

■ OPINION / COLUMNISTS

NEVA MAKGETLA: Jobs are being created but not fast enough to remove apartheid-era backlogs

For many, decent work has been out of reach since long before 1994

🔒 BL PREMIUM

06 AUGUST 2019 - 05:08 by NEVA MAKGETLA



Picture: THE TIMES

For most jobless South Africans, the recent jump in the narrow unemployment rate is just a ripple in the swamp. For over 30 years, six in 10 working-age South Africans have not had paid employment. For them, decent work has been out of reach since long before 1994, leaving them dependent on social grants combined with family and community solidarity.

The picture is not entirely gloomy. For the past 25 years job creation has more than kept up with population growth. But it has not sufficed to qualitatively shift the backlogs entrenched under apartheid. Since 1994 the proportion of adults with employment in SA has fluctuated around the 40% mark, compared with an average of 60% in other upper-middle-income economies.

The share of adults with income-generating employment — the employment ratio — was below 40% in 1994, after falling rapidly in the 1980s. Since then it has moved in a narrow band, rising slightly with economic growth and falling during downturns. In December 2008 it peaked at 46%. Then the global financial crisis cost SA 1-million jobs, and by 2010 the ratio had fallen back to 41%.

Three years later, as the economy recovered, 44% of working-aged adults had employment. Since 2015, however, the economy has again seen only slow and uncertain growth, and by the end of 2018 the employment ratio was back down to 43%. In the past six months it dropped again, to 42%, mostly because of unusually sharp job losses in the first quarter of 2019, followed by only limited growth in the second quarter.

The employment ratio is more useful than the unemployment rate, which counts as unemployed only people who are seeking paid work. As a result it excludes, among others, women who work at home without pay as well as young people attending school. That said, in practice the unemployment rate roughly mirrors the employment ratio, though often with a quarter's lag.

The high levels of joblessness from the 1980s are rooted in SA's peculiar history. Apartheid laws in effect aimed to generate employment for large-scale farming and mining by shutting down alternatives for black people. To that end it pushed farmers off their land and businesses out of city centres, strictly limited access to quality education and made residence in most towns contingent on formal employment.

In the 1980s, this strategy collided with large-scale job shedding by the mines and farms as commercial farming consolidated into fewer producers and the gold mines matured and downsized. Estimates suggest that employment in gold mining and commercial farming dropped from 2-million in the mid-1980s to just over 1-million in 2015.

Still, because other industries saw substantial jobs growth, overall employment grew from 1994 to keep up with population growth. Total employment climbed from under 10-million in 1994 to 16-million in 2019, but the share of gold miners and farm workers dropped from one in seven to one in 13.

The history of dispossession left SA with an unusual structure of employment compared with peer economies. In other upper-middle-income countries almost 20% of all workers are self-employed or work in family businesses. In SA, the figure is just 4%. To get to the norm, SA would need 2-million more opportunities for waged workers, but some 4-million more microenterprises.

Obviously, most unemployed South Africans today don't want to become peasant farmers or informal traders. Rather, the comparison with other countries points to the fundamental structural damage done by apartheid. In turn, that means much larger-scale efforts are required to support small-scale economic activities as well as overall growth, and to secure more equitable and quality education.

Ending SA's longstanding unemployment crisis necessitates a basic change in government strategies to allocate much greater capacity and resources to the relevant programmes, ensure they enjoy unambiguous prioritisation across the state and take on the inevitable risks entailed in fundamental structural change.

• *Makgetla is a senior researcher with Trade & Industrial Policy Strategies.*

