off.

Economists now find themselves without an explanation of high productivity or low unemployment, the keys to economic prosperity.

A discipline in crisis? Not really. Just because economists, like physicists, do not have a Theory of Everything, that doesn't mean they cannot explain a lot that happened in the 1990s, such as the increasing concentration on unemployment rolls of people who are permanently out of work.

Economies change, with academic theories following close behind. In the 1930s, Keynes taught that government could spend its way out of a recession.

True enough, but the sense that economists could manage endless prosperity did not survive the rising inflation of the 1960s wartime economy. Tight



labour markets led to rising wages which, in turn, led to higher prices. Paul Samuelson and Robert Solow of the Massachusetts Institute of Technology taught the logic of the Phillips curve, the trade-off between unemployment and inflation.

But even that formulation proved overly optimistic. Inflation in the economy, propelled by loose monetary policy, did not just jump to a higher level and stay there.

Inflation accelerated, rising to higher rates each year. Economists began to preach a tougher message. There was, alas, no trade-off between inflation and unemployment.

If government tried to drive unemployment below its so-called natural rate, it would ac-

celerate inflation, threatening monetary stability and eventually forcing the Federal Reserve to crack down. Enter Paul Volcker, the Fed chairman who broke the back of the 1970s inflation spiral by throwing the economy in deep recession (and President Jimmy Carter out of office).

Economists forever warn against advice by Pollyannas who urge the Fed to stimulate and then stimulate some more. The natural rate dictates how far the Fed can go in generating jobs. By the end of the 1980s, some economists thought the natural rate hovered around 7 percent. Others argued for 6 or 6.5 percent. Liberals hoped for 5 percent. Almost no one thought it could be any lower.

Until now. Last year jobless-

ness fell to 4.5 percent. Some economists called on the Fed to tighten monetary policy before inflation could take hold. Alan Greenspan, the Fed chairman, chose instead to wait for inflation to rise before he cracked down. It did not, so he did not.

Today, unemployment is under 4.5 percent and inflation is falling.

Professor Robert Gordon of Northwestern University attributes much of the favourable inflation data to events of no long-term significance - falling food, oil, import and medical costs.

Professors Alan Krueger and Robert Shimer of Princeton and Lawrence Katz of Harvard think the natural rate probably fell by about 1 percentage point, in part because of the aging and grow-

ing stability of the labour force and the rising use of temporary workers by employers.

The largely unnoticed lesson of the Katz-Krueger data is that almost the entire drop in unemployment, from around 9 percent early in the decade to under 4.5 percent now, is from the ranks of the short-term unemployed. Students, spouses and laid-off workers soon find jobs.

Those who remain unemployed are people who have a hard time finding work at all, presumably because they have a physical or mental limitation.

This finding colours policy responses. Temporarily unemployed people need job-search assistance. The economically disadvantaged need expensive training

and government subsidies. Solow and Krueger, under the auspices of the Russell Sage Foundation and the Century Foundation, are putting together a team of economists to pursue the unanswered questions: How low is the sustainable rate of unemployment, and can monetary and fiscal policies maintain it or push it even lower?

As for monetary policy, says Professor Robert Hall of Stanford, "the 1990s have taught central bankers here and abroad that the best policy is to set clear targets for inflation and stick by them". The task is hard because monetary policy operates with long lags.

That means the Fed must make predictions about the state of the economy a year into the future. One, but hardly the only, factor in that prediction, is where the Fed thinks the unemployment rate is relative to the natural rate.

But with or without knowledge of the elusive natural rate, the Fed can and does make continual assessment of inflationary pressures.

Professor Hall argues that if the Fed convinces traders in financial markets that inflation will be low and steady, the economy will gravitate toward the lowest possible unemployment rate.

Smart policy, by this argument, reveals the natural rate. Smart policy does not, Hall says, need prior knowledge of the natural rate. That may be the most optimistic spin on policy making since Keynes. - New York Times

In reality, there is less work

(325)
ROGER FRIEDMAN

CT 23/4/99

THERE is widespread agreement around the country, across all race groups, that good jobs are harder to come by now than they were five years ago.

Only five percent of the 3 000 people randomly selected for Reality Check interviews believed it had got easier to secure such jobs, 16% said there had been no change, and 78% believe it is harder.

Our survey shows that job creation was the people's major expectation of the new South Africa.

A higher proportion of Indians (94%) and whites (91%) said it was harder now for them to find good jobs than coloureds (76%) and Africans (75%); no doubt reflecting their fears (real or perceived) of affirmative action.

While Africans and Indians were inclined to agree with the statement: "Black people are as poor now as they were under apartheid," coloureds and particularly whites were more inclined to disagree.

Inferences that could be drawn from these findings are that many coloured people do not regard themselves as black, and that many white and coloured people believe that Africans are securing jobs while they are not.

This type of question graphically illustrates the complexity of the South African whole.

North-West was the only province where more than 10% of people said it was easier to get jobs. On the other extreme, just two percent of people in KwaZulu-Natal agreed. Mpumalanga is where the highest proportion said it was harder, followed by Gauteng and the Northern Cape.

About six in ten South Africans said their personal financial situation was getting worse, compared to 14% who said it was getting better.

The provinces where people were most gloomy about this issue were the Eastern Cape, KwaZulu-Natal and Northern Cape, while in the Western Cape people are most likely to say their financial situation was stable.

Again, Indians (79%) and whites (63%) were more likely than Africans (55%) and coloureds (58%) to believe that they were getting poorer. Seventeen percent of Africans said they were getting richer, as did 10% of coloureds, seven percent of Indians and four percent of whites.

People living in rural areas were marginally more inclined to believe their financial situation was improving than those living in cities and towns.

South Africans proved to be more concerned about financial security than political rights. We put two statements to them: "Even though I am not richer, I am happier now because I have freedom," and, "No, it is more important to have greater financial security and fewer political rights." Nearly six in ten respondents agreed with the first statement, including a slightly higher proportion of women than men. Whites (69%) and Indians (62%) were much more likely to fall into this group than Africans (55%) and coloureds (42%).

The only provinces where the majority of residents said they valued their political rights above financial security were the Northern Cape and Free State. The Western Cape was the most evenly split province on this issue.

● See Page 15

JOB CREATION

PARTIES SEEK TO CAPITALISE ON JOBLESS SCOURGE

Some plausible ideas, with unlikely prospects

The promise of job creation, in the run-up to the June 2 election, is highlighted in most party manifestos, including that of the ANC. The ruling party is careful, however, not to fuel unrealistic expectations by committing itself to specific targets. After all, its homebrewed macro-economic Growth, Employment & Redistribution (Gear) plan has failed dismally to create the jobs it envisaged.

Unemployment, at 30%, is rising by 3% a year. According to Statistics SA, 186 000 jobs were lost last year through retrenchment and business closures. About 500 000 jobs have been shed since 1994.

The ANC proposes to use government programmes to create "sustainable" jobs and a "living wage". It intends to target sectors with high employment potential (such as tourism), develop public works programmes and attract labour-intensive investment.

The opposition parties have their own strategies. But mainstream economists such as BOE's J P Landman say Gear should be retained despite its shortcomings, as "there is no alternative". Landman says the Gear policy builds confidence in the economy and stimulates investment. Job creation, he adds, will be possible only when there is economic growth.

The Azanian People's Organisation (Azapo), which has decided to contest the elections for the first time, avoids setting job creation targets. Its president, Mosibudi Mangena, says Azapo's strategy is based on a programme of "economic repatriation", which will benefit the black majority. It will have a strong bias towards small, micro and medium enterprises, and give preference to local business when granting government contracts. Azapo's proposals include stringent regulation of foreign investment, setting time frames before foreign capital can be withdrawn in order to avoid speculative financial activities. It advocates decentralisation of business activity to rural areas and poor provinces with low levels of industrialisation. Tax breaks and prefer-

ential treatment will be offered as incentives. It is strongly opposed to privatisation.

The Inkatha Freedom Party (IFP), by contrast, says its economic and job creation strategy values the free market. It also proposes a government procurement policy based on capital development, skills transfer and equity participation.

"Procurement policies are skewed and favour big firms to the detriment of emerging companies," says IFP transport and public enterprises spokesman Mandla Msomi. "Therefore the big firms see little or no incentive in forming strategic partnerships with small businesses."

Msomi says black business lacks financial capacity and expertise to compete efficiently for government tenders.

He calls for unreserved implementation of Gear because it will promote investment and has proved effective in squeezing inflation out of the economy.

The new kid on the political block, the United Democratic Movement (UDM), consistently attacks government's failure to create jobs and economic growth through Gear. UDM president Bantu Holomisa says job creation is "the core catalyst" of the UDM's political and economic vision. He pledges that entrepreneurial opportunities will be kick-started for small businesses, individuals, single households or groups of people. The UDM's strategy includes basic education and skills training, access to capital, and tourism as a job generator.

The Pan Africanist Congress (PAC) says it will use "community empowerment clubs" to focus on manufacturing, and promote rural economic growth as an incentive to private-sector investment. It proposes the establishment of a training

and development wing in the Labour Department to combat unemployment.

Part of the Democratic Party's answer to SA's unemployment woes is an innovative scheme of "opportunity vouchers" worth R3 000 each, to be given to 50 000 unemployed youths on a yearly basis for five years. The recipients are given three options on how to use the voucher: starting a small business, trading the voucher for education and training at an accredited institution, or using it in exchange for apprenticeship.

The DP also emphasises labour market flexibility — "the freedom of employers and work seekers to contract on mutually agreeable terms", minimal government intervention, a regulatory framework that is "conducive to job creation" and balancing affirmative action with merit.

The New National Party (NNP) is the only party that sets targets for job creation. It says its policy would create 1,25m jobs over the next five years. It calls for the revision of labour legislation and abolition of the Employment Equity Act. Like the DP, it advocates meritocracy and individual rights, as opposed to group rights. The NNP also supports a free enterprise system with a minimal role for government.

The NNP calls for property rights for the informal sector which the small trader could use as collateral for loan finance. It supports short-term use of public works programmes and developing small and medium enterprises.

So the scourge of unemployment has come in handy for our politicians, at least until time has tested their promises.

Sello Mabotja

TACKLING UNEMPLOYMENT

	ANC	DP	IFP	UDM	NNP
Role of the State	"Activist"	Minimal	Minimal	Not clear	Minimal
Economic strategy	Liberal orthodox, Gear	Unbridled free enterprise, Privatisation of State assets	Socially responsible free enterprise	An integrated, all inclusive policy involving affected parties	Socially responsible free enterprise
Position on new Labour laws	For	Against	Against	Against	Against



Unemployed demand rights

By TIM DU PLESSIS

(335)

A GROUP calling themselves the Unemployed People of South Africa (UPSA) on Friday demonstrated outside the offices of the Human Rights Commission in Johannesburg, accusing the commission of being more concerned about the rights of illegal immigrants than the rights of the unemployed.

Now it has been discovered that the strongly worded memorandum UPSA handed to the commission was drafted in the offices of the Democratic Party in the Gauteng legislature, with the assistance of Jack Bloom, senior member of the DP in the legislature.

The DP's hand in the demonstration and in the memorandum was discovered when HRC officials noted fax machine identification marks on the memorandum.

The memorandum, signed by one G Debeila and given under a cover letter from one Sello Kissinger, secretary of UPSA, accuses the HRC of not protecting the basic human rights of unemployed people.

"Illegal immigrants are by law violating our law by being in South Africa illegally.

"What are you doing to protect our human rights? Why are you always in the media, making statements about human rights for illegal immigrants and you never make any statements about human rights for the unemployed people of South Africa?

"There are over 8 million illegal immigrants in South Africa, so kindly stop pretending that their presence here is not a problem," part of the memorandum reads.

UPSA says if they don't get a response from the HRC in 14 days, they will be "compelled" to picket

the HRC offices in Parktown Johannesburg on a regular basis.

Some 75 placard-bearing demonstrators showed up at the demonstration on Friday.

Bloom admitted that UPSA used the offices of his party.

"We provided logistic support. We did not draft the text," he told City Press.

The position of UPSA "dovetails" with the policies of the DP.

"We are both vehemently anti-Cosatu," Bloom said.

UPSA and DP leader Tony Leon will address a joint press conference tomorrow where UPSA will pledge its support for the DP in the elections on June 2, he said.

HRC spokesman Anthony Levine said the commission has accepted the memorandum and the complaints will receive attention.

"It's not our business where it came from," he said.

The human face of unemployment

AN estimated 200 000 jobs have been

lost over the past three years as South

Africa's economy finds itself in a down-

turn. But statistics alone do not show

the full picture of unemployment.

SOLLY MOELA looks at the problem – and the people behind it.



One in three people suffer indignity of unemployment

ONE DOES not have to be an economist or seasoned unionist to realise that, of all the problems facing the South African economy, unemployment is probably the worst.

The plight of the unemployed is getting worse day by day as the economy continues to shed jobs. It is estimated that over the past three years the economy has shrunk by more than 200 000 jobs.

Worse still, about 400 000 young people annually want to join the labour force.

But the picture is grim: only six percent of them ever find a job. The social and political consequences of this state of affairs are scary.

It will not take long before something gives, warn political and social scientists. When the unemployed become desperate, they will rise and will do so against us all.

"Unemployment is like a time bomb. If it is not going to be addressed quickly, it will explode in our faces," says Dan Mthapi, Cosatu secretary-general.

Signs that society can no longer tolerate such an immense strain as our massive unemployment are already showing. Crime has become a parallel economy for the unemployed. It is their only means of survival – albeit undesirable.

But, how bad is unemployment in this country? According to Cosatu's

statistics, 37 percent of people are unemployed. These figures include black and white, educated and uneducated, married and unmarried.

The latest figures released by Statistics South Africa show that 27 percent of all potentially economically active people in non-urban areas are not employed, compared with 22 percent in urban areas.

In non-urban areas, 22 percent of potentially economically active men are unemployed, compared with 38 percent of economically active women. In urban areas the corresponding figures are 18 percent and 26 percent.

According to Statistics SA, 19 percent of people with no education are unemployed. The figure rises to 25 percent for those with less than matric, and then drops to 18 percent for matriculants or people with higher qualifications.

Cosatu says these figures are very conservative and not a true reflection of the seriousness of the problem. This is understandable as statistics can never be absolute.

But it would be a tragedy if the problem of unemployment were to be treated as another set of statistics to tuck under.

Behind these statistics there are real human beings who suffer the pangs of hunger and the indignity of being unable to provide for themselves and their families.



OUT OF WORK... This group is part of the growing number of unemployed South Africans desperately trying to keep the pot going as they look for work. Unemployment touches male and female, young and old, educated and uneducated.

■ Pic: GEORGE MASHININI

Gosatu struggles to solve SA's unemployment crisis

NOT long ago, the government set a target of 400 000 new jobs per annum by the year 2000 as part of its macro-economic plan. This target was supposed to have started with 252 000 jobs being created in 1997. With the year 2000 just around the corner, it is clear that this target will never be achieved.

The government is well aware of this, hence the Presidential Jobs Summit it held in October last year.

Labour federations are equally concerned about the lack of jobs, says Mokoena Rasebanga of Cosatu.

He says his federation and Nactu have in the past held numerous discussions with a view to finding both short-term and long-term solutions to the unemployment crisis.

"In almost every forum where organised labour has participated, we have sought to put the unemployment crisis on the agenda. In the process we have developed a depth of detailed policy and sought to engage the government and the business community on the proposals," he said.

A key policy milestone in this regard was labour's adoption of the policy document "Social Equity and Job Creation: the key to a stable future".

"Following intense discussions of the two federations, we announced our intention to establish a job creation fund. We set a date of March 3, 1999 for workers to make a contribution of a day's wage to this fund," says Rasebanga.

CITY Press did a random survey of unemployed people

around South Africa to determine how they are

coping. Solly Mkhize, Dorcas Balang, Mathews

Mishaki and Joseph Polori represent 0607.0.0.0000

around South Africa to determine how they are coping. Solly Mkhize, Dorcas Balang, Mathews Mtshaki and Joseph Polori represent people from different walks of life with little in common – apart from their joblessness.

Family man goes to bed on empty stomach

SOLLY Mkhize is a family man. He was born in 1944. His wife divorced him three years ago because he had no job. He has two daughters to support and it is tough for him to make ends meet.

His ordeal started in 1990 when he was retrenched. Since then he has been trying his fortune at different companies, but nothing has come of it.

"I am really struggling. I stay with

my daughters and it pains my heart that I cannot provide for them properly. I am surviving by washing cars in Johannesburg. Sometimes I can go home with R10 or R40 for the day, depending on which day of the month it is," Mkhize laments.

"There are days when business can be so bad that I go home with nothing in my hands. On such days I and my daughters are forced to go to bed on empty stomachs."

Joblessness still critical in this country

DORCAS Balang, a single parent, is struggling to get employment. She has standard 10, a diploma in education and a degree in communications from the University of South Africa. She is 28 years old and stays with her parents and daughter in Soweto.

"When I consider my qualifications and the money that my parents spent on my education, it really breaks my heart that I

still don't have a job. I am sick and tired of staying at home and continuing to be a burden to my parents," she says.

"I have applied for many positions in government departments and the private sector but have never been called for interviews. I hear people talking about change for the better in the new South Africa but things have not changed for me," says Balang.

“

I hear people talking about change for the better in the new South Africa but things have not changed for me ...

”

Learning the hard way that joblessness is not a choice

JOSEPH Polori is another graduate who is unemployed.

He completed his degree in social work two years ago at the University of the North West.

"Having a degree, I have discovered, doesn't guarantee one a job. I went to university with the sole aim of getting a decent job after completing my studies. But all that has come to nought," says Polori sadly.

"When I was still a student I used to think that those people who were not working were not serious about life. Now I know what it is like. To stay at home and become unproductive is a painful experience."

He has little choice but to carry on

MATHEWS Mtshaki of Meadowlands, Soweto, is also unemployed. This 33-year-old has a lot of responsibility on his shoulders. He has three daughters and one boy to support. His wife died in a car accident five years ago.

Mtshaki lost his job when he

got retrenched by the firm he was working for.

He survives by doing odd jobs in town – selling newspapers and parking cars.

"I need a decent job and I don't like what I am doing. But I have no choice, I need to feed my family," he says.

Political parties' election manifestoes are cold comfort for millions of jobless ahead of the June 2 polls writes Malcolm Ray

Job losses still major hurdle for South Africa

(33h) sowetan 4/5/99

IN LESS than a month, eight million South Africans will stream to polling stations countrywide. A considerable proportion are black, unskilled and unemployed workers.

Their sheer numbers mean that their vote will be decisive on June 2.

It is to them that the major political parties, notably the ruling African National Congress, have turned in the pre-election battle for popular support.

The message echoing from election manifestoes and speeches bear an unsurprisingly common thread: the allure of "growth, employment and redistribution".

It is a promise of a future that resonated with optimism in 1994. For the growing army of jobless and poor people, however, the future is long on hunger and short on promises.

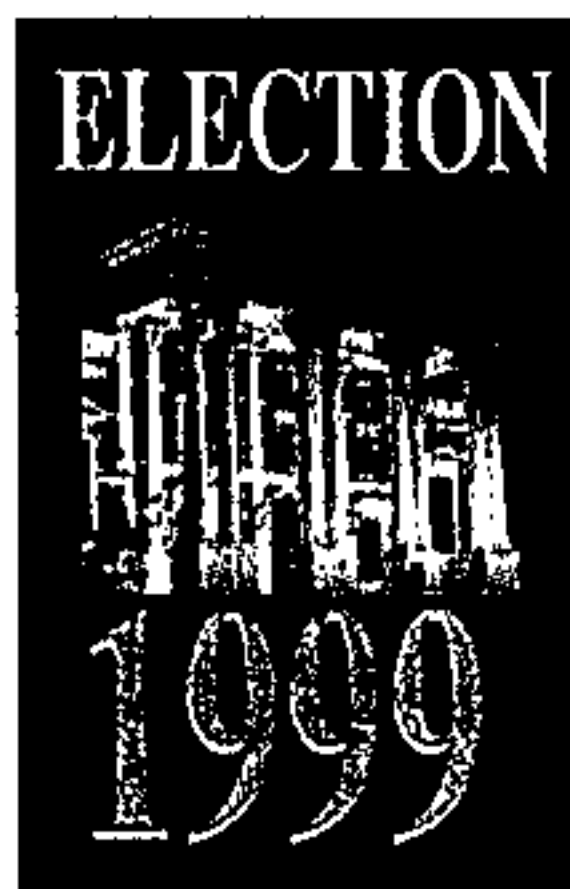
Many are likely to approach the election cautiously – instead of socio-economic delivery since 1994, the scourge of joblessness and poverty is biting deep.

Black workers are unfortunate casualties of a deregulated and fragmented labour market in which deskilling, falling wages and a tide of retrenchments have become conservative orthodoxy.

The salience of the crisis is shown in the latest unemployment figures by Statistics South Africa from 1994 to 1997:

● The labour absorption rate of the economy – the percentage of economically active people – fell from 40 percent (eight million) to 35 percent (7.5 million). Least affected were white males (68 percent), while only 22 percent of African women were absorbed into the formal economic sector;

● The knock-on effect on the unemployment rate has been dire. Job losses increased from 31.5 percent to 37.6 percent (or 500 000) in the same period, with blacks (29 percent) bearing the brunt and whites accounting for a mere four percent of the unemployed (see tables 1 and 2);



of jobs to formal employment (See table 3); and
● According to the 1998 October Household Survey, 32 percent of economically active men and women among the poorest fifth of households were unemployed. Conversely, among the wealthiest fifth only five percent were without jobs.

Those in formal employment are not very far from the poverty line. A new "flexible" regime of production – following the Government's adoption in 1995 of the Presidential Labour Market Commission's recommendations on restructuring the labour market – has displaced the regulatory and redistributive model envisaged by the Reconstruction and Development Programme (RDP).

The political logic of this policy shift is simple: structural labour market rigidities and its apartheid legacy of gender and racial inequalities could only be overcome by "deracialising" the market.

The economic logic is far more complex, however.

Economist Ben Fine observed in a 1995 study that by the mid-1980s, the low skills level of black workers and the jobs they traditionally occupied had passed its sell-by date.

By the mid-1990s, the demise of apartheid and the exposure of local industry to global market forces placed pressing demands on employers to "cut loose from their regulatory shackles and respond to the productivity challenge".

Many companies in the manufacturing sector are already well on their way.

At Samcor, a motor assembly plant in Pretoria, labour researcher Franco Barchiesi notes that capital investment has risen through the introduction of sophisticated productivity-

enhancing technology and machinery.

He believes the Samcor case demonstrates the link between mechanisation and flexible production: "The labour process is rationalised by using fewer unskilled workers, productivity is increased and labour costs are cut."

The same picture emerges across economic sectors. A snapshot of South African industry shows an alarming increase of temporary and

casual work (See table 4).

While sectors like retail, services, textiles and construction have long used seasonal employment to cope with peculiar patterns of cyclical demand, sectors traditionally less inclined to flexibility have more recently turned to the use of temporary and contract workers.

Eighty-five percent of the companies sampled in a 1996 labour market survey had employed temporaries – 43 percent employed contract workers and 26 percent used part-time workers.

For them, the Government policy can now be judged by its results. Contrary to expectations, black workers have been disproportionately burdened: remaining jobs are low-paid and precarious, creating permanent job insecurity for a steadily increasing proportion of unskilled workers.

With partial exceptions, very little mobility of black workers into skilled, professional and managerial positions is discernible.

Signs of an ongoing structural crisis are present in this picture.

Department of Labour researcher Ian Macun argues: "Efforts to reform the labour market have left old occupational, gender and race dynamics embedded in a structurally skewed apartheid legacy." (See table 5)

Macun cautions against the perception that the economic and labour market policy choice by the post-apartheid Government is the cause of the problem: "The magnitude of the problem is not a post-1994 phenomenon.

"Unlike the cyclical employment crises in European economies, for example, South Africa's takes the form of long waves which symphonise a deep-rooted problem."

By Macun's logic, the Government's assumption that growth is a panacea for jobs is tenuous. The benefits of growth spurts will invariably trickle down unevenly in a structurally skewed labour market.

Economic and employment indicators between 1994 and December 1995 support this hypothesis.

After a brief period of sustained improvements in gross domestic product and productivity, formal sector employment actually fell by seven percent (more than 400 000 jobs).

Despite a three percent growth rate in 1996, 71 000 jobs were lost. On the other hand, professional and managerial categories of workers benefited incrementally from salary increases.

Though it is not hard to see that the key to unlocking the future of labour depends on secure, well-paid jobs, the Government's strategy is exceedingly tied to the constraints imposed by contradictory pressures of competitive global market forces and sustained popular demands for employment.

Macun concedes that much: "The crisis is clearly in the nature and structure of the apartheid economy, exacerbated somewhat by globalisation."

He dismisses the current obsession with growth as a necessary precondition for employment. What matters, he argues, is the distribution of surplus capital generated from increased output

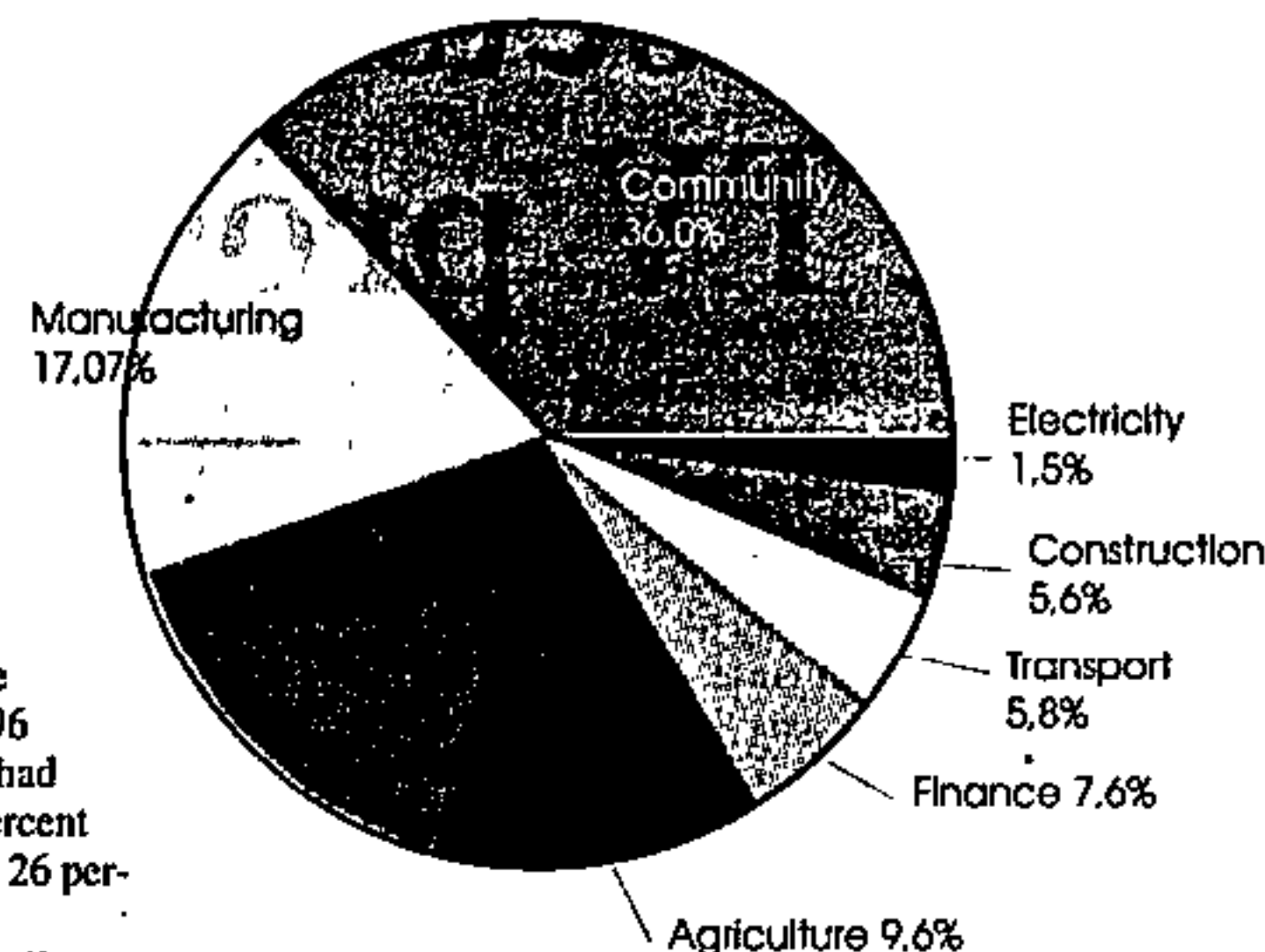


Table 3: Unemployment and Employment

Source: October household survey, 1997

between wages and profits. And this in turn requires an intervention by the State and tighter regulation of the economy.

The trouble is the Government's commitment to faster deregulation and liberalisation, and the stringencies imposed by the Growth, Employment and Redistribution (Gear) strategy is at odds with an appropriate employment creation strategy. It will inhibit social and public spending and restrain any chance of socioeconomic recovery.

Table 4: Percentages of companies using flexible types of employment, by industry

Source: ILO Country Review

	Temporary workers	Contract workers	Part-time workers	Home-workers
Metals, engineering	83.7	43.3	25.0	7.7
Textiles, garments	81.3	39.1	8.8	21.9
Chemicals	89.1	50.0	32.6	2.2
Paper & printing	84.3	33.3	31.4	2.0
Other	76.9	46.2	7.7	7.7

Table 1: The number of unemployed people between 1995 and 1997

Source: Statistics South Africa

Unemployed	Estimate (000s)	Lower limit* (000s)	Upper limit* (000s)	Unemployment rate (%)	Lower limit* (000s)	Upper limit* (000s)
1995: Official	1 698	1 553	1 735	16.9	16.1	17.7
Expanded	3 321	3 193	2 450	29.2	28.3	30.0
1996: Official	2 019	1 843	2 196	21.0	19.4	22.6
Expanded	4 197	3 958	4 437	35.6	33.9	37.3
1997: Official	2 238	2 149	2 328	22.9	22.1	23.7
Expanded	4 551	4 426	4 677	37.6	36.8	38.5

* 95% confidence intervals

Table 2: Employment and unemployment in South Africa

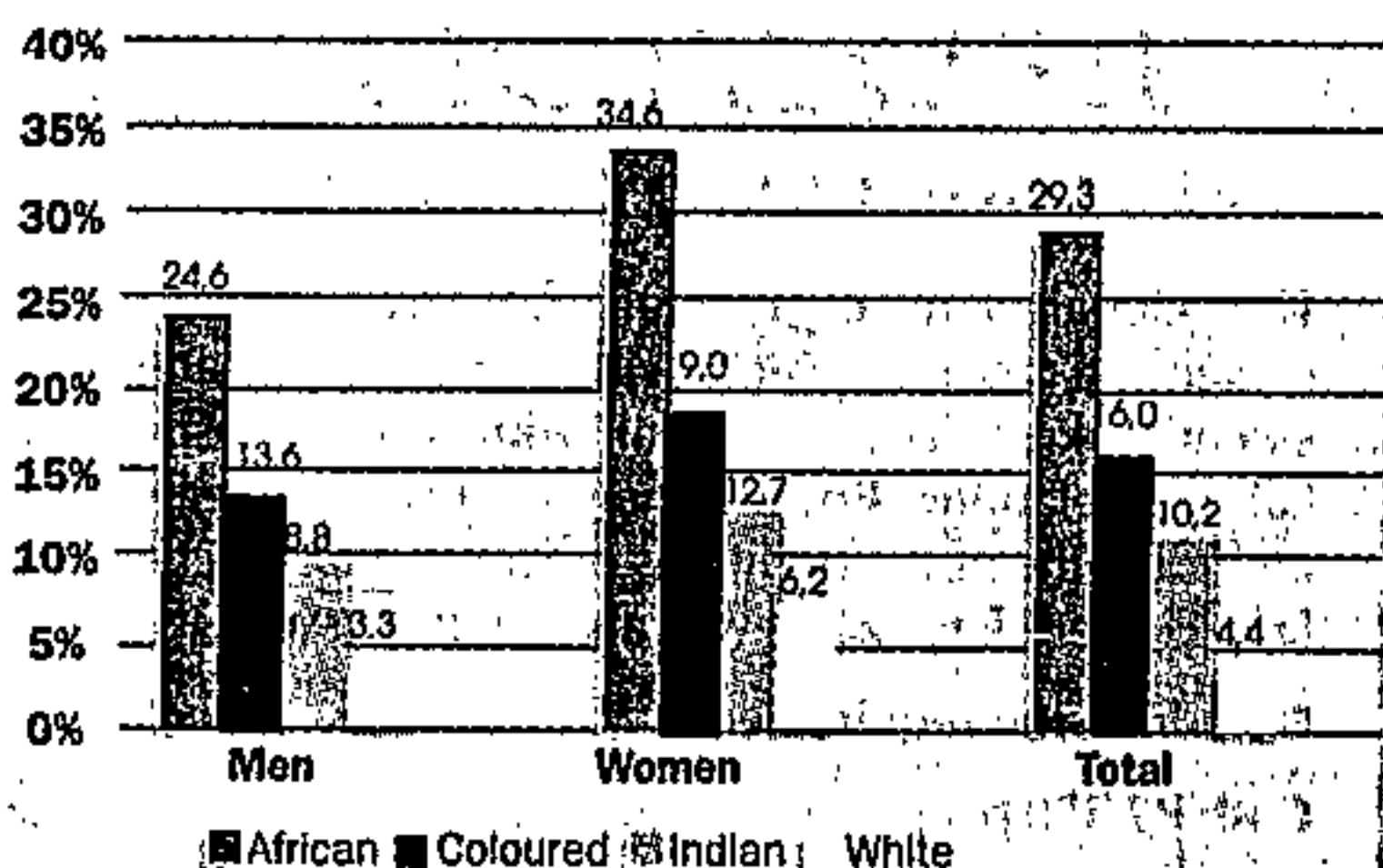
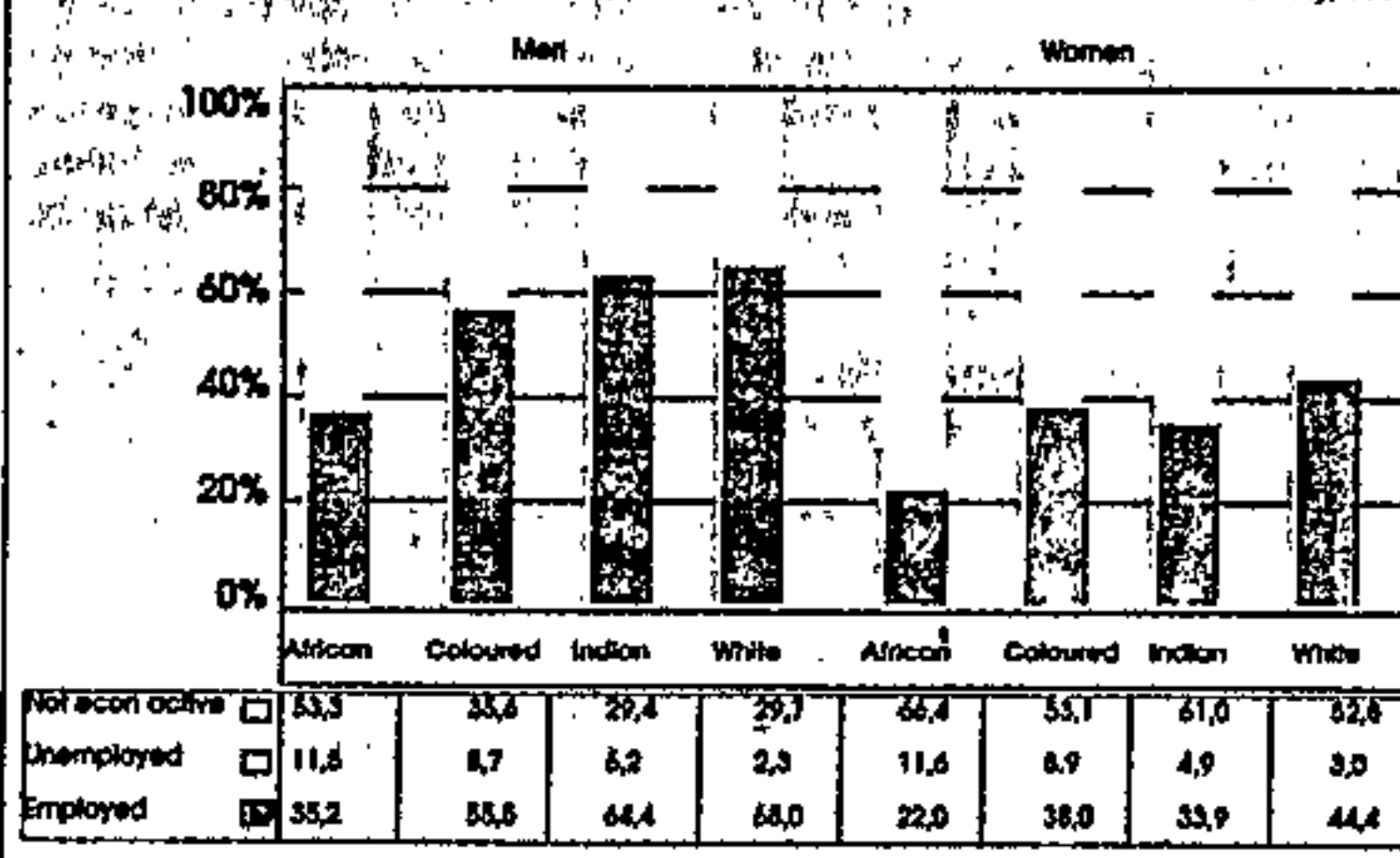


Table 5: Unemployment and employment

Source: October household survey, 1998



● Job losses in elementary (unskilled) occupations dominated the picture. The decline in the number of elementary jobs varied between 36 and 28 percent of all jobs in the period under review, far outstripping the number of new jobs created each year:

● The decline was most acute in the eight formal non-agricultural sectors, including mining and manufacturing, which contribute 80 percent

An even greater restriction could follow the fast-tracking of Gear if vast sums of money are not raised through loans or taxes to cushion the process, underpin social welfare and improve levels of investment in infrastructure.

In its preliminary recommendations to the Congress of South African Trade Unions (Cosatu) for the Presidential Job Summit last year, the National Labour and Economic Development Institute (Nedlac) argued that "at the heart of an effective employment strategy must be a new framework for job creation".

"Unless policy interventions significantly arrest current employment trends, existing policies are bound to flounder and more jobs will be lost," it argued.

Early this year, Deputy President Thabo Mbeki hinted at plugging the institutional dykes against mass unemployment. It is still not clear what this means.

What is certain, though, is that the Government cannot forever play down the crisis of unemployment in favour of other priorities.

It works for

Erwin tells of jobs plan

Isaac Moledi and Sapa

THE aim of the African National Congress was to reduce unemployment to about 10 percent over the next five to 10 years, Trade and Industry Minister Alec Erwin said at the weekend.

Erwin was brought in by the ANC to dispel opposition party accusations that it was responsible for large-scale job destruction.

"We need to be clear that it is increasingly difficult to measure what is happening in employment," Erwin told a Johannesburg news conference.

Changes in the way people were working made unemployment statistics unreliable and the Government was working on reconstructing its statistical database, he said.

Erwin's address follows the Southern African Catholic Bishops Conference's accusation that the Government's macro-economic strategies had failed to meet its target of economic growth and job creation.

In a 48-page pastoral document released in Orange Farm, south of Johannesburg last Thursday, the conference said that Gear, launched about three years ago to rebuild the economy, was not providing the required levels of economic and employment growth it set out to deliver.

Erwin said that, strictly defined, the unemployment figure was likely to be about 20 percent and it was this figure that the Government planned to halve.

If a wider definition was given to unemployment, and people who were engaged in some form of economic activity were included, the figure rose to about 32 percent.

Erwin conceded the unemployment situation was very serious but said it had been rising for 20 years and not just since the ANC came to power.

Employment losses since 1982 had been massive and it was only in 1995 that new jobs started to be created.

He said job losses which accompanied the restructuring of the South African economy over the past five years were low when compared to other economies in transition, like Russia and Poland.

He said opposition party claims that the ANC had brought about 1,5 million job losses over the past five years were completely inaccurate. The Democratic Party's claims that it could create millions of jobs through a job voucher scheme were "crazy", he said.

Erwin said there was evidence of new jobs being created in the textile industry. In 1997, some 913 new business in the clothing, textile and retail had entered the market, while only some 201 had been liquidated.

No quick fixes for unemployment

Reforms introduced by government have gone a long way towards confronting job creation, writes Alec Erwin



IT SHOULD come as no surprise that job creation is a top priority for voters in a country plagued by many decades of poverty and unemployment. It is also expected that opposition parties in an election campaign will try to persuade voters that the African National Congress (ANC) has done badly in this area and that, if elected, the opposition would do better. However, extravagant claims are being made and it is important that we retain a sense of perspective.

The intended outcomes of the reconstruction and development programme (RDP) and the growth, empowerment and redistribution macroeconomic policy (Gear) are increased and sustainable employment.

However, no one component of the economy or of economic policy is the magical key to job creation. As a result of this the ANC has made no quick-fix claims about job creation.

Our starting point must be to understand fully the magnitude and origin of the problem we are facing. As a result of changes in the world economy in the past three decades, most countries face serious unemployment. SA has additional, deep-seated structural problems emanating from its history.

By the end of the 1980s, the latter had combined to negate completely its employment-creating capacity. What is really remarkable is the short time it has taken us to correct this.

Our problems have their origin in the massive effect of the mining industry on the development of the economy. Mining required massive amounts of capital and hundreds of thousands of workers—some highly skilled but the vast majority unskilled and cheap. Both of these significantly shaped the economy and society.

The underdevelopment of black agriculture, the restriction of skills to white workers, the concentration of capital into large corporations, the limitations placed on black business, the destruction of communities and the failure to provide housing and other basic amenities all combined to create severe wealth inequality.

By the 1990s the economy had reached the end of that road. Poverty, wealth inequality and high production costs combined to limit its ability to export anything other than the traditional primary products. The domestic economy was stagnant. The suppression of small and medium enterprises limited employment creation.

The rest of the world underwent profound change in the early 1990s, but the National Party government ruled in ignorance of the implications of these de-

No one component of the economy is the magical key to job creation, says the ANC.

DD 26/5/99

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velopments. The ANC understood that if the economy was to grow and create sustainable jobs, it would have to be restructured. This might result in job losses even as we were trying to create new, more sustainable jobs. The challenge of job creation has to be seen in that context. We have focused on four major areas in the restructuring of the economy.

First, the financial and fiscal area. The main thrust is restructuring the fiscal position to halt rising debt and the increased debt-servicing requirement. This requires an improvement in the efficacy of public expenditure by removing wasteful expenditure and reprioritising in terms of the RDP. We have introduced a system of multi-year budgeting to facilitate greater fiscal certainty for SA. The stabilisation of these macroeconomic conditions facilitates a rise in saving and investment, and thereby job creation.

Our programmes in industry and trade policy are based on an analysis of changes in the world economy and the implications this has for our economy.

Technology, especially information driven technology, has substantially altered production processes. This in turn has led to more frequent product changes, stress on quality, a need for skilled labour and greater competition in technologically based production.

The basic approach of our industry and trade strategies is to ensure that, by engaging with the world economy, we maintain an expansion of economic activity and employment creation. This is based on a

managed tariff reform designed to induce previously protected enterprises to become more efficient and to reduce our domestic cost levels so that they are closer to general world cost levels. This both establishes the basis for sustainable employment and for a programme of trade expansion which in turn will facilitate investment and employment creation. An integral component of this tariff reform is the undervaluing of the industrial policy.

We are focusing on small, medium and micro-enterprises to create the new economic activity essential for improved wealth distribution, sustained growth and employment creation, thereby reversing the effects of past policy.

Industrial policies are essentially aimed at promoting efficient investment, located in sustainable activity, spread across the enterprise spectrum and geographically. It is this that will encourage labour-intensive growth, not trying to ensure that all productive activity is labour-intensive.

Much modern production no longer lends itself to labour-intensive methods. Trying to force the economy in that direction would not create jobs. This reality gives the lie to the hare-brained proposals about low wages. The usual meaning of flexibility is making it easier to hire and fire in the hope that, with high unemployment, this will drive down wages. Its only outcome would be to greatly weaken the trade union movement.

Modern production requires flexibility in skill, leadership, technology, management and institutions. This requires

trained workers, interactive workplace relations, new managerial capacities and efficient dispute settlement processes. This is the type of labour market that is being developed. Those who believe otherwise are likely to be out of business fairly soon.

This does not mean that there is no room for improvement in the labour market. More work has to be done to develop the above features. The costs of compliance with legislation and regulation are too high for small business.

The simplistic solutions offered by the opposition reflect its failure to understand what is happening in the world economy. The fact that government, business and labour have been able to manage such a massive reform process is in itself testimony to the basic correctness of our strategic approach.

Underpinning the above policies and more recent implementation are reforms in the supervisory and regulatory framework of commercial activity.

At the centre of this reform is a body of laws that deals with competitive and corporate legislation, the objective of which is to improve accessibility to economic activity, enhance consumer rights and promote investment.

Much of the debt and inefficiency in the apartheid economy existed in the public sector. The objective in restructuring state assets is to increase strategic investment and delivery rather than to raise revenue.

For the operation of the overall economy, and more particularly for the stability of the basic basket of wage goods, agriculture is central. This applies even though the contribution of agriculture to our gross domestic product is relatively small. We have built the potential for a highly successful platform for agricultural production. Major reforms have been effected in land accessibility, marketing, tariff protection and in financial support for the sector. These reforms introduce additional stability into the economy.

In the past five years we have made major advances in rebuilding and redirecting a structurally stagnant economy. Business and labour deserve a large part of the credit. The basic impetus to these changes however, is the coherence of the economic policies of the ANC-led government. The speed with which the private sector has responded is cause for real hope.

The extent of this structural change does, however, make it more difficult to measure what is actually happening. Our statistical base, built on the old structure, is now obsolete and it is difficult to keep track of the changing location and patterns of production.

We know that the unemployment problem is serious. Unemployment as a percentage of the total employable workforce, measured strictly, is in the low twenties.

Given the high initial starting point and the depth of the structural change that we have undergone this is a manageable position if we continue on the path we have set. However, the success of the fiscal reform has also allowed us to release resources for more intensive short-term programmes to tackle the worst areas of poverty and unemployment. The jobs summit agreements will allow us to inject substantial resources into employment creation programmes.

It is only the ANC that can take such a brave and strategic approach to employment creation. It is the ANC alone that can secure the support of the union movement and the SA Communist Party for this strategy. Only the ANC can earn the trust of communities because of its track record.

It is also only the ANC that can engage in a meaningful dialogue about the overall national interest with the country's business community.

These capacities are vital because it is only through a truly national and combined effort that we will create sustainable jobs and a better life for our people.

Erwin is the minister of trade and industry and a member of the ANC's national executive committee.

'Greed contributes to unemployment'

THE policy of maximising profits, followed by businesses in South Africa, has contributed to massive unemployment leading to a negative impact on the income and reserves of retirement funds, a union leader said yesterday.

Addressing delegates at the annual conference of the Institute of Retirement Funds in Johannesburg, Dennis George, assistant general secretary of the Federation of Unions of South Africa, said: "A critical feature of recent economic performance has been the ability of the economy to create new employment opportunities when growth rates were recorded.

"We believe the policy followed by businesses in maximising profits has also contributed to massive unemployment in this country."

He said the 25 percent tax on the gross interest and net rental income of retirement funds was both "unacceptable and unfair".

George said the Aids epidemic was expected to have a significant impact as younger people die within the next five years. He said a trustee of the Mining Pension Fund had told him that it was currently dealing with three to four specific cases of Aids-related death claims a week.

"This trend will definitely increase in the near future. Some employers think that they can avoid the impact of the epidemic through exclusions and HIV testing. To find answers for this problem is not going to be easy."

Welfare and Population Development Minister Geraldine Fraser-

Moleketi said: "South Africa's population of 60s and over is estimated to be 2,9 million which is approximately 7,3 percent of the total population.

"While we are still a relatively youthful society by global trends, the impact of Aids will soon result in South Africa being confronted with an accelerated older population."

She said the total welfare budget in 1998-99 amounted to more than R17 billion, adding that the challenge facing South Africans "is to very quickly, progressively and dynamically find the right formula to manage our ageing process at individual, family and community levels".

Sapa.

Lack of jobs reduces family men to beggers

By Charity Bhengu

HUNDREDS of unemployed and semi-skilled men from rural areas are willing to do anything – even housework, for as little as R50 a week to stay alive, a *Sowetan* snap survey revealed this week.

After looking for jobs for more than five years, a number of these men, who came to Johannesburg hoping to strike it rich, have now become street beggars because of the scarcity of jobs.

The men left their poverty-stricken rural areas in KwaZulu-Natal, Eastern Cape, Northern Province and Free State and got a one-way ticket to the city of gold.

However, many have been unable to find jobs.

Most of the men spoken to by *Sowetan* in the city centre and surrounding suburbs said they were married and had more than three children to support.

We found them hanging around the city centre and Mayfair, offering to do anything – gardening, painting, building, even housework, for a plate of food.

Many were fed up and wanted to go back home, but could not raise enough money for a bus ticket. Others said they were embarrassed to go back because they had not been

able to send money home.

Idling in Avenue Road, First and Third Avenues in Mayfair, the men looked as if their world had come to an end. But as soon as a car stopped next to them, their faces lit up as they started begging for jobs.

When we also stopped, a group of them ran and swamped our car window offering to do all kinds of jobs for a small fee. However, they withdrew quickly when we declined their offers.

Among them was Mr Sontanga Ndlovu (37) of KwaZulu-Natal who was desperately trying to stay alive – going on for days without a meal or a place to sleep.

Ndlovu said he had been standing at the street corner since 5am, but was unfortunately left behind by a building contractor who wanted only two builders.

Wearing dirty old clothes, Ndlovu said: "I came to Johannesburg three years ago and have not been able to find a decent job. I sometimes stand here for weeks without luck. I long to go back home but cannot save enough for a bus ticket."

He said he had five school-going children and a wife to support.

The Central Statistical Service (CSS) said unemployment in South Africa was increasing dramatically

with more than two million unemployed people.

The CSS said in 1996, there were about 1,8 million people who were unemployed, and in 1997, the figure increased to about 2,2 million, and to about 2,3 million last year. It is estimated that the figure would reach 2,5 million this year.

"Unemployment in South Africa tends to be a long-term situation with some people going for about three years without work," said the CSS.

On the other hand, the Department of Welfare committed itself at the Presidential Jobs Summit last year to start a programme of action for poverty relief and job creation.

The 1999 Budget includes R1 billion for poverty relief and employment projects, and the figure will increase to R1,5 billion in 2001.

In total almost R3 billion of the Budget is directly linked to job creation programmes.

This includes spending on projects on water supply, the municipal infrastructure programme, rural supply and sanitation, community-based public works programmes, income-generating welfare programmes, training for the unemployed and employment services.

The projects are managed by non-governmental organisations, said the Department of Welfare.

SA formal sector employment in decline

Samantha Enslin

THE number of people employed in SA's formal nonagricultural sectors remained virtually unchanged for the first quarter of the year, but compared with a year ago the decline was more pronounced.

From December last year to March this year employment declined 0,04%, but from March last year to this March formal employment in these sectors fell 0,9%.

Statistics SA figures released yesterday showed that 4 895 686 people were employed in these sectors. This translated into a quarterly decrease of 2 119 employees and from a year ago a decline of 42 032 employees.

Statistics SA's total employment and earnings survey is a countrywide

Downswing in economic activity sees 42 000 jobs lost in a year

quarterly survey, covering a sample of private and public business organisations. The information is used to estimate key economic statistics on employment and gross salaries and wages, and is used mainly as an input to gross domestic product.

The quarterly change in employment was due mainly to decreases in construction; the financial industry including banking institutions, building societies and insurance companies; transport, storage and communication; manufacturing; and electricity. These industries accounted for 42,4% of jobs in the March survey. Although these sectors shed jobs, increased activity in these sectors,

other than the construction and building industry, contributed to the improved first-quarter gross domestic product growth.

Decreases in employment in these sectors were counteracted by quarterly increases in the wholesale, retail, motor trade and hotel industries and mining and quarrying. The latter sector showed a decline in activity in data released last week.

Total gross salaries and wages paid to employees during the first quarter of this year reflected a quarterly decrease of 9,7%. The decrease in the March survey compared with the December survey was due mainly to bonuses and overtime paid at the

end of last year by most private businesses. On an annual basis salaries and wages were 6,2% higher than in the first quarter of last year.

In the latest Reserve Bank Quarterly Bulletin, the Bank said the long-term decline in overall employment since 1989 was aggravated by the current cyclical downswing in economic activity. Government, committed to higher cost efficiency in public service delivery, reduced the size of its workforce in the second half of last year.

The Bank said the downswing in economic activity from the end of 1996 and the decline in total employment in the formal sector apparently

had a limited effect on restraining the growth in nominal remuneration per worker last year.

Nominal remuneration per worker in the formal nonagricultural sectors rose 15,7% last year from a 10,7% increase in 1997. The rise could be partly explained by a change in survey methodology.

The Bank said concerns that strong growth in nominal remuneration of employees could lead to lower operating margins or add to existing inflationary pressures were allayed to a degree by solid growth in labour productivity, which showed a 5,1% increase last year.

Year-on-year productivity growth slowed partly because of heightened strike activity in the second half of the year, the Bank said.

BD 30/6/99

Jobless dump garbage on Ikapa doorstep

Give us work, protesters urge town council

JOYFUL MAMU HANEI
SPECIAL CORRESPONDENT

Unemployed Gugulethu residents have dumped garbage outside the premises of the Ikapa Town Council in an effort to get local authorities to respond to their pleas for jobs.

Earlier this week residents also burnt tyres and waste in front of the council offices in Gugulethu.

Director of municipal services Mike Marsden said the actions by the residents were unlawful.

"If these people are going to go on disrupting municipal services, it will be detrimental to the community."

He said the council was sympathetic to the cause of the unemployed residents, but there was a structured process for job applications and the residents could not just demand jobs.

"We are working towards an integrated workforce," he said.

Desmond Ntshabathi said he and others had decided to collect garbage

themselves, even though they were not paid, to prove they were serious about getting jobs as cleaners in the township.

The protest, known locally as "Operation Cocca", has been going on since Monday.

Resident's spokesman Fezile Bhuwana said people had grouped together because the municipality was not responding positively. He said they had first raised their concerns in February this year.

"We do not get jobs as ratepayers, instead we see new faces we do not know cleaning our streets when we cannot get employment. We are not going to be patronised any more, and neither are we going to pay bribes to get jobs. We are going to be around until we get jobs," he said.

He said the Gugulethu Unemployed Residents Union (Guru) had taken a firm decision on peaceful protest until their demands were met.

Last week 187 members met officials from the office of City Manager Andrew Boraine.

Deputy chairman of the City of Cape Town and Gugulethu councillor Toni Gochina, said the meeting did not reach an understanding because claims made by the residents about bribes and nepotism were subject to investigation.

He said residents submitted all their identity documents at the office of Mr Boraine in the hope of getting work after an official in the office had divulged that there were 450 vacancies.

Raymond Mafu, 32, one of the unemployed residents, said he had been out of work for nine years. He said his 14-year-old son depended on him for schooling, but he was not able to meet that obligation because he was not able to get a job.

Jeffrey Jodwana, 35, another resident, said he lost his job in 1994 when he was detained for being active in the former United Democratic Front.

He lived with his two children, his mother and three sisters, who were also unemployed.



Jobless and angry: Gugulethu residents outside the Ikapa Town Council are planning to protest until they get work

MORNE DJAWANI

AKS 14/7/99
(335)

LABOUR Unrest grows as retrenchments multiply

Jobs protests escalate

FRANK NxUMALO

LABOUR EDITOR

Johannesburg - Workers took to the streets as unrest against retrenchments continued to grip the country yesterday.

Temper flared in Middelburg when Columbus Stainless Steel locked out more than 900 National Union of Metalworkers (Nunsa) members protesting outside the factory gates.

The workers objected to the presence of armed private security personnel, and the situation almost ran out of control when the police arrived and tried to disperse the workers for allegedly violating picketing rules.

It appeared the police had been handed the company's

proposals for picketing rules, which the union said were invalid, because they had not been negotiated in terms of the new Labour Relations Act.

The parties are deadlocked over wage demands, with the company offering 7,1 percent plus a 0,5 percent increase based on individual performance.

Nunsa is demanding an inflation-linked increase of 7,7 percent, with an improvement factor of no less than 2 percent.

Meanwhile, Federation of South African Trade Unions affiliates - the South African Foodplate Staff Association, the Technical Workers' Union and the South African Transport and Allied Workers - marched to Spoorneet's Mfantshi House in

Johannesburg to protest against the planned lay-off of 27 000 workers over the next three years.

In further industrial action, 5 000 National Education Health and Allied Workers' Union members converged at Soweto's Chris Hani Baragwanath Hospital to oppose a 5,7 percent salary increase against their demands for a 10 percent increase.

In another incident, more than 9 000 workers allied to Nunsa and other Cosatu affiliates embarked on rolling mass action against McCarthy Motors for expelling a Nunsa official at Montague Gardens in the Western Cape. McCarthy said it would not comment at this stage because a due labour process was in progress.

Government policies causing job losses

Deputy President Jacob Zuma yesterday said many job losses were the result of the government's restructuring policies aimed at making the country more competitive globally.

Speaking at the annual general meeting of the South African National Editors Forum, Zuma said "this is not a painless process".

"Thousands of workers have lost their jobs. This job loss is the outcome of our own restructuring process and our greater integration with the global economy.

"Our economic future is tied with the global economy where factors of production like capital, technology and skills are highly mobile across the world.

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"Our priority is to attract foreign capital, increase our trade links and attract skilled people in order to invest, develop and create jobs," Zuma said.

He said the media had a critical role to play in South Africa being seen internationally as an attractive destination for investment and in shaping the image of the African continent.

He also said the media should become more aware of African interpretations of history and should play a role in the African Renaissance.

"The many cultures of our continent must be brought to the fore in the international mindset as opposed to only promoting Western con-

cepts and interpretations of African society."

Zuma said the media should also become involved in encouraging the country's youth to become involved in democracy and should help educate women about their rights.

The government appreciated the interaction between itself and the media, seeing it as central to a "healthy, democratic and transparent society".

But the government felt that sensational reporting polarised society, he said.

Zuma cautioned the media against taking party political stances.

-Sapa

CAPE ARGUS ISSUES

AIDS, unemployment, crime are the issues that count most

ONE IN
YOUR EYE



Among the many problems facing South Africa today, by far the most serious must certainly be the terrible scourge of AIDS which is totally out of control.

AIDS is followed by unemployment, which is soaring by the day, and the crime problem which is fast turning our fledgling democracy into an international leper.

So serious is the problem posed to the country by each of these three that, if unchecked, they have the potential to reduce our beautiful country to a pale shadow of its present self.

It would certainly be in the interests of not only the Government (after all, the African National Congress did promise "jobs for all" in the founding democratic elections five years ago), but for all South Africans to get the unemployment problem addressed, for instance, but at the moment there does not appear to be a solution on the horizon. Indeed, the problem is worsening by the day, with more and more people joining the ever-growing army of the unemployed.

Why, even the Government and its various parastatals, which together have provided life-long job security to many, have now entered into negotiations with public service trade unions on the thorny issue of retrenchments.

The first warning, of course, was given about two years ago by former president Nelson Mandela, who, when he opened the 1997 session of Parliament in Cape Town, warned that the Government was "not an employment agency".

While it is easy to understand why a Government that first came



Difficult to swallow: as the number of unemployed grows by the day, even the Government is being forced to look at the retrenchment route - a route many people find difficult to accept

to power promising jobs now finds itself forced by circumstances almost beyond its control to go the retrenchment route, for many black South Africans this is nevertheless very difficult to accept.

After all, for years, Afrikaners enjoyed sheltered employment in the public service, as did many Africans in the former homelands,

and, for as long as they turned up in the morning and spent the required minimum number of hours at work, they were assured of both their salaries at the end of the month, as well as their jobs for as long as they wanted those jobs.

Now, however, the Government simply cannot afford to be "an employment agency", especially

when there are so many worthy causes competing for the slender resources at its command.

Dealing with the colossal AIDS problem is one of those responsibilities, just as is ensuring that our public health system is equal to the enormous challenges it faces, and that our public education system remains sound and healthy.

The money for these things must come from somewhere, and spending as much as 80% or more of a department's budget on salaries alone will make it that much more difficult for the ANC Government to make good on its many pre-election promises.

The one thing about which much more can be done, however,

is crime, which is not unrelated to the unemployment problem. That, the Government can do something about, for one of the primary responsibilities of any government is to protect its citizens.

Although it is still early days, it would appear that new Safety and Security Minister Steve Tshwete might just be the man who will take

the fight to the criminals.

In his first few public statements since being appointed into what is without doubt one of the toughest Cabinet portfolios, Mr Tshwete has made all the right noises, in the process creating the very welcome impression that there might now be a tougher attitude in the all-important fight against crime.

As was pointed out in this column in August, 1996, this is not a Government lacking in legitimacy, and it can legitimately embark on a ruthless, but legally above-board, campaign to combat crime.

As it was argued then, many citizens may even welcome the declaration of a state of emergency if that would mean that they would no longer be prisoners in their own homes and would be safer on the streets of their towns and cities.

Mr Tshwete's predecessor, the soft-spoken and likeable Sydney Mufamadi, certainly tried his best to strike a blow against crime, but perhaps in the end he was too nice a man for the job. And he, too, became a crime victim, when his home was visited by criminals.

Mr Tshwete, on the other hand, has a much tougher exterior and is given to talking tough.

That may just be the kind of person needed for the job, especially if he makes sure that his words are matched by his actions.

His words during an address to police at the Jabulani Amphitheatre in Soweto on Monday will have struck a chord with most South Africans: "We are going to deal with criminals as bulldozers deal with a bull. We are going to give them hell because they have been giving our people hell."

"Those who raise dust must not complain that they cannot see. We will unleash the police on them."

Well, to that I say give the criminals hell, Mr Tshwete. And good luck.

■ *Katzer Nyatsumba is the editor of the Daily News in Durban.*

Unions warn 'tens of thousands' will lose jobs this year

ARGUS CORRESPONDENT

ARG 15/7/99

Johannesburg – Trades unions have warned that tens of thousands of workers will lose their jobs this year – and that 28 000 could be retrenched in the next two months.

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Cosatu yesterday warned of retrenchments in various sectors – in gold mining, building and construction, metals, local government and parastatals. Cosatu spokesman Mukoni Ratshtanga said six companies had applied for retrenchments to

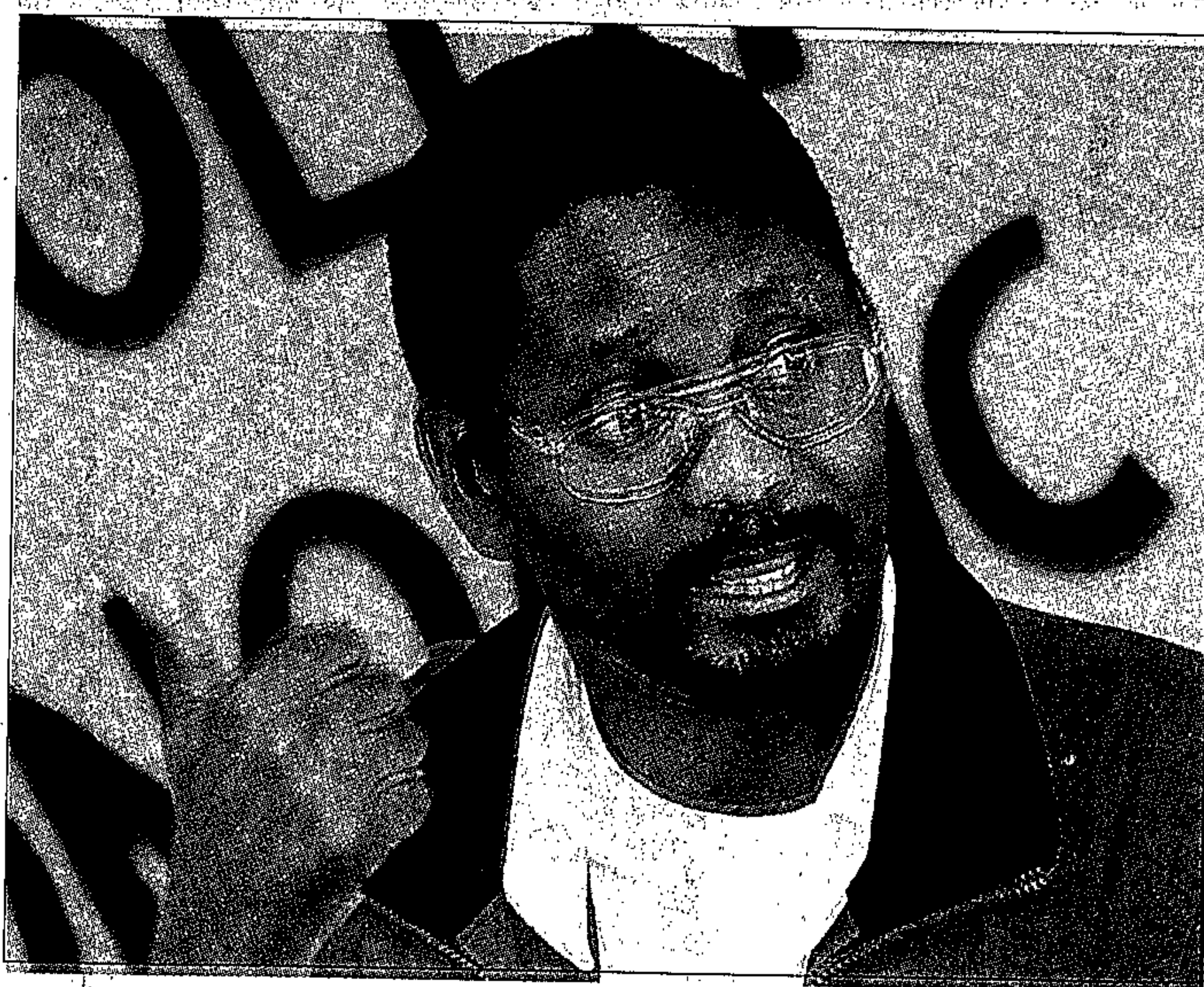
the Gold Crisis Committee, and he predicted 28 000 jobs losses in the next two months. He added that thousands of coal miners were also being retrenched, but that Cosatu could not obtain the actual figures.

He said the Building Industries

Federation of South Africa (Bifsa) had announced that a further 30 000 jobs would be lost in the current year.

The metal industry had lost 19 708 jobs this year – and 31 454 since 1995.

Spoornet is set to retrench 13 000 workers.



WILLING TO WORK Zwelinzima Vavi, Cosatu's acting general secretary, says the planned retrenchments are an assault on workers and will be met with mass action

PHOTO: SEIWYN TAIT

Cosatu calls layoffs a 'massacre'

(775)(49) ART 17/7/99

FRANK NXUMALO

LABOUR EDITOR

Johannesburg – The 1.8 million-strong Congress of South African Trade Unions (Cosatu) – the country's biggest labour federation – would, with immediate effect, serve a Section 77 notice on the National Economic Development and Labour Council (Nedlac) to embark on a nationwide programme of mass action to fight planned retrenchments by both the private and public sectors.

More than 50 000 planned retrenchments have been announced in the past two weeks alone.

"The current wave of job losses is a blood bath which can only be described as a massacre of workers and the working class by greedy employers bent on throwing more workers into the streets to face poverty.

"The current situation represents a crisis of the economy of the worst kind in recent decades.

Statistics pointing to a recovery of the economy and predicting an upward growth are good news for the markets but not for workers. What we are seeing is massive attacks on workers and the working class of unimaginable proportions," Zwelinzima Vavi, the acting general secretary of Cosatu, said.

Vavi said the trend of job losses which had characterised the labour market since the mid-1980s was the result of a structural problem in the economy.

He said the interventions through Gear – the government's macroeconomic policy – had "woefully failed to address this structural crisis of the economy".

"There is therefore a need to rethink the fundamentals and put in place an integrated strategy that will help us turn the tide against unemployment and growing social inequalities.

"What we see is the failure of the capitalist system; the

current globalisation based on the uncaring ideology of the markets has led to the worsening of unemployment in most parts of the world," he said.

This had led to increasing disparities in wealth within and between countries.

Vavi said capitalism and globalisation had promoted the outsourcing of so-called non-core functions, which had led to job losses, the rise of casual labour and the privatisation of basic services so that these were put out of the reach of the poor.

Cosatu was therefore demanding a speedy implementation of agreements reached at last year's Presidential Jobs Summit, especially the short-term ones, as well as an urgent review of the Insolvency Act and the immediate amendment of Section 189 of the Labour Relations Act to make retrenchments a mandatory negotiation issue, instead of merely requiring consultation.

Going back home to a jobless future

The challenge is to find alternative economic growth areas which create jobs, writes JANETTE BENNETT



LIVING WITH POVERTY: Rural areas will feel the effect of job losses the most

WHERE do mine-workers go when their jobs die? Mostly they go home, usually to a patch of land in an impoverished rural area where subsistence farming is the main activity.

About 40% of people working on SA's mines live in neighbouring countries, where jobs are scarce. Mozambique spoke out this week about the impact of job losses — it says it cannot find alternative jobs for the 2 500 Mozambicans about to lose their jobs at SA's East Rand Property Mines.

ERP, in which government is the major shareholder, was placed under provisional liquidation last week, with 5 000 jobs on the line.

Mining has steadily shed jobs over the past decade, and SA is reeling with a spate of new job losses. Last week, more than 11 000 mining jobs came under threat as the gold price dropped. Another 40 000 jobs (a debated number) are set to be lost as SA's parastatal, restructuring. And in KwaZulu-Natal, some 150 000 jobs in the sugar industry could go over the next few years as tariff barriers in the region fall and SA producers compete with Zimbabwe's cheaper sugar.

SA is feeling the pinch of globalisation and regionalisa-

tion. This is creating a shift from traditional, often protected, job areas towards job creation in areas in which SA is competitive. Although it is important to save or change the nature of as many jobs as possible, sustaining unviable mines and industries would be costly cosmetic surgery.

But that is cold comfort now. It does not take away the immediate pain of job losses, and its devastating impact on rural areas where migrant workers' salaries and wages have been the biggest form of income, followed closely by pension payments.

However, David Ginsberg of the sociology department at the University of Natal believes pensions may be the only source of income in some rural areas — studies show that each pension cheque is feeding some 32 people.

The trend in rural development in the global economy, he says, is away from collective-type solutions towards self-sustaining projects, which benefit few and leave out the most marginalised people.

Ginsberg is strongly against public-private partnerships, which he says are dominated by business and its needs.

Professor Richard Haines, the head of the sociology department at the University of

Port Elizabeth, says a start could be made by freeing up money to spend on developing poor areas, like the old Transkei, which is now receiving less than ever before — about one-sixth of expenditure in the Eastern Cape. The government has indicated its intentions to create a lean mean state machine, but a lot of money, Haines says, is going into maintaining a clumsy structure of duplicated "miniparliamentary".

Growth for jobs, Haines says, could be in the service industry, including finance, administration and tourism. Steps should be taken to avoid losing high-tech human capital to the "brain drain" — because they do create jobs — through investment in IT. Investment should also go into significant by growing tourism, he says, but that is linked to making the police services work, if necessary through meaningful public-private partnerships.

Positive signals on partnerships and cooperation are coming from government. Last week, new Minister Plumizile Mlambo-Ngcuka joined hands with the Chamber of Mines

and the National Union of Mineworkers (NUM) to seek solutions to the mining jobs crisis. She told BT she would work closely with the Mineworkers Development Agency (MDA), essentially the NUM's development wing, which aims to find alternative jobs for retrenched miners.

MDA works on the ground, extending into remote rural areas and into neighbouring countries through a network of development centres linked to grassroots outlets. Funding comes mainly from government and mining companies.

As the MDA's Kate Philip says, it would never claim to be able to deal with the scale of job losses now taking place. It trained just over 2 500 people between March 1998 and February this year, and Philip says in a best-case scenario — "if we had all the resources" — the MDA will be able to train 3 000 to 5 000 people every four months.

She says the MDA has had support from government and the industry, but a more concerted national response is needed to speed up progress. At the gold summit last February, the MDA put forward pro-

posals for rapid implementation of a social strategy, but this has moved very slowly.

Also slow-moving has been the summits of minerals — the summit resulted in a task team to look at this. "We export our raw materials instead of adding value through processing our own gold and minerals — that is very labour-intensive. We should be one of the leading jewellery makers in the world," Philip says. "NUM has been pushing for this since the late 1980s."

The MDA responds to its brief on different levels, most immediately to the need to put food on the table. This is addressed largely through skills training and building on existing skills, helping retrenched workers to become self-employed through providing goods on local markets for local consumption. These skills could include tyre repair, welding, T-shirt printing, peanut butter production and making cement products like lintels and gutters to slot into housing programmes.

This leads to the medium and longer-term objective: local regeneration and development of a new economy.

SACP big shots grapple with unemployment

CP 18/7/99 (335)

THE TOP brass of the South African Communist Party (SACP) central committee met behind closed doors in Johannesburg this weekend to map out proposals that will hopefully help the country out of its worsening unemployment crisis.

The meeting was precipitated by the looming massive retrenchment of workers in the mining industry and the announcement by some parastatals a week ago that they will retrench workers - thereby worsening the unemployment crisis.

The SACP has referred to the unemployment crisis in a draft document which was scheduled to be discussed at the meeting as the "job loss blood-bath".

The imagery of a bloodbath may prompt "Communist bashers" to dismiss this meeting as another exercise by the SACP to engage in empty rhetoric. Nothing could be further from reality.

The jobs crisis is arguably one of the most difficult issues to face the African National Congress, Cosatu and SACP alliance.

How do they - as alliance partners now ruling this country - stare off the thousands of jobs that are being lost yearly?

It is estimated that no less than 500 000 jobs were lost in the past five years. Last year, an estimated 98 000 miners were retrenched and there are

fears that a similar number may lose their jobs this year.

Word among SACP members is that delegates are approaching the discussions with only one thing in mind: to come up with proposals that will save jobs.

Among the delegates to the meeting will be Public Enterprises Minister Jeff Radebe, who will be attending in his capacity as a central committee SACP member. Radebe is expected to play a crucial role in the coming months to help shave off jobs losses.

Deputy secretary general Jeremy Cronin said their approach to the jobs crisis is to ensure that government puts in place sustainable economic policies instead of attempting "to win debates".

The party is approaching the meeting from a non-ideological position and as a consequence of this, it is not likely to brush aside arguments by the apostles of the market forces that the loss of about half a million jobs was a tragic but inevitable outcome of restructuring.

Party members - some would say out of character - accept that these job losses were unavoidable.

Also out of character is the view which accepts that in order to attract investors to help boost the economy, a dose of liberalisation, privatisation and deregulation would be necessary.

Such is their avoidance of doctrinaire positions that some admit that while relying on the market forces in order to help create jobs, social delivery and build infrastructure is a departure from the vision of the RDP.

they are willing to go along with it. Party delegates are willing to assess and debate the accuracy of the positions which would find favour among the champions of the free market system.

The party still argues that the causes of job losses can be found in a number of factors and these could be: ☐ the absence of clear strategic industrial policy; ☐ massive neglect of skills training and retraining; and ☐ the country's over-reliance on gold for foreign currency earnings.

Cronin calls for the re-invigoration of last October's Jobs Summit proposals which he says were put in the back-burner because of elections. He advocates a "coherent plan and vision" to tackle the key problem of unemployment.

One senior technocrat in President Thabo Mbeki's office is reputed to have said the country needs a "champion" enjoying full government backing to tackle this national crisis head on.

Where is this champion when the country desperately needs him/her?

New ideas for youth employment groups

CP 18/7/99 (335)

By MARTIN DLAMINI

YOUTH enterprise development programmes should be based on demand and youth should be regarded as clients instead of recipients of such programmes.

This finding was made by the Joint Education Trust (JET) which conducted an evaluation of the School Leavers Opportunity Training Programme (SIOT) that seeks to empower out-of-school and out-to-work youth between the ages of 16 and 35, with a minimum of a grade 10 qualification.

The evaluation also recommends that such programmes need to be flexible so that race, ethnicity, gender, income levels and other regional or community-specific factors, can be easily adaptable to the training.

The main issue around youth enterprise development in South Africa is the question of its effectiveness in addressing youth unemployment.

The Targeted Assistance Division (TAD) of Ntshela Enterprise Promotion Agency supported the evaluation, which, apart from ordinary entrepreneurship skills, also provides youth with basic life skills and Vocational Skills Training.

The programme started its operation in the KwaZulu-Natal Midland region in 1990, and soon spread to

the rest of the province, and later into the Southern, Eastern and Northern Cape.

In a sharp departure from past practice, which tended to favour white South African youth, SIOT focuses on broad business skills development to advance general youth entrepreneurship in South Africa.

In Africa, factors attributed to youth unemployment are the demographics of the continent, inappropriate school curricula and higher rates of enrollment due to the need for educated workers.

The pilot stages of the SIOT programme were based on the assumption that school leavers from disadvantaged communities required a

series of interventions from the time they left school to start work.

Community involvement is also noted as critical in forming a common understanding between stakeholders on goals, objectives and outcomes of youth entrepreneurial development.

The analysis also reveals that the first three phases of the SIOT programme were effective in achieving their goals in that they enable South African youth to take stock of their lives and their career prospects, and understand the relationship between the two.

CP 18/7/99 (335)
Martin Dlamini is the Communications Manager of Ntshela Enterprises.

Rubbish protest starts big dust-up

TARZAN MBITA

STAFF REPORTER

A meeting to discuss a garbage-dumping protest campaign being waged by unemployed Gugulethu residents ended in confusion last night, with protesters vowing to continue their action.

Residents have been dumping rubbish at the municipal offices, the Gugulethu sports complex, the library, councillors' houses and even the Langa administrative offices to draw attention to their plight.

They had come to the meeting expecting to discuss their situation, but the convenors – the provincial African National Congress executive committee – were adamant the

meeting was to discuss the hygiene problems being caused by the protest action.

The meeting was held at the Gugulethu civic hall and attended by about 400 people. Cape Town's deputy mayor, Arthur Jacobs, was also present.

ANC representative Nombeko Tinto said the point of the meeting was to ask protesters whether they were aware of the health hazards posed by their action.

But it became apparent the protesters had thought their unemployment problems would be discussed.

The meeting became increasingly rowdy. A protester, who gave his name as Dugmore Makonase, told the meeting that he had been out of

work since 1994 and had applied for a job with the council more than 20 times. Although he was always turned down, he continued to see new faces at the municipality.

He alleged that nepotism was rife at the council and claimed that council workers recruited their relatives from rural areas.

As his fellow protesters applauded his speech, Ms Tinto lost control of the meeting, despite calls for order.

The protesters shouted Pan Africanist Congress slogans: "Izwe Lethu" (Our country Africa) and "high discipline, high morale", and vowed to renew their rubbish-dumping campaign with increased vigour.

They also vowed to disrupt all RDP projects around the township until they were given jobs by the council.

The manager of the Gugulethu sports complex said about 400 children visited the centre daily.

Since the garbage protest had begun, children found it unpleasant to go there because the place was dirty, smelly and unhealthy.

One speaker suggested the unemployed should delegate 10 people who could meet the ANC regional executive committee to try to resolve the impasse. This suggestion was not well-received by protesters.

When the meeting ended nothing of substance had been gained and most people just walked out.

ARL 20/7/99

(334)

Rubbish dumped in protest

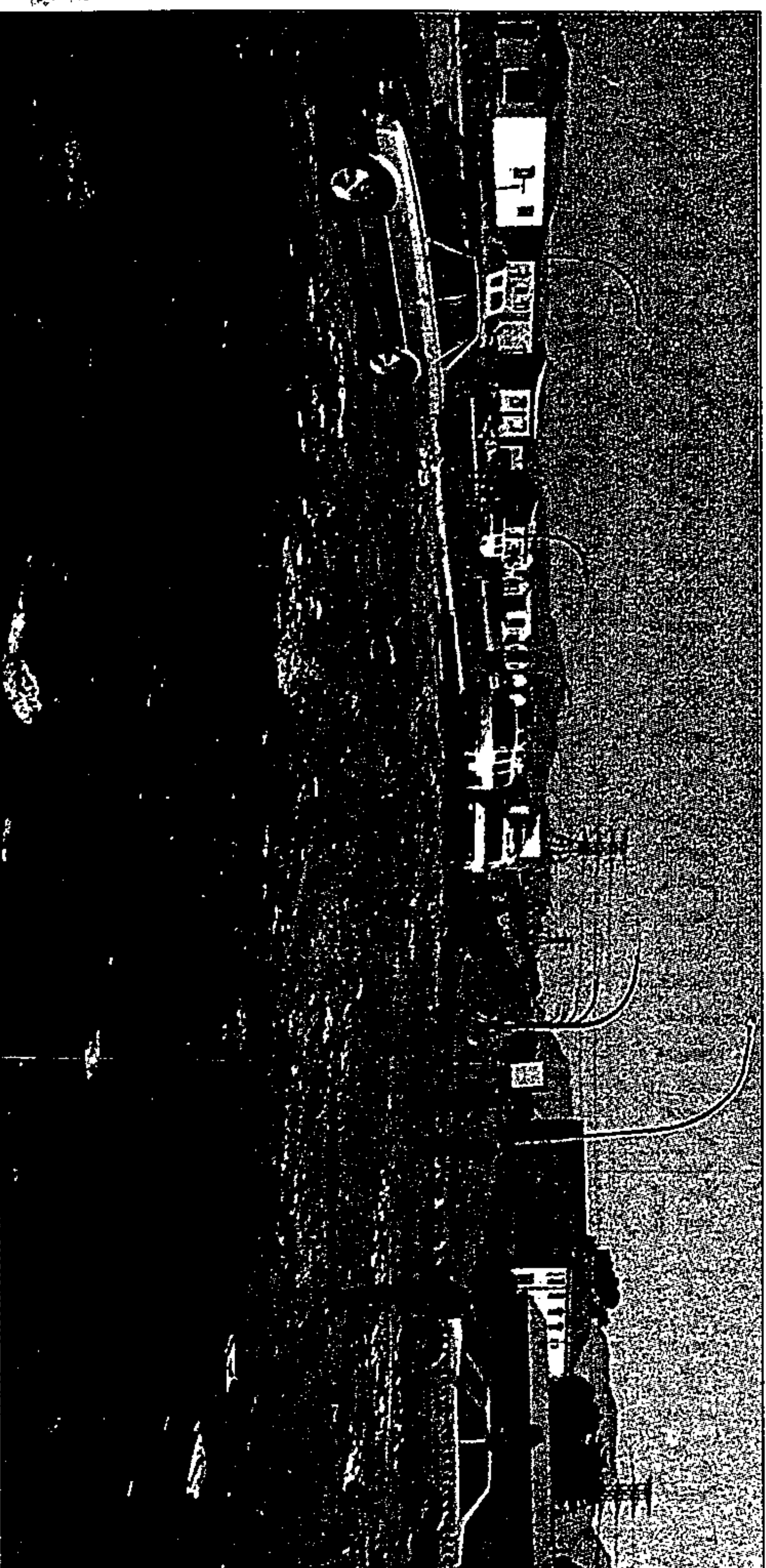
MANDLA MNYAKAMA

ANGRY, unemployed Gugulethu residents, who have been demanding that the council employ them, dumped mounds of rubbish in Lansdowne Road and on the NY 1 yesterday.

A meeting between them and deputy mayor Arthur Jacobs at the Gugulethu Civic Hall on Monday evening ended in chaos. The residents walked out and refused to stop their action.

The group of about 100 residents, who claimed to have represented all unemployed residents in Gugulethu, alleged that the council had many jobs, but only employed strangers, and sidelined locals.

After they failed to reach an agreement with Mike Marsden, the executive director of municipal services two weeks ago, the group dumped rubbish and burnt



AFTERMATH: Police and traffic officials keep a watchful eye on traffic in Lansdowne Road after the removal of the rubbish which was dumped by unemployed, protesting Gugulethu residents on the road yesterday.

tyres at the entrances to council premises in Gugulethu.

They allegedly also prevented council workers from entering the premises.

Other mounds of rubbish were

dumped at the Gugulethu sports complex, library, councillors' homes and Langa administrative offices.

Xolisile Mama, chairperson for municipal services and a

member of the council's executive committee, criticised the way residents had chosen to express themselves.

"That is the kind of action which could force the council to

act the other way," he said.

"The way they demanded jobs was unacceptable.

"They are exploiting the situation because the council was trying to transform," he said.

PICTURE: MANDLA MNYAKAMA

CT 21/7/99

(335)

'Social Plan' to ease looming jobs crisis

(297) (335)
Johannesburg – The Government yesterday committed itself to easing the pain of unemployment and looming job losses in the parastatal and private sectors, announcing that its "Social Plan" would be introduced to soften the blow.

Labour Minister Membathisi Mdladlana said yesterday about R3-million would be set aside to implement the plan, negotiated at the Presidential Jobs Summit last year. It outlines measures to prevent retrenchments, manage unavoidable job losses and help individuals affected.

Enterprises that find they have to retrench workers can approach the Department of Labour for help to ease the process. – Argus Correspondent

ARG 23/7/99

Plan to 'ease pain of job losses'

JOHANNESBURG: The government yesterday committed itself to easing the pain of unemployment and looming job losses in the parastatal and private sectors, announcing that its "Social Plan" would be introduced to soften the blow. The plan was negotiated among stakeholders at the Presidential Jobs Summit last year.

"I am concerned about the current state of retrenchments that is being anticipated within all sectors of the economy, particularly in the mining industry and in certain parastatals," Labour Minister Memabathisi Mdladlana told a briefing in Pretoria.

"Whatever the underlying economic reasons, the effect on the affected individuals and regions is severe, particularly in a context where employment is already way too high," Mdladlana said.

About R3 million would be set aside to help the National Productivity Institute implement the plan, and details would be published in the *Government Gazette* today. The social plan outlines measures designed to prevent retrenchments, manage unavoidable job losses and help individuals affected.

Enterprises that found they had to retrench workers could

Cosatu praises Mdladlana on the tripartite Social Plan

JOHANNESBURG - Cosatu has welcomed the implementation of the tripartite Social Plan agreement and code of good practice on dismissals and retrenchments for operational reasons announced yesterday by Memabathisi Mdladlana, the minister of labour.

"Well done that is one of the measures that we had been demanding ... be speeded up as part of the Presidential Jobs Summit agreements," said Zwelizama Vavi, the acting general secretary of Cosatu.

However, Vavi said Cosatu's demand remained that section 189 of the new Labour Relations Act, regulating retrenchments for operational reasons, be immediately amended to make retrenchment negotiations mandatory.

The plan was the result of two years of hard bargaining between organised labour, business and government at Nedlac, aimed at alleviating the high social costs of unavoidable retrenchments. In the past few weeks, more than 50 000 planned retrenchments in the private and public sectors have been announced.

The government sympathised with the plight of thousands of workers facing retrenchment and called on employers to speedily and fully utilise the tripartite social plan reached at last year's Presidential Jobs Summit and at Nedlac respectively.

"The combined effect of all of these retrenchments, if they take place, is an alarming increase in unemployment and poverty."

"Whatever the underlying economic reasons, the effect on affected individuals and regions is severe, particularly in a context where unemployment is already way too high," Mdladlana said.

The minister said the social



POINTED MEASURES Les Ketlakis (left) and Memabathisi Mdladlana of the department of labour

plan sought to put in place three sets of measures or phases.

"The first set of interventions seeks to prevent retrenchments taking place at all; the second, to ensure that where they are unavoidable then they are managed humanely.

"Thirdly, where large-scale retrenchments have taken place, then (ensure) measures to assist the affected individuals and communities to find alternative forms of employment, or sustainable livelihoods, are in place," he said.

Mdladlana strongly recommended that in phase one employers and labour established

"Future forums", which would put in place early warning systems to help the parties track problems and seek solutions to secure employment.

Future forums could approach a social plan technical support facility that had been established to help the parties with the technical analysis of operational problems they faced. An amount of R3.9 million had been allocated to the National Productivity Institute to manage the facility.

However, an affected company was expected to add to state subsidies by contributing to the costs of a such a process."

New govt retrenchments code creates confusion

BD 26/7/99 (250) (336)

Rules will require employers to consult on the reduction of the workforce, writes René Gravitky

LABOUR Minister Membathisi Mdladlana's announcement last week about the promulgation of a new code of good practice on "dismissals based on operational requirements" (retrenchments) has created some confusion among labour relations practitioners.

The impression has been created that a new code regulating retrenchments has been drafted and will require employers to comply with a whole new set of obligations before retrenchments can take place.

A labour consultant said people were always aware of the code drafted in the National Economic Development and Labour Council (Nedlac) last year but the recent announcement created the impression of something new.

Mdladlana explained at a news briefing last week that the code was drafted in a two-year period and was agreed to in Nedlac last year.

However, delays had occurred in promulgating the code because of debate in Nedlac as to whether it should form part of a schedule to the Labour Relations Act or whether it should be a standalone code in terms of section 203 of the act.

If parties had agreed to the code becoming part of a schedule to the act it would have required changes to the legislation. It was, however, agreed to publish the code in terms of section 203 of the act which requires employers and unions to take it into account when interpreting the act.

It is therefore not binding on the parties but acts as a guideline which the courts will take into account when determining whether employers have complied with the retrenchment act's provisions.

Mdladlana said: "It is fair to say that section 189 (of the act which relates to retrenchment provisions) has not yet been fully operationalised due to the fact that the code" had only recently been agreed to in Nedlac.

The intention of the code is to clarify the responsibilities and obligations of an employer in the event of retrenchments as specified in the act.

However, the code does not go any further than the

obligations provided for in the act. As with the provisions in the act, the code requires employers to consult on possible retrenchments with a view to reaching agreement. This obligation goes beyond international labour standards, which merely provide for consultation.

The code, in line with the act, requires employers to begin consulting as soon as a reduction of the workforce is contemplated so that possible alternatives can be explored.

The code also makes reference to information disclosure on matters relevant to the consultation process and the obligation to reach consensus on "appropriate measures to avoid retrenchments".

Mdladlana has warned employers that if they fail to comply with the code and retrenchment provisions in the act, then government will have to consider labour's demands for an amendment to section 189 to ensure that retrenchments are subject to negotiations, not consultation.

However, he has indicated that there is little difference between consultation and negotiations as the act requires consultation with the intention of reaching consensus.

The legal implications of a duty to bargain on retrenchments could imply a legal right to strike.

Currently the act provides that retrenchment disputes have to be referred to the Labour Court and there is no legal protection for strike action.

This was agreed upon in order to minimise strike action on dismissals.

However, employers feared that if the act was changed to entrench the duty to bargain on retrenchments, employers could be subjected to strikes even if they complied fully with the law.

In the absence of this change, it would appear that unions are making use of section 77 of the act to launch protest actions to oppose retrenchments. In recent months, Nedlac has received a number of such notices, the latest coming from the SA Clothing and

Textile Workers Union (Sactwu).

The union has served notice on Nedlac of its intention to launch protest action against the socio-economic effects of ongoing retrenchments in the clothing and textile sectors.



LEVELTON BONER HORWATH

Chartered Accountants (S.A.)
A member of Horwath International



The partners wish to announce the following changes in the practice.

Anthony Bock has withdrawn from the practice to pursue personal business interests.

Stephen Davis is retiring from public practice and will continue as a Consultant to the practice.

The partners wish them every success for the future.

52507004

Jobless Fezile steps up to lead garbage protest

THE KAPPA TOWN COUNCIL
STAFF REPORTER

28/1/99

Fezile Bhugwana is not the kind of person to seek publicity or cause unnecessary trouble, but in recent weeks his name has become synonymous with the garbage protests of Gugulethu and Langa.

Mr Bhugwana, 39, a Gugulethu resident, has never stepped into the limelight - until now. He leads a group of unemployed men in an unusual campaign to get the council to give them jobs as waste collectors.

The men have marched, negotiated and dumped garbage wherever it would cause the most trouble for two weeks. The library, communal bathrooms and the administration office at Fezeka were strewn with refuse, raising fears among residents about the possible outbreak of disease.

The men have also brought service delivery to a halt.

Mr Bhugwana stays with his mother and eight other members of his family, including his four children, in a modest two-bedroomed house in Gugulethu.

The pressures of not working are what caused him and others, who are unemployed, to embark on mass action.

The last time Mr Bhugwana held a full-time job was in 1995 and life has been hard since then.

According to Mr Bhugwana, the seeds of dissent were planted as far back as February this year, when he and four friends were discussing unemployment and discovered they had something in common.

They had all applied for jobs at the Kappa Town Council in Gugulethu on numerous occasions, but to no avail.

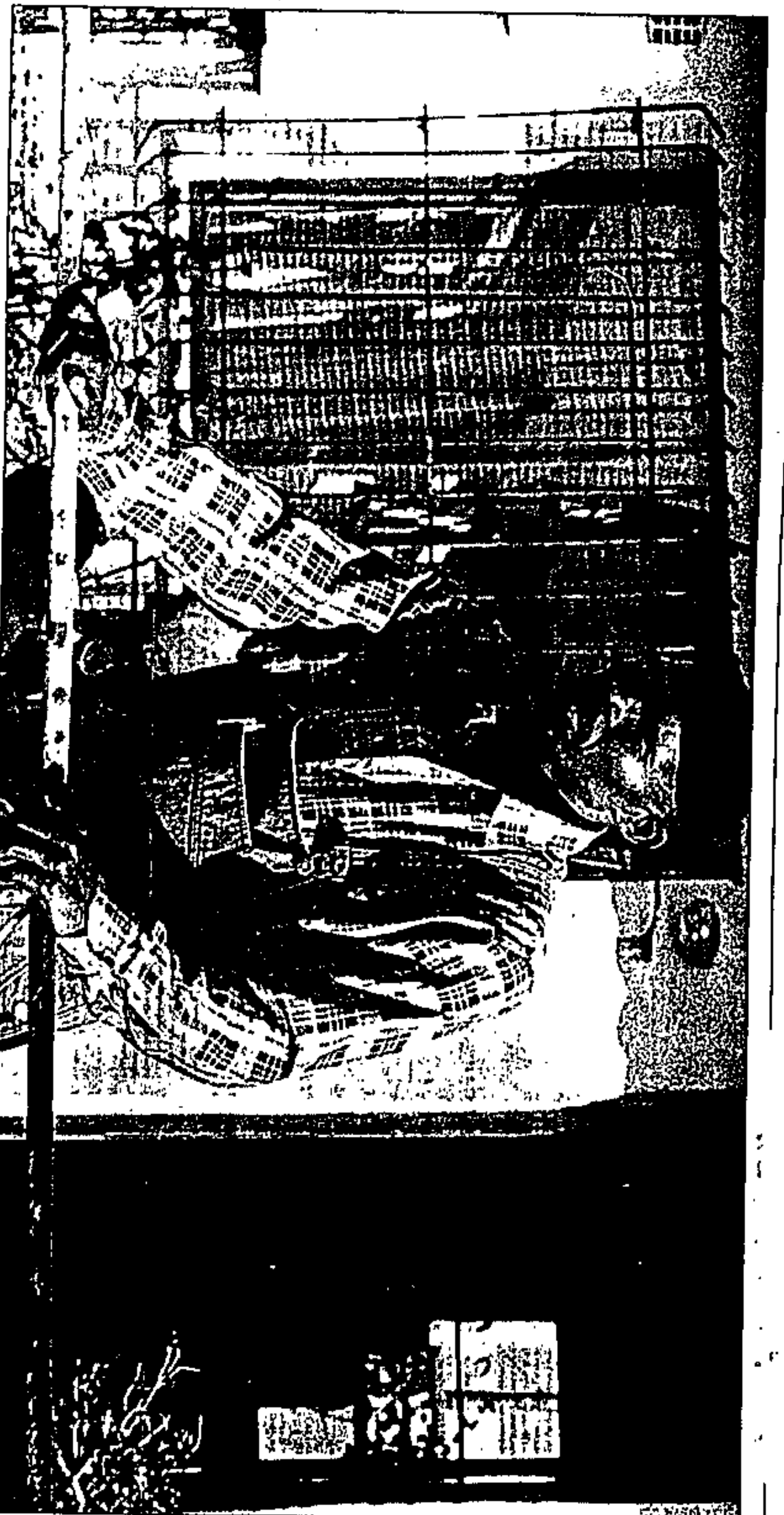
"We believe people buy jobs at the council, although no one will come forward and admit it. A system called Ibholwe (goat) exists, where when a person applies for a job, their CVs or IDs are accompanied by payment of up to R300," he said.

"Where are we supposed to get that kind of money?" he asked.

He said most members of the group had skills that would enhance the lives of everybody in the community if they could get jobs.

Mr Bhugwana said the group realised from the beginning that the council could not employ them all, but hoped that they could be employed on a rotating basis.

At one meeting, a council official said there were about 450 vacancies at the council, but that there were no funds available to hire people.



Waste not, want not: Fezile Bhugwana is leading a group of unemployed Gugulethu people who are spearheading the garbage protests in Gugulethu and Langa.

The group soon swelled to a large number and the men became more and more vocal. First, the "idea to do something visible, became a burning issue", and decisions were taken without due regard to the consequences, said Mr Bhugwana.

"The sit-in campaign was aborted to make place for the garbage dump-

ing campaign, and party lines were suddenly drawn, giving the impression that the whole unemployment story was an ANC/PAC issue," he said.

Problems with communications also developed and once the group had forced the issue to the top of the agenda, some members tried to hijack it for party political gain.

He said that at a meeting between the group and the African National Congress executive, including Sanco, he was shocked to see people shouting Pan Africanist Congress slogans. They had never met with the leadership of the PAC, he said.

Nothing was resolved at that meeting, held last Tuesday, and the protesters vowed to continue dumping garbage. On Friday, the council slapped a court interdict on them.

But, everything remains the same for Mr Bhugwana and his friends. They are still unemployed.

The council has denied "selling" jobs.

Court bars job seekers from council

STAFF REPORTER

The City of Cape Town has obtained a court interdict against a group of jobless Gugulethu residents who have been disrupting service delivery in the township.

The trouble started more than two weeks ago when unemployed residents dumped refuse outside the premises of the Kappa Town Council to force local authorities to respond to their pleas for jobs.

The men also threw garbage in communal bathrooms, the Gugulethu sports complex and the library, and forced workers off Reconstruction and Development Programme projects around the township, raising fears of a health hazard.

A meeting between the group and the provincial African National Congress executive committee last Tuesday failed to resolve the issue.

The names of all 210 members of the group appear on the interdict.

Fezile Bhugwana, a spokesman for the group, said the writ barred them from coming within 500m of council premises and ordered them to stop harassing or interfering with the daily activities of the council.

Cosatu acts on job losses as R1bn project is announced

Reneé Grawitzky

AS GOVERNMENT announced plans to begin spending R1bn earmarked for job-creation projects, the Congress of SA Trade Unions (Cosatu) served notice of its intention to embark on socio-economic protest action in response to continued job losses.

Labour Minister Memphahisi Mdladlana said yesterday that R1bn from government's poverty relief fund, earmarked at the presidential job conference 10 months ago, could be allocated in due course to boost job

creation in the short term.

Despite this, Cosatu and its affiliates have embarked on numerous protest marches against job losses.

This week alone, thousands of members of the Transport and General Workers' Union marched in various centres to protest against job losses.

As part of the federation's campaign, it has given the National Economic, Development and Labour Council (Nedlac) notice of its intention to embark on protests against continued job losses. The notice was served

in line with section 77 of the Labour Relations Act which provided for protected socio-economic protest action as long as various procedures were followed.

Nedlac will now have to consider the notice and issues raised by Cosatu in an attempt to resolve the matter on an urgent basis. A failure to resolve these issues could result in nationwide protest action.

Mdladlana said government was concerned about the continued shedding of jobs throughout the economy but accepted that there were no quick fixes.

150 4/8/99

(177) (275)

Jobless figures

'not so bad' (336)

STAFF REPORTER

South Africa could have a lower unemployment rate than the reported 40%, a study by the authoritative Human Sciences Research Council (HSRC) has found.

The results of a council study show that a significant proportion of people who claimed to be unemployed were in fact productively employed in the informal sector.

The study was done in six provinces between October and January and 2 000 "unemployed" people were interviewed. About 53% of respondents considered themselves to be unemployed, in spite of earning a living in the informal economy.

Senior researcher Johan Erasmus said many of those interviewed seemed to be ignorant of the fact that their income generating activities counted as employment.

"The implication is that although people are involved in income-generating activities they do not consider themselves to be employed or at least self-employed.

"Theoretically one can therefore conclude that people consider their income-generating activities merely as survival mechanisms while waiting to be formally employed," Mr Erasmus said.

He said the results of the 1996 census had found that 5,5 million people were unemployed, yet only 3,7 million people had registered with the Department of Labour as being without work.

He said a solution to the problem could be a determined effort by the department to register unemployed people, while also expanding its job counselling and placement services.

Bitter residents stopped by court

MOTSHIDISI MOKWENA
COURT REPORTER

THE Cape High Court yesterday granted the City of Cape Town an interdict and banned the Gugulethu Unemployed Residents (GUR) from going near the latter's municipal offices or interfering with the delivery of services.

This follows an urgent application by the City of Cape Town after the disruption of municipal services in the Gugulethu area by a group of disgruntled unemployed residents three weeks ago.

The residents disrupted services for almost two weeks at the Ikapa Town Council at the old Fezeka depot after an unproductive meet-

ing with Mike Marsden on July 7.

GUR demanded that they be employed permanently by the City of Cape Town.

In papers yesterday, the City of Cape Town sought an interdict and a restraining order to all 210 members and any person who associates themselves with this group, from intimidating, harassing and assaulting any employees of the municipality.

They were ordered not to be within 500 metres of City of Cape Town's Fezeka, Nyanga and Langa depots. They were also ordered not to damage and destroy property of the municipality and its employees. GUR was also restrained from depositing refuse on or outside

any premises owned by the City of Cape Town and disrupting and interfering with the normal business of the municipality.

In an affidavit by Vusi Magagula, acting manager of the City of Cape Town's Development Facilitation Unit, it was stated that GUR attempted to stop delivery vans from delivering food to the fire station. They also threatened employees who tried to use the fire station entrance and barricaded all entrances ensuring that the latter did not carry out any of their duties and provide services to the residents.

During the week when no one was able to access the offices, projects by the City of Cape Town, the

Ikapa Water Leaks repair project conducted by an outside contractor was halted and the City of Cape Town has incurred costs although the contractor did not work for two weeks.

Offices have been vacated and housing projects in Weltevreden Valley and Tambo Square have been disrupted due to GUR's alleged unlawful actions.

The papers also state that "there is not only a threatened but a real danger of imminent harm to the City of Cape Town and its constituents". Apparently at a workshop meant to resolve the issue on July 16, serious threats were made.

Justice Jock Comrie granted the restraining order.

Cosatu claims govt policy will lead to unemployment (337)

Reneé Grawitzky

LABOUR Minister Membathisi Mdladlana yesterday expressed concern over the notice served by the Congress of SA Trade Unions (Cosatu) of its intention to launch socioeconomic protest action in response to continued job losses.

Mdladlana said this notice was served as government had started an open process to review labour legislation including labour's concerns relating to the retrenchment provisions in the Labour Relations Act.

Last week Mdladlana held a number of bilateral meetings with business and labour to explore their respective concerns about the various pieces of labour legislation implemented since 1994.

Cosatu has served notice on the National Economic, Development and Labour Council, in terms of section 77 of the act, to engage in protest action if a range of demands were not addressed.

Cosatu's demands go far beyond labour related issues — they challenge government's monetary and industrial policies, claiming that they have con-

tributed to job losses.

The federation has demanded the reduction of interest rates and a halt to government's acceleration of reducing import tariffs. Hence, the protest action is not only directed against business and government but also the SA Reserve Bank.

During talks with Mdladlana, the Federation of unions of SA (Fedusa) also proposed amendment of section 189 of the act in relation to the consultation over retrenchments.

Fedusa proposed that a dispute arising over retrenchments should be referred to the Labour Court.

Mdladlana said labour should make use of the establishment of workplace forums, as provided for in the act, so as to participate in discussions over company restructuring and ensure agreement was reached over retrenchments.

The National Council of Trade Unions raised concerns about the legal mechanisms in relation to the payment of severance pay in the event of company transfers but not amendments to section 189.

For the country's good, the unemployed must have a chance

State income grants will allow the common people in SA, rather than the elite, to decide for themselves how best to order their affairs, argues **Steven Friedman**

MA 16/8/99

WHAT could be sillier than government giving away money to citizens? Not giving it away. Within weeks, we are told, an official report will recommend a modest income grant for the unemployed. It should not lack detractors: simply handing out money runs counter to common sense. So, therefore, as the debate begins, the other side of the argument needs a voice.

For many on one side of the political divide, welfare measures such as these are wasteful, removing the incentive to work and providing many openings for corruption. For many on the other side, they are a Band-Aid which substitutes for a serious attempt to uproot poverty.

The first argument does not explain how millions are to work when it would take a major leap in job creation even to keep unemployment at present levels. The second cannot tell us how direct state action will create those jobs.

More interesting are the arguments in the middle: those who agree that for the foreseeable future many adults will be denied jobs and that the state must offer them something, but who insist that we can do better than hand out money.

A sample of these objections come from a senior local World Bank representative. He does not reject income grants out of hand, but worries that income grants are unaffordable and will deter people from working. He suggests instead subsidised services (water or sanitation) and public works programmes. Why subsidies for services are more affordable than income grants is unclear. In both the state uses funds gathered from service users or taxpayers to relieve the jobless. In principle there is no cost difference if the money is handed out in cash.

While public works can help and sound more appealing than grants because they create a useful product, people cannot be employed in them for long and they rarely leave the participants with usable assets once they end. Nor should a grant smaller than pay in the worst jobs deter anyone from working.

There may also be a common thread here: government decides what the beneficiaries want rather than allowing them to choose. The thinking behind this is easy to understand, simply giving people money is unproductive. We should ensure that the cash is spent on something useful, like water, or that beneficiaries do something useful, such as build roads.

However, evidence suggests otherwise. On one side of the ledger is evidence from the government's housing subsidy programme. Who could doubt that giving people a roof over their heads fills a need? Research finds that in a short while those who receive the roof sell the dwelling and move on. So they clearly believe they can put the money to better use than subsidised shelter.

Might they not be frittering it away? One answer is that adults have the right to decide how to spend their money, whether they acquired it from government or the market: it is they after all who must live with bad decisions.

Another is that people who receive money from the state use it productively, even if they have little formal schooling. The evidence is the way many pensions are used to fill social gaps, from feeding the young to funding schooling. If other grants

were available, why should they be used less productively?

Income grants have drawbacks. They would not be very big and there would be opportunities for corruption.

Since much money spent on programmes chosen by the policy elite is absorbed by the costs of implementing them and their record in giving those they target what they want is indifferent, we might get far more social value from the money if it is placed in people's pockets. Nor would grants necessarily be more open to abuse than other programmes. Since they are easier to administer, they might be less so.

Resistance to grants may then have more to do with the prejudice that people who went to university know what is good for those at the bottom of the social pile than with a considered weighing of costs and benefits.

The proposed scheme may have another benefit. It could be more politically saleable and so, more likely to survive. According to reports, the grant would be targeted not at the poor but at the jobless. The difference may seem slight, but could be crucial.

It is no surprise that the World Bank man responded by talking of programmes for the poor, not for the jobless.

The current approach defines the poor as those who earn less than \$1 a day; any programme which benefits anyone who is not described as poor, is rejected because it reaches people who do not need it.

The logic that funds should be targeted only at those who need them most seems water tight. In practice, it ensures that the programmes have powerful enemies and irresolute friends. The World Bank is then forced to ask academics why few governments favour the poor.

This should not be. If programmes are designed only to benefit the weakest, and are tainted if anyone else gains from them, they will be seen by the strong and organised as a threat or a luxury. And since governments respond to the strong and organised, they will be pursued half-heartedly and eventually dumped.

So in the US where welfare payments are seen to benefit predominantly black single mothers, they are a target of abuse and are being eroded.

In western Europe, where social programmes benefit the middle classes too, they prove surprisingly tenacious, even in the current climate.

We, like other developing countries, cannot remotely afford the universal programmes western Europeans have enjoyed. However, we can ensure that programmes give the politically powerful some reason to identify with them, even if they do not benefit directly from them. Many in the middle class and above can identify with the jobless even if they do not need a monthly grant for the unemployed.

Where payments can be justified by pointing to a society-wide problem such as joblessness, they may draw more support and prove more sustainable.

Given our financial constraints, the income grant will not end our poverty problem. But it does point the way to an approach more likely to do so than those which appeal to development specialists and the common sense of the elite.

Friedman is director of the Centre for Policy Studies.

Joblessness still the issue

By Reuters and Shadrack Mashalaba

DESPITE the reported growth in South Africa's economy for the second quarter, the country will still continue to experience joblessness.

So said *Statistics South Africa* yesterday. The survey reported that the economy grew by 1,7 percent in the second quarter of 1999. This figure compared with a growth rate of a revised 0,6 percent in the first quarter.

This was below a Reuters consensus of economists, who predicted a growth rate of 0,8 percent.

Economist Mike Schussler from FBC Fidelity and Nedcor's Magan Mistry said while the growth was not enough to translate into jobs its was

good news for the economy.

Schussler said that many sectors of the economy – such as mining – were still under pressure because of low commodity prices.

South Africa's unemployment rate stands at 30 percent.

Sunflowers and chickens were two of the main reasons the South African economy expanded at a faster-than-expected rate in the second quarter, the national statistics agency said.

"It puts quite a perky picture on the top line growth rate," said Econometrix economist Tony Twine.

The overall growth rate was boosted by a surge in agricultural production, which grew by 19,7 percent after a 1,3 percent growth rate

in the first quarter.

Production of the lucrative sunflower seed crop has nearly doubled this year amid increased demand from the European Union.

"GDP is improving but it indicates we need to cut interest rates further to get the magic numbers of between three and five percent," said ABN AMRO economist Colen Garrow.

ING Barings chief economist Kristina Quattak said that while the turn around in the retail and wholesale industries was encouraging, key productive sectors such as mining, manufacturing and construction remained very weak. "Room to manoeuvre will be limited because inflationary expectations are picking up," she said.

Job losses may point to lower employment levels

29/9/99 (335)

Reneé Grawitzky

SA's employment levels could be deteriorating, with the number of people employed in the formal nonagricultural sectors dropping sharply during the second quarter of this year.

Employment figures released by Statistics SA yesterday showed that the number of jobs in the formal nonagricultural sectors fell 1,1% or 55 293 from March to June this year.

The survey of total employment and earnings found that employment in the formal sector had shrunk 1,5% since last June and the total number employed in that sector had dropped to just more than 4,88-million.

Forecasts released by Wharton Econometric Forecasting warned last month that if the current trend of jobless growth continued, the number of unemployed could rise from 4,9-million to 6,7-million over the next four years.

The public service accounted for the largest number of job losses

(19 413), followed by manufacturing (18 134) and construction (11 254).

Job losses in the public service were largely a result of the decline in jobs in the provinces. This was mainly because teachers' contracts had not been renewed. The provinces accounted for 13 451 of jobs lost followed by local government (2 046) and national departments (5 404).

Stats SA head Mark Orkin said the decline in employment in the formal nonagricultural sector did not necessarily reflect an equivalent rise in the number of unemployed in the country.

JP Morgan economist Peter Worthington said it would be unfortunate to draw a "gloom and doom scenario" from the apparent job losses. Some of these jobs might well be absorbed into smaller, less unionised businesses in the service sectors which would not have been captured in the survey. The figures could also be misleading as they ignored seasonal effects.

Econometrix economist Azar Jam-

mine said the job losses were not unexpected as the economy had still been in decline during the second quarter. As the economy began to pick up, it was hoped that the extent to which unemployment rose would slow.

The reversal of the rising trend of unemployment would require structural changes in areas such as education and training. Many economically active people remained unemployable because of a lack of skills. Jammine said this problem would remain "even if we have labour market flexibility".

The survey also found that total salaries and wages paid to employees during the second quarter reflected an increase of 3,9% compared to the first quarter and an annual increase of 5% compared to the same period last year.

Worthington said these figures pointed to a further deceleration of employees' wage gains. Adjusting these total payments for the number of employees shows that average compensation growth slowed to 6,6% year on year.

cy actions and take the surprise of decisions. The argument is that the reasons behind decisions are clear, they can gain credibility and

may eventually have to adopt a completely open approach for the sake of credibility. Mboweni has said that the Bank's

included on the committee once the Reserve Bank Act is amended. To obtain further credibility and support, Mboweni has proposed a

that it will raise rates and the European Central Bank indicating a bias toward tightening, the Bank has little scope for a further significant easing.

Trade unions threaten action

Labour seeking negotiation, not consultation, on retrenchments, writes Reneé Grawitzky

TRADE unions are continuing to pursue threats of protest action or interdicts to halt job losses in the absence of an amendment to the Labour Relations Act requiring employers to negotiate rather than merely consult on retrenchments.

The Labour Court has been inundated recently with applications for urgent interdicts by unions, especially those in the mining industry, to prevent retrenchments.

The Congress of SA Trade Unions (Cosatu) and some of its affiliates have also served notice on the National Economic Development and Labour Council (Nedlac), threatening socioeconomic protest action relating to rising job losses.

These initiatives raise key questions about the extent to which the Labour Court can or is intervening in retrenchments. There is also the issue of whether Nedlac is the appropriate forum for constructive debate on mechanisms to prevent job losses at sector or company level.

Government faces mounting pressure to amend section 189 of the act to require employers to negotiate rather than just consult on retrenchments, with the aim of reaching consensus. The act provides that employers must consult on pending retrenchments.

Business is strongly opposed to any attempt by government to tighten the act's retrenchment procedures, arguing that the current provisions ensure a thorough process of consultation which do not make it easy for employers to retrench.

Labour, on the other hand, believes employers can retrench too easily while the provisions in the act have proved inadequate at preventing job losses.

Cosatu argued, in its notice served on Nedlac, that in many cases employers were "going through the motions" of consulting when it was clear the decision to retrench had already been taken.

Cosatu said the Labour Court was reluctant to intervene in retrenchments in the case of urgent interdict applications or to truly evaluate the substantive fairness of the retrenchments or dismissals.

A labour lawyer asked whether, in view of labour's demands, political pressure may have been placed

on the Labour Court to closely scrutinise the substantive reasons for proposed retrenchments.

This is not necessarily reflected in the types of judgment handed down by the Labour Court. There is a mixed bag. In some cases the court has adopted an interventionist approach while in other cases the opposite has occurred.

Another labour lawyer said the court was not looking at substantive reasons for retrenchments, but was focusing more on procedure.

In a number of urgent interdict applications, the court has ordered the parties to consult further.

Bowman Gilfillan director Chris Todd said it was only in a minority of cases that the court interdicted re-

trenchments and this was where there was a total disregard for provisions in the act. Generally the court was reluctant to intervene.

The result was that workers who were retrenched could only get redress up to 12 months later when a trial was held in the Labour Court. This carried huge costs for employers, while workers remained out of work for up to a year.

One of the drafters of the act, Andre van Niekerk, a director at Perrott, Van Niekerk and Woodhouse, said the real issue was the quality of consultation.

What was lacking in SA, he said, was a degree of serious commitment to meaningful consultation.

Adversarial "head-banging" was

not going to save jobs, he said. But invariably, unions were all too often concerned with delaying the process, while employers tended not to be open to creative options to minimise retrenchments.

In some instances unions might have legitimate concerns about employers who merely went through the motions, Van Niekerk said.

Unions ought to take greater account of the realities of restructuring and focus on ways to cushion the effects of retrenchments.

The fundamental question remains "how do you get both parties to seriously consider options and consequences of retrenchments in a consultation process", he said.

Van Niekerk said that perhaps the Labour Court was not the appropriate body to supervise such an engagement.

The act makes provision for the establishment of workplace forums at company level where employers are obliged to report on the company's financial position as well as anticipated performance.

The employer is also required to consult on company restructuring plans, changes in work organisation, plant closures or mergers and transfers of ownership.

For various reasons unions have not taken advantage of this provision in the act and to date only six forums have been established.

Labour Minister Membathisi Mdladlana said last week that in the context of the insecurity raised by restructuring and globalisation, workplace forums were places where employees could raise issues of job security and restructuring long before these matters entered the formal bargaining arena.

As parastatals such as Telkom and Transnet consult their unions on retrenchments and restructuring, Cosatu continues to pursue its campaign against job losses through Nedlac.

A Nedlac management committee meets today to consider the federation's notice of intended protest action against job losses.

The question remains whether this tactic will be sufficient to put pressure on government to change the legislative requirements with regard to retrenchments.



'You have been liberalised.'

Cosatu to fight job losses ^(140A) ⁽³³⁵⁾

THE Congress of SA Trade Unions announced yesterday that it would intensify its campaign to fight job losses and poverty.

It would also push for a social security system to protect the unemployed, Cosatu president Mr. Willie Madisha said at a forum in Johannesburg.

Cosatu would meet with various sectors of society to form partnerships and formulate a plan to improve the job market and alleviate poverty.

"All sectors of society need to deal with the problems facing the country together," Madisha said.

Cosatu had already met church leaders who had agreed to start an economic justice programme.

"We are targeting all social forces involved in the economy and we're optimistic they will understand our fight to end the job bloodbath in various industries," he said.

Some 365 000 workers in the non-agricultural industry had lost their jobs in the past eight years and about 110 000 workers in the manufacturing industry had been retrenched in the last three years.

Madisha said mineworkers were the most vulnerable group as their jobs relied on the fluctuating sales of international gold reserves.

About 150 000 mineworkers were laid off in the last two years and more than 28 000 faced retrenchments. The

public sector has 170 000 fewer workers than four years ago, he said.

Retrenched workers were not protected as South Africa had no social security system to assist them, said Cosatu's deputy general secretary Mr. Tony Ehrenreich.

He said job losses affecting blue-collar and factory workers had a direct impact on the social environment.

Statistics revealed by Cosatu showed that many poor households were dependent on one wage earner supporting an average of 10 people.

South Africa was far behind other countries in employment levels, with some 37 percent of its population unemployed. - Sapa

Erwin sees 12% unemployment

ET (MAR) 11/3/98

(375)

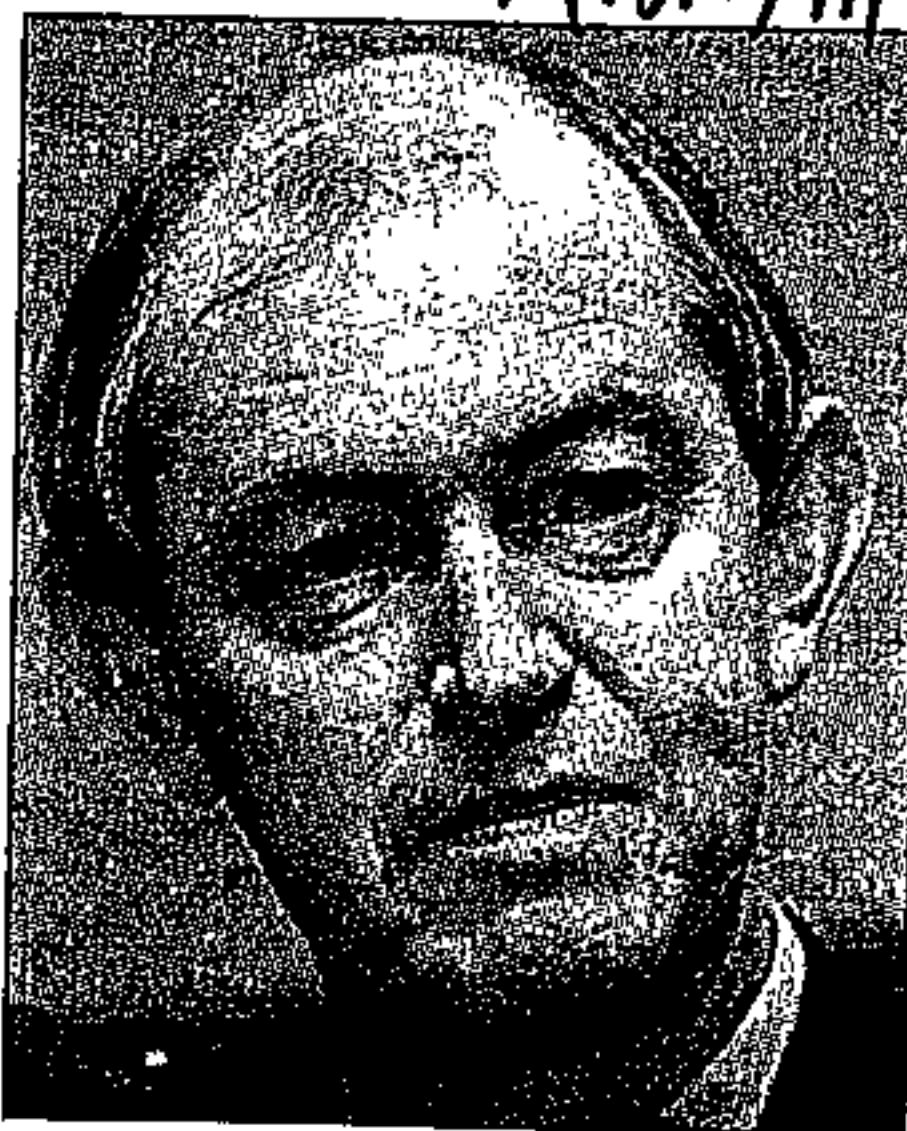
JAMES LAMONT

Johannesburg — Unemployment in South Africa was expected to drop to as low as 12 to 13 percent by the year 2010, Alec Erwin, the minister of trade and industry, said yesterday.

Erwin said the current official rate of unemployment of 29 percent could drop 2 or 3 percentage points by the end of the century, but would fall to between 10 to 15 percent by 2010 with a very good economic performance.

"We can stop unemployment getting worse and we can lower it," Erwin said. "We can bring it down to manageable levels and get it there relatively quickly."

He expected jobs to be created in new areas of industrial activity such as downstream petrochemicals, steels, the agro-industry, tourism and small and medium-sized enterprises.



ON TARGET Alec Erwin, the trade and industry minister

South Africa is battling to create jobs in an environment of falling trade tariffs and economic growth unlikely to top about 2 percent this year. Some traditional industries, like gold mining, are laying off thousands of workers, with between 50 000 and

100 000 job cuts expected this year. In addition, President Nelson Mandela has warned of job cuts in the public sector, while business has also argued that new labour legislation has not encouraged job creation.

However, Erwin was confident the manufacturing sector would meet the targets of the government's growth, employment and redistribution macro-economic plan.

Zav Rustomjee, the director-general of trade and industry, said the manufacturing sector would create between 70 000 and 100 000 jobs a year by the end of the century.

"We are looking to drive growth up to 6 percent around a restructured economy," said Erwin, to ensure the economy was not vulnerable to international competition. "Many of our actions are to defend jobs."

Cosatu sees little cheer for jobless

(335) (175) ARG 12/3/98
The Budget did little to address South Africa's biggest problem – unemployment, said Congress of South African Trade Unions' deputy secretary-general Zwelenzima Vavi.

He told journalists in Cape Town that Finance Minister Trevor Manuel had spent more time on rhetoric in his Budget speech than on providing concrete steps to alleviate joblessness. The only concrete thing had been the Umsobomvu Fund, which would be discussed at Nedlac.

"We don't think the speech inspired any confidence or gave any hope to the unemployed, who were looking to this Budget speech for relief."

Mr Vavi also condemned what he

said was the Government's continuing threats to the jobs of public servants. The statement that the Government was not an employment agency was unfortunate and uncalled for, and set the scene for "things that can go really wrong in future".

The fact that only R3,7-billion had been set aside for improving salaries of public servants – when, in terms of the three-year bargaining agreement, the Government was supposed to allocate R6,4-billion – was worrying. It could lead to retrenchments, which Cosatu would resist.

Mr Vavi said Cosatu welcomed the fact that 63% of the Budget would go on social spending.

The trade union federation wanted this percentage increased over the

next two years as revenue collection improved.

Cosatu also welcomed the Government's commitment to deal with corruption in and out of government as well as the steps taken to improve revenue collection, eliminate tax bracket creep and reduce the number of brackets.

Cosatu Secretary-General Sam Shilowa said the Budget had to be seen in terms of not only what the Government had done, but also lost opportunities.

"Our sense is if there was no blind adherence to this Budget deficit on behalf of the market, and a commitment to reduction of social deficits on behalf of the masses, we would have more resources available." – Sapa

Keep wages at low level, warns leading economist

Unions' demands may increase joblessness

By DESMOND BLOW

SOUTH AFRICA faces growing unemployment unless the unions and the government accept that wages should be kept at a low level, Old Mutual economist Riaan le Roux warned this week.

Unions' demands for higher wages and the government's inflexible stand in supporting the workers would lead to a steady increase in unemployment, Le Roux said.

Finance minister Trevor Manuel's Budget this week revealed that although inflation had dropped to about 6 percent, wages were rising at 9 and 10 percent.

This meant there would be less jobs, both in the public and private sector, but unions appeared to be unwilling to accept lower wages.

The Budget revealed that there were two enormous difficulties for Manuel to overcome. One was the enormous national debt left by the apartheid government of more than R320 billion – which is about three times the debt a developing country like South Africa can afford, and which is costing South Africa about 20 percent of its annual revenue – and the public wage bill, which is costing about 40 percent.

This leaves only about 40 percent left in the kitty.

The consensus is that Manuel and his finance department have used deft footwork in producing a Budget that although it has not really satisfied anyone, has not disturbed anyone too badly.

Cosatu had demanded a "people's Budget" to assist not only the workers, but the unemployed and the poor.

Last week, Cosatu general secretary Zwelinzima Vavi said that its opposition to GEAR (the Growth, Employment and Redistribution policy) was because it dictated the slashing of 300 000 public sector jobs by the year 2000.

He said this crisis would worsen the standards of living of the poor.

Vavi said the fiscal deficit for South Africa could be as high as 12 percent of GDP, and not about 3 percent, because the World Bank had

concluded that the higher growth pattern would gradually generate more public savings, so that by the year 2000 the country would experience fiscal surplus.

However the World Bank's Gene Tidrick this week denied this.

He said if the World Bank had ever expressed such a view, it no longer applied and that he agreed that about 3 percent for South Africa was sustainable.

Economists this week said that the privatisation of some of the state's assets could greatly reduce the foreign debt to about a third,

Inflation may be down, but one of the greatest problems facing the finance minister is the public wage bill, which devours 40 percent of the country's annual revenue. This is a recipe for further unemployment, says an economist.

which was a sustainable level for South Africa.

Cosatu is opposed to privatisation and it was not mentioned in the budget this week.

The ANC had been left with the enormous debt of the Nationalist government, which borrowed billions to implement the bantustans, the defence force and the development of nuclear weapons.

If the foreign debts were reduced, a strong economy could follow.

With the general elections next year, the budget was politically correct.

Manuel told Parliament that since 1994 the number of children going to school had been increased by 10 percent; that there were now 13 million students at learning institutions and that five million meals were provided to primary school children daily.

Five hundred new clinics had been built, which brought health services closer to five million people, and 32 million people who did

not have medical aid were provided with free health care.

Since 1994, a million women and children in rural areas had been given a clean water supply, and 1,5 million homes had been connected with electricity, which had created new income-earning opportunities for over four million people.

More than a third of a million – 385 000 – houses had been built, and subsidies for 700 000 had been earmarked.

Nine hundred projects had been implemented, creating about 40 000 jobs.

A surprise in the budget was the increase in tax on retirement funds, from 17 percent to 25 percent.

A small increase was expected, and at a pre-budget scenario, Dave Mohr, Old Mutual's chief economist, predicted that it would be raised from 17 to 19 percent.

At the Nedbank/Old Mutual budget forum after the Budget, Mike Levett, the chairman of Old Mutual, said this was a bigger surprise than the minister's decision to tax 2,5 percent of the funds of the country's two largest mutual insurers, Sanlam and Old Mutual.

The companies are demutualising and giving shares to millions of policy holders, who include people of all races and organisations, including pension funds and unions.

Manuel said it was a one-off charge and that the money would not be used to finance current expenditure. It would be used to capitalise a fund to be known as Umsobomwu, which would train people for employment.

Old Mutual issued a statement that the tax would not affect policy-holders' benefits.

"The tax will only be levied on the value of free reserves at the time of the envisioned conversion of Old Mutual," the company's chief actuary, Theo Hartwig, said.

The tax would be paid by Old Mutual, he said.

About R1 billion is expected to accrue to Umsobomwu, and Levett said that "although one does not like these things, as it is for job training, it is for a good cause".



POINTING THE WAY . . . Finance Minister Trevor Manuel's Budget neither satisfied nor disturbed anyone.

Jobseekers face gloomy prospects in W Cape

10 000 axed in formal sector last year

BUSINESS EDITOR

ARG 30/3/98

The Western Cape lost 10 000 jobs in the formal sector last year and prospects for the immediate future are not all that rosy, the head of the Department of Trade, Industry and Tourism, Harold Wesso, has warned.

In a speech to the Tygerberg economic summit last week, Dr Wesso said although economic growth in the province was consistently higher than in the country as a whole, the Western Cape had not escaped the phenomenon of "jobless growth".

And if the province did not reach targets of 6% growth and the creation of 50 000 jobs a year by the end of the century "we will not be able to put all the blame on the central government or the international economic scene".

"There are indications that we in the province are not performing optimally," Dr Wesso said.

Manufacturing and agriculture, particularly wheat, ostrich, poultry and fruit, were giving reasons for concern.

"Not only are we not expanding as we would like but in several sectors we are losing jobs or losing against cheaper or more efficient imports."

"Barely a dozen" projects had been approved in the Western Cape under the tax incentive schemes set up by the Department of Trade and Industry.

More might be in the pipeline, but "there is certainly no stampede among industrialists" to apply to set up new projects, Dr Wesso said.

He warned that cuts in import duties, drives to boost productivity and other steps could cut employment in the manufacturing sector in the Western Cape - currently at about 300 000 - by 2% to 3%.

The challenge facing this sector, which accounted for a fifth of employment in the province and contributed 20% of output, was to create 12 000 new jobs a year.

Business, labour, government and all development support agencies would have to co-operate to make growth in the Western Cape a success, he said.

Key elements of a new economic vision for the province included:

- Strong export orientation.
- Increasing competitiveness.
- A strong and diversified tourism sector.
- Black empowerment and the reduction of income inequalities.
- Effective job creation strategies in towns and rural areas.
- A dynamic education and training system.
- A vibrant small business sector.
- Maintenance of high standards.

Tourism was the province's fastest growing industry, contributing between 6% and 8% of the economy.

However, the industry was fragmented and there was no coherent strategy for its development, Dr Wesso said.

Mozambique business slams SA on foreigner stance

Maputo - Mozambican organised business publicly criticised South Africa's treatment of foreign nationals yesterday, African Eye News Service reports.

Voicing concern about the treatment of all Mozambican nationals in South Africa, but especially so-called illegal immigrants, the president of Mozambique's national

chamber of commerce, Paul de Sousa, said he regularly received reports of physical and legal abuse of even legitimate travellers to South Africa. - Sapa

UMSA says unemployed could be security guards

By ZOLILE NQAYI

THOUSANDS of former trade union members – and several other unemployed people traditionally unorganised – have now found a home in an organisation calling itself the Unemployed Masses of South Africa (UMSA).

In an attempt to highlight the plight of the unemployed the organisation led a march on Friday to the Union Buildings in Pretoria. Few unemployed attended but the low number of marchers was explained away by high transport costs.

UMSA has put the blame "for the high unemployment" on "illegal immigrants and pseudo-pol-

itical West African refugees" – and on the government.

Godfrey Dibeila, UMSA's national president, has called for the formation of a task team that will implement job creation projects.

He has also demanded the arrest and deportation of illegal immigrants and an improved presence of border patrols.

Debeila said employment could be created for UMSA members by utilising them as security officers in inner-city limits of major cities.

The organisation also lashed out at the government for "going against election promises on free education made in 1994".

BP 22/2/98

Labour grapples with job losses

some time 24/2/98
(395)

By Abdul Milazi

THE outcome of this weekend's gold summit will shape the agenda and direction of a planned job summit, expected to be held in June this year, the Congress of South African Trade Unions (Cosatu) said yesterday.

Cosatu spokeswoman Nowetu Mpati said: "Whatever proposals come out of the gold summit will have a major impact on future retrenchments."

She said this would in turn shape labour's job creation proposals at the job summit, which revolved mainly around the Social Equity Document released by the country's three federations in 1996.

The two summits come in the wake of continued conflict between labour and business over issues relating to social equity.

The gold summit, expected to find ways to minimise the social impact of retrenchment, was preceded by a threatened strike by the

Gold summit will set the tone for Cosatu's job creation proposals

National Union of Mineworkers last week following the Chamber of Mines' refusal to place a moratorium on the current mass retrenchment in the mining industry.

The Chamber of Mines has since agreed to postpone the retrenchments until the gold summit.

According to Cosatu 13 575 people were retrenched in the mining industry within the first 26 days of 1998, while the industry also shed a total of 65 960 jobs between January 1997 and January this year.

The job summit, initially planned for October last year, was also postponed to "sometime this year" amid rising tensions between Cosatu and business over when it should be held.

Cosatu wanted it to be held after a planned tripartite alliance job summit where the federation wanted to formulate a coherent strategy

for job creation with its alliance partners the South African Communist Party and the African National Congress.

In a statement National Economic Development and Labour Council (Nedlac) director Jayendra Naidoo said the job summit was one of the priority issues currently being discussed by the organisation.

"As indicated in the President's (Nelson Mandela) address to the opening of Parliament, the job summit is to be a major focus for the year ahead," said Naidoo.

Naidoo said labour, business and government were scheduled to make their submissions to Nedlac by mid-March.

Mpati said Cosatu had enlisted the services of its research wing Naledi to put together its proposal document for the summit.

Social plan aims to ease layoff costs

(335)
BD 6/4/98

Reneé Grawitzky

GOVERNMENT plans to provide a range of support services to companies laying off workers as well as to the workers themselves under a draft "social plan" finalised by a National Economic, Development and Labour Council (Nedlac) task team.

The framework agreement is circulating among government, business and labour groups for final approval.

The proposed social plan aims to cushion workers and their communities from business restructuring in general, and layoffs in particular. The plan was first proposed by the National Union of Mineworkers (NUM) in 1991.

The framework will act as a guide for all businesses. Individual sectors will draft plans tailored to their specific circumstances. Under the framework, government has agreed to investigate the feasibility of providing extra funds for the delivery of labour department services and for regional economic development initiatives during the first six months of implementation.

For the time being, government funds will not be centralised in one social plan fund but will be channelled "through the relevant implementing agencies" including the departments of labour, trade and industry, and constitutional development. Union officials said consideration was being given to providing retrenched employees with retraining using funds from the national skills fund, as proposed by the Skills Development Bill.

The main obligation imposed by the draft social plan on employers is to notify the labour department of impending retrenchments involving more than 500 people or 10% of the work

force — whichever is greater.

The plan does not compel employers to set up a specific fund but says they should be encouraged to assist in the funding of programmes to save jobs and social development programmes.

Central to the framework is the establishment of "future forums" either as part of or separate from existing bargaining forums. These are intended to encourage industries and companies to plan ahead, develop longer-term survival strategies and act as an "early warning system".

The labour department will set up a social plan technical support facility to help analyse problems and propose solutions to companies or sectors. However, the framework says this process "should not serve to delay or prolong fair retrenchment procedures".

In the event of retrenchments, the parties can approach the department for assistance. The draft plan also covers cases where mass retrenchments have a negative effect on an entire region or community. Government has agreed to take a leading role in co-ordinating assistance from various departments and agencies.

Gold Fields Limited corporate affairs manager Adrian du Plessis told a Wits University Sociology for Work Unit workshop last week that a social plan had limitations in an already depressed economy. NUM representative Devan Pillay said the framework was watered down during Nedlac discussions. He acknowledged a social plan could have a limited effect, but the social consequences of job losses in SA could have been ameliorated had a social plan been in place in 1991. The plan also provided no obligations for employers to do anything.

'No quick fix' for unemployment crisis

FRANK NXUMALO

LABOUR EDITOR

Johannesburg — South Africa had to get both its macroeconomics and its social fundamentals right to be able to tackle the unemployment crisis facing the country, the World Bank said yesterday.

Peter Fallon, the director of the World Bank's human development department, said programmes such as public works and market-based land reform were only stop-gap measures aimed at stimulating the economy through temporary recessions.

Land reform in particular was "physically limited" as there

(339) CT(MR) 7/4/98
was only so much arable land in South Africa, he said.

"Ultimately, employment growth has to come from sustained growth in South Africa's private sector.

"That growth has to be more labour-demanding than it has been in the past years; that is basically the bottom line and what people have to work towards," Fallon said.

He said growth would depend on higher levels of investment in the private sector, which in turn depended on investor confidence.

"Confidence is a very difficult thing to measure, but one crucial component is the pursuance of social stability in South Africa," he said.

"Fortunately, great progress has been made towards that end since the present government came into power in 1994. We certainly do not want to see escalating fiscal deficits and I am pleased to say that the government has done a great job on this."

He said the fiscal deficit was down from about 8 percent of the gross domestic product (GDP) in April 1994 to something like 4,5 percent of the GDP today.

Fallon said the unemployment level, estimated at between 12,3 percent and 29,8 percent, was one of the most serious problems facing policymakers in South Africa today.

He said the country's labour

market was further distorted by wage inequalities that were "extremely severe by international standards, and a massive disparity in the incidence of unemployment by race" — 33,6 percent among black men compared with only 3,6 percent among white men.

"The differences in what we call the probabilities of being unemployed and in unemployment rates are extremely large in terms of current statistics such as race, gender, and location by international standards," he said.

The first thing that had to be said when unemployment rates were as high as they were in South Africa was that "there are no quick fixes", he added.

Africa 'lost 10 million jobs in 10 years'

FRANK NXUMALO

LABOUR EDITOR

Pretoria — The most serious problems facing the Organisation of African Unity Trade Unions Unity (OAUTUU) were unemployment, poverty, economic development and regional economic integration, Hassan Adebayo Sunmonu, OAUTUU's secretary general, said yesterday.

OAUTUU is the continental umbrella organisation of African

trade union federations from 54 countries representing more than 20 million workers.

"There's been massive retrenchment all over the continent, mostly due to structural adjustment programmes and globalisation," Sunmonu said. "OAUTUU members have lost 10 million jobs in the last 10 years."

He said there were many incidents of violation of trade union rights in various African countries, including imprisonment

and detention without trial.

"Our modus operandi is to meet those governments that are violating the trade union rights of our members and to try and sort out the problem in an African way," said Sunmonu.

"If we don't succeed, we file a complaint against that government with the International Labour Organisation committee on freedom of association, which then takes appropriate measures."

Restructuring 'main reason for job cuts'

Pearl Sebolao

30 16/4/98
COMPANY restructuring and the economic downturn are the main contributors to retrenchments, a survey by labour analysts Andrew Levy & Associates has shown.

The survey said retrenchments were set to continue for some time as many companies had not yet reached their optimum manning levels. A total of 165 companies with 315 000 employees were interviewed for the survey, covering the period 1995 to last year.

Findings showed that the need to restructure accounted for 34,8% of retrenchments compared with 18% for 1989/90. The economic downturn now accounted for 19,9% as opposed to 52,9% in 1989/90. There was also a shift towards the outsourcing of services, which now stood at 16%, compared with 6,1% in 1989/90.

At least 117 of the companies polled

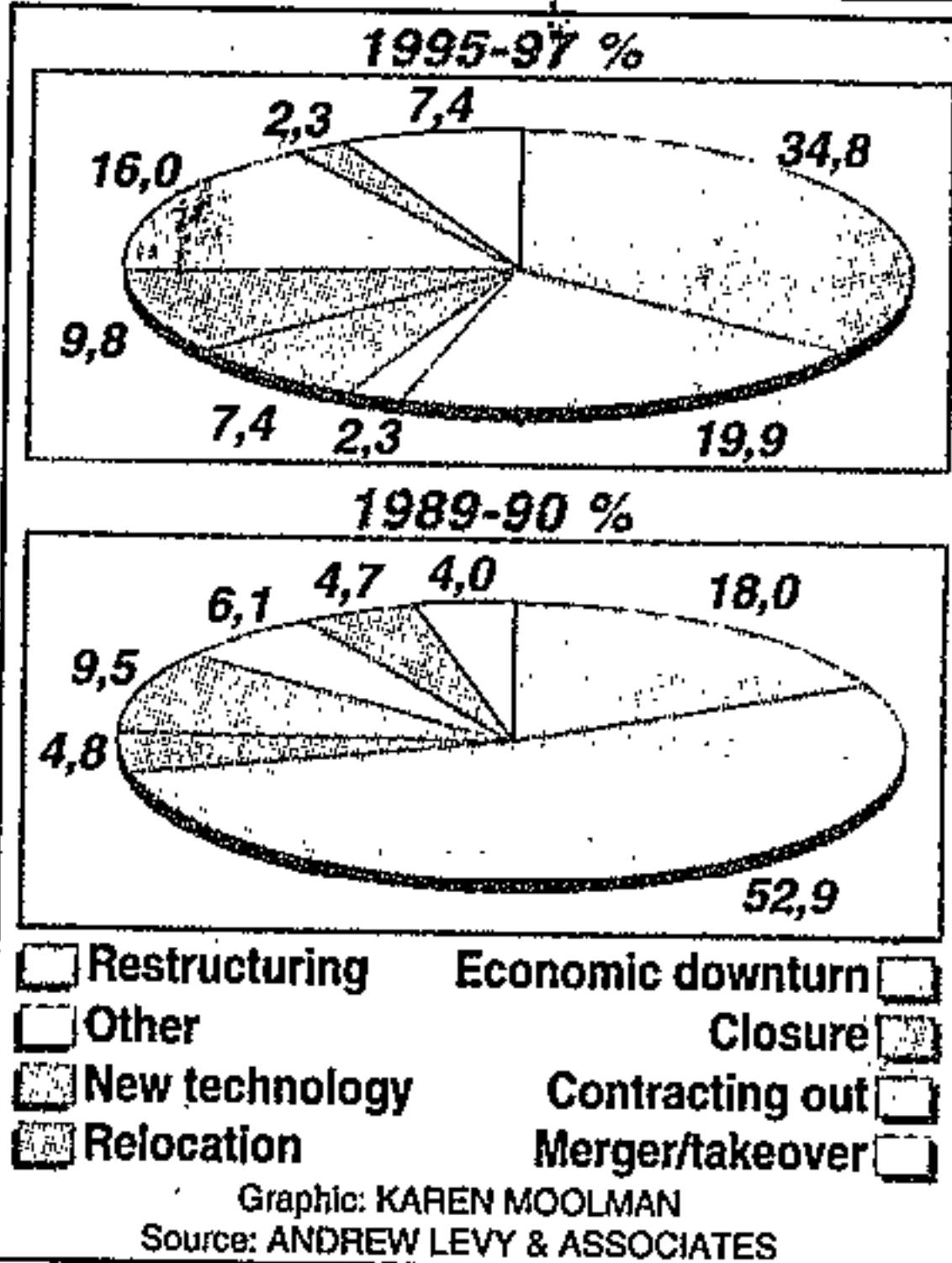
had retrenched 27 558 employees, representing a loss of 8,8% of the workforce over the three-year period, or 2,9% annually. This was significant because in 1989/90 the same number of people had lost their jobs, but the sample had been twice as large.

This gave an indication that "the overall rate of retrenchment has increased and looks set to continue in this pattern for some time", Andrew Levy & Associates said in its findings.

Labour Minister Tito Mboweni yesterday disputed the fact that retrenchments were on the increase, saying figures released recently by the Central Statistics Service showed "marginal improvements" in the job sector.

Mboweni said factors such as job restructuring and redefining when conducting retrenchment studies had to be considered. He said subcontracting or outsourcing did not mean people were unemployed.

Reasons for retrenchment



Manufacturers predict job cuts

ET (DR) 21/4/98 (150) (336)

CHRISTO VOLSCHENK

ECONOMICS EDITOR

Cape Town — Production in the manufacturing sector was expected to pick up in the second quarter but manufacturers would continue to trim their labour forces, the Bureau for Economic Research at the University of Stellenbosch said yesterday.

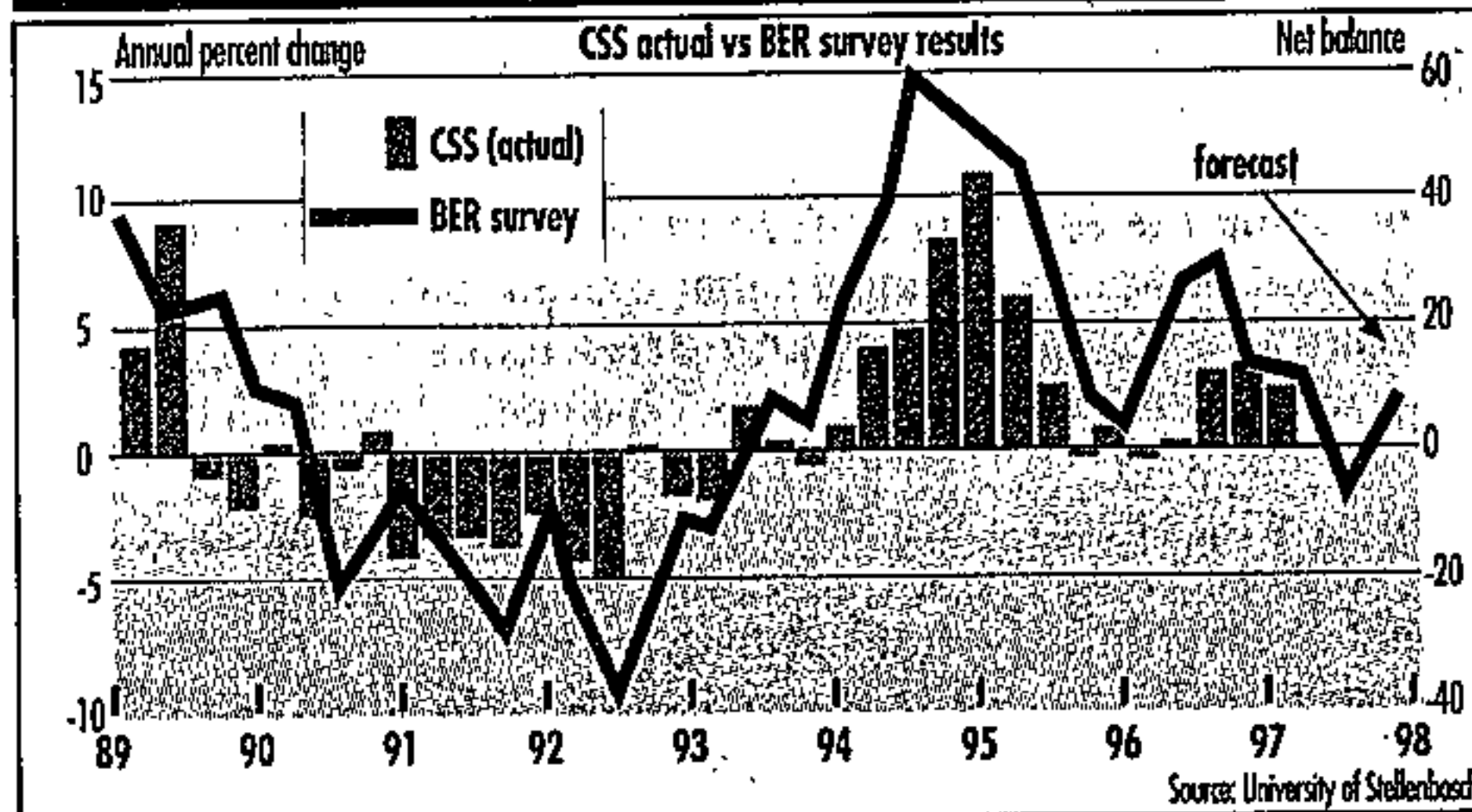
"Our nationwide survey of manufacturers suggested retrenchments might accelerate in the second quarter, reversing a trend of growing job numbers in the sector," said Pieter Laubscher, an economist at the bureau.

Employment figures published by the Central Statistical Service recently showed job numbers had been growing slowly from the middle of last year. Production had also picked up in the second half of last year.

Those positive trends could have turned around in the first quarter.

"Layoffs will accelerate, mainly in response to a sharp contraction in sales in the first quarter of this year when local demand remained weak," Laubscher said.

Manufacturing production volume



"In the first quarter this year, domestic sales volumes dropped below the level of a year ago to register the first year-on-year decline in sales since the onset of the general economic recovery in 1993.

"The drop was worse than expected," Laubscher said.

The bureau conducts a nationwide survey of confidence levels and sales of manufacturers every quarter.

The results are published two months ahead of the production and sales data of the Central Statistical Service (CSS), and are

judged by many manufacturers to be a reliable leading indicator of the state of the business cycle.

The latest manufacturing production data published by the CSS was for January.

At that stage production was still on an upward trend, but Laubscher expected production to dip in February and March.

"Our survey suggested production might pick up again in the second quarter but retrenchments will accelerate in the quarter despite the improved outlook," he said.

Gear's job loss figures may be skewed by CSS's lack of funding

no 22/4/98

(335)

THE growth, employment and re-distribution (Gear) strategy of the SAgovernment has come in for considerable criticism for not reaching its ambitious job creation targets.

Not only has Gear failed to reach its target, but in fact jobs have been lost since the formal adoption of the strategy, critics like National Party leader, Marthinus van Schalkwyk and the SA Institute of Race Relations say. While this may be true, it is probable job losses are overstated.

Gear has set an average target of approximately 270 000 new jobs each year until 2000. This target is regularly compared with the estimates of employment published by the Central Statistical Service (CSS) in their monthly and quarterly employment series.

In one of its recent releases the CSS stated that total employment in formal business sectors other

Andrew Whiteford assesses government's job-creation strategy

than agriculture had declined by 116 000 jobs between September 1996 and September last year.

The conclusion drawn from a comparison of Gear's targets with these CSS figures should be very clear: Gear is way off target.

This is a conclusion very often drawn but it needs to be examined more closely and any conclusion needs to be qualified.

CSS figures do not cover all sectors of the formal economy, and it is highly likely that most of the growth sectors are not covered. This is not a criticism against the CSS as they are quite clear about which sectors they cover. The sectors which are not included in their series are extremely difficult to monitor and re-sources are scarce.

These sectors include business

services, a sector which is probably the fastest growing employment creator of all in the formal economy. It includes the security industry, in which total employment is growing at an estimated rate of 6% a year.

The labour intensive tourism sector is often touted as the sector with the greatest potential to create jobs in SA. The rise in foreign tourists suggests that it is a growing source of employment, yet CSS figures exclude many of the areas of employment growth, such as guest houses.

It does not cover the personal services sector, which includes education industries such as private education and health. The phenomenon of companies outsourcing certain functions is further confusing the issue of employment creation.

There is an increasing tendency

for companies to outsource such functions as security, catering, transport, marketing, training and information technology.

When a company in a sector which is included in the CSS figures outsources some of its functions, the jobs which are associated with that function are usually recorded in the CSS employment series as a job loss.

Yet jobs are merely transferred from one company to another. However, the companies which pick up the employment arising from outsourcing are usually classified in sectors not included in the CSS figures.

Another important difference between the Gear employment targets and the CSS figures is that the latter concentrates on the formal sector. Of the 270 000 jobs which Gear sets out to create only 150 000 of

these are formal sector jobs. The other 120 000 are expected to be created in public works programmes, domestic services, the semi-formal and informal sectors.

It is extremely difficult to measure these sectors. The Get Ahead Foundation alone has reputedly created and sustained 60 000 jobs in the informal sector since its inception in 1984. The declining gold price has also contributed to Gear's failure to reach its target.

The irony is that the CSS's ability to truly reflect job creation has been reduced by cuts in its financing by the finance department — the key architect of Gear. If the department were to increase its funding of CSS, it could offer a more complete view, which would contribute to investor confidence and support Gear.

□ Whiteford is a consultant.

Statistical service defends 'inadequate' jobs figures

Greta Steyn

THE Central Statistical Service's (CSS) efforts to beef up employment statistics are being hampered by lack of funds — a situation which makes it difficult for the service to monitor the effects of economic policy on employment.

Employment is the one area in which government's growth, employment and redistribution strategy is failing completely, with employment shrinking instead of growing. Finance Minister

Trevor Manuel and some analysts said CSS jobs statistics were inadequate, as they did not pick up all the employment being created.

CSS head Mark Orkin said yesterday the service was disappointed with its allocation from the budget, which was not enough to finance quarterly household surveys. At the moment, household surveys are done annually in October and used to determine the official unemployment rate. Orkin said it appeared the budget

would only finance household surveys to be conducted twice a year.

The service's allocation of R83m in last month's budget followed a year in which its budget was cut. "The allocation puts us on the same level in real terms that we were two years ago," Orkin said.

The service had to spread inadequate resources thinner to cover all the statistical indicators required by the International Monetary Fund.

Aside from quarterly household surveys, three economy-wide surveys were

planned which would attempt to catch some of the jobs being created that were at present not reflected in the figures.

Orkin's comments followed the release this week of employment figures for the manufacturing sector which dashed hopes that industry had at last stopped shedding jobs. CSS said employment in the manufacturing sector fell 1.7%, or by more than 22 700 employees, in December from November last year.

"This was mainly due to discharges of employees and the closure of some estab-

lishments." Twenty of the 26 subgroups recorded decreases, with declines of more than 2% in five subgroups, including transport equipment, furniture, food and clothing.

For the year as a whole, employment in mining and quarrying, manufacturing, construction and electricity was down more than 5%. This translated into more than 123 500 jobs lost. Mining showed the biggest decline in jobs, but manufacturing also experienced a decrease of 5% for the year as a whole.

SUMMIT TO ADDRESS JOB CREATION

New law 'to boost productivity'

ET 24/4/98 (335) (335)

THERE IS NO quick-fix solution to solve South Africa's unemployment problems, Labour Minister Tito Mboweni warned in Parliament yesterday. **ANDRE KOOPMAN** of our Parliamentary Bureau reports.

LEGISLATION to outlaw discrimination in the workplace and ensure a diverse workforce would enhance productivity and efficiency since it would remove unnecessary tensions, Labour Minister Tito Mboweni said yesterday.

Speaking on the Employment Equity Bill in Parliament during his budget vote, Mboweni said it was necessary because, while there had been some progress in removing apartheid barriers, "racial and gender discrimination remains concentrated in the workplace".

Responding to criticism by opposition parties that the bill would re-introduce apartheid, he said he rejected this with contempt because "the unfortunate truth ... is that race is something which shouldn't matter, but which has

mattered and therefore does matter".

The bill would be introduced in Parliament this session and when it was passed, it would ensure that "our workplace ... will begin to reflect the broader society in which we live".

"Blacks and women will be able to aspire, train and occupy positions previously not associated with them ..."

Some provisions of the new Basic Conditions of Employment Act had been implemented, such as the prohibition on child labour and the establishment of the Employment Conditions Commission. Other provisions would be implemented in the last quarter of the year and would take a "modest first step towards our goal of a 40-hour week".

He said the legislation provides protection to some of the most exploited

workers, especially in the construction and security industries, on commercial farms and those in domestic service.

The bill increased the overtime rate, "in an attempt to get more people working, and not simply existing employees working more".

Labour Department training programmes had resulted in over 350 000 unemployed people acquiring productive skills over the past four years.

Mboweni said the national jobs summit scheduled for last year would be held later this year.

Speaking on job creation, he said it was "negative in some sectors and stagnant or modest in others. There are indications of job growth in smaller businesses and the service sector, although much of this is unregistered".

The key manufacturing sector had shed jobs, although fewer than expected, and mining jobs had also declined.

"Insufficient jobs are being created," Mboweni said, adding "there is no

quick-fix solution to unemployment.

"We face a long haul to get the structure of our economy and of our labour market right, so that we can look forward to an era of justice and of labour-absorbing growth."

NP leader Mr Martinus van Schalkwyk said Mboweni's policies were contributing to unemployment, which was "between 25% and 30% and rising dangerously fast".

He accused the ANC of placing the interests of Cosatu, which had between one and two million members, above that of the over 10 million unemployed South Africans to win votes.

Slating the equity bill, Van Schalkwyk said: "To force the private sector to apply new apartheid laws and to judge and juggle their personnel on the basis of skin colour was what the new South Africa was never meant to be. To use racial classification and racial quotas as the basis of law can never have our support."

ANALYSIS

SA's unemployed face far too many obstacles

The Democratic Party, in a document drawn up for the presidential job summit to be held later this year, has proposed a voucher-based scheme as one way of providing jobs and training. Party leader Tony Leon gives an overview



LEON

POLITICAL freedom is an increasingly empty concept in SA.

Millions of poor and destitute South Africans have seen no material change to their lives; inequality between the employed and unemployed is now greater than that between whites and blacks.

However, the Democratic Party (DP) believes that there is hope for those mired in poverty — provided we make the right policy choices. The single most significant difference between poverty and the beginnings of a decent standard of living is a job. Yet since 1994, the unemployment rate has increased to anything between 25% and 33% and it is still growing.

There are 2.3 million South Africans under the age of 30 who are unemployed, 65% of whom have never had a job. To this troubled generation is added half a million school leavers every year, most of whom cannot find jobs either.

The state cannot provide either employment or training opportunities effectively. The labour department re-

ported in 1995 that it had spent R32m on training 48 000 people, but that only a fifth of them had found jobs. Other such failures are easy to find.

Government-set regulations are outdated, expensive, and restrict industry's ability to train prospective employees in the skills they actually require. Restrictive labour laws produce a vast number of disincentives to employment.

Our message is simple. We need to remove the obstacles which prevent the unemployed from gaining skills and getting jobs, and give practical help in developing skills and employment opportunities with a minimum of red tape.

We propose that, for the next five years, each matriculant should receive an "opportunity voucher" with his or her matric certificate.

The voucher will consist of 12 monthly mini-vouchers, each worth R250. Nongovernmental organisations, education institutions and private businesses will bid for the right to distribute another 200 000 vouchers a

year to unemployed people under the age of 30 who are not matriculants.

The most important thing about these vouchers is that the recipients will be able to decide for themselves how to use them, thus maximising the effectiveness of the system and simplifying its administration.

Recipients will be able to use the vouchers in several ways: they can use them to pay all or part of the costs of education or training at any accredited institution, as well as apprenticeship training at an accredited company, or if they prefer to, they can use their vouchers to subsidise employment at any accredited employer for one year, subject to controls to avoid abuse. During this time they will be able to develop work skills and prove the value of their continued employment. A voucher beneficiary will hand a R250 mini-voucher to his or her employer at the end of each month worked, in return for a wage of at least R250.

Finally, in recognition of the fact that a third of all new employment opportunities are in the informal sector, vouchers can be used to buy self-employment kits, supplied by nongovernmental organisations, businesses and self-help groups.

The kits will include the basic equipment, seed capital, materials and training needed to set up a micro enterprise in one of a wide range of fields such as sewing, food processing, appliance and motor repair and child care.

Voucher holders will approach the suppliers of the kits with simple business proposals, which the suppliers will evaluate for their likelihood of success. The quality of the kits and the seriousness of the evaluations will be assured by the competition between suppliers.

The voucher will not be an entitlement: recipients will have to prove that they are prepared to work. School leavers will have to pass their matric exams; other unemployed youth will have to pass a simple test.

Organisations and employers wishing to participate in the voucher programme would be required to have a simple form of accreditation to avoid

abuse of the system.

Accreditation will be awarded by chambers of commerce, employers' bodies, private examination boards, the Committee of University Principals, and representative bodies of nongovernmental bodies.

The opportunity vouchers will cost R1.5bn a year for five years, plus an additional R50m for administration, distribution and publicity. This represents considerably less than 1% of the budget. If tackling unemployment really is a priority — and we are convinced that it is — then the money can be found.

We have suggestions for a few sources. Money could be raised by abolishing the failed job creation programmes of the public works department (R50m). The labour department's equally unsuccessful training programmes for the unemployed (R300m) could be scrapped.

The opportunity voucher scheme will give 2.5 million young people skills, confidence and a real chance of lasting employment.

DP, NP must help black professionals gain full access to the old boys' clubs

The Employment Equity Bill is to enter the parliamentary process later this year. Jonny Steinberg looks at party and race divisions on the legislation

By 28/4/98

SA's parliament is not a pretty sight. On its one flank, a sea of black faces, on the other, a handful of whites. The issue dividing them is the Employment Equity Bill, a piece of legislation designed to open white-collar ranks to the black majority.

Parliament has become the arena in which a national middle class has turned against itself on racial lines, fighting over the spoils of privilege.

For their part, the National Party (NP) and the Democratic Party (DP) point back wryly to the Nationalists in the late 1940s and argue that with the African National Congress (ANC) in power we are seeing more of the same: a nationalist movement using its parliamentary majority to fill the ranks of commercial and public institutions with its own.

Politics at the moment, leading white politicians complain, is shaped by a monolithic African nationalism abusing its vast electoral strength to pursue narrow and greedy ends.

The irony is that this complaint could turn into a self-fulfilling prophecy. If the DP and the NP really want to crack the nationalist monolith they need to go beyond the flexible and negotiable measures spelled out in the bill, and to lead the white business classes into a robust and creative programme of affirmative action.

If they fail in this task, national politics will remain the battleground of a racial middle class war for a while to come. How might affirmative ac-

tion fail and what will SA look like if it does? In their efforts to avoid falling foul of legislation, white companies will twin certain middle- to senior-management positions. They will also invent a range of new portfolios which place black faces in the shop window, but remove them from line functions. All but a handful of blacks in the corporate world will thus remain cultural exiles, spectators to a world whose inner sanctum they will never penetrate.

One or two large black consortiums will thrive. They will fill their white-collar ranks with black faces, and will provide business for the handful of black legal and auditing practices, employment agencies and

management consultancies. Government too will be a key market for emerging black professionals and commercial enterprises. Tender procedures will be followed to the letter, but business relationships are built on familiarity and trust, on the security of dealing with people with whom one can bond, and so much of black business will cluster around government.

In short, the bulk of the corporate and professional world will remain the preserve of a white business culture. Those who are not white will have to turn their blackness into a source of leverage. From small-time lawyers to CEOs, they will require an African nationalist

party in power, and that is precisely what the ANC will remain: a guarantor of black middle class interests.

This scenario will only begin to change if and when black people begin to make successful careers, and wield significant power, independent of the network of African nationalism. When blacks access places of power and of voice a common political vehicle will become less important. People will gain the confidence to speak with different voices and to rally behind different causes.

However, this will only happen when white firms and corporations effect a sea-change in the culture of their own organisations. For a cultural sea-

change is what is required before institutions of power really open their ranks.

The challenge is an extremely difficult one, partly because its ingredients are so hard to define. Recruiting and training skilled people in a country where education remains racially skewed, is a difficult task, but it is not the real tester. More difficult is the job of tannering with that fine, almost invisible connection between cultural familiarity and organisational functioning.

White professionals need to tear down their old boys' clubs and build bonds of an entirely different sort. They need to create a milieu, one which does not yet exist in any significant form,

in which communication and trust cross racial boundaries. Anyone who has visited the offices of a gold mine, or who has walked through the corridors of a large legal practice, will know the task is a formidable one. It will require powerful and creative moral leadership on the part of senior managers. Such leadership will not materialise unless success in this matter is considered urgent and crucial.

Who then is to inspire this project? It cannot be business and professional leaders alone. The bulk of their daily tasks is more or less narrow: this or that market, this or that sector. The only people whose vocational responsibility is to provide vision are

political leaders. We are talking of the NP and the DP. Jointly, they represent the white business class. Either they can think short-term and ingratiate themselves to their constituency by giving voice to their most comfortable and least reflective instincts, or they can do what they are paid to do: inspire their constituency by lifting them out of themselves to see a bigger picture.

It is easy to hide behind one's support base, and difficult to lead it. The NP and the DP can keep hiding, but then they should not complain of a menacing nationalist monolith, for they will have done more to nourish it than anyone else.

Steinberg is doing his doctoral thesis on politics at Oxford University in England.

SA's unemployed face far too many obstacles

The Democratic Party, in a document drawn up for the presidential job summit to be held later this year, has proposed a voucher-based scheme as one way of providing jobs and training. Party leader **Tony Leon** gives an overview

(225) 770 28 14/98

POLITICAL freedom is an increasingly empty concept in SA.

Millions of poor and destitute South Africans have seen no material change to their lives; inequality between the employed and unemployed is now greater than that between whites and blacks.

However, the Democratic Party (DP) believes that there is hope for those mired in poverty — provided we make the right policy choices. The single most significant difference between poverty and the beginnings of a decent standard of living is a job. Yet since 1994, the unemployment rate has increased to anything between 25% and 33% and it is still growing.

There are 2,3-million South Africans under the age of 30 who are unemployed, 65% of whom have never had a job. To this troubled generation is added half a million school leavers every year, most of whom cannot find jobs either.

The state cannot provide either employment or training opportunities effectively. The labour department re-

ported in 1995 that it had spent R32m on training 48 000 people, but that only a fifth of them had found jobs. Other such failures are easy to find.

Government-set regulations are outdated, expensive, and restrict industry's ability to train prospective employees in the skills they actually require. Restrictive labour laws produce a vast number of disincentives to employment.

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year to unemployed people under the age of 30 who are not matriculants.

The most important thing about these vouchers is that the recipients will be able to decide for themselves how to use them, thus maximising the effectiveness of the system and simplifying its administration.

Recipients will be able to use the vouchers in several ways: they can use them to pay all or part of the costs of education or training at any accredited institution, as well as apprenticeship training at an accredited company, or if they prefer to, they can use their vouchers to subsidise employment at any accredited employer for one year, subject to controls to avoid abuse. During this time they will be able to develop work skills and prove the value of their continued employment. A voucher beneficiary will hand a R250 mini-voucher to his or her employer at the end of each month worked, in return for a wage of at least R250.

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vouchers can be used to buy self-employment kits, supplied by nongovernmental organisations, businesses and self-help groups.

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The opportunity voucher scheme will give 2,5-million young people skills, confidence and a real chance of lasting employment.

SA can now be called a job-loss economy

CT (PR) 29/4/98 335

ROY COKAYNE

Pretoria — Job-loss growth had taken over from job-less growth in the South African economy, the National Productivity Institute (NPI) warned yesterday.

It said in its annual report, released yesterday, that long-term sustained growth was necessary to continue investment in new capital assets and technology to improve productivity, competitiveness, exports, and most urgently, to create more jobs.

However, it said, indications for 1997 and 1998 were "somewhat bleak, as the growth rate seems to have sagged instead of accelerated, and job-loss growth has taken over from job-less growth".

The NPI said a fresh look at the employment situation was urgently needed. "The long-awaited jobs summit might provide new insights and new jobs during 1998," it said.

It said the private economy was the only sector that could create jobs sus-

tainably, because the government sector was dependent on the private sector for its income and was therefore limited by private sector growth.

But it said the sectors producing goods — agriculture, mining, construction, manufacturing and electricity — were cause for concern. They registered a net job loss of 51 600 in 1996. The trend continued during the first half of last year when 72 800 jobs were lost in those sectors, excluding agriculture.

Productivity growth and growth in capital output in 1996 produced output growth in excess of the population growth, resulting in an increase in gross domestic product (GDP) per head.

This means South Africans' average standard of living increased slightly in 1996.

It was the third consecutive increase, but living standards were still 19,6 percent lower than gross national product per head in 1981.

14% of homes have no income

PRETORIA — Fourteen percent of KwaZulu-Natal households had no income, and 33% of the provincial population was unemployed, the Human Sciences Research Council said yesterday.

It said in Pretoria that the province's average monthly salary was about R1 500, and one-quarter of households headed by women had a per capita monthly income of R496.

This household survey was conducted by the HSRC and the KwaZulu-Natal government. It found that great income inequalities existed along social and geographical lines. The unemployment rate in iLembe was 41%, compared with 27% in Zululand and the Durban metropolitan area, and 23% in Ugu.

Durban had the highest average income of R2 331 a month, compared with iLembe with R1 303.

The HSRC said black people earned about R1 300 a month, compared with R3 800 a month for whites. "Coloureds and Indians earn about R420 a month more than Africans."

About three-quarters of food producers were subsistence farmers, while residents in rural areas had to travel up to 40km to access services and facilities.

The bulk of the rural population still had no access to running water and electricity, the survey found.

The HSRC said the study was conducted among 6 500 households across the province at the end of 1996.

It was aimed at providing the provincial government with planning information. — Sapa.

(14%)
(33%)

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UNEMPLOYMENT THREATENS STABILITY

City jobless create a 'time bomb'

RISING UNEMPLOYMENT is transforming the Cape Flats into dumping grounds and a time-bomb of crime and gangsterism, Specialist Writer **YAZEED FAKIER** reports.

WITH the on-off Presidential Jobs Summit continuing to provoke heated debate, early warnings have been sounded that if the rise in unemployment is not stemmed urgently, Cape Flats townships will be reduced to "dumping grounds" for the jobless and a "time-bomb" of crime.

The unemployment rate in the Western Cape is between 22% and 25%, compared with the national average of about 33%.

Figures also show that nationally 500 000 matriculants will trudge the streets in vain for jobs.

The Western Cape Department of Labour is still compiling a breakdown of figures for metropolitan Cape Town to show the areas where unemployment is highest. Early indications are that it is highest in Manenberg, where the rate is 66%, and Mitchells Plain, followed by Constantia, where labour is used largely by wine farms and guest houses.

Department spokespersons have said it is difficult to establish the number of people who do not have jobs in areas like Khayelitsha because of the influx of residents and the flow to housing developments elsewhere on the Cape Flats.

"The same goes for Mitchells Plain," says Ms Blanche Claasens-Hoskins, a researcher with the department.

"People may find there is a more stable community (elsewhere). They also want to move up the social ladder. Getting one's own home is an achievement if one has been living in a shack.

Mr Julian Jacobs, the department's communications officer,

attributes Manenberg's high unemployment rate to "overcrowding, low skills levels, high drop-out rate — especially young girls who fall pregnant as early as Standard eight or nine".

The department has several programmes and initiatives for those seeking help.

Upbeat speeches by politicians who have tried to paint a picture of a promising future belie official statistics that show unemployment figures are still heading skyward.

Business commentators have suggested that the government use the jobs summit later this year as a chance to "wipe clean the slate of its employment forecasts for the millennium". In its macro-economic plan, the government has forecast the creation of 400 000 jobs a year by the end of the century.

In the Western Cape alone, 10 000 jobs in the formal sector were lost last year, according to the head of the Department of Trade, Industry and Tourism, Dr Harold Wesso. He says joblessness is rising, although the region's economic growth rate is higher than the rest of the country's.

According to the Central Statistical Service in Pretoria, the sectors likely to be hardest hit nationally include the:

- Chemical and allied industry — a 6% drop in its workforce, with no short-term prospect of job-creation.
- Timber, paper and packaging industry — an 8% drop compared with an increase of just under 2%.
- General manufacturing — a 10% drop and a 2% increase.
- Clothing, leather and textiles industries — a drop of 12%, with

little sign of extra job-creation.

In the mining industry employment is expected to fall by 5%.

Among the few sectors expected to offer school-leavers jobs are the construction and allied industries, which are seasonal. However, figures show a constant percentage for cutbacks and employment. Another is the tourism and hospitality industry, where a 1% cutback is overshadowed by a plateau of 5% additional employment.

In a bulletin quoting a 1995 Wesgro investment initiative report, the latest information at its disposal, the Department of Labour says 50 000 jobs a year will have to be created in the Western Cape to maintain social stability.

To achieve this, it says, support is needed for the informal sector, for medium, small and micro-enterprises, the more formal large industries and mega projects.

The sectors that have major potential for growth in the Western Cape are agriculture, property and financial services, manufacturing, construction and tourism.

Ms Cynthia Smith, lifeskills and leadership project facilitator at the Mitchells Plain Youth Development Programme, says her 10 years' experience has made her believe that many of the Cape Flats townships are being turned into "dumping grounds" inhabited by the unemployed and infested by gangsterism.

There are more than 45 gangs in the area, she says.

It has become a cause for grave concern that many of the young people who ask her for help do not seem to appreciate the urgent need for a good education, she says.

In Bellville, the Peninsula Technikon's Co-operative Education Unit is one of the few initiatives of its kind to tackle the problems raised by unemployment statistics.

It is headed by Ms Shirley Levendal who, having seen first-hand the destructive effects of unemployment, is adamant that: "People across the board will have to contribute towards training (students). I can't (envisage) masses of young people, masses of people, walking about unemployed — with or without a qualification ... it's like a time-bomb."

Says Smith: "We are faced with the 'bruin gevaar' — gangsterism. We are creating coloured dumps."

"Most of our youth don't have that realisation that 'we need to become educated'. A lot of youths go to school because their parents say they must, but with no idea of where they are going."

● See Page 13

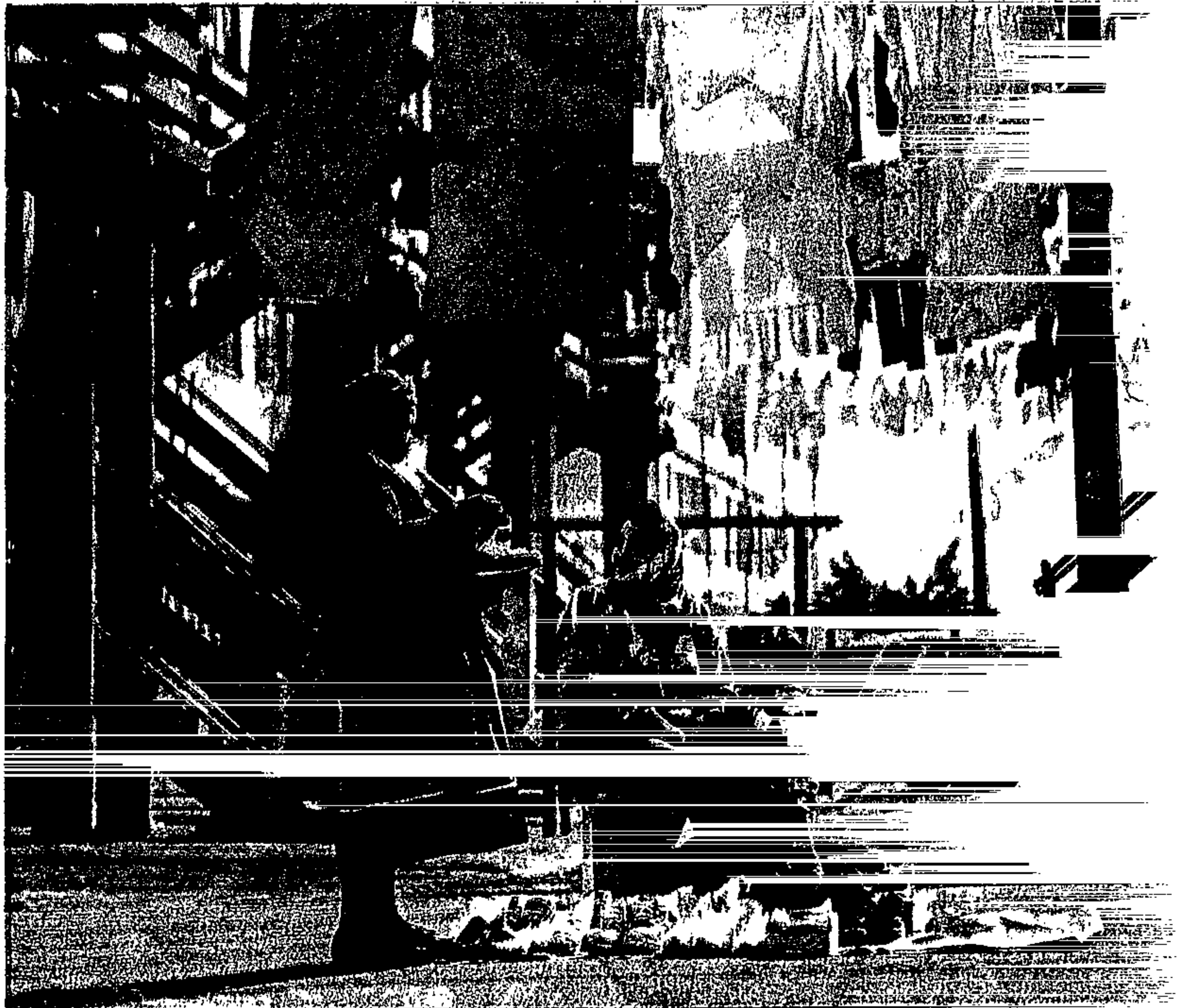


MAKING THINGS WORK: Mitchells Plain Youth Development Programme counsellor and job skills administrator Cynthia Smith (right) with welding course instructor Danny Adriaanse. **PICTURE: YAZEED FAKIER**

SURVIVAL ECONOMICS:

Unemployment has forced large numbers of Cape Flats inhabitants to turn to street trading in an effort to make ends meet. Here, watched by her young son, a lone trader makes a much-needed sale in The Downs Road, Manenberg, opposite Nyanga Junction station, a prime weekend trading site. At 66%, Manenberg has the highest level of unemployment on the Cape Flats, followed by Mitchells Plain.

PICTURE: GARTH STEAD.



Cyntie wants grassroots appr

(335) ET 4/5/98

THEY fondly call her Aunty Cyntie. And for scores of young people fighting the ravages of a life stripped of any sense of self-worth, and often further racked by sexual abuse, she is their last hope!

Aunty Cyntie will always be their safe haven, but she gets a lot of flak for her unconditional compassion, based on a controversial approach to rehabilitation.

Her comforting arms have lovingly soothed away the pain of emptiness experienced by the unemployed and street children and "strollers" who are constantly plagued by recurring questions about their abandonment.

At the offices of the Mitchells Plain Youth Development Programme (MPYDP) in the bustling, claustrophobic town centre of the dormitory suburb, they know they are assured of Aunty Cyntie Smith's attention and care.

"We have very little in place in Mitchells Plain in the way of social services, but we are sitting with major, major problems," says the motherly Smith.

"The parents, the whole family system is breaking down. There's gangsterism, family violence, drug abuse, drug peddling, everything stems from the inability within to cope, to develop an attitude of how to address problems and how to say no.

"We need to work very seriously and

Aunty Cyntie, who provides a safe haven for young people in Mitchells Plain, believes experienced non-professionals from the community can often do more than the professionals. She spoke to YAZEED FAKIER.

broadly on life skills and leadership development before we even think of job-creation.

"Too often we're looking at job-creation and all the other things, yet we don't develop that sense of self-worth that's needed to cope and sustain ourselves."

This, Smith feels, is the reason so many skilled people in the area are sitting at home without work and why so many professional people have, in her opinion, "just given up".

"At the end of the day, we are dealing with the tip of the iceberg," she says, "but we believe that, if we can disseminate into the community educational literature like booklets and present outreach programmes, we will reach more youth.

"At the same time, we can make people accountable because we believe the parents, the teachers and everybody else in the community have a role to play to sustain what we are trying to implement here."

A method the programme has found to be effective is to reach learners at

school, in a confined environment where there is attentive participation.

"You find that the children absorb

more, even if it's only one issue that you have brought across, and there's also more accountability on the part of guidance teachers and principals because we involve them as well."

Smith has had much previous experience working with church youth and community organisations.

"My strength is that I know how to deal with people, and people were needed who had such experience because those who ran the advice office gradually discovered they were dealing

with a unique problem and that the professionals had an attitude and an approach that might not be able to

address it effectively.

"I had no degree in the field but I believe a lot of our professionals are sitting with the knowledge they got from books that were written by people who never even met coloured or African people and who have no true understanding of the kind of problems and deep emotional

scars caused by the old regime."

As a result of her own personal experience with her work, she says she has come to believe that most of the profes-

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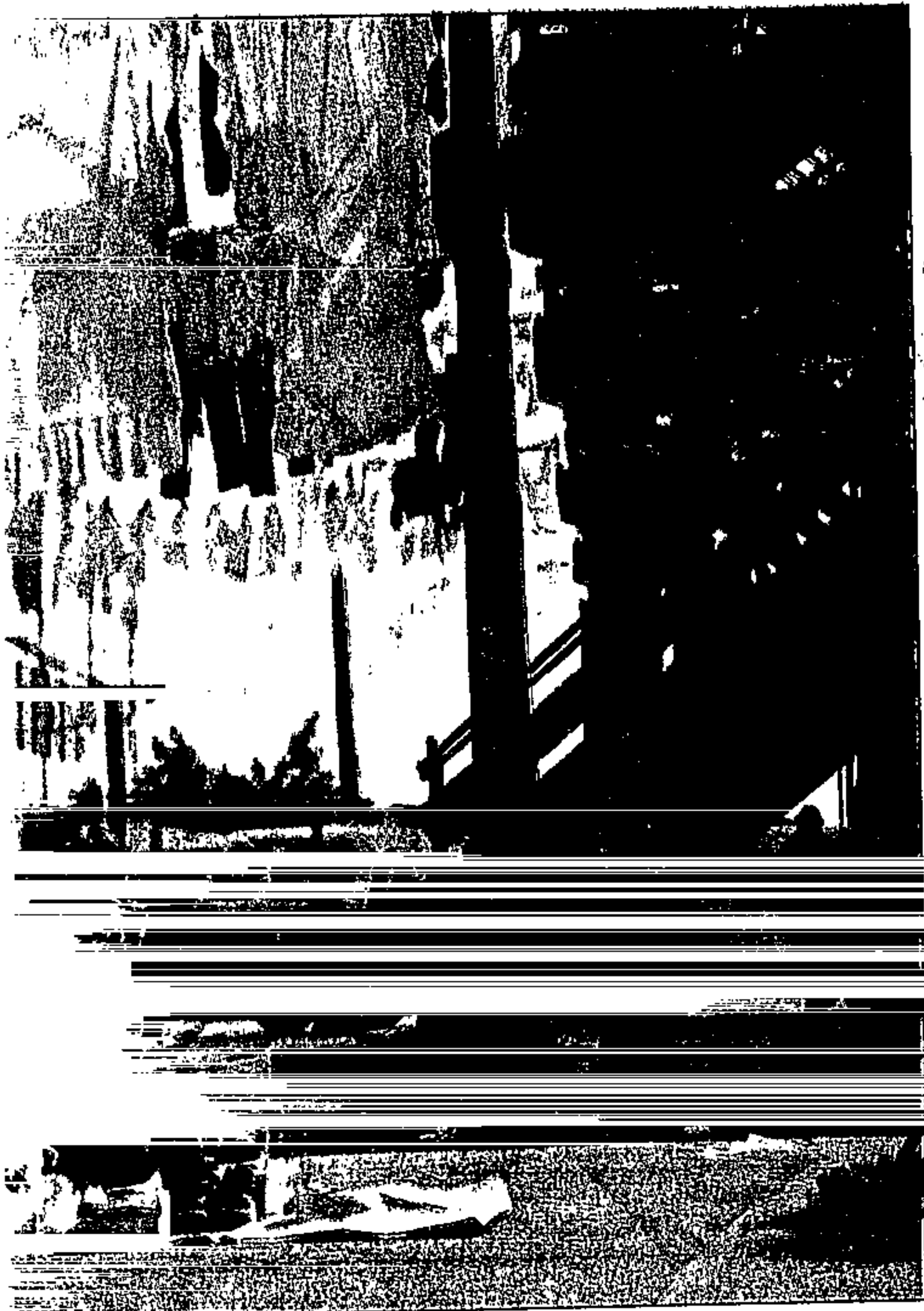
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with a unique problem and that the professionals had an attitude and an approach that might not be able to address it effectively.

“Professionals as if they are the people, and never get to the the problem.”

scars caused by the old regime.”
 As a result of her own personal experience with her work, she says she has come to believe that most of the profes-

sional people she has dealt with have a “first-world attitude to a third-world problem, and the results are pathetic”.

“People in my position find that we are not recognised as professionals, despite having the practical know-how that we learn from our experience with every client that we deal with.”

“Often professionals talk as if they are above the people and they never get to the root of the problem.”

One case in point, she says, is that of a young boy who was referred to her because of what was believed to be a truancy problem. But when Smith investigated, she discovered the truancy was actually a result of the child having been sexually abused 11 months earlier.

Once she had identified this, she was able to deal with the problem effectively and managed to persuade the child to return to school.

“Many times cases are referred to us because the official agencies are powerless to help, but often the damage by that time has been so severe that the destruction is already there.”

“If we could have a greater impact on the community out there where things are happening, we would be able to play a greater role, but we don’t have the manpower and we have zilch money.”

Smith believes the MPYDP project has the correct approach, but bemoans its incapacity to deal with issues “beyond

BEATING UNEMPLOYMENT: Lisa Paylman (centre), one of the few woman trainee welders in Cape Town, has been given a sporting chance to turn her life around by the Mitchells Plain Youth Development Programme. She is seen here with counselor Cynthia “Aunty Cynthe” Smith (left) and MPYDP welding instructor Danny Adri-
 aanse.

PICTURE: YAZEED FAKIER

the tip of the iceberg”.

“We have beautiful young children, but they don’t have the resources or the infrastructure to assist them. They are getting advice and guidance from ill-equipped ‘professionals’.”

She refers to the many cases of young matriculants she knew who had passed with exemptions yet were not even told by their teachers that they had to enrol at university or technikon by September to be considered for entry.

“If we had more properly educated people we would have a better system whereby children, instead of being exploited, could be called to group sessions and made aware of the dynamics of what’s really happening, instead of our assisting the teachers to continue to negatively impact on the growth.”

“Intervention is needed and the longer we take to broaden our focus and become more effective, the more critical the problem is going to become, based on the given facts — not from what I’ve heard, but from what I’m dealing with on a daily basis in Mitchells Plain.”

If the government, and especially the Western Cape government, was “wise”, it would not allow non-governmental organisations (NGOs) and community-based organisations (CBOs) like the MPYDP to close, because it would then take the government “many, many years” to reach the ordinary man and woman in the street.

“We are here already, we know what the needs are,” Smith says, “but we are unable as a result of financial and other constraints to implement something that’s sustainable.”

Also, she says, “unless the mindsets of people are changed and developed to have a proper understanding of who we are and where we are going, we are not going to be successful in any other endeavours”.

● The MPYDP can be contacted on (021) 326-101.

TOMORROW: The indignity of unemployment — the union view and how the Department of Labour can help.

CT 4/5/98
**Jobless create
a 'time bomb'**
(335)

WITH the on-off Presidential Jobs Summit continuing to provoke heated debate, early warnings have been sounded that if the rise in unemployment is not stemmed urgently, Cape Flats townships will be reduced to "dumping grounds" for the jobless and a "time-bomb" of crime.

The unemployment rate in the Western Cape is between 22% and 25%, compared with the national average of about 33%.

● See Page 3

Self initiative the way to make ends meet

With big business bent on downsizing and demanding experience that school leavers don't have, more people are turning to self employment to escape the trap of joblessness. YAZEED FAKIER reports.

"DO you know how depressing it is for someone to sit at home without a job?" Julian Jacobs

states right at me. I know he knows the answer. Growing up in a struggling family in poverty-stricken Manenberg, with the highest unemployment rate in the Western Cape, Jacobs himself has experienced what it is like to make R20 last a month.

"Do you know what it's like for a father to be healthy but unable to find a job?" he continues.

"The worst thing about unemployment," he says, "is that it robs you of your dignity."

"And the most destructive aspect is that the son or daughter sees dad just sitting there and dad turns to drink, he's driven to staying out late with friends, falls victim to drugs... that's the kind of downward spiral you can easily get trapped in if you don't have a job."

"And on top of that you are forced to go to the labour centre, go and basically beg for money. It's a humiliation, standing in a queue, like a commodity."

That scenario is less likely to be experienced under the new Department of Labour, where Jacobs now serves as communications officer. He is dedicated to ensuring that every person who arrives at its Barrack Street offices is treated with

the respect often denied them under the former department of manpower.

Jacobs feels that there's a particular responsibility on big business, one of the social partners of the department, along with the labour movement, to address unemployment in the region — with its jobless rate of between 22 and 25%.

But more importantly, he says, jobless Capetonians should start thinking more in terms of self-employment because companies will be less able to provide employment in the future, given the large-scale downsizing and retrenchments currently under way around the country and employers' preference for qualified personnel.

Jacobs says Non-Government Organisations have taken cognisance of the fact that people need business skills and need to become self-employed. "So what they have done is to invite people to classes where they can do skills courses".

The worst thing about unemployment is that it robs you of your dignity...

Operations like the Careers Research Information Centre (Cric) and the Centre for Cognitive Development in Athlone have taken the lead, teaching participants how to make school shirts, uniforms and track suits which can be more easily sold.

Addressing school-leavers and students battling to find work, Jacobs says: "Students must realise that it's fine to have these aspirations of being a doctor or a lawyer and so on, but realistically it's tough out there in the job market, so why not go into business?"

"The Small Business Development Corporation, for example, does offer help. These are the things we need to look at and more and more the trend is towards self-employment."

"The mushrooming of spaza and corner shops and stalls is an indication of this." He points to the booming flea-markets in places like Manenberg and says



WHERE IT'S HAPPENING: Julian Jacobs, Department of Labour communications officer, with Manenberg in the background. The area is a hive of trading activity for ordinary residents creating their own livelihood.

PICTURE: GARTH STEAD

it's a flourishing business.

"Part of my survival growing up there, for example, was to sell old clothes."

Still, if business is unable to provide jobs for the unemployed, business internships would at least provide people with skills they could use.

"But it's not just big business, it's small business too that we are appealing to because while big business is cutting down, it's the smaller businesses that are growing, those with 50 people and more. "We want them to come on board on

we punch in your name and suddenly a job pops up.

"It takes time and is dependent on what spaces open up. Eventually we come up with something, but people must know that we are not just a centre for UIF payouts.

"We can help you to become marketable, supply you with information on how to prepare a CV, prepare for a job interview, etc — but you will have to take the initial step."

Again, Cric has worked in tandem with the department in this regard. The department is also endeavouring to train personnel manning the traditional advice offices in townships in order to transform them into an agency or "mini Department of Labour".

"We want to be in partnership with them, to empower them with the necessary information on how to go about things so that when people come to them with queries they don't send them all the way to Cape Town for information they could just as well have obtained there," says Jacobs.

This, again, is the process that would be applied to areas like Manenberg and other sub-economic housing developments where poverty and unemployment are particularly chronic.

● The Western Cape Department of Labour can be contacted at (021) 460-6911.

CONCERN: The three-way partnership needed to reverse the destructive unemployment trend — a technician perspective.

Spiralling unemployment wipes out growth gains

(335) Sowetan 7/5/98

THE Government should be wary of the increasing number of jobless in South Africa, warned Absa economist Edward Osborn in the group's economic review released this week.

The review says although, key economic indicators in South Africa are signalling prospects for economic growth, there is need for the Government to maintain vigilance on other economic factors that could derail the gains made.

Some 400 000 jobseekers join the labour market in the country every year.

"In the previous year to December, the numbers employed in mining have dropped by 37 000, in the construction industry by 10 700, in the public utilities sector by 650 and most significantly, in manufacturing by 75 000," Osborn says in the review.

This brought to 123 500, the number of jobs lost in the productive sector.

Osborn says although the figures for the last quarter of 1997 are not yet available, there was a small increase of 4 300 jobs created in the catering and hospitality sector.

The financial services sector also witnessed a small increase of 3 800 jobs.

"But these were off-set by a contraction of 500 jobs in the transport and communication industry and a whopping 28 800 in the community services sector which is dominated by the Government.

"This contraction of formal employment is taking its toll on household disposable incomes and, accordingly, on private consumption expenditure," Osborn adds.

Inflation rate

South Africa's year-on-year inflation rate, interest rates and producer prices have been on a downward path while gold, the country's major export is beginning to fetch better prices.

This, coupled with flights of international portfolio funds from Asia to South Africa has ignited optimism in future economic growth.

Osborn says though these were positive trends, the government should still be on its guard.

South Africa, he says, is now having to

depend on a bullish performance by the export sector for economic growth.

"But again the prospects are not propitious because of the contraction in demand from the Far East and the impact of low commodity prices for non-ferrous metals brought about by the Asian crisis.

"The other factor which is also difficult to assess – is the extent of money to be activated by the listing plans of two leading mutual life insurers of the country – Sanlam and Old Mutual.

"Pretty wild calculations have been made of the amounts of cash to be realised on the disposal of shares to be issued to policy holders and the impact it will have on the private consumption expenditure, hence economic growth," he says.

Osborn says as a result of this and the poor performance of the agricultural sector, gross domestic product (GDP) growth for 1998 is likely to be around one percent and not the three percent mentioned by Finance Minister Trevor Manuel. – Sapa.

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'Serious concerns' raised about validity of latest CSS estimates

Unemployment figures in doubt

FRANK NXUMALO

LABOUR EDITOR

indicating that South African unemployment is still among the highest in the world.

CT (1998) 7/15/98 (335)

Johannesburg — The official estimates of unemployment, based on the October household surveys by the Central Statistical Service (CSS), raised serious concerns about the validity of these figures because a significant proportion of people who claimed to be unemployed were involved in some form of gainful activity, a recent study shows.

The CSS estimates that unemployment fell from 32.4 percent in 1994 to 29.3 percent in 1995,

South Africa's level of unemployment is beyond question, it is rather unlikely a country of such long-standing industrialisation could have a rate of unemployment significantly higher than any other country except Macedonia and Reunion," found the survey by the South African Institute of Race Relations (SAIRR).

"At least 20 percent of the people who claim to be unemployed were found to have various kinds

of ad hoc, informal or casual employment, and (they) stated they would not accept formal employment below R760 per month among Africans and coloured people and R1 300 to R 1 400 per month among whites and Indians."

The CSS said its October household estimates had been based either on the "strict definition", namely unemployed people who had been looking for work at least four weeks before the survey, or on the "relaxed definition", namely unemployed who were not necessarily looking for work. The SAIRR's methodology, on

the other hand, sampled 9 000 households of 25 000 adults for 1995 and 4 500 households for 1996. Its findings reduce CSS estimates of unemployment to 23 percent for 1995 and 24 percent for 1996.

"A rate of 23 percent to 24 percent is within the range of variation in world economies with known rates of unemployment. "It could even be lower because of disguised employment which could not be quantified, but the level estimated ... is realistic and puts South Africa back into the world of accepted international patterns," the SAIRR says.

Foreign affairs 'crippled by budget cuts'

Wyndham Hartley

CAPE TOWN — The foreign affairs department could not continue effectively to pursue SA's national interests abroad with the funding levels provided in the medium-term expenditure framework, Foreign Affairs Minister Alfred Nzo said yesterday.

In a speech delivered on his behalf by his deputy Aziz Pahad, Nzo — who is ill — said 10 foreign missions were in the process of being closed down and staff cuts were being implemented because of the budget cuts.

He warned that the spending levels for the three years of the framework meant that further closures and cut-backs in staffing were planned.

Nzo said the funding shortage also meant that specifically targeted priority areas in Africa and Asia could not get SA missions. SA was also playing

an increasingly important role in international organisations such as the United Nations, putting strain on the department's staffing. The shortage of funds had also effected the department's affirmative action programme.

He said missions abroad were, in concert with the trade and industry department, playing an increasingly important role in attracting foreign investment and warned that "we will not be able to maintain present levels of investment and assistance if we have to decrease the efficiency and capacity of our diplomatic missions".

He said demands on missions by government, the private sector and by the volume of high-level visitors had increased dramatically. "During a ministerial visit to a Latin American country last year, our embassy arranged 310 separate appointments for the 50 business representatives who formed

part of the delegation."

The department's actual expenditure for the 1997/98 financial year, including additional appropriation and improvement of conditions of service, was R1,303bn. This had been reduced in the new budget to R1,211bn — a reduction of R92,209m, or about 7%.

With inflation, this meant a real decrease of more than 12%. In the 1999/2000 year it was expected the department's allocation would fall even further to R1,197bn, and to R1,154bn in the third year of the framework.

Highlighting some of the department's achievements internationally, he pointed to the role played in achieving a "peaceful" transfer of power in the Democratic Republic of the Congo; interventions in the conflict in East Timor; and assistance given to the parties in the Northern Ireland peace process when they visited SA last year.

Unions 'do not represent unemployed'

Reneé Grawitzky

ORGANISED labour had no right to talk on behalf of the unemployed, a group representing the jobless in a number of East Rand townships said at the Speak Out on Poverty hearings in Johannesburg yesterday.

The Malamulela Social Movement for the Unemployed criticised trade unions for their opposition to government's growth, employment and redistribution strategy (Gear), saying the unemployed had a right to decide if they wanted to accept low-paying jobs.

The organisations' general secretary, Mohlolo Kgopane, said Gear's call for flexible labour markets, which endorsed a low-wage strategy, could ad-

dress the growing unemployment problem.

People should have access to jobs as enshrined in the constitution.

Under apartheid, organised labour was supported as it championed the struggle for democracy. However, its role after 1994 was illegitimate as it operated to the detriment of the interests of the unemployed, Kgopane said.

He said he was not attacking organised labour as such, but it could not adequately address the interests of the unemployed which differed to the interests of union members.

Labour federation Cosatu deputy general secretary Zwelinzima Vavi, a commissioner at the hearings, was told: "You will continue to represent

the interests of the employed and I will continue representing the interests of the unemployed."

Government officials also came under sharp attack for perceptions of mismanagement and corruption.

Alexandra resident Grace Biyela raised the problems in her community and requested government assistance. New Africa Investment Limited chairman and commissioner at the hearings, Nthato Motlana, asked Biyela if people at local level had given thought as to how they could address some of the problems, as government was poor.

She expressed her confusion over Motlana's statement as "we hear (on television) that people are misusing money at a high level".

Get me a job,

Unemployment is unacceptably high in South Africa, with about 33% of the adult population without a job. **ESTELLE RANDALL** looks at a situation that could turn nasty and pose a danger to the new order in this country. That's why reversing this tide has become a national priority

Alongside crime, unemployment is the major threat stalking South Africa's new democracy. And figures from the Central Statistics Service (CSS) show the scale of the crisis: about 62 000 jobs were lost in the formal sector of the economy during the first half of 1997.

Average unemployment is at about 33%, with women and young people particularly hard hit. About 69% of unemployed people have never worked.

The Government has challenged some of the CSS's figures. In Parliament this week, Trade and Industry Minister Alec Erwin disputed the CSS's claim that 22 700 manufacturing jobs had been lost up to last month.

He said a joint study by his department and the Clothing Manufacturers Federation had found that employment in the sector had grown this year and that the CSS had failed to record 20 000 new jobs.

But whatever their differences over precise figures, the Government, trade unions and business all agree that unemployment is unacceptably high and that reversing the tide is a national priority.

The Presidential Jobs Summit to be held this year has been identified as the vehicle to kick-start the co-ordination of a national effort to combat rising unemployment.

But the Jobs Summit is unlikely to offer quick solutions to an unemployment problem which has been festering since the 1980s. Minister of Labour Tito Mboweni outlined the depth of the problems and approaches to addressing these at an intergovernmental forum meeting on the jobs summit in August last year.

"An effective employment strategy must influence the economic structure, cost of living, education and training, and overall investment," Mboweni said.

He warned that a strategy to simply create jobs - any jobs - could result in more people simply becoming the "working poor". It would not necessarily provide acceptable work conditions, more equal economic power or substantially reduced inequality - issues at the heart of the need for reducing unemployment.

Mboweni sketched the bleak scenario which the new government inherited:

- Income distribution is the among the most unequal in the world. The poorest two-thirds of South Africans receive only about a third of the national income, while 15% of South Africans own about 90% of the national wealth.

- South Africa has among the world's largest gaps in pay between skilled and elementary labour.

- South Africans have a high cost of living reflected in apartheid residential patterns, relatively high-cost production of wage goods and weak social security.

- Compared to other middle-income developing countries, South Africa has high levels of illiteracy and low levels of

technical skills.

- Past government policies had fostered capital-intensive sectors at the cost of more labour-intensive sectors with, in particular, light industries, the services sector and smaller enterprises generally getting little access to government support.

- Historically, South Africa had a two-tier labour market, with strong protection for some - mostly white - workers, but virtual encouragement of poor pay and working conditions for relatively unskilled African workers. As a rule, workers did not have basic labour rights, unemployment insurance or adequate pensions. This effectively raised the cost of labour-aggravated conflict between workers and employers.

- Racial and gender discrimination was widespread and resulted in people not being employed where they could be most productive.

- Weak training systems for the majority also meant workers could not easily obtain new skills or demonstrate them to potential employers.

Mboweni said the Government had begun to address these issues.

He said his department had introduced new laws to deal with labour market inefficiencies.

"We have put major efforts and funding into establishing better mediation and conciliation mechanisms which have already improved dispute settlements substantially. We have also begun to establish more modern forms of sectoral bargaining, which should reduce administrative burdens and give workers and employers greater flexibility while providing for sectoral development," he said.

The extension of core organisational and working-condition rights through the Basic Conditions of Employment Act and the Labour Relations Act to workers previously excluded would also give employers and workers the incentive to develop more stable and productive labour relations.

The Employment Equity Bill, which would be tabled in Parliament this year, should also help to overcome the apartheid-era wage gap and support more flexible work organisation, Mboweni said.

There were also proposals to establish more appropriate structures to foster rapid expansion in training. He said the Department of Trade and Industry had also begun to support more labour-intensive sectors of the economy and had strengthened small and micro enterprises.

This week the Department of Trade



the Government of resources between enterprises and large.

He pointed out that enterprises would sooner, but they would only to a limited extent. mal industry would but would provide better-paid jobs.

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Business has growth of jobs outside private sector.

and industry said it had identified about 400 investment projects totalling about R83-billion, which could generate about 68 000 jobs.

Indicating the direction of government thinking around concrete proposals for the Jobs Summit, Mboweni said tourism and the "value chains" associated with agriculture and construction were most likely to generate substantial amounts of employment in the future.

"These sectors are highly labour intensive and have significant employer multipliers in terms of direct relationships with other industries and because of their potential to raise productivity in indirect ways," he said.

"For instance, improving household infrastructure and housing opens the door to a more vigorous expansion of home-based production, trade and services."

However, he raised the importance of



DESPERATE MEASURES: For many South Africans, the slog of people in this country have never had a job

job, please!

PLEASE
JOB
PLEASE
HELP
NO FOOD
HELP

(335) Star 9/5/98

Mboweni committed to jobs summit in June

the Government balancing its allocation of resources between small and micro enterprises and large, formal industry. He pointed out that small and micro enterprises would reach more people sooner, but they would increase incomes only to a limited extent, while large formal industry would reach fewer people but would provide more stable and better-paid jobs.

In an exclusive interview Minister of Labour Tito Mboweni this week broke his silence and committed himself to convening the long-awaited Presidential Jobs Summit next month.

He warned that "overly restrictive fiscal and monetary policies" also hinder employment growth. "Such policies are adopted from time to time because macro-economic situations may so demand."

The Cabinet last year identified the summit as the key mechanism for kick-starting a national effort to reverse the unemployment which has dogged South Africa since the 1980s. About 33% of the economically active population is unemployed.

"But we must always be open to exploring ways to ensure that they do not hinder employment creation unnecessarily."

Mboweni's commitment to hold the summit next month should satisfy the trade union movement. Cosatu this week called for the summit to be held as soon as possible.

"We should define a development role for the financial sector so that tight monetary policies do not have an unnecessarily harsh impact on key sectors, especially construction of housing and household infrastructure and small and micro enterprises," he said.

Mboweni dispelled fears that the Government was tardy in finalising its proposals. He said these would be finalised and discussed with stakeholders this month.

The main role of the public sector had to be to support and stimulate employment creation in the private sector.

The Department of Labour has produced a document which has been used for consultation with other government departments.

The Government, as well as the trade union movement and business, is yet to formulate and discuss practical proposals for job creation.

Inputs from these departments have been put into a revised employment creation strategy document, which I have discussed with the core ministers involved in the summit - the ministers of trade and industry, finance and public works.

So far, the trade unions have indicated that a job creation strategy must place emphasis on improving conditions of the most vulnerable workers and strengthen employment opportunities for the most marginalised members of communities.

Mboweni said the next step would be a meeting of all ministers, provincial MECs of finance and economic affairs, and local government representatives.

Business has tended to favour the growth of jobs outside the mainstream private sector.

After this intergovernmental summit (this month) we will approach the Cabinet with our submission of what the Government's position should be.

With cabinet approval for that position, Mboweni said his department would convene wide-ranging discussions with business, churches and non-governmental organisations that were not represented in the National Economic Development and Labour Council (Nedlac).

These discussions will run parallel and simultaneous to the Nedlac process," he said.

Investment projects totalling R88-billion, which could generate about 250 000 jobs.

Indicating the direction of government thinking around concrete proposals for the Jobs Summit, Mboweni said tourism and the "value chains" associated with agriculture and construction were most likely to generate substantial amounts of employment in the future.

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DESPERATE MEASURES: For many South Africans, the slog of finding a job goes on day after day. Some 69% of unemployed people in this country have never had a job

War on unemployment a priority

Projects afoot to provide 68 000 jobs, but statistics give no cause for comfort

ESTELLE RANDALL
POLITICAL CORRESPONDENT

Unemployment has been revealed as a major threat stalking South Africa's new democracy.

And figures from the Central Statistics Service (CSS) show the scale of the crisis: about 62 000 jobs were lost in the formal sector in the first half of 1997.

Unemployment is hovering at about 33%, with women and young people particularly hard hit. About 69% of South Africa's unemployed have never had a job.

However, Trade and Industry Minister Alec Erwin has disputed a claim by the CSS that 22 700 manufacturing jobs have been lost so far this year. He said a joint study by the Trade and Industry Department and by the Clothing Manufacturers' Federation had revealed that employment in the sector had grown this year and that the CSS had failed to record 20 000 new jobs.

But whatever their differences over precise figures, the Government, trade unions and business agree that unemployment is unacceptably high and that reversing the trend is a national priority.

The Presidential Jobs Summit to be held later this year has been identified as the vehicle to kick-start the co-ordination of a national effort to combat rising unemployment.



ALEC ERWIN: disputes claim

But the Jobs Summit is unlikely to offer a quick solution to an unemployment problem that has been festering since the 1980s.

Labour Minister Tito Mboweni said at an inter-governmental forum meeting on the Jobs Summit in August last year: "An effective employment strategy must influence the economic structure, cost of living, education and training and overall investment."

He warned that a strategy to simply create jobs, any jobs, could result in more people becoming the

"working poor".

He said such a strategy would not necessarily create acceptable work conditions or substantially reduce inequality.

Mr Mboweni sketched the bleak scenario that the Government had inherited:

■ Income distribution in South Africa is among the most unequal in the world. The poorest two-thirds in South Africa receive only about a third of the national income while 15% of South Africans own about 90% of the national wealth.

■ South Africa has one of world's largest gaps in pay for skilled and elementary labour.

■ South Africans have a high cost of living, reflected in apartheid-era residential patterns, relatively high-cost production of goods and weak social security.

■ Compared with other middle-income developing countries, South Africa has high levels of illiteracy and low levels of technical skills.

■ Policies of the previous government fostered capital-intensive sectors at the cost of more labour-intensive sectors. In particular, light industries, the service-sector and smaller enterprises generally received little access to Government support.

■ Historically, South Africa had a two-tier labour market, with strong protection for some - mostly white - workers. That situation encouraged poor pay and working



TITO MBOWENI: effective strategy

conditions for relatively unskilled African workers. As a rule, workers do not have basic labour rights, unemployment insurance or adequate pensions. That effectively raises the cost of labour and aggravates conflict between workers and employers.

■ Racial and gender discrimination is widespread and people are not being employed where they could be most productive.

■ Weak training systems for the majority also means workers do not easily obtain new skills, or demon-

strate them to potential employers.

Mr Mboweni said his department had introduced new laws to deal with labour market inefficiencies.

He said the Trade and Industry Department had also begun to support more labour-intensive sectors and had strengthened small and micro enterprises.

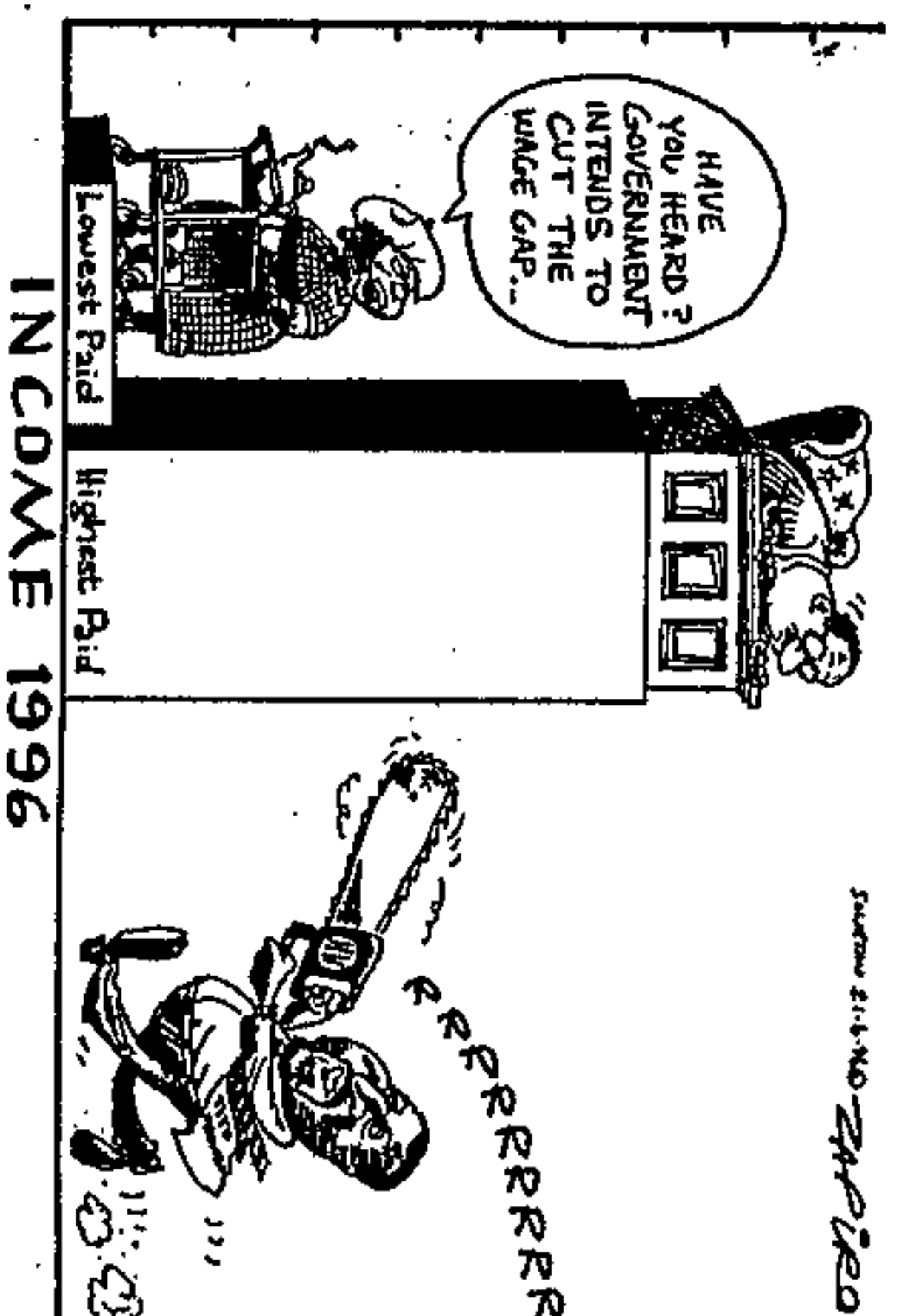
The department said this week it had identified about 400 investment projects, totalling about R83-billion, and which could generate about 68 000 jobs.

Indicating the direction of Government thinking on concrete proposals for the Jobs Summit, Mr Mboweni said tourism, agriculture and construction were most likely to generate substantial opportunities for employment.

"These sectors are highly labour intensive and have significant employer multipliers in terms of direct relationship with other industries and because of their potential to raise productivity in indirect ways," he said.

"For instance, improving household infrastructure and housing opens the door to a more vigorous expansion of home-based production, trade and services."

He said although small and micro enterprises would reach more people sooner, they would increase incomes only to a limited extent. On the other hand, large formal industry would reach fewer people but would provide more stable and better-paid jobs.



Business Times APPOL

SECTION 3

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Independent study shows CSS's jobless rate is accurate

Government ministers have been questioning the official unemployment figures, writes CAROL PATON

AN INDEPENDENT evaluation of the Central Statistical Service's (CSS) statistics, commissioned by the Finance Department, has confirmed the official unemployment rate of 30%.

The study found the CSS's October household survey, which is used as the basis for the unemployment figure, to be broadly accurate, despite frequent criticism by government ministers of the accuracy of the 30% rate.

However, the independent study heavily discredits the formal sector unemployment statistics compiled by the CSS and used by the Reserve Bank. These are the figures used in calculations on job creation in the government's growth, employment and redistribution policy.

The study, which is not yet officially available, is also believed to state that between 1993 and 1995, as many as 400 000 new jobs could have been created in trade and tourism as well as community, personal and social services.

However, the creation of new jobs did not affect the unemployment rate as an estimated 250 000 students a year entered the job market during the same period.

The study, which was com-

missioned in the light of government scepticism of the figures and criticism by the International Labour Organisation, was conducted by Stephan Klasen, a research fellow at Cambridge, and Ingrid Woolard of the University of Port Elizabeth.

The 1995 survey — the most recent survey for which figures are available — measured employment at between 16% and 29%, depending on the definition used. The narrow definition includes all those willing to accept a job if offered and who have actively sought employment in the last month.

The broader definition covers all those who are not working but who state they would be willing to accept a suitable job. This definition is considered broader as it includes "discouraged workseekers" who have lost hope of finding a job and as a result are not actively seeking work. It would also include people making a living in the informal sector.

But while endorsing the survey as a measure of unemployment, it also warns that until more accurate information from Census 96 is available, it is difficult to be certain about any of the figures. Updated census information could change the research sample.

The investigation into South

NARROW AND BROAD UNEMPLOYMENT RATES, 1993 - 1995						
(% of economically active)	AFRICAN	COLOURED	INDIAN	WHITE	RURAL	URBAN
TOTAL						
SA Labour Development Review 1993	15.7	15.1	7.1	3.2	13.1	12.7
SA Labour Development Review 1995	15.7	15.1	7.1	3.2	13.1	12.7
October Household Survey 1994	20.5	15.7	10.3	3.5	18.7	15.7
October Household Survey 1995	20.5	15.7	10.3	3.5	18.7	15.7
SA Labour Development Review 1993	37.7	20.9	11.0	4.6	38.7	29.4
October Household Survey 1994	36.2	21.8	13.2	4.6	36.6	28.5
October Household Survey 1995	36.2	21.8	13.2	4.6	36.6	28.5



Africa's employment statistics follows recent comments by a number of senior government ministers on the veracity of the CSS figures. It also follows a set of detailed criticisms from the International Labour Organisation made in its country review in 1996, which claimed that the poor quality of statistics and a range of methodological problems had exaggerated the unemployment problem.

Among the problems identified were:

- undercounting in mining;
- the omission of small-scale agriculture and small self-employed manufacturers;
- underestimating employment in a number of sectors such as construction, trade, transport and finance, where the trend has been to employ

- contract workers;
- the omission of new firms from the sample;
- undercounting of rural employment; and
- undercounting of the informal sector.

However, the study found that few of these criticisms applied to the Household Survey, although the CSS series on employment had undercounted employment in agriculture and failed to capture new forms: the expansion in trade, catering and hotels as well as a range of informal tourism-related activities.

In the case of the survey, a slight modification of the definitions of employment to bring these in line with other internationally accepted norms had altered the employ-

ment rate downwards by less than a percentage point.

The search for "hidden workers" on contract or in seasonal employment or subsistence agriculture also had little effect on the employment rate — at most 2% or 3%. The survey had undercounted employment in mining. Meanwhile, the CSS also said this week it was revamping its "entire suite" of labour statistics with the assistance of the Australian Bureau of Statistics.

The CSS employment series consisting of 17 separate monthly or quarterly surveys and an annual survey are to "reconceptualised and overhauled" this year and will be replaced by three new surveys. The informal sector will be a particular focus.

Election headache as job losses reach 150 000

ECONOMIC POLICY
By SVEN LUNSCHKE

SA lost almost 150 000 formal sector jobs last year, and the unemployment crisis is fast emerging as government's biggest pre-election headache.

The growth, employment and redistribution (Gear) strategy — the centrepiece of government economic policy — forecast 250 000 new jobs in 1997.

However, an independent study commissioned by government criticises the CSS formal job statistics, saying they are implausible and "generate limited reliable information that can be used by policymakers". The study, conducted by

Stephan Klasen of King's College, Cambridge, and Ingrid Woolard of the University of Port Elizabeth, is still in a draft form and is yet to be sanctioned by government.

After analysing existing employment data, the study makes a "best guess" on unemployment based on the CSS October household surveys (OHS), estimating as many as 400 000 new jobs may have been created between 1993 and 1995, mostly in trade and tourism as well as the

community, personal and social services categories. Some of this is linked to expanded government employment.

But the study nevertheless concludes that although employment grew slightly, the high unemployment rate of 30% did not change, as about 900 000 schoolleavers entered the economy over the same period.

It nevertheless emphasises that little is known about employment trends during 1996 and 1997 as the CSS OHS for these periods is not yet available. However, the underlying trend in the figure is worrying.

(334) ST(PT) 10/5/98

Analysing the latest statistics for calendar 1997, ABSA Securities' economist Edward Osborn says 123 500 jobs were lost in the so-called productive sectors of the economy. Mining lost 37 000 jobs last year, construction 10 700, public utilities 650 and, most worryingly, manufacturing 75 000.

Figures for the services sector are only available until the end of September. At that stage government had shed 28 800 and the transport sector 500 jobs, while the catering/hospitality and financial services sectors each employed 4 000 more.

Gear, monetary policy blamed for job losses

Wyndham Hartley

BD 11/5/98

(335) (44)

CAPE TOWN — The Congress of SA Trade Unions (Cosatu) held both monetary policy and the growth, employment and redistribution strategy (Gear) responsible for lost jobs and the failure to create new employment, it said in a submission to trade and industry committee hearings on industrial policy in Parliament last week.

In a submission presented by its parliamentary officer Kenneth Creamer, Cosatu also called for the complete reappraisal of industrial policy by the department of trade and industry over a 12-month period, to be followed by a report to Parliament.

The submission targeted the fact that in 1996 and last year, in spite of a 3,6% increase in production output and a 16,9% increase in exports, the level of employment in the manufacturing sector had declined by 2,6%. It said that in the past nine years more than 392 000 formal sector jobs had been lost.

The union's submission to the hearings said further real private sector growth had declined from 13,2% in 1994 to 3,1% last year and "this raises the question of the appropriateness of current monetary policy".

Cosatu welcomed the statement from the department at the beginning of last week's hearings that the climate seemed ripe for a move to lower interest rates.

Taking aim at Gear, the submission said "the fact that there has been a decline in employment levels at the same time as increases in output and export growth is most telling. It flies in the face of the prevailing logic of the Gear

strategy that increased competitiveness will lead to increased exports, which in turn will lead to expanded production for the expanded market, which in turn will lead to increased job creation."

This approach resulted in scarce resources being mobilised in capital-intensive, export-oriented industries while more labour-intensive forms of industrial activity were ignored, Cosatu argued, adding that all industrial policy tools had to be more employment sensitive.

Any policy instruments which had a tendency to destroy jobs and bring about a disincentive to employment creation should be stopped.

The department's policy of a tax holiday and industrial development zones were also challenged. It had to be ensured that the tax holiday scheme did not have the "perverse" effect of displacing jobs without creating new ones.

The submission argued for mergers and acquisitions to be regulated in a way that avoided or minimised job losses and for no international trade agreement to be agreed to until an employment impact assessment of the deal was carried out.

It should also be made a rule that those winning state tenders could not retrench workers until the contracts were complete.

Cosatu said SA should not liberalise trade by reducing tariffs faster than was required by its World Trade Organisation commitments.

It said tariffs should be used strategically to protect jobs and promote industrial development.

The government has failed to reduce the high unemployment figures, but the people



Waiting in vain: Unemployment or crime are almost the only options available in Eldorado Park

Crime is the

Ferial Haffajee

The ruby red BMW roadster races down the main road in Eldorado Park, past rows and rows of grim council houses. At full throttle, the front doors open and close to simulate a bird in flight.

The Majimbos are in town — the gang's symbol is a flying bird and Eldorado Park, south of Johannesburg, is their turf. The township is run by *makweras* (crime-syndicate chiefs) and gangs like the Majimbos who do the drug-running and car-hijacking that keep them in business. The *makweras* are the dons of this township, where the noose of unemployment has been loosened by the pickings of crime.

In this subverted economy, car theft, drug and cellphone syndicates provide employment and career paths. Its downstream industries are chop shops and specialist stolen goods networks, where it is possible to furnish a home from the pickings of crime.

Eldorado Park is not a glitch, but a universal. Economies like these are replicated across the country where the social net is not big enough to catch the fall-out of an unemployment

rate which is spiralling as school-leavers struggle for years to find jobs and retrenchments unleash hundreds more on to the streets.

Eldos, as it is known by those who live there, was a product of forced removals and was classified as a coloured group area, but many Africans have moved in. Built in 1973, it is home to about 300 000 people who live in everything from solid middle-class homes to train houses, new "RDP" houses, council flats and shacks.

In this mixed masala, there is one constant and that is unemployment. Community workers say six in 10 employable people do not have formal jobs.

The streets mill with people at midday during the week in what should generally be work-time. To make money, some women sell Nknaks outside schools. But there's not enough money around to sustain large-scale hawking, so many people sit on the corners warming up in the early winter sun.

"We've all got good matrics. That guy over there has an exemption in maths and physics," says France Khawulela, the spokesperson for a group of young men.

Their stories blend one into the

Housing project builds Phola Park's economy

MTG 15-21/5/98

Sechaba ka'Nkosi

A housing project that started as part of the Reconstruction and Development Programme in the one-time battlefield of Phola Park on the East Rand is paying dividends to the community.

The project — a joint venture between low-cost housing contractors Ecodev, the Gauteng Department of Housing and Land Affairs and the community — has turned an otherwise small and very limited entrepreneurial base into a vibrant local economy.

The houses are available to locals for less than the R15 000 government

subsidy, which means most of the new owners move in without paying a cent. For the biggest — a 44m² house — the owners only have to pay an additional R4 000.

Some people employed on the project have opened businesses like spaza shops, while others have purchased knitting machines to supplement the family income.

But most importantly, residents say, the Ecodev project has not only resulted in the employment of a few locals but has increased the buying power of the community.

Spaza-shop owners say since the project kicked off about three years ago, their profits have been climbing — albeit slowly.

Local councillor Simo Ngwangwa

says the most crucial part of the venture is the preferential employment status it offers residents. At the same time it has opened up opportunities in Katlehong, Thokozana and Vosloorus — communities equally ravaged by violence in the early 1990s.

Says Ngwangwa: "The project involves 4 395 sites constructed under state subsidies for low-income earners and the unemployed. This means a lot of money for Ecodev. But we also benefit because we have agreed that even when it comes to sub-contracting elements of the project, the first preference rests with Phola Park and Kathorus."

Since the project began, it has employed at least 300 of the estimated 30 000-strong population of the settlement, mostly women.

In the words of Ecodev employee Nomthetho Mathola, the R475 she receives a fortnight for plastering up to three houses every day is better than nothing.

Mathola, a single mother of five, says it helps her support her school-going children and her mother back home in Transkei.

"If things get really bad, I use some of the money to buy vegetables from the farm produce and sell them during my spare time and weekends," she says.

Most of this close-knit community's business leaders are retrenched employees who once worked in the

Hard work to find the real unemployment figures

(375) MTG 15-21/5/98

Ferial Haffajee

One of the biggest problems with solving unemployment in South Africa is that the government does not know the scale of the crisis.

Politicians and statisticians bicker about the real picture. Unemployment has not been costed to understand its impact on the bottom line. Neither have calculations been made to assess how people who cannot be absorbed into the formal economy are surviving.

The government uses figures from the 1995 October Household Survey, which found that one in three adults who could work are jobless. About 14-million South Africans are classified as economically active. Ministers who are keen to show that the growth, employment and redistribution (Gear) strategy is working complain that official statistics have not captured the gains.

Then last week, a study commis-

sioned by the state's Central Statistical Service found official tallies are largely accurate and gains in employment have been overshadowed by large numbers of school-leavers who cannot be absorbed into the formal economy.

Whichever way you look at it, more than four million breadwinners are not able to put food on the table or sustain a livelihood without assistance.

Gear has translated into low growth and growing joblessness instead. On the face of it, this is not a pretty picture ahead of an election next year.

Professor Iraj Abedian of the Budget Project at Cape Town University says it's a case of "lies, damned lies and statistics".

He says a global economy has local effects: production processes change and statistics fail to capture the changes. Increasingly, outsourcing and sub-contracting mean companies may close or get smaller

and become micro-producers.

"It may have produced more jobs, but when it closes the Central Statistical Service records only the job losses," says Abedian. "We don't have the flexibility to cope with the changes."

"Not so," says Asghar Adelzadeh of the National Institute for Economic Policy. "The Central Statistical Service has used a consistent data set. Perhaps the message it is sending is not in support of macro-economic policies and plans."

Adelzadeh argues for cuts in interest rates to stimulate spending, a focus on the domestic market and not only exports, and greater public investment in housing and other infrastructural projects.

In the meantime, the social costs of unemployment are ballooning as welfare spending tries to fill the gaps, and crime is growing as more and more people get sucked into a hidden economy with a turnover of billions.

are not waiting for jobs, they're making work for themselves ... even if it's illegal

only business providing jobs

other. "Everywhere there's plaques saying 'No Job' and 'Letters of regret'", and "I've tried everywhere, Telkom, Standard Bank. Nothing comes."

Thulani Makhubo says what has lingered unspoken in the air: "We can't always depend on our parents. Many of them don't work. We end up being tempted [by crime]."

They often become the foot-soldiers of crime syndicates, earning salaries which in turn support homes where state pensions of R410 a month are often the only income of extended families. In Eldorado Park, the *makweras* are the only symbols of prosperity and chance of a job.

In Bushkoppies (a wealthier part of the township) Papi Jones runs a fleet of taxis, but his other businesses (apparently drugs and stolen cars) earn him a lifestyle which includes a personal helicopter. Another *makwera* drives a Lamborghini. Most choose the flashiest BMWs with mag wheels and sun roofs; they wear lots of gold and the best labels.

The *makweras* have carefully defined turf and trades. Some deal in drugs (dagga, mandrax and cocaine, which is known as "gqifi"), others run five well-known chop shops

where stolen cars are cut up in a day for their parts. Residents report some local police and flying squad members are often seen outside the chop shops, picking up their bribes from wealthy owners.

Makweras employ different gangs as their drug-runners and dealers, car thieves and cellphone snatchers. In addition to the Majimbos, there are many other gangs, like the Dogs, the Tavaras, the Matarlanas, the Bizza Boys, the Young Ones and the Cajala Boys.

They divide their turf by suburb, preying on the wealthier northern and western parts of Johannesburg, and gang wars usually mean one group has tried to infiltrate another's trade routes.

Car thieves specialise in either BMWs, Golfs or Caravelles which they steal on order. The car costs their clients (both inside South Africa and across its borders) anything between R5 000 and R30 000, and a few thousand more can also secure the relevant papers. Informants say networks of contacts in the police and traffic departments mean *makweras* can almost guarantee "clean" cars that

will never be traced.

The smaller crime bosses have cornered a lucrative trade in stolen cellphones which are "cleaned" of their serial numbers and easily sold as pay-as-you-go cards become more popular. You can pick up a Motorola on the streets for about R75, while an Ericsson or Nokia will cost about R400 (about a fifth of the going rate).

In addition to the gangs, others work in the chop shops, or take the cars over borders, or run cellphone shops where everyone knows the goods are hot.

Crime-rands are laundered when the *makweras* start legitimate businesses. *Makweras* from Eldos and Soweto are known to run taxi fleets, estate agents, spaza shops and hairdressers.

The syndicates are just one layer of Eldo's economy of crime; hundreds more people are employed by hijacking rings operating there. The area is a hot-bed of stolen goods. Recently a cargo-load of Carducci suits was quickly flogged, while residents with connections know exactly where to buy stolen electronic goods,

M-Net chips (fitted into decoders so you don't have to pay subscriptions), computers and even truck-loads of bricks if you are building a house.

These goods are not sold only in Eldos, but also in the wealthier neighbouring area of Lenasia and to retail outlets in the centre of Johannesburg.

"If a *lanté* [corporate boss] says, 'I'll give you a thousand rand a month', you think 'I can make it in a day,'" says Elias Petersen, who lives within sight of one of the bigger chop shops. He works at Makro and his salary of R1 400 a month keeps a family of eight going.

Petersen has watched his brother Joshua looking for work for two years. Despite a matric and several leadership courses under his belt, Joshua Petersen has hit his head against a brick wall. In anger he blames affirmative action and nepotism, and cites a case where a coveted job at Edgars was given to the human resources manager's nephew.

"I get frustrated," he says. "Many times I think of crossing the line [to crime]. The way things are bad around here, they steal wet washing off the line and they steal dogs to sell as pets."

In an area where the economy is

so dependent on crime, policing is almost non-existent. There are two cars for 45 detectives, and they often have to push one of them away from crime scenes because it gets stuck so often.

The poor in Eldorado Park survive on a blend of welfare payments and the takings of crime. Social worker Eileen Maleka says most families live on pensions meant for the old, and often disabled and mentally handicapped people are not put in care facilities because their grant of R410 a month also supplements the family income.

The incidence of depression is growing and alcoholism is rife. A study by the Centre for Peace Action found endemic alcohol abuse and high levels of violence in the home. "There is a higher injury rate in areas where there is unemployment because people are idle and they drink during the day," says community worker Gerald Williamson.

If you change the characters, the story is the same in many parts of South Africa where jobless people with little help from a cash-strapped state will make a plan to survive. As Joshua Petersen says: "*Skelms* [thieves] are not born, they're made."



More for all: The housing project has increased the buying power of the community

private sector. Now they provide jobs, with some employing up to 10 people.

Whitey Gabede is the proud owner of a makeshift "butchery" in the area. He sells mainly offal and tripe. In the early hours of every morning Gabede travels nearly 60km to Vereeniging to buy his R1 000 stock. The father of nine children makes up to R500 profit a day, while his wife knits and sells jerseys.

Says Gabede: "Survival is the

name of the game here. Even though most people don't earn much, they survive on the little we all make out of the butchery."

Community leaders and business people say Phola Park has become a self-sufficient community which uses every available opportunity to make ends meet.

The only problem is that the emerging entrepreneurs have few skills and little assistance from small business development organisations.



Building a future: The salary isn't high but it's better than nothing. PHOTOGRAPHS: NADINE HUTTON

Jobs outlook bleak, say experts

Forecast is that general unemployment will continue to rise until the year 2000

By EDWIN NAIDU AND
RYAN CRESSWELL

At least 67 000 workers from the formal sector will join the jobless in South Africa this year, says Stellenbosch University economist Pieter Laubscher.

Laubscher, attached to the university's Bureau for Economic Research, led the chorus of experts who forecast a bleak 1998 and said general unemployment would continue its rise until the year 2000.

He said the bureau expects a 1% drop in total employment for 1998; this means 67 000 jobs will be lost nationwide.

He said a recent bureau survey showed serious retrenchments, which occurred during the first quarter of 1997, had been repeated in the first quarter of this year.

An estimated 15 000 miners have been retrenched this year, said Laubscher.

Various organisations, including FSA-Contact, the SA Chamber of Commerce and the

Central Statistical Services (CSS), have also forecast that unemployment - said to be as high as 33% - will increase.

The SA Reserve Bank estimates 197 jobs have been lost in the formal sector each day so far this year.

Total unemployment, says the CSS, stood at 32,4% in 1994 and 29,3% in 1995. And figures up to September last year show significant job losses in the mining, manufacturing and construction industries.

The Chamber of Mines said there has been a steady reduction of employees in the mining industry over the past three years. In 1997 there were at least 50 000 fewer workers employed than the previous year.

Dr Mark Orkin, head of the CSS, has just released statistics indicating that the total employment figure in the public sector dropped by about 40 000 between December 1996 and December 1997.

Senior economist with analyst company Econometrix, Michiel Bester, said the work-

force would be reduced in the formal non-agricultural sector by about 2% overall this year and the trend would probably continue for several years.

Bester said factors to blame could include exposure to foreign competition, wage increases, trade union muscle and labour laws which made employers reluctant to hire.

University of Cape Town economist, Professor Brian Kantor, said many companies were out-sourcing to small and medium black enterprises, in the process cutting down on the number of employees.

He said the situation in South Africa was not going to improve because employers have very little flexibility.

"The unwillingness of employers in the formal sector to provide employment has more to do with protection of the workers, for which Cosatu is responsible. Companies are not going to hire if they cannot fire workers who do not perform," Kantor said.

But Congress of South Afr-

ican Trade Unions (Cosatu) spokesman Nowetu Mpati said: "We feel it is the attitude of business towards workers that is the major problem. They blame the lack of productivity on workers alone."

She said "transformation" was proving very difficult for business, adding that companies needed a vision that was also shared by workers.

Mpati denied that labour regulations were a major culprit for job losses.

Meanwhile, Black Management Forum director Jimmy Manyi said the forum was concerned at the lack of jobs in the formal sector. "The potential to grow more jobs exists, but there seems to be a lack of willpower to do it," he said.

South African Chamber of Commerce president Humphrey Khoza said international competition and technological advances would lead to more jobs being lost.

But he also said surveys rarely took into account people in informal jobs.

(335) Star 28/5/98

AREA NOT FOR INDUSTRIAL USE

Poor hit hardest as firms told to close

WORKERS FROM THE poverty-stricken Philadelphia area could lose their badly needed jobs if the firms they work for have to close. Staff Writer ERIC NTABAZALLA reports.

WHEN Philadelphia farmers Steve Theron and Gerald Brune each opened up small factories in the area and employed nearly 100 local workers, they thought they were doing a good deed by providing jobs in a poor area.

But now the Blaauwberg Municipality has told them to shut down their operations as the area is not zoned for industrial use.

Philadelphia was in the news recently because of the widespread prostitution there. With poverty rife, many local residents also scavenge on rubbish dumps, trying to feed their families.

Theron, who invested R10 million in his small knitting business which employs 85 people, said some of the farmers had told him they were grateful that he had moved to the area to provide jobs for the impoverished community. Theron said he never expected any

problems when he decided to open his business, although some farmers had complained about the noise.

"This farm area was first used as a drive-in cinema. Then as a disco and a dance hall. I was stunned when I was told that some of our neighbours had complained. We were making far less noise than the drive-in and disco," he said.

Stanley Visser, director of planning and economic development in the Blaauwberg Municipality, told the *Cape Times* that the plots on which the small businesses were built were zoned for agricultural and residential purposes.

"We received complaints from the neighbouring farmers who said the area would soon be turned into an industrial area and they wanted it to remain rural. We tried to be flexible to these people (business owners) and asked them to apply for rezoning."

Some applications had been

received, but had been turned down because of the complaints.

Visser said: "We support job creation. We have started a study which will look at where sites for small businesses could be built. I know this might take some time, but we need to take into consideration those who complained. We can't allow people to just open businesses wherever they want to."

Brune, who has a business making spa baths and employs 12 people, mostly from Philadelphia, said he would be glad to work with his neighbours to solve what seemed to be a noise problem.

"But the farmers I have spoken to had not raised any complaints."

Brune said he believed he had a right to open a small business on his property which could help him and his family and other people in the area get something to eat.

"We are not intending to open a big industrial area here," he said.

Government reports said that small businesses had a big role to play in providing jobs and lifting the standard of living of other people."



SURVIVAL: When the rubbish trucks come to the dumps, scores of people from different directions run towards the trucks to get food for their families.

PICTURES: THEBENKOSI DHAYISA

Cosatu's blueprint to stem job losses

FRANK NXUMALO

LABOUR EDITOR

Johannesburg — The central committee of Cosatu is to develop a "militant programme of action" at its forthcoming conference to protest against massive job losses in the public, mining and manufacturing sectors, Zwelinzima Vavi, the deputy general secretary of Cosatu, said yesterday.

Vavi said a nationwide strike could not be ruled out.

He said the government was preparing to shed 55 000 employees in addition to freezing 10 000 police management posts.

In the private sector, more than 12 000 mineworkers have

lost their jobs since the Gold Summit Accord of February 27. Iscor will shed about 6 000 jobs over the next two years during its re-engineering process.

Central Statistical Service figures for 1996 put national unemployment at about 29,8 percent.

"We have warned that as Cosatu we shall resist these massive retrenchments both in (the) public and private sectors. We find it provocative for the government to propose massive job cuts on the one hand, then talk about job creation and a jobs summit on the other hand. Anything is possible after the central committee meeting," Vavi said.

The central committee was set up by the federation's sixth

CT (12R) 3/6/98 (375)
congress last year and substitutes Cosatu policy conferences whose resolutions had to be ratified by the central executive committee before they could be implemented.

Vavi said Cosatu was fully behind the South African Democratic Teachers' Union (SadtU).

"We are aware of the consequences of SadtU's planned action, the decision to go on strike is not an easy one for any worker or trade union.

"SadtU is being demonised because it is taking a stand against practices of the education department, which it finds unacceptable. It is high time the government trains its negotiators to understand the Labour

Relations Act," he said.

He said the labour federation will not accept a situation where the government "does not respect this country's laws".

"If the government was more willing to find solutions to this crisis, SadtU would not be forced to take this unfortunate position," Vavi said.

He said Cosatu would actively support the ANC in the elections despite apparent shortcomings in delivery, especially in jobs, education, health and housing.

The central committee conference is scheduled for June 22 to 25 in Johannesburg. It will be open to the media.

□ Reserve Bank, Page 5

Little hope for jobless in shrinking labour market

A new study notes that industrial action contributes to unemployment, writes THABO KOBOKOANE
ST (181) 2116198

ALL the problems the government has to deal with, its biggest headache is rampant unemployment.

Many studies in recent months have pronounced that the government will enter the election period with unemployment at its highest in years as employment in the formal economy continues to dive.

A recent study by the Development Bank of Southern Africa, "Impediments on the absorption capacity of the South African economy", details the historical factors that have led to the current situation, and says interference and rigidities in the market have to be eliminated.

The study shows that the average absorption capacity — the percentage of the labour force employed in the formal economy — has decreased rapidly in the period between 1980 and 1994. In this period the absorption rate decreased from 82.7% to 53.9%.

In the same period the percentage of new labour market entrants able to find employment in the formal economy also took a dive. From 1975 to 1980 it reached 45%, and it declined to 15.9% in the following decade.

In fact, in the five-year period to 1995, the formal economy was unable to accommodate any new labour market entrants.

Translated into numbers the picture is bleaker. According to the study, the net increase in formal employment opportunities from 1980 to 1994 was a dismal 142 000 while the labour force increased by about 5.1-million, an annual rate of 365 000.

The situation is probably worse given the number of jobs lost in recent times. From 1990 to 1995, 365 000 people entered the labour market each year while 82 000 job opportunities were lost annually. And it could get worse unless a meaningful plan is implemented soon.

The much-delayed presidential jobs summit could provide a starting point but, judging by the amount of political bickering ahead of it, the initiative is in danger of achieving little.

The DBSA identifies the historical shift from labour-intensive production to capital-intensive processes as a major reason for unemployment.

For instance, it shows that labour intensity — the number of workers required to produce goods and services worth R1-million — declined to 31 in 1994 from 36 in 1980 across all sectors of the economy.

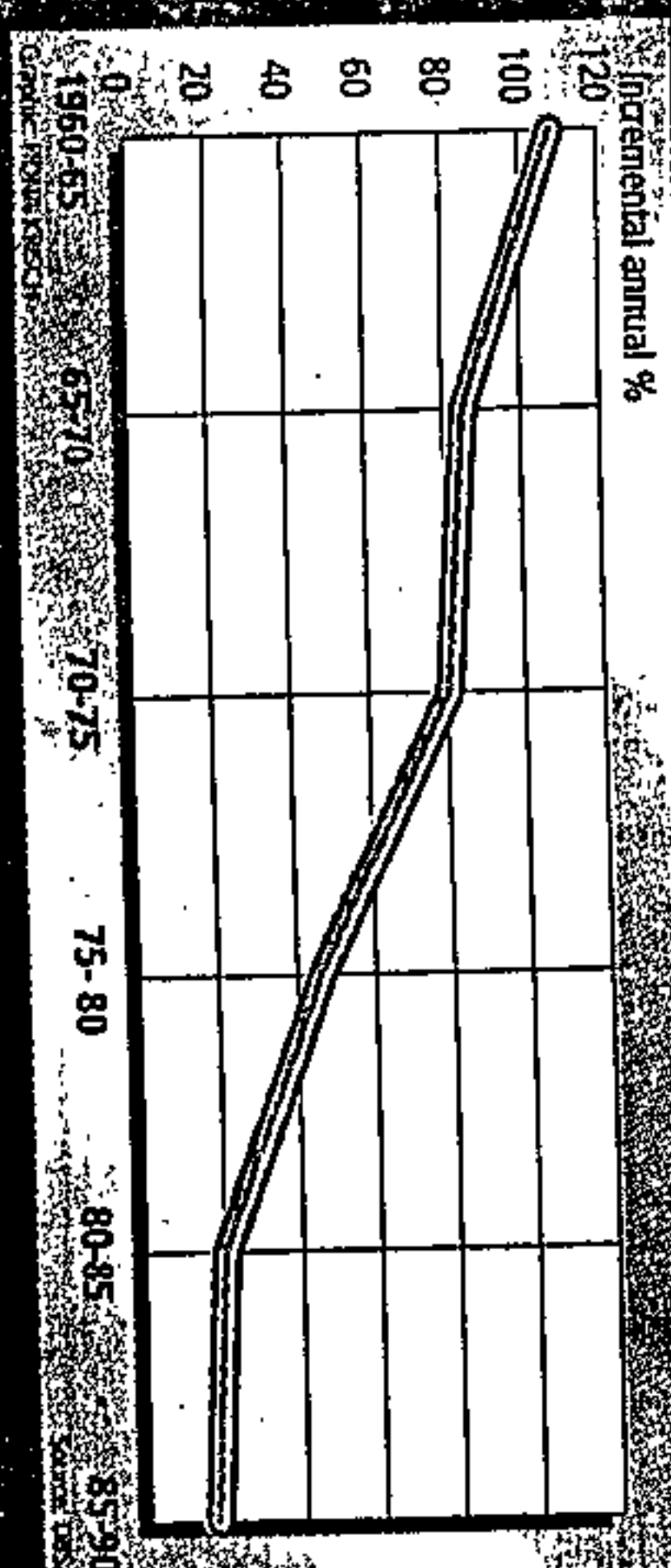
Save for manufacturing, all other sectors recorded negative changes, with the hardest hit being agriculture, where the ratio declined from 90 in 1980 to 69 in 1990.

The continuing drift to-

PERIOD	AVERAGE ANNUAL	INCREMENTAL ANNUAL
1960-1965	89.7	85.3
1965-1970	89.7	85.3
1970-1975	89.7	85.3
1975-1980	84.4	45.4
1980-1985	68.6	15.9
1985-1990	68.6	15.9
1990-1995	53.9	15.9

During the period a net number of 365 000 people entered the labour market, while 82 000 job opportunities have been lost annually.

LABOUR ABSORPTION CAPACITY OF THE SA FORMAL ECONOMY



WE WANT WORK... Job seekers queue for a diminishing number of positions

wards capital-intensive production processes is clearly the result of an attempt by firms to counter the twin problems of rising labour costs and lagging labour productivity, the report says.

So what has led to the substitution of labour with capital-intensive processes?

A number of reasons are suggested and these include an increase in wage pressures since the 1970s which led to employers retrenching workers so they could pay higher salaries to other employees, changes in technology (in particular in

agriculture), deepening import substitution to progressively extend protection upstream, relatively capital-intensive subsectors of manufacturing, and the rationalisation of the SA economy.

While labour costs — mainly upward movement in black wages — have had an effect on employment growth, much of the decline is attributed to other factors, in particular "labour problems".

A possible interpretation of this is that industrial conflict widened the margin between perceived cost of employing

labour and the wage rate. In the period between 1960 and 1969, a total of 73 strikes took place involving 4 235 workers, translating into 13 300 man-days lost. Contrast this with the period between 1986 and 1993, where 863 strikes involving 271 383 workers caused the loss of more than 2-million man days, according to statistics by the Labour Department.

The impact of these factors led to the wage increases of the early 1980s, which have since slowed as a result of sharp decreases in employment.



HANNES THIAI

Lucky break: Ndiphiwe Sangqu's chance meeting with the regional head of the Department of Justice Hishaam Mohamed turned his life around

Self-starter gets career on road

ART 9/7/98

(335)

GLYNNIS UNDERHILL
SPECIAL WRITER

Ndiphiwe Sangqu thought his luck had run out until a chance meeting with the regional head of the Department of Justice in the Western Cape turned his life around.

Hishaam Mohamed was filling his car with petrol in Grassy Park when the shabbily dressed Mr Sangqu approached him with a petrol-card survey form and asked him to fill it in.

It was only because Mr Sangqu explained he would earn 75c if Mr Mohamed filled in the form that the official took the time to comply with the request.

"The way he asked me was very impressive. I actually now believe in sellers and salesmen. He was very excited about it. While I was filling in this form, which

consisted of three or four questions, he told me this was not what he wanted to do for a living. He said he was looking for other employment and pulled his CV out of his pocket," said Mr Mohamed.

A few days later, Mr Sangqu borrowed a jacket, tie and belt and went for an interview with the Western Cape Department of Justice. He was still pinching himself yesterday as he sat in the offices of the department – which has taken him on as a personnel officer.

His mother is a cleaner in Durban and the family is in dire financial straits. "It is unbelievable what has happened to me. My luck really has turned. Fortunately, I had my CV with me that day," he said.

What Mr Mohamed discovered at that chance meeting was that Mr Sangqu was a final-year human resources student at the Durban Technikon who had resorted to odd

jobs to earn money. He had fled the violence in a township near Umlazi and moved to Cape Town to look for a job.

As fate would have it, Mr Mohamed's department was interviewing candidates for personnel officer posts.

"This man had had part-time experience with various companies and he did some practical models being used by the state, like the new performance appraisal audit. He turned out to be an ideal candidate," he said.

Mr Mohamed left the decision-making and interviewing to the committee set up to select candidates – and Mr Sangqu was chosen as one of the top candidates for the five posts on offer.

■ According to the October Household 1995 survey, unemployment in the Western Cape is 18,6% and 29,3% countrywide. These are the most up-to-date figures available, according to the Central Statistical Services.

Jobless group wants govt, business help

Nomavenda Mathiane

20 24/7/98 (225)
THE newly formed National Unemployment Support Group is to seek assistance for its relief programmes from government and the business community, founder Martin Hugo said this week.

Hugo said government and business would be asked to help finance the group's plans to set up resource centres in Pretoria and Johannesburg; to establish a database with details of unemployed people; and to offer counselling to those suffering from depression as a result of unemployment.

Hugo founded the group in March after he was retrenched last year from a paint-making company where he had worked as a technician. The group aims to serve as an advice centre for the unemployed and to fight joblessness.

Hugo said he had been approached by employed people offering to share their skills with members of the group. The group's resource centres would be used as a recruitment base by companies.

Hugo said the plan was to have a trained group of people available for permanent or temporary jobs.

"We plan to expose our services to all unemployed people so that they can know that they are not alone and forgotten," he said. "Among the unemployed there are many with entrepreneurial flair and qualifications that can be put to good use."

Downsizing's not the only answer

David Coldwell

It may be little consolation if you lose your job, but those at the top argue that downsizing is a management tool, to be distinguished from redundancy.

Redundancy occurs as a result of sudden large-scale economic crises, or when large industries are no longer able to compete, for example, the decline in the British shipbuilding industry in the face of Japanese technological innovation.

Downsizing tends to occur in times of relative economic stability and usually at the whim of senior management. In South Africa increasing numbers of companies, and recently

the government itself, have jumped on the downsizing bandwagon.

Why should the unwritten contract of job security between employer and employee that had generated loyalty and commitment among the company men and women of yesteryear be so lightly passed off as antiquated baggage today?

Perhaps the most important reason has been a change in managerial mindset that places a low premium on loyalty and a high premium on the bottom line, as if the one is incompatible with the other.

Although there is evidence that the West is moving on from this "results-before-people" approach, South African management in many



Jobless masses: Dependency on downsizing threatens the survival of business in South Africa. PHOTOGRAPH: PICTURENET.CO.ZA

(795)

MTG 24-30/7/98

sizing, demonstrated by biologist Garrett Hardin's lifeboat analogy.

Hardin gives a vivid analogy of lifeboats filled with the world's rich people being surrounded by poor people desperately trying to clamber

cases remains transfixed by it.

Utilitarianism, a popular ethical approach, suggests that good decisions maximise benefits to society and minimise harm. This philosophy appears to give most support to down-

on board. What action should the rich take? They cannot allow all the poor to come on board since the lifeboats would overflow and capsize. If they allow only a select number on board, this would remove the boats' safety margin.

Hardin suggests that the only sensible solution is to ignore the cries for help and maintain spare capacity to ensure the lifeboats remain afloat, people have to drown.

The parallels between Hardin's analogy and downsizing are fairly clear. Management justifies downsizing as a means of keeping the organisation (lifeboat) solvent (afloat) and although this means retrenching some (allowing them to drown), it allows others (usually the majority) to keep their jobs (be accommodated on the lifeboat).

But if the drowning poor outnumber the rich, greater aggregate harm than benefit would be generated. In South Africa, the increasing number of retrenchments has generated a large and growing underclass of unemployed poor who are floundering in water in such quantities that they are threatening to capsize the lifeboats themselves.

This growing underclass of unemployed poor threatens business in general in South Africa and undermines the prospects of the survival of democracy in this country.

It would be quite wrong to suggest that business is solely or even primarily responsible for this state of affairs, but there is little doubt that companies can help alleviate matters by reducing their dependence on downsizing.

There are no easy solutions and the government's macro-economic policies may ultimately need to be revised to remedy matters.

However, business can help. In the short term this could be by adopting tactical retrenchment-avoidance measures such as job sharing, retraining, freezing posts and redeploying employees.

Companies must also immediately adopt a strategic approach to human resources — something that has been largely absent in South African managerial practice.

Rather than sending out the odd lifeboat to keep the company afloat, senior management should be constantly updating the ship's course, specifications and carrying capacity by adopting a strategic approach to people planning.

Careful human-resource planning will, in many cases, eradicate the need for sudden, drastic off-loading of staff with all the dangers this presents to our economy and society.

Professor David Coldwell is acting head of the department of business administration at the University of Natal

Creating jobs for all SA's people must be a priority

An SA Institute of Race Relations survey shows that unemployment is rising, writes THABO KOBOKOANE

NEW Impetus and urgency is needed to solve South Africa's economic Achilles heel: unemployment.

The presidential jobs summit — hailed as the most important jobs indaba — has yet to get off the ground.

The appointment of Trade and Industry Minister Alec Erwin to co-ordinate the summit is expected to give the stalled process a badly needed boost, but the summit itself may not be enough to solve the country's unemployment crisis.

It is estimated that the SA economy has to create 250 000 jobs annually just to prevent a rise in unemployment rates and 350 000 jobs a year to absorb new entrants to the labour market. Official unemployment rates hover at 30% while the formal economy is unable to offer new job seekers even a single vacancy.

Many reasons have been advanced for the high unemployment rates including labour market rigidities, the failure of the economy to grow sufficiently to absorb new labour-market entrants and the shift from labour-intensive to capital-intensive production.

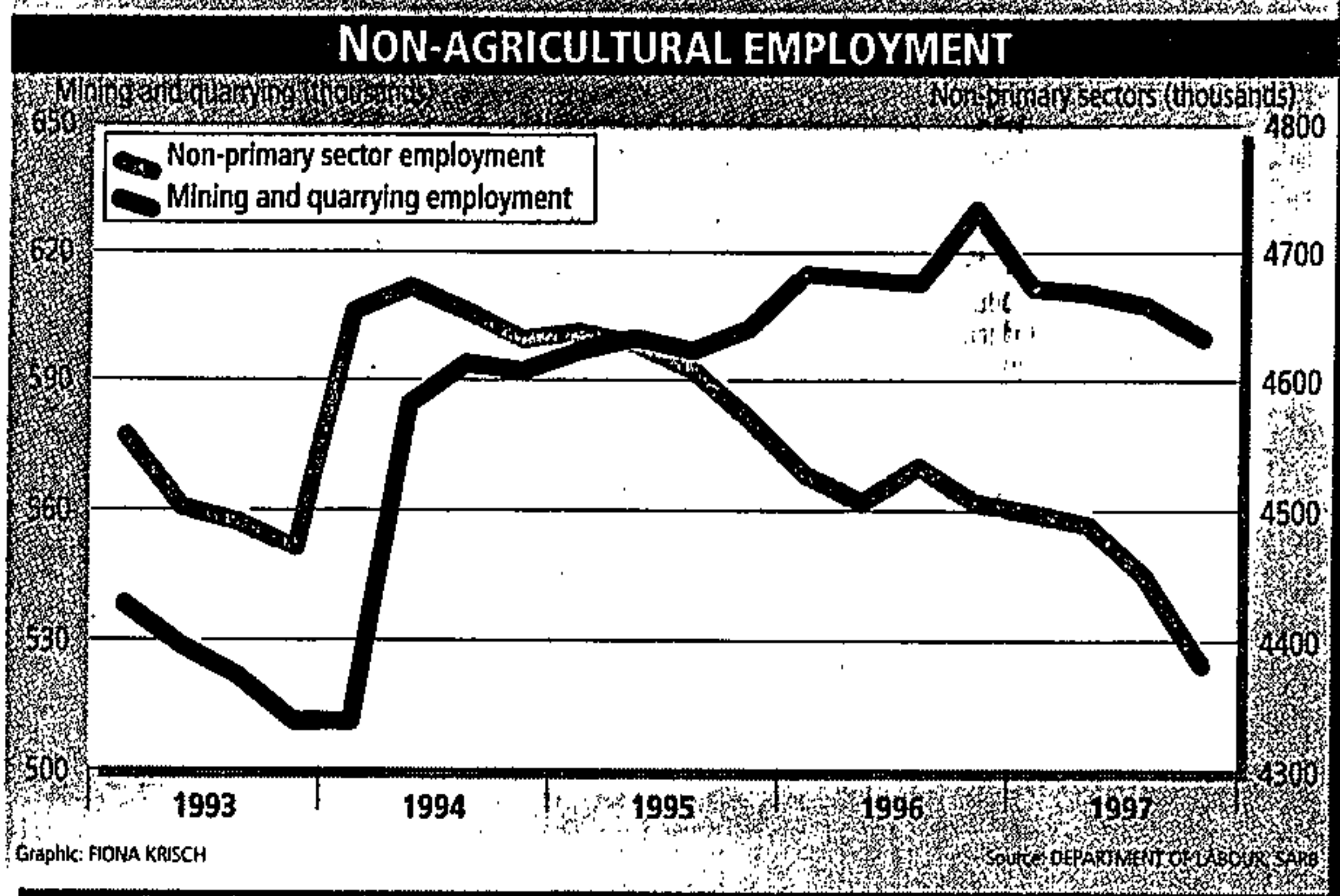
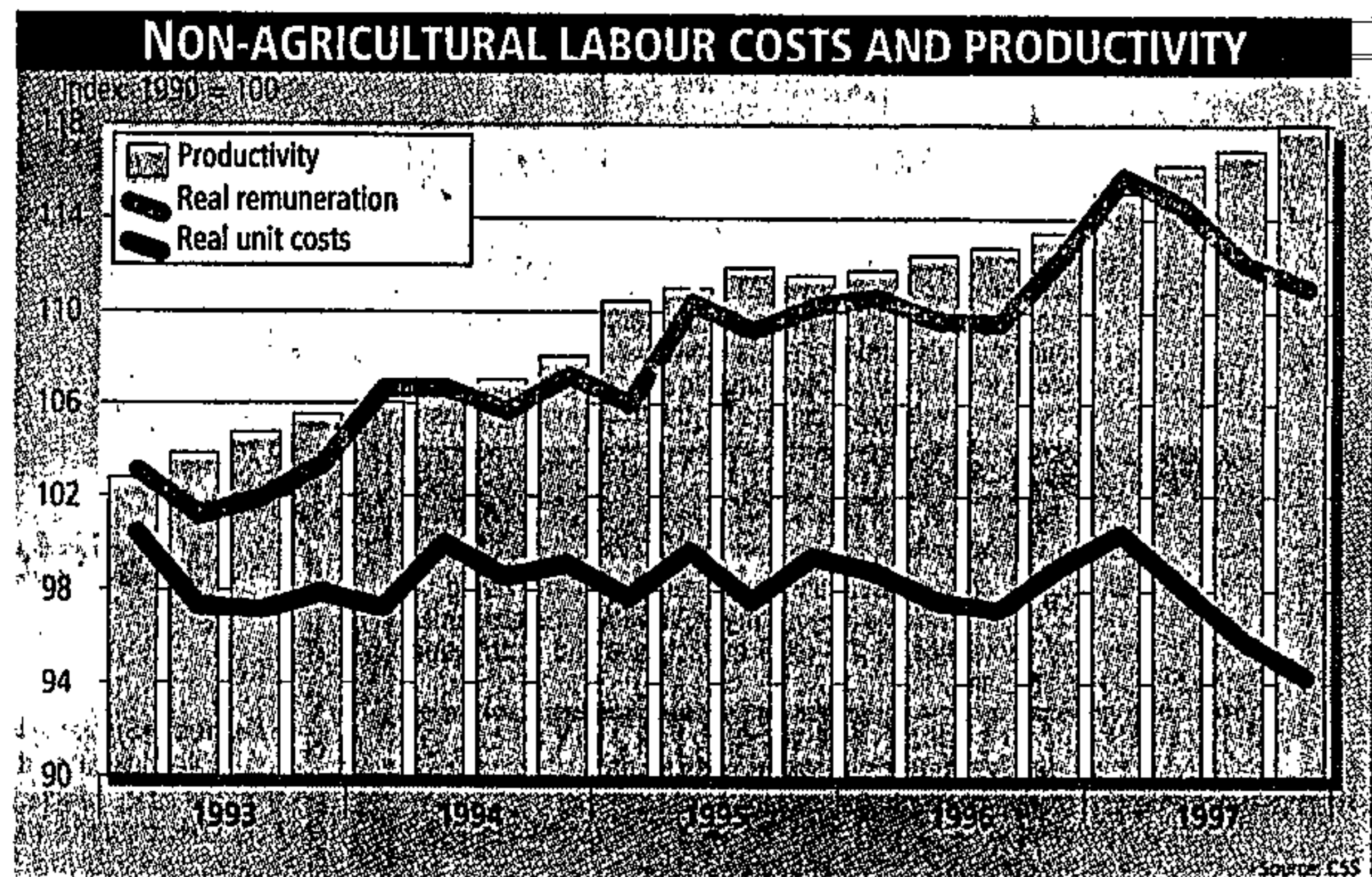
A recent analysis by the SA Institute of Race Relations, based on a World Bank study on the SA labour market, sug-

gests that rising black wages have led to an increase in black unemployment.

According to the World Bank study, cited in the Institute's July issue of Fast Facts, black trade unionism and wage-setting mechanisms — such as the Wage Board which is to be replaced with the Employment Conditions Commission — have "inflated black formal wages, decreased employment and widened the gap between formal and informal wages".

Union membership has had a larger effect on wage differences in SA than it has in other countries. For instance, between 1980 and 1983 union earnings were found to be 25%-35% higher than non-union earnings in the manufacturing sector.

The study showed that employment is even more sensitive to increased wage levels than previously believed. For example, a previous World Bank paper, cited in the same report, found that a 10% increase in African real wages led to a 2.8% decrease in African employment. The latest study estimates that the same wage increases lead to a 7.1% decline in black employment. "The effect is not immediate but is reflected years later. If black real wages had remained constant in 1970-94,



black formal employment would have been about 13.3% more than it is now."

The study adds that the probability of unemployment for blacks as a whole is high while that for highly skilled blacks is negligible, suggesting that education remains the key to removing glass ceilings.

African women living in rural areas with no education have the highest probability of unemployment at 72%. For an African male with 14 years' ed-

ucation the probability is less than 1%. "Within black groups, although average unemployment probabilities are much higher than among whites, these probabilities fall off very sharply at high education levels, indicating that markets open up for skilled blacks."

The study therefore concludes that education coupled with a competitive environment is highly effective in eliminating wage and employment discrimination.

But is this true? Despite the advent of affirmative action, black senior managers account for less than 5% of senior managers in SA corporations. Take also the plight of black graduates. Estimates suggest 59% of graduates find work immediately after graduation. However, black graduates are less likely to find jobs than whites. Only 28% of Africans find work after graduating compared to whites (66%), coloureds (34%) and Indians (56%).

Job statistics provide some hope for govt

Greta Steyn

BD 3/8/98

(335) (443)

THERE was a surprise increase in the number of jobs in the manufacturing and construction industries in the first quarter of this year, according to the Central Statistical Service (CSS).

As the jobs summit nears, there will be increasing emphasis on official statistics showing the extent to which the formal economy is able to create jobs without government intervention.

Economists said an improvement in official statistics would take some of the heat off government, which had been on the defensive as it became clear the employment targets in the growth, employment and redistribution strategy had been overly ambitious. The strategy projected the creation of 246 000 jobs this year — against expectations of an actual decline in employment.

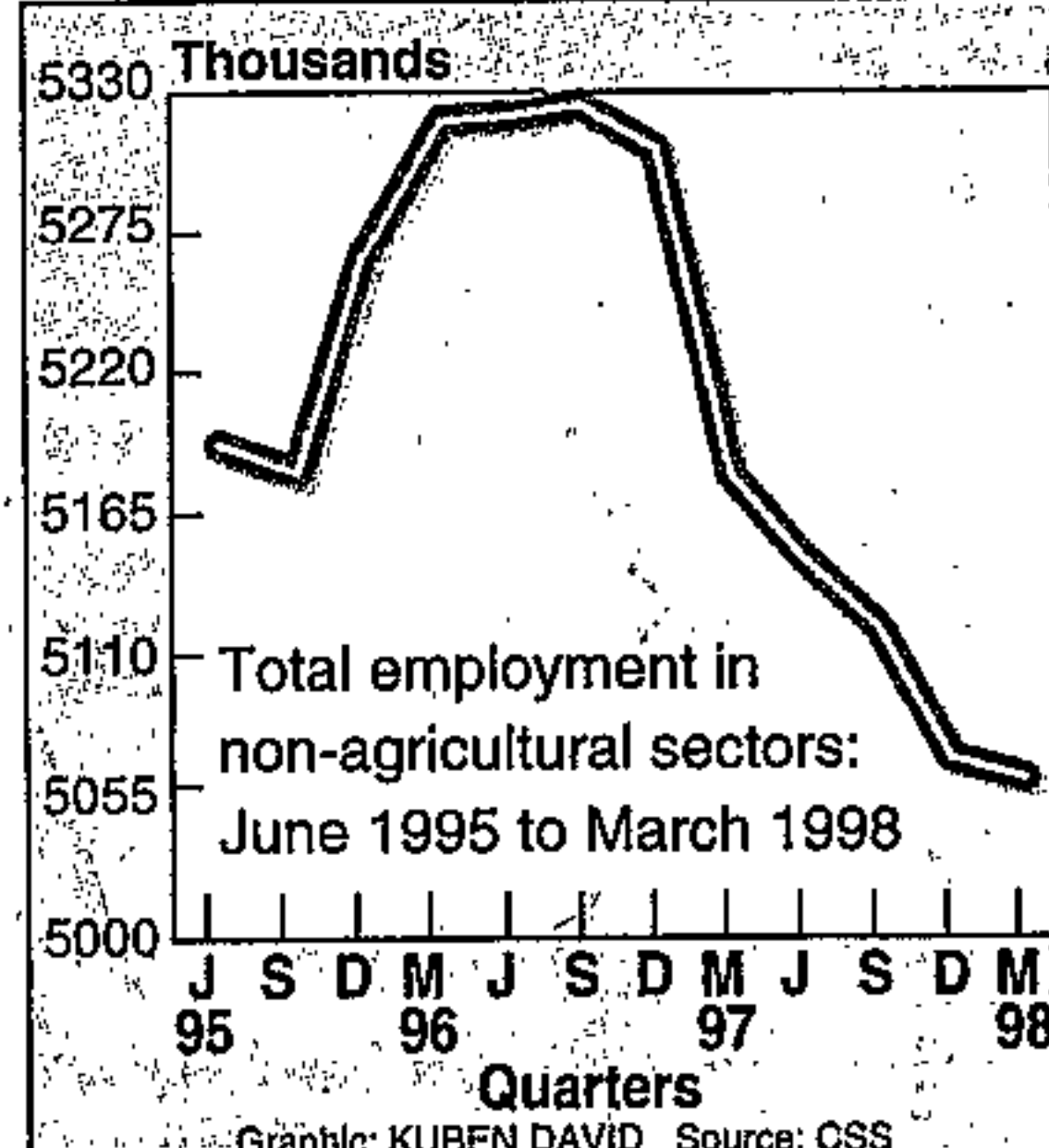
The figures for the first quarter show a small overall decline in employment from December last year, but in some sectors there was a gain in employment and in others a big fall.

The CSS has overhauled its employment statistics to comply with international standards, and Friday's figures were the first revamped numbers to appear for the economy as a whole.

The CSS said there was a small quarterly increase of 0,6% in jobs in the manufacturing sector and a rise of 2,8% in the number of employees in the construction sector. In both cases the increases are off a low base and economists were wary about reading too much into the improvement.

One economist said it was possible that large, once-off job shedding in the

Non-farm jobs



manufacturing industry was coming to an end as companies completed their plans to become more internationally competitive. Others, such as the Bureau for Economic Research's Pieter Laubscher, disagreed. He said the bureau's surveys showed there was little hope for meaningful job creation in the manufacturing industry.

The figures showed the economy as a whole recorded its sixth successive quarterly fall in employment in the March quarter. The figure was encouragingly small; however, with the number of jobs lost coming to 7 960.

Year on year, however, the picture looks worse as substantial numbers of jobs were lost last year. There was an annual decrease of 109 976 jobs in the

Continued on Page 2

Jobs data

Continued from Page 1

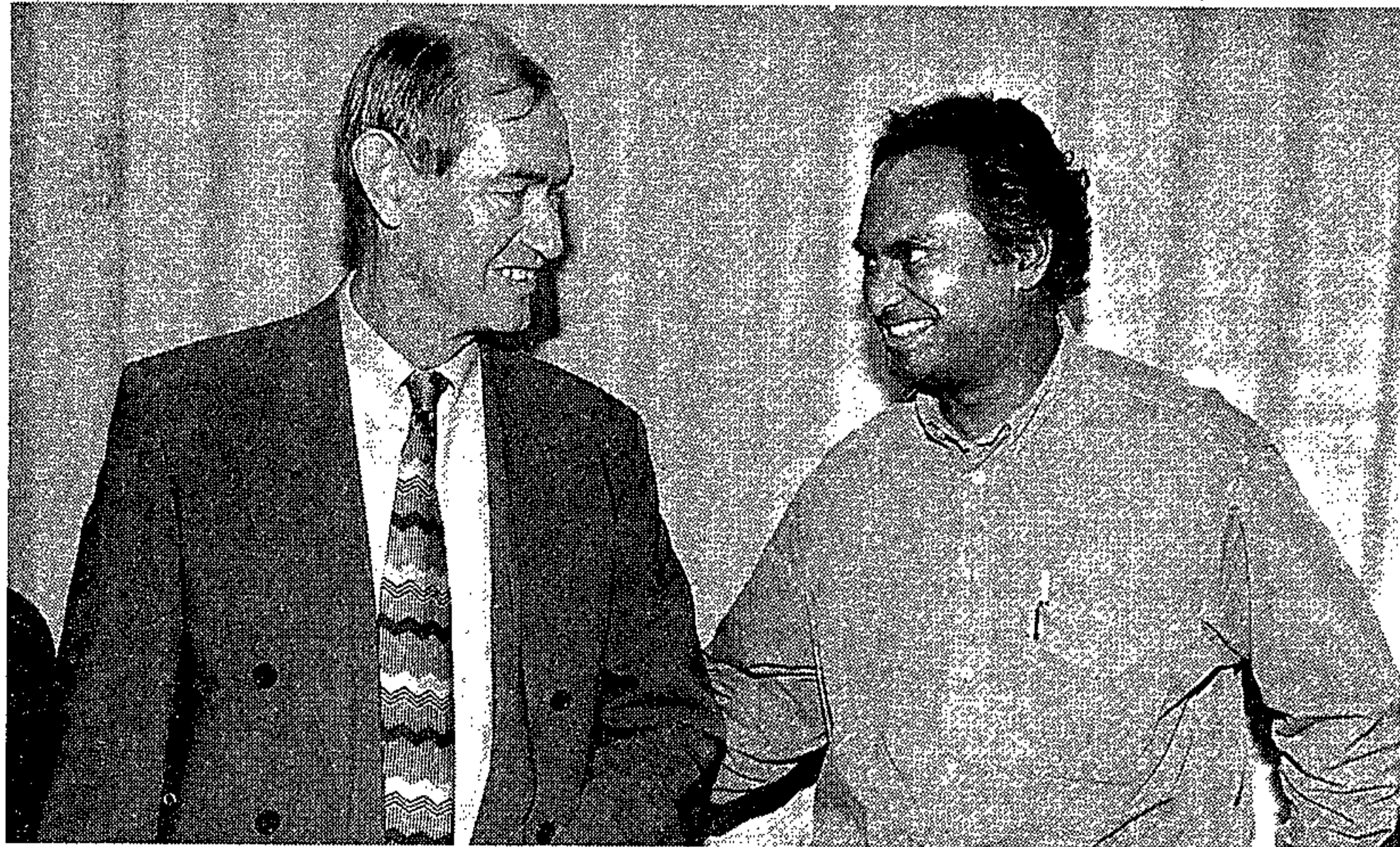
year to March, bringing the total number of employed people in the formal economy to 5,06-million.

Despite the steep decline in the year to March, the overall wage bill still rose by a fairly substantial 10,1%.

The CSS said it had replaced 17 discrete monthly and quarterly surveys

by two new surveys, each addressing a particular but integrated aspect of the labour market. Friday's data — on total employment and earnings — collected 24 data items including the number of employees on the last payday of the quarter and total gross salaries and wages paid in the quarter.

A separate survey on average monthly earnings, collecting 89 data items, came into operation in May and would be important for economists and policy makers, the CSS said.



Alec Erwin and Jayendra Naidoo at yesterday's meeting on the presidential job summit.

Picture: ROBERT BOTHA

Body for unemployed lashes out at govt

Reneé Grawitzky

THE Unemployed Masses of SA — an organisation representing thousands of unemployed people in Gauteng — yesterday lashed out at government for failing to involve it in the presidential job summit and for ignoring numerous requests for a meeting.

Godfrey Debeila, the organisation's president, said government had failed to respond to urgent appeals to discuss the plight of the unemployed, despite three marches to the Union Buildings in Pre-

toria and numerous approaches to the labour department.

The claims were made yesterday during a meeting between the organisation and Democratic Party leader Tony Leon aimed at investigating ways to assist unemployed people and to look into job-creation initiatives.

Debeila accused government of lying when it said it had involved various unemployed organisations in the process leading up to the job summit.

Government only accommodated and "heard the voices" of

organised workers and those with skills, the organisation said.

Leon said often the voice of the unemployed was not heard. "At the parliamentary level I intend to focus more sharply on the concerns of the unemployed and to highlight their exclusion in hearings on labour legislation and from the forthcoming job summit", he said.

The organisation welcomed the DP's co-operation and willingness to meet to discuss areas of concern, which included a lack of access to micro loans.

BD 12/8/98 (885) (885)

Revised survey cuts SA jobless rate to 23%

(335) ARG 14/8/98

Pretoria – Official statisticians say the unemployment rate was 22,9% in 1997, a drastic revision downwards from the previously announced 37,6%.

The change was attributed by the Central Statistical Service to a new survey method in line with the International Labour Organisation's formulas.

The new picture emerges against a background of unions and the Government urging the creation of more jobs but business arguing that pending new labour laws raise the cost of creating and maintaining jobs.

The CSS annual survey, using the new official unemployment rate method, put the jobless rate at 21% in 1996, 16,9% in 1995 and 20% in 1994.

Data gathered over the same period using the old, expanded employment rate method put the 1997 jobless rate at 37,6% after 35,6% in 1996, 29,2% in 1995 and 31,5% in 1994.

"The CSS's revised definition is in line with the ILO's definition, chosen by more than 80% of both developed and less developed countries, and by South Africa's major trading partners," said CSS chief Mark Orkin.

He said with the CSS's previous method, respondents were deemed jobless if they had not worked during the last seven days before they were interviewed, wanted to work and were available to start work within a week.

"The new definition adds a third requirement – that respondents should have taken active steps to look for work or to start some form of self-employment in the four weeks before the interview," said Mr Orkin.

For the latest data, the CSS has carried out four nationwide October household surveys since 1994, with the sample size of 30 000 households in each.

Mr Orkin said the release of the latest figure was to aid decision makers at the upcoming presidential jobs summit.

"When we came to prepare these releases from the new surveys, obviously in our mind was that the policy makers who are meeting at the summit will have as much as possible of the available data on the table."

The next October Household Survey results, based on the new method in use in such countries as France, the US, Britain and Kenya, will be released around next May. – Reuters

CSS adopts controversial new method

Jobless rate down 15%, survey finds

ET (POR) 14/8/98 (335)
**ROY COKAYNE
AND BRENDAN TEMPLETON**

Johannesburg — The Central Statistical Service (CSS) yesterday pegged South Africa's 1997 unemployment rate at 22,9 percent, 14,7 percentage points lower than its old level, following the controversial implementation of a new survey method.

The old CSS method put last year's unemployment level at a record 37,6 percent, up two points from 1996, the service said.

The new percentage statistics for other years are (old figures in brackets): 1996, 21 (35,6); 1995, 16,9 (29,2); and 1994, 20 (31,5).

Mark Orkin, the head of CSS, said the new method was in line with International Labour Organisation standards used by more than 80 percent of developed and less-developed countries, including South Africa's major trading partners.

But economists were not impressed. They said South Africa's employment trend remained negative, indicating an ill economy, irrespective of the methods used to measure it.

Unemployment is a political hot potato: unions have accused the government of failing in its growth, employment and redistribution (Gear) strategy, and the line is increasingly being taken up by opposition parties as next year's general election approaches.

It is also expected to be a focal point of conflict at the upcoming presidential jobs summit, which is aimed at formulating a job-creation policy for South Africa.

Tito Mboweni, the former labour minister, Alec Erwin, the

trade and industry minister and the South African Institute of Race Relations have criticised South Africa's old unemployment figures for being unreliable.

Orkin said the new measurement was prepared with the summit's policymakers in mind.

He added that the previous definition had considerable merit and it would continue to be used in parallel with the new measurement.

He said the new method added a fourth requirement — that survey respondents had actively sought work four weeks prior to being interviewed — to the existing three. These are: if respondents did not work during the week before being interviewed, wanted to work and were available to start within a week.

Ros Hirschowitz, a director of the CSS, said comparisons of South Africa's old unemployment rate with those of other countries, which had used the narrower definition of unemployment, placed South Africa at a disadvantage and could be negative for foreign investment.

Pieter Haasbroek, the group economist at Barlows, said employment trends remained negative, irrespective of unemployment definitions. South African labour absorption capacity had been declining since the 1960s, he said.

He and Riaan Lombard, an Afrikaanse Handelsinstituut economist, pointed fingers at increasing labour costs and inflexibility in the labour market.

The next survey, based on the method used in France, the US, the UK and Kenya, would be released around May 1999, said Orkin.

Unemployment at record levels in 1997

Stephané Bothma

PRETORIA (335) BD 14/8/98
Unemployment in SA reached its highest levels yet last year, with 37,6% of the working population being jobless compared with 29,2% in 1995, Central Statistical Service (CSS) figures released yesterday showed.

However, in terms of a revised approach in which the CSS for the first time used the International Labour Organisation's definition of unemployed, the official unemployment rate was 22,9% against 16,9% in 1995, CSS chief Mark Orkin said. This meant there were 2,2-million jobless people.

Discouraged job seekers who had given up hope of finding employment or who could not financially afford to look for work were not part of the revised definition, Orkin said.

The revised definition was used by more than 80% of developed and less

developed countries and by SA's major trading partners. "With the new definition, our unemployment data are directly comparable for the first time with those of most other countries."

The CSS's previous definition, referred to as the "expanded unemployment rate", used two criteria to determine unemployment: that respondents had not worked in the last seven days; and that they wanted to work and were available to start work within a week.

The new definition added a third requirement, that respondents had taken active steps to look for work or to start some form of self-employment in the four weeks before the survey.

According to the CSS's last four October Household surveys, the impact of unemployment was increasingly being experienced by women. Between 1994/95 and 1996/97 the ratio of women to men among the unemployed in-

creased from 1,38:1 to 1,46:1. In 1997, 34,6% of black women and 24,6% of black men were unemployed. Unemployment among whites had increased from 2,8% in 1995 to 4,6% last year.

The largest share of the employed, according to the October Household survey, fell into the community, social and personal services sector (36,1%); followed by manufacturing (17,7%); and the wholesale, retail and accommodation sector (16,3%).

Last year the informal sector consisted of 1,8 million people (24%) — 405 000 of whom were self-employed and employers, 623 000 were employees and 788 000 were domestic workers. Orkin said it appeared that the informal job market had grown while unemployment in the formal sector had increased by 3,5% last year.

Farm labour slashed: Page 3

SA has the blues over jobs

(235) ARG 28/8/98
Johannesburg - Almost three quarters of South Africans believe there are fewer jobs now than there were a year ago, a survey conducted by AC Nielsen-Market Research Africa (MRA) has found.

"South Africans are generally pessimistic about the job situation and highly critical of the failure of labour, government and business to find solutions to the unemployment problem," MRA director Brian Culross said.

More than 2 500 respondents were questioned, representing a population of almost 14 million urban residents spanning all races and income groups.

Among those polled, 74% said there were fewer jobs available than a year ago, with Indians (91%) and whites (82%) being the most pessimistic.

Mr Culross said: "This result is prob-

ably the consequence of negative perceptions arising from affirmative action programmes."

Older people were more pessimistic than the youth, with 80% of those over 50 saying there were fewer jobs, compared to 67% of 16 to 24-year-olds.

When asked which organisations were doing the most to create jobs, 85% of those who believed there were more jobs now than a year ago gave national government the credit.

Local government was seen by 81% to be stimulating employment. Three quarters of optimists also credited business and trade unions with job creation.

Almost two-thirds of those who believed jobs were now scarcer blamed the labour movement for job losses, while eight out of ten said it was the fault of national government. - Sapa

Most people in SA think there are fewer jobs available now than a year ago, survey shows

(335) BD 28/8/98
ALMOST three-quarters of South Africans believe there are fewer jobs now than there were a year ago, a survey conducted for Business Day by AC Nielsen-Market Research Africa found.

"South Africans are generally pessimistic about the jobs situation and highly critical of the failure of labour, government and business to find solutions to the unemployment problem," MRA director Brian Culross said.

MRA said yesterday the survey was conducted prior to government releasing its plan on job creation, the detailed

version of which was expected soon.

More than 2 500 respondents were questioned, representing a population of almost 14-million urban residents spanning all races and income groups.

SA's official unemployment rate was about 32%, although the SA Institute of Race Relations said it was closer to between 23% to 24%.

Even at this level, though, it is among the highest in the world.

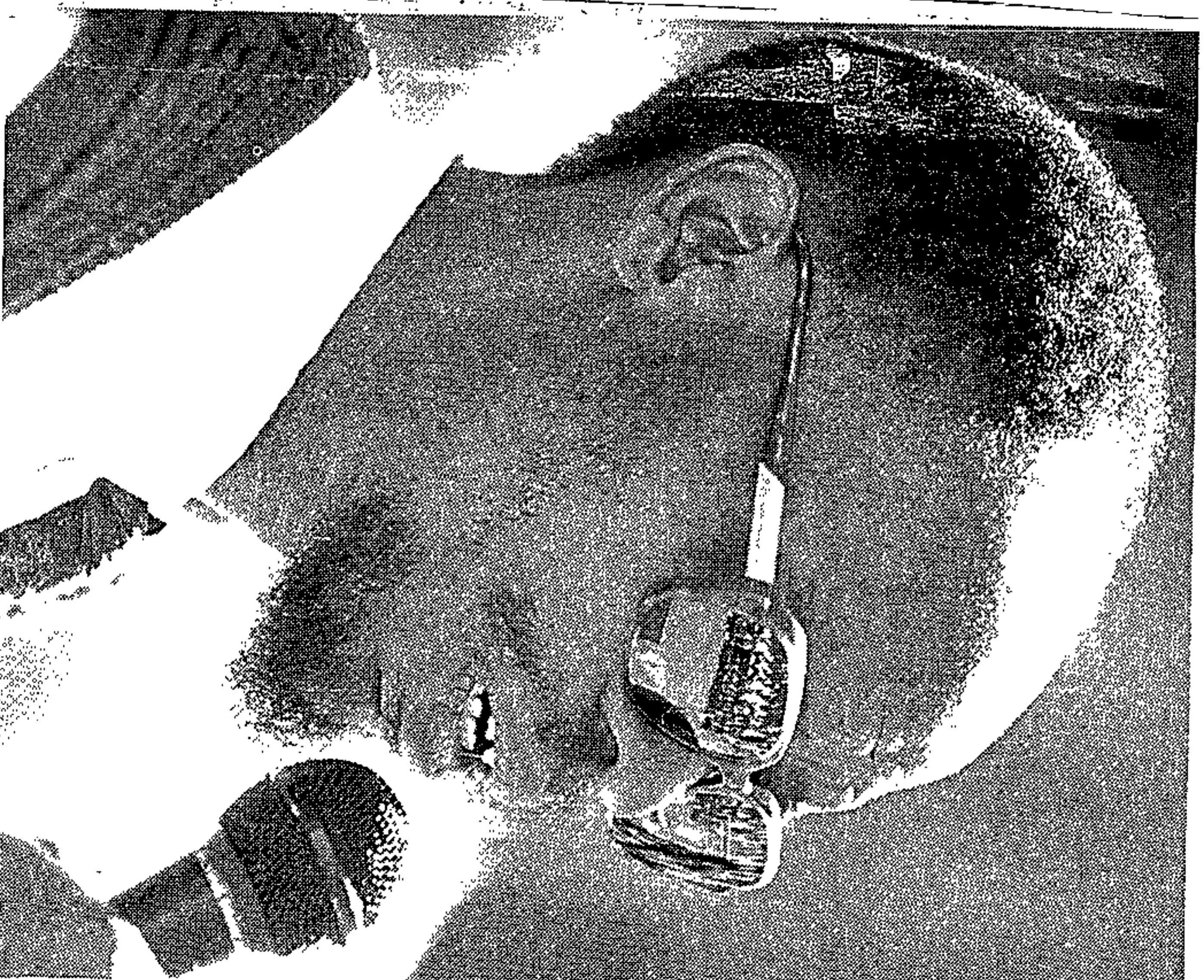
Of those polled, 74% said there were fewer jobs available than a year ago, with Indians (91%) and whites (82%)

being most pessimistic.

Culross said: "This result is probably a consequence of negative perceptions of affirmative action programmes in both government and business structures."

Older people were more pessimistic than the youth, with 80% of those over 50 saying there were fewer jobs, compared with 67% of 16- to 24-year-olds.

When asked which organisations were doing the most to create jobs, 85% of those who believed there were more jobs now than a year ago gave central government the credit. — Sapa.



DP leader Tony Leon, right, talks to unemployed people in Jeppestown, Johannesburg, yesterday. Also at the gathering was the leader of the Unemployed, Mphahlele Kgopane.



Also at the gathering was the leader of the Malamulela Movement for the Unemployed, Mphahlele Kgopane. Pictures: ROBERT BOTHA

Leon tells unemployed 100 000 jobs have been lost since 1994

Nomavenda Mathiane

THE Democratic Party and the Malamulela Social Movement for the Unemployed yesterday called on Cosatu to stop talking on behalf of the unemployed. They also challenged the government to give them a seat at the forthcoming labour summit.

Addressing hostel dwellers near the Jeppe railway station in Johannesburg, DP leader Tony Leon said the ANC had promised people jobs, while

100 000 jobs had been lost in SA since the ANC came into power.

Leon was invited to speak by the SA National Hostels Assistance Company.

Also at the gathering were churchgoers, hostel inmates from other areas, including Diepkloof in Soweto, members of the Malamulela movement, a large crowd from The Ranch club in Rivonia, who said they were attending out of curiosity, and a number of Zulu musical groups.

Leon told the crowds that instead of

spending money on "people on the ground", government was funding schemes that were not working, commissions of inquiry and gatherings such as the Nonaligned Movement summit in Durban.

The DP's answer to job creation was the voucher scheme, which would help the unemployed acquire training. He said the DP did not merely offer empty slogans to the people, but was there to assist. He praised the government's growth, employment and redistribu-

tion strategy saying it was a government policy which would deliver jobs and that the Congress of SA Trade Unions had no business criticising it.

After Leon's address, audience members asked him to assist getting disability grants, jobs and assistance with their children's schooling.

Chairman of the Malamulela Movement Mphahlele Kgopane called on the unemployed to march on Labour Minister Shepherd Mdladlana on September 17 to protest about unemployment.

BB 31/8/94

Govt proposes amendments to bill

John Dlodlu

GOVERNMENT has proposed amendments to the Competition Bill that will effectively give parastatals exemption from the law's provisions, state negotiators have said.

Dave Lewis, one of government's key negotiators, said the significantly strengthened Competition Bill — now being considered by the legislature — would not apply to parastatals and companies operating within a public licence.

In effect, state-owned companies like Eskom, the Industrial Development Corporation, Transnet and Telkom will not be covered by the proposed law.

However, should these parastatals and companies operating within a public licence deviate from the mandates by competing with the private sector or by abusing their dominance, they would be dealt with by the competition

law, according to Lewis and Alis-tair Ruiters, the chief government negotiator on competition policy.

In terms of this approach, the competition authorities may not lower or raise standards — specified in their mandates — for such entities.

Previously, private transport operators expressed concern at the unfair competition they experienced from Transnet, the transport parastatal.

To ensure effective application of the law and avoid duplication, the trade and industry department has proposed amendments, providing for co-operation agreements between the soon to be established competition authorities and other regulators such as the SA Telecommunications Regulatory Authority (Satra) and the National Electricity Regulator.

Changes to laws dealing with other regulators might have to be made to provide for this co-operation relationship.

The suggested amendments, which could eliminate industry confusion and prevent firms playing one authority against the other, have the backing of some regulators.

In a recent workshop with other regulators, Satra said in cases where the competition law was stronger, Satra could forward these matters to the competition tribunal, although costs could be a problem.

Already, the bill provides for exemptions to a range of professional associations, including engineers, attorneys, estate agents, architects and accountants.

Part C of chapter 2 of the bill, unveiled in May, provides for exemptions to agreements that contribute to the promotion of exports; buoy small business development or assist firms that are owned by previously disadvantaged people to become competitive; or assist in stopping the decline of an industry.

BD 31/8/98

Cut-rate victims of misguided idealism

Locked out by unionised labour, the unemployed are turning to an increasingly jumpy middle class for jobs, writes DEVON WINDVOGEL

(336) ST 4/10/98

COMMUTERS on their way to work from the Durban suburb of Westville get to observe South Africa's biggest challenge along the M13 turn-off to Blair Atholl Road. Although on the Comrades Marathon route, it has nothing to do with that annual challenge.

This challenge is just a little more daunting. What they see is able-bodied men begging them not for food but for jobs. Similar scenes can be observed in any major city in South Africa.

Part of the huge reservoir of unemployed and under-employed, these men have come to realise the real market price for their labour — a price well below the minimum wages being negotiated between employers and those extremely privileged in our society: unionised labour. These men are willing to work for almost anything.

Many along Blair Atholl Road are recent arrivals. They have left their rural homes hoping to find jobs in Durban. For many, this journey has ended in culture shock and disappointment. Lack of work is denying them access to the market system and increasingly alienating them from that system — the classic ingredients for social and political disorder.

But why should these men assemble in affluent Westville? Well, unlike our new political elite, they have come to realise that their hope lies in the hands of affluent white middle-class entrepreneurs living in places like Westville.

Jobs are not going to come from those enriching themselves with taxpayers' money nor from the oligarchs surfing the wave of black empowerment. They are going to come from entrepreneurs who, if given the right environment, will start or expand businesses in the self-interested pursuit of profits, in the process creating jobs, just as the Scottish economist Adam Smith advised in the 18th century.

But the right environment depends on social, political and economic fundamentals.

Economists have often assured us in recent weeks that our fundamentals are sound. Many specialists in the dismal science seem to think orthodox fiscal policies are fundamentals. Smith would have disagreed. For Smith in 1776, and the SA entrepreneur in 1998, the fundamentals are the superstructure — in other words, the political, economic and social institutions that normally safe-

guard and assist investment.

Not only are the usual preoccupations of economists (interest rates, trade policies and so on) changing rapidly, but so are public institutions, which economists usually assume to be relatively stable.

Will these institutions, which are in the process of ill-defined "transformation", protect the entrepreneur and his investment or will they be the next instruments of oppression?

South Africa has a long tradition of governments legalising injustices against fellow citizens. The 1911 Native Labour Regulation Act was passed to protect white labour from competing with black for jobs on the mines. White labour was further protected by the Industrial Conciliation Act of 1924. The great proponents of these and similar Acts were the white trade unions, who abused their close ties with the government to shield their members from the proper workings of the market system.

We now acknowledge these Acts were unjust, denying non-whites the right to sell their labour freely and business the right to make rational decisions. But it seems we are in the process of perpetuating similar injustices. The trade union movement has since 1994 abused its relationship with the government to pass a series of laws that impede the rights of citizens like the men along Blair Atholl selling their labour.

Legislation passionately argued over was passed with undue haste. And, as the ancient Greek Diodorus warned during a heated debate in the Athenian assembly in the fifth century BC: "Haste goes with folly, passion with the coarseness and meanness of mind; both are enemies of wise counsel."

These labour laws, implemented with a kind of religious zeal, do not protect union members from unscrupulous businessmen but from the unemployed, in the same way white trade unions protected their members from non-whites.

I am reliably informed that some companies in Durban pay unskilled workers minimum wages of up to R2 000 a month. I am sure the men along Blair Atholl Road would be willing to work for half that. But they are restricted from selling their labour by barriers legalised by our greatest and most "transformed" public institution, Parliament. For these sad individuals, R1 000 a month might mean the difference between cutting someone's throat to get money for food or being respectable citizens in a free-market democracy.

R1 000 a month might mean the difference between cutting someone's throat to get money for food or being respectable citizens in a free-market democracy

Also adversely affected are small up-and-coming businesses forced to comply with the new laws. That Parliament could have approved such legislation in a developing country like South Africa must boggle the minds of potential entrepreneurs and cast enough doubt on what it will do next to discourage further investment.

Unfortunately, Parliament is not the only public institution instilling doubts about the future. There is a tendency among those schooled in Marxist astrology (and there are many among our new elite) to believe they can change the world overnight.

Many of our public institutions, from the civil service to schools, have already become victims of this idealism. Idealists argue that they are being "transformed", but few of us are sure what this means because we are still searching for the principles that will guide this transformation. At the moment, it seems to mean a chance for opportunists — the usual passengers during political convulsions — to ride the gravy train.

Institutions are the anchors of any civilised society. They embody a partnership between the dead, the living and those still to be born. Idealists tend to ignore and discredit everything left behind by the dead by gambling the fortunes of those still to be born. We need only to look north to see the results of such recklessness.

The apartheid regime was cruel and unjust, but it left us with some relatively good public institutions, magnificent infrastructure and an economy envied by every country south of the Sahara. Are we really going to gamble it all on idealism?

Our ministries are filled with idealists appointed not on the grounds of administrative capabilities gained from years of experience but for their knowledge of the latest theories and their closeness to the new political elite.

Potential entrepreneurs must be filled with horror at our economy, our schools and universities, our hospitals and clinics and our justice system. The state of these institutions must be enough motivation for them to consider emigration. And with them go the hopes of people like those along Blair Atholl Road.

Whatever our opinions and ideologies, we must accept that this country's short- and medium-term economic future lies

with the white minority.

All our economic, political and social ills are the symptoms of a breakdown in our public institutions. The high crime rate is the result of an economy that is not performing because of government policies and a justice system and police force unable to enforce law and order. Corruption is flourishing because of a breakdown of systems in a civil service manned by inexperienced idealists. Our schools are in a mess because idealists are implementing policies that fail to realise the diversity of the status quo. Our central bank has been earmarked as the next institution to be "transformed" — by none other than the economist who guided our ridiculous new labour legislation through Parliament.

It was just over four years ago that we congratulated ourselves on our new-found liberty. Writing in the 18th century, the British statesman Edmund Burke warned that one should celebrate liberty only after one had been "informed of how it had been combined with (good) government; with public force; with the discipline and obedience of armies; with the collection of an effective and well-distributed revenue; with morality and religion; with the solidity of property; with peace and order; with civil and social manners". Because, he argued, "all of these (in their way) are good things too; and, without them, liberty is not a benefit whilst it lasts; and is not likely to continue long".

For the men along Blair Atholl Road the congratulations have turned into complaints. For the entrepreneurs in Westville they have turned into doubts about the future.

● *Devon Windvogel was educated at Stevenson College in Edinburgh and Glasgow University. He is an economics lecturer at the University of Durban-Westville.*

500 000 jobs lost in SA since 1994

(336) CT(PK) 9/10/98

ROY COKAYNE

Pretoria — South Africa's informal sector comprised 1,8 million people, 600 000 more than previously believed, Mark Orkin, the head of Statistics South Africa (Stats SA), said yesterday.

He said overall unemployment was believed to have risen by 500 000 between 1994 and 1997.

Orkin said the recent review of unemployment and employment in South Africa would contribute to discussions at the jobs summit this month "and the ongoing debate thereafter.

"The review brings together data for the use of policy-makers," he said. "We found certain developments and patterns coming to the fore which will be available for discussion."

Orkin said improvements to the questionnaire in the October 1997 Household Survey had

pointed out both employment and self-employment in the informal sector for the first time. The estimated size of the informal sector had increased from 1,2 million to 1,8 million.

A special retrospective survey on employment and unemployment suggested there was growing informal employment in transport, for instance, which was not picked up in formal sector surveys addressed to registered businesses.

The review also revealed that the unemployment rate among 15 to 30-year-olds, the youngest age group, was 35 percent compared with the overall unemployment rate of 22,9 percent in 1997.

By contrast, the unemployment rate was lower than average, at 19 percent, among 31 to 45-year-olds and only 10 percent in the 46 to 65 age group.

An analysis of the sectoral

distribution of employment revealed the tertiary, or service industries, sector dominated work opportunities. At least one in two jobs was classified within this sector between 1994 and 1997.

In the non-agricultural sector, the number of jobs had been gradually decreasing since December 1994, but the decline is not uniform across all sectors.

The trade and financial services sector recorded new employment and accounted for about 20 percent of all formal sector jobs last December.

But job losses were recorded in the community, personal and social services sector; manufacturing; mining and quarrying; construction; transport and electricity.

These six sectors contributed about 80 percent of jobs to total formal sector employment last December, the review found.

Jobless rate

rose by 6%

last year

ET 9/10/98

PRETORIA: South Africa's overall labour market shed 500 000 jobs over the past four years, despite growth in the informal job sector, Statistics SA said yesterday.

Releasing a report on the country's unemployment status, Stats SA head Mark Orkin said the estimated size of the informal job market, comprising mainly street vendors and domestic workers, rose from 1,2 million to 1,8 million.

The report reiterated earlier findings that South Africa's unemployment rate rose by 6% last year, from 16,9% in 1995. Of those unemployed, 29% were black, 16% were coloured, 10% were Indian, and 4% white.

Nineteen percent of women, compared to 28% of men, were jobless.

The report said the trade and financial sectors were the only ones to gain jobs, while the mining, manufacturing, community services, electricity, construction and transport fields all lost jobs.

The number of jobs in the agricultural sector declined from 1,4 million in 1994 to 637 000 in 1997.

Women were most likely to be employed in non-skilled positions. Last year 30% of employed black women were domestic workers.

Last year there was a mere 1% difference in the unemployment rate between people with matric or a tertiary education and those with no qualification at all.

In rural areas, the higher the level of education, the higher the rate of joblessness.

Unemployment figures were higher among those aged between 15 and 30, and lowest among those between 46 and 65 years. — Sapa

Jobless queue (395) expands

Sowetan 9/10/98
SOUTH Africa's overall labour market had lost 500 000 jobs over the past four years despite growth in the informal job sector, Statistics SA said yesterday.

Releasing a report in Pretoria on the country's unemployment status, Statistics SA head Dr Mark Orkin said the estimated size of the informal job market, comprising mainly street vendors and domestic workers, rose from 1,2 million to 1,8 million.

The report, released in time for this month's jobs summit, embraced a number of previous surveys and analysed the findings for the benefit of policy makers, Orkin said.

The report reiterated earlier findings that South Africa's unemployment rate rose by six percent last year from 16,9 percent in 1995. Of those unemployed, 29 percent were black, 16 percent coloured, 10 percent Indian and four percent white. Nineteen percent of women, compared to 28 percent of men, were jobless.

The report said the trade and financial sectors were the only ones to gain jobs, while the mining, manufacturing, community services, electricity, construction and transport fields all lost jobs.

The number of jobs in the agricultural sector declined from 1,4 million in 1994 to 637 000 in 1997.

A racial breakdown found that 32 percent of whites without a matric certificate held managerial, professional and technical posts, compared with eight percent of blacks.

"A white skin colour still really helps in South Africa if you haven't got matric," Orkin said.

The report said one in every three black women were unemployed, compared with one in every 30 white men.

Women were most likely to be employed in non-skilled positions. Last year 30 percent of employed black women were domestic workers.

Unemployment figures were higher among those aged between 15 and 30, and lowest among those between 46 and 65 years.

The figures also differed geographically, with 27 percent of people in rural areas being unemployed, compared to 22 percent in urban areas.

The report said 93 percent of people questioned for a special survey conducted in September 1997 indicated they were constantly employed since the April 1994 election. Ninety percent of those unemployed at the time of the elections said they had not worked a single day since. — Sapa.

Portrait of decline as key jobs summit looms

Official losses 'way off the mark'

ARG 15/10/98 (395)

CLINE SAWYER
POLITICAL CORRESPONDENT

Ahead of this month's watershed presidential jobs summit, Labour Minister Shepherd Mdladlana has released details on job losses in the past four years.

Employment dropped by close to 3 million in the last quarter of 1995-96, a staggering 34,7%.

It declined again by 16 147 jobs in the last quarter of the following year, and rose again by 346 755 jobs - or 6,7% - in the last quarter of the past financial year.

Disclosure of the figures coincides with an admission by Trade and Industry Minister Alec Erwin, who is co-ordinating the summit, that a range of factors including some beyond anyone's control meant that Government estimates on job stabilisation and creation were "one, two or maybe even three years out".

The figures can be taken only as a crude indicator, because they are based on statistics which do not record trends in important sectors such as agriculture, fishing and

forestry, and some aspects of the hospitality and service industries.

Mr Mdladlana disclosed the figures in Parliament at the request of Democratic Party leader Tony Leon.

Jobs in mining and quarrying declined through the last four financial years.

These industries shed 32 350 jobs, or 5,4%, between the last quarters of the 1994-95 and 1995-96 financial years, and the decline continued with the loss of 12 135 jobs in the last quarter of 1996-97.

The last quarter of 1997-98 showed a record decline of 275 733 jobs, about 49,5%.

In the manufacturing industry, after a 2,4% rise in jobs in the last quarter of 1995-96, there was a 2,3% drop in the last quarter of 1996-97, followed by a further drop of 2,3% a year later.

Taken together, the losses recorded in the manufacturing industry in the last quarters of the past two financial years total 86 070.

Mr Mdladlana said employment in the electricity, gas and water industries rose by 303 jobs in the last quarter of the 1995-96 financial year, followed by a decrease of 61 jobs and 846 jobs in the last quarters of the

1996-97 and 1997-98 financial years.

Jobs in construction dropped by 33 287 in the last quarter of 1995-96, and continued to decline by 17 357 and 4 872 in the 1996-97 and 1997-98 financial years respectively.

It was up and down for the wholesale and retail trade and catering and accommodation, which lost 7,7% of jobs in 1995-96, gained 9,4% the following year, and dropped 0,5% in the last quarter of 1997-98.

Meanwhile, Mr Erwin has moved to calm turbulent reaction to a discussion document being circulated within the African National Congress which appears to suggest a rethink on economic policy.

Sapa reports that in a speech to the SA Chamber of Business annual convention in Durban, Mr Erwin downplayed the significance of the ANC document, saying the party had to analyse what it was doing.

"There is no worse economic policy than dogma. Dogma gets us nowhere."

He believed South Africa's economy was basically on the right track, and criticised business and media's negative views about the future. There was much cause for optimism, he said.

Raft of jobs summit agreements in offing

(3/4) (4/4) ST (PT) 18/10/98
AS MANY as 40 undertakings to arrest SA's unemployment scourge are likely to be agreed upon at the upcoming presidential jobs summit.

Agreements should include a statement about differences of opinion on the government's macro-economic strategy, measures to combat unemployment and funding for projects.

Projects are set to include programmes around housing and housing rental stock — a key proposal contained in the Congress of SA Trade Unions submission to the jobs summit and which it estimates could cost between R30-billion and R35-billion.

Other projects include tourism and infrastructural development, youth brigades, training and learning.

Alec Erwin, Trade and Industry Minister and government co-ordinator for the summit, declined to detail funding for the projects until the summit, scheduled for October 30.

Business has already pledged R1-billion for job creation while government has budgeted R800-million for infrastructural development in the current year. A further allocation will be made available in next year's Budget for direct job creation.

Organised labour has pledged to contribute a day's pay towards the

UNEMPLOYMENT

By THABO KOBOKOANE

Umsobomvu Fund (to be launched from demutualisation levies).

Erwin says an interministerial structure will be set up to continue with the work of the summit and a review summit held a year later.

The summit, which is scheduled for October 30, is intended to provide short-to medium-term measures for job creation while structural changes are implemented in the economy.

SA's unemployment is officially 22.9% of the potential workforce for 1997, according to accepted International Labour Organisation (ILO) measures.

Previous official measurements put the 1997 jobless rate as high as 37.6% until the method of calculation was changed to the labour organisation's definition — which is used by more than 80% of both developed and less developed countries.

The economy is also continuing to shed jobs. According to figures by the South African Reserve Bank, the economy shed in excess of 100 000 jobs last year. Statistics SA (formerly the Central Statistical Services) estimated that the economy lost 500 000 jobs in the past four years.

Jobs summit to help the unemployed

By Mzwakhe Hlangani
Labour Reporter

SOUTH Africa's unemployment scourge could be reduced reasonably in the near future if dozens of tentative agreements are finalised in the upcoming presidential jobs summit set for later this month.

Areas of tentative agreements include a broad statement on macro-economic policy for sustainable job creation, a need for rented housing stock, youth brigades, industrial summit, social plan and some financing mechanisms, Congress of South African Trade Unions communications officer Nowethu Mpathi said yesterday.

A detailed report from negotiators on preparations for the summit indicated agreement on amendments to the Labour Relations Act to make retrenchments a matter for negotiations instead of the current situation where trade unions were merely consulted.

Others include agreements on tariffs, use of prescribed investment to leverage resources for housing and infrastructure, she said.

Trade and Industry Minister Alec Erwin, who is also leading the Government in the National Economic Development and Labour Council, confirmed at a conference on Friday that substantial progress had been made and a number of job creation projects were to be agreed upon.

Erwin could not disclose the amounts of money to be released for the job creation projects.

The Cosatu executive committee meeting decided at the weekend to present tentative agreements at Nedlac to the alliance meetings this week.

Cosatu was not yet able to say whether the jobs summit would be a success or not.

"A clear package has not emerged yet. We, however, believe that progress has been made in a number of areas in particular in the bilaterals between labour and the Government," she said.

The executive committee meeting also discussed the call on the need for organised labour and the rest of the society to make contributions in the form of the one day output of the economy for job creation programmes.

19/10/98
Sowetan

More than half of African women unemployed, SA census figures show

20 21/10/98

335

The vast majority of the African population is young. Nearly half of Africans living in SA are below voting age and two out of three Africans are under 30 years old. In contrast, 45,8% of whites are under 30.

As a rule, the most rural provinces in SA are the poorest and least educated. In the Northern Province, which is nearly 88% rural,

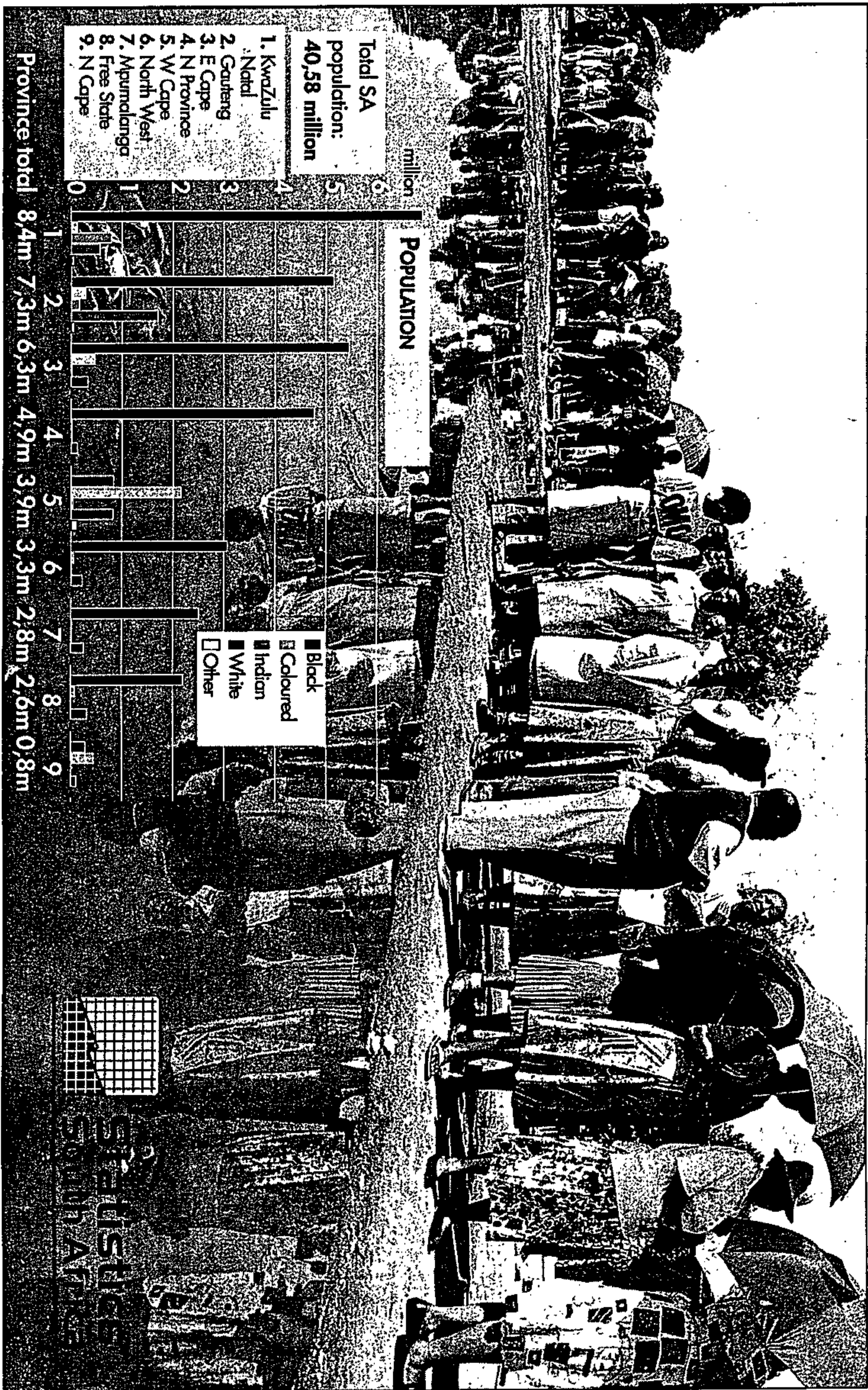
37% of adults have no education at all. In Gauteng, which is 97% urban, 9,5% of the adult population has no education at all. One in five adult South Africans has no education; 16,4% have a matric and one in 16 has a tertiary qualification.

The Northern Province and the Eastern Cape have the highest proportions of unemployed, 48,5% and

46% respectively. The province least bedevilled by unemployment is the Western Cape, with 17,9% of its adults unemployed. In Gauteng the unemployment figure is 28,2%.

While the majority of African women are unemployed, 57% of those who do acquire an income perform elementary labour. Among African men who work 26,3% perform elementary labour and nearly half are artisans or operators.

One in two South Africans does not have a tap inside their house and the same number use candles and paraffin for light and heat.



Divide between town, country

GAUTENG is the most urbanised province in South Africa, while the Northern Province is the most rural, according to figures in Census '96.

The results reveal that 97% of Gauteng residents live in cities. In the Northern Province, 89% of the population lives in rural areas.

The results also show that more than half of the entire South African population (54%) lives in urban areas.

While Africans are in the majority, only about 45% of them live in their own houses. About 21% of them live in shacks and 7,8% live in backyards of formal houses. About 24% live in "traditional dwellings".

Ninety-five percent of white residents live in their own homes and they are closely followed by Indians at 91,0% and coloureds at 82,3%.

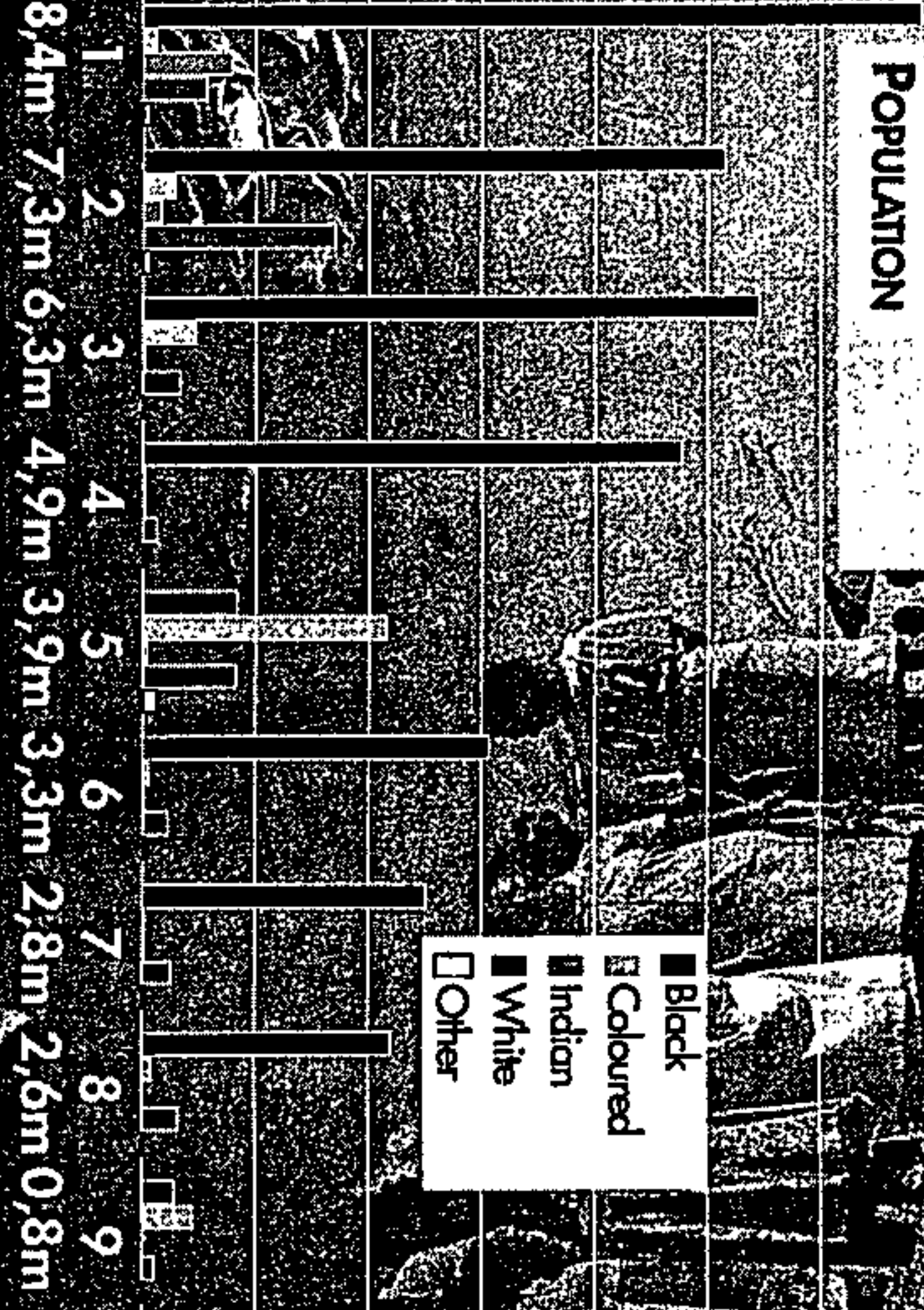
Just more than 4 million residents have access to electricity and use it as a source of energy for cooking, heating and lighting.

Just under a million and a half people have access to electricity in Gauteng. In the Western Cape, more than 750 000 people have access to electricity. Around South Africa, more than 320 000 people rely on coal as their main source of energy.

Fifty-eight percent of houses have electricity for lighting, but 29% still use candles and 13% use paraffin. — Own Correspondent

Total SA population: 40,58 million

1. KwaZulu Natal
2. Gauteng
3. E Cape
4. N Province
5. W Cape
6. North West
7. Mpumalanga
8. Free State
9. N Cape



Province total 8,4m 7,3m 6,3m 4,9m 3,9m 3,3m 2,8m 2,6m 0,8m

- Black
- Coloured
- Indian
- White
- Other

Statistics South Africa

Govt to review budget allocations to provinces

RYAN CRESSWELL

NEW information about population trends, education levels and standards of living will compel the

UNEMPLOYMENT LOWEST IN PROVINCE

(334)

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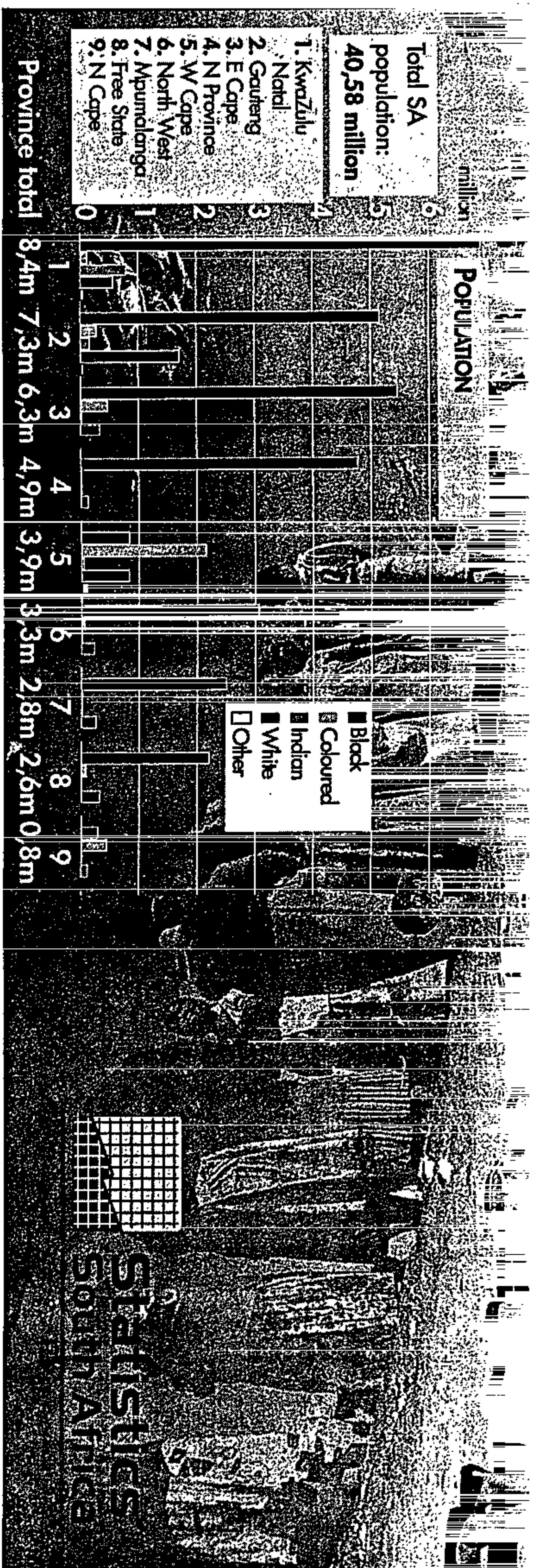
CT 21/10/98

W Cape ahead in social stats

THE CENSUS reveals that by every social measure, the

the highest in the Eastern Cape

number of households that have no lavatories (5,4%), with the lowest



Govt to review budget allocations to provinces

RYAN CRESSWELL

NEW information about population trends, education levels and standards of living will compel the government to review its provincial budget allocations over the next five years.

Finance Minister Trevor Manuel said after the release of Census '96 results yesterday that Northern Province and KwaZulu-Natal would be the main beneficiaries of the revised allocations. The Western Cape, which showed up as one of the richest and most developed province, would lose some of its allocation.

Gauteng was unlikely to be affected because, despite being well developed, it had the second largest population and a significant number of poor people.

The changes would be made over the next five years.

Earlier, Manuel said the results would help in allocations to the provinces, which were derived from a formula that took account of population size, age of the population and "degree of ruralness".

There are 40,5 million people in South Africa, with just over half living in urban areas. Over 31m are black, 3,6m coloured, one million Indian or Asian and 4,4m white.

KwaZulu-Natal is the most populous province with almost 8,5m people, followed by Gauteng with 7,3m. Northern Cape has by far the lowest at less than 500 000.

Gauteng has 8,4% of its population well educated and 10,6% of the Western Cape population have tertiary education. This contrasts with the 4,2% of people in North West and 4,5% in Northern Province.

Nearly 66% of Gauteng's economically active population is employed and over 75% of people in the Western Cape have jobs.

The Western Cape also has the highest coloured population at more than 2m.

More than 20% of whites and only about 2% of blacks have tertiary education. Nearly 50% of employed whites are managers or professionals and 47% of blacks are artisans or operators. About 57% of black women and 41% of coloured women are unskilled workers.

UNEMPLOYMENT LOWEST IN PROVINCE

W Cape ahead in social stats

THE CENSUS reveals that by every social measure, the Western Cape is far better off than most other provinces. Environment writer MELANIE GOSLING reports.

THE Western Cape has the highest standard of living, lowest unemployment rates and best education levels of any province in South Africa.

But our budget will be cut to match the population figures, which are just over a million lower than was estimated last year.

The Northern Province is the worst-off province on most levels.

This is how the Western Cape rates in the final census results:

- Unemployment is the lowest in the country (17,9%) compared with a national rate of 34%. The next lowest unemployment rate is Gauteng (28,2%) and Northern Cape (28,5%). The highest unemployment rates are in Northern Province (46%) and Eastern Cape (48,5%).
- Education levels are the best in the country, with 10,8% of the Western Cape's population having received post-school education, compared with the national level of only 6%.

The next highest level of tertiary education is in Gauteng (8,4%) and the worst is in Northern Province (4,2%).

Only 8,7% of people over the age of 20 in the Western Cape have had no formal education at all, compared with the national level of 20%. Figures in Gauteng are 9,5%, Eastern Cape 20,9% and the highest is in Northern Province at 36,9%.

- The percentage of people in the Western Cape who live in formal housing is the highest in the country (76,1%), compared with Gauteng (62%) and Eastern Cape (42,1%), the lowest. The national percentage is 58%.

- The Western Cape also has the lowest percentage of people who live in only two rooms or fewer (23,1%), compared with Gauteng (36,7%) and

the highest in the Eastern Cape (39,1%).

- The percentage of people who have taps in their homes is the highest in the country (76%), with the lowest in Northern Province (18%).

- The Western Cape also has the highest percentage of telephones in homes (55,4%), compared with Gauteng (45,6%), the Free State (23%) and the lowest in Northern Province (7,5%).

- The percentage of households that have rubbish removed at least once a week is highest in the Western Cape (83,7%), followed closely by Gauteng (82,9%), with Northern Province trailing behind at 11,4%.

- The percentage of people in the Western Cape who earn more than R4 500 a month (12,4%) is second-highest in the country, with Gauteng at 15,8%. The national figure is 6%.

- The Western Cape has the second-lowest percentage of people earning less than R500 a month (18,4%), with the lowest in Gauteng (15,5%).
- We also have the second-lowest

them live in shacks and 7,8% live in backyards of formal houses. About 24% live in "traditional dwellings".

Ninety-five percent of white residents live in their own homes and they are closely followed by Indians at 91,0% and coloureds at 82,3%.

Just more than 4 million residents have access to electricity and use it as a source of energy for cooking, heating and lighting.

Just under a million and a half people have access to electricity in Gauteng. In the Western Cape, more than 750 000 people have access to electricity. Around South Africa, more than 320 000 people rely on coal as their main source of energy.

Fifty-eight percent of houses have electricity for lighting, but 29% still use candles and 13% use paraffin. — Own Correspondent

Women top jobless

list by OVER 50%
of 21/10/98 (SKE)

PRETORIA: Women, who represent 21 million of South Africa's 40,5 million people, comprise about one third of the employed population, and more than half of those unemployed, according to the 1996 census results released yesterday.

A document containing the results says that 3,6 million of the country's 9,1 million employed citizens were female, compared to 5,5 million men.

Of the 4,7 million unemployed, 2,1 million were men, and 2,6 million women. The census results reveal that more women than men were in unskilled occupations, and they earned less.

Fifty-seven percent of black and 41% of coloured women were in unskilled occupations, while 50% of white men were in managerial, professional or technical occupations.

Forty-eight percent of employed black women earn R500 or less per month, while 65% of white men earn more than R3 000 a month.

Of the country's four million citizens with no schooling, 2,3 million were women, compared to 1,7 million men.

However, nearly as many women as men have tertiary qualifications — 646 000 compared to 649 000. — Sapa

Due to space constraints, our regular features and Kaizer Nyatumba's column could not be accommodated today. The Leader Page will return to normal as from tomorrow.

Statistics
South Africa

WHO EARNS WHAT

Individual monthly income among the employed by population group, 15 to 65 years

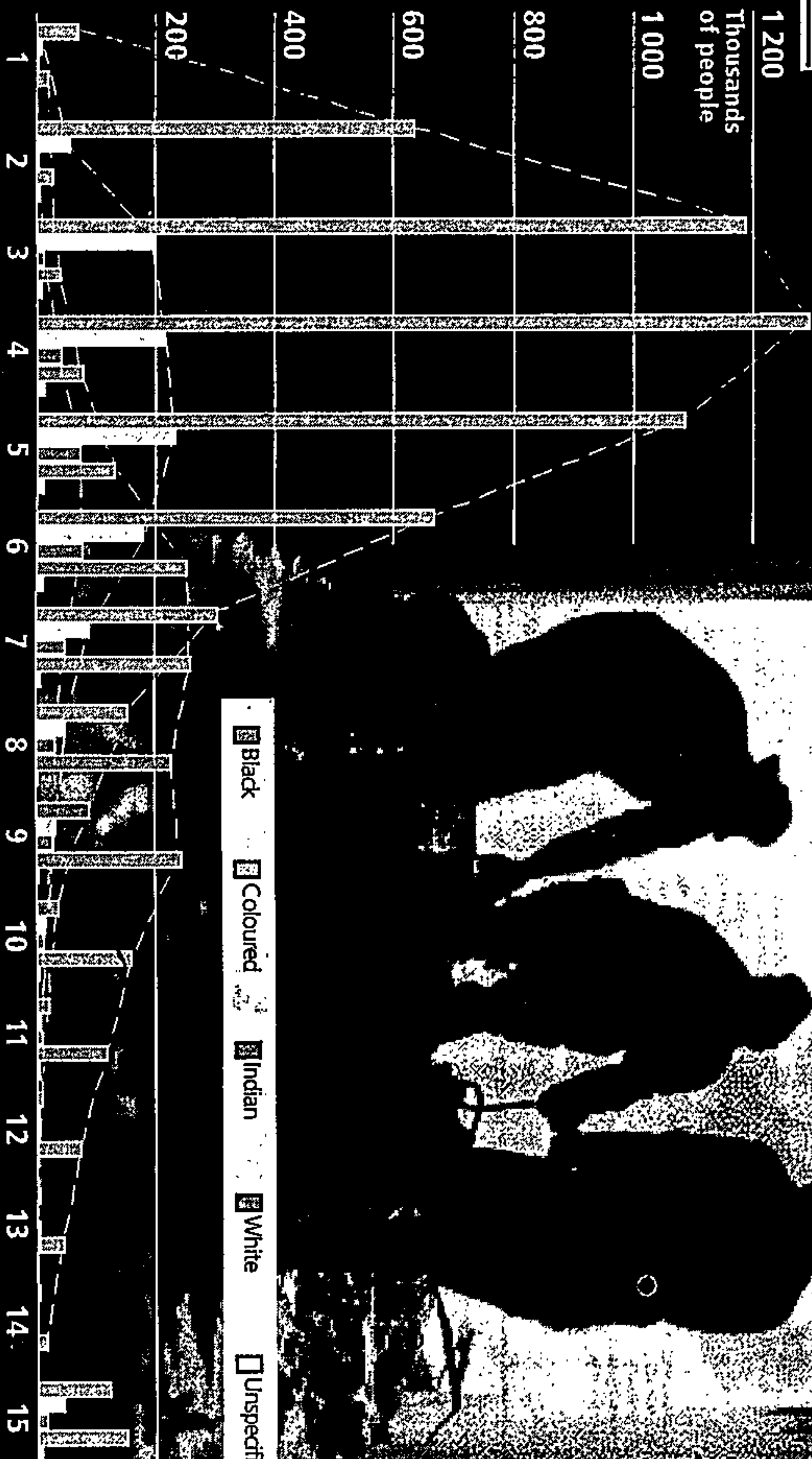
INCOME GROUP

1. None
2. R1 - R200
3. R201 - R500
4. R501 - R1 000
5. R1 001 - R1 500
6. R1 501 - R2 500
7. R2 501 - R3 500
8. R3 501 - R4 500
9. R4 501 - R6 000
10. R6 001 - R8 000
11. R8 001 - R11 000
12. R11 001 - R16 000
13. R16 001 - R30 000
14. R30 001 or more
15. Unspecified

Total:
9,11 million people

Income group total

103354 731728 1445440 1637325 1537025 1190508 711013 468158 398666 224111 153021 91026 53711 21221 347533



(335)

Don't blame others for joblessness, says SACP

It was diversionary and xenophobic to blame unemployment on the influx of foreigners, the SA Communist Party said in a statement yesterday condemning the killing of three foreigners on a train between Pretoria and Johannesburg on Thursday.

"To unleash popular frustrations against the poor of other countries is a dangerous and diversionary ploy," the SACP said. Unemployment was the most serious crisis affecting society, but it was not caused by the influx of poor working people from neighbouring countries.

"The present turmoil in the Great Lakes region should remind us of how dangerous xenophobic mobilisation can be" - Sapa

Shaw 5/9/98

(236) (335)
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SAPA 5/9/98

Four in 10 jobless in N Province

By Political Staff

NORTHERN Province Premier Ngoako Ramathlodi has given chilling statistics about the province, painting a gloomy picture of unemployment, running at 41 percent.

Ramathlodi told a media briefing in Johannesburg this week that in the four years of his rule only 1,3 million people of the 4,1 million inhabitants were economically active.

However, "of the economically active, 41 percent are unemployed. Literacy stands at 32 percent".

Ramathlodi said the 4,1 million figure was contested by service providers and demographic researchers, who believed it was an understatement.

"Nearly 90 percent of the population live in rural areas. Of the total population, which is growing at the rate of 3 percent per annum, 55 percent are women and 48 percent are children under the age of 15," he added.

Ninety-six percent of the population is black.

Government was the largest employer and "contributes 25 percent

of economic output".

The largest sector in terms of production is services which produces 31,8 percent of gross domestic product and 46,7 percent of formal employment in the province.

Second is mining with a 20,6 percent input in gross domestic product and 8,9 percent employment.

Commerce contributes 11,9 percent to GDP and 9,8 percent to employment with agriculture at 8 percent and responsible for 19,1 percent of employment.

"Due to the fact that Government does not function on cost recovery, the economy cannot grow if more than half the workforce in the province depends on state employment," Ramathlodi said.

Limited growth

He said the informal sector contributed about 30 percent in economic output but has "at present limited growth potential and is rather a means of survival for the players in the sector rather than a firm base of economic growth, development and job creation".

With water the top priority in the province, 145 projects costing R247,5 million had been implemented.

Matsepe-Casaburri slams lack of national policy on

Kevin O'Grady BD 18/19/98

THE Free State was unhappy that national government had not yet produced its much-vaunted retrenchment tool to enable provinces to rid themselves of surplus and costly public servants, premier Ivy Matsepe-Casaburri said yesterday.

"This will be the first question we will ask at a meeting of the intergovernmental forum next week," Matsepe-Casaburri said at a briefing in Johannesburg yesterday on four years of African National Congress (ANC) governance in the Free State. "We have been promised we would have a retrenchment tool by now."

A provincial government report to last month's provincial ANC conference said personnel costs would devour 98% of this year's education budget. Matsepe-Casaburri said yesterday the health department alone would save R250m a year if it was allowed to retrench surplus staff. The province had "enormous numbers" of supernumerary staff and "it is a big problem because we have to abide by national policy and there is no national policy," Matsepe-Casaburri said.

She said the province was looking at ways of transferring surplus staff to local authorities to work in areas such as clinics and parks, a solution that would become increasingly feasible as local government received greater financial autonomy from the province.

A novel way of reducing personnel spending — by placing temporary teachers in adult basic education and training projects — was abandoned when national government agreed to a union demand for a moratorium on the retrenchment of temporary teachers.

Corruption was another major problem facing the provincial government and was causing "tremendous losses" although strong steps were being taken against offenders. Two government officials were serving seven-year jail sen-

tences, 10 had been dismissed for fraud and eight other dismissals had been approved by the relevant MECs, she said.

An award-winning pension administration system devised by the province had succeeded in weeding out duplicate and invalid beneficiaries and had so far saved the province R3,9m.

The issue of AIDS/HIV was also of grave concern to the Free State, which was the third most affected province in the country, Matsepe-Casaburri said.

retrenchments

'Restructuring' really excuse for mass axing

CP 20/9/98
By ZOLILE NQAYI

EMPLOYERS are camouflaging retrenchments in the name of restructuring when faced by competition brought about by globalisation.

This emerged during a conference of the Central Executive Committee (CEC) of the South African Commercial Catering And Allied Workers' Union (Saccawu).

This is the highest decision-making organ of the union.

The conference was called against a background of mounting job losses and the inability of the service sector to absorb new job seekers.

Saccawu is considering organising a job summit for the sector that would address the issue of retrenchments and job creation.

This summit would be along the same lines as the Gold Summit which was held earlier this year in the face of massive job losses in the gold mining industry.

"Over the past 12 months, at least 12 000 of our members employed in the sector have been retrenched, especially in the hospitality and retail

sector," Saccawu's assistant general secretary, Hebert Mkhize said.

Mkhize said more workers are likely to be retrenched as a consequence of the introduction of legal gaming and gambling.

"Most of the gaming and gambling companies complain that the introduction of new competitors will eat into their market."

"Most of these hotels are at present positioning themselves by rationalising their companies, which is nothing but a meaningless ploy to retrench workers," Mkhize said.

Saccawu's other major gripe is against the purchase of OK Bazaars by Shoprite/Checkers.

Mkhize said competition laws should prevent a situation where the opposition can be bought in order to eliminate the competition.

"Shoprite/Checkers have announced that they have turned OK Bazaars around."

"But what they do not say is that this was achieved through the retrenchment of thousands of workers," said Mkhize.

ET (Be) 4/11/98

Minister says UIF is only tip of the jobless iceberg

FRANK NXUMALO

(335)

Johannesburg — People registered with the Unemployment Insurance Fund (UIF) represented only 13 percent of the unemployed total, Shepherd Mdladlana, the minister of labour, said yesterday.

Mdladlana was speaking following the release of the new quarterly Bulletin on Unemployment Insurance Fund Beneficiaries and Registered Job Seekers.

This bulletin replaced the monthly Bulletin of Registered Unemployed Statistics.

Mdladlana said more than 290 000 unemployed people were registered with the UIF in February. Their numbers, which had

been increasing over the past few years, were "placing a considerable strain on the fund", he said.

"The number of job seekers has also been increasing since the beginning of 1997. These figures indicate the magnitude of the challenge faced by the department as it seeks to restructure the UIF and the department's Unemployment Services.

"A process of consultation and policymaking is already in motion to ensure that the department continues to assist those who register for UIF benefits and to improve its service to those seeking jobs in the formal sector, while also seeking ways to ensure the long-term sustainability of the fund," the minister said.