

# Employment creation programmes

## COSATU outlines proposals

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COSATU has declared its intention to place retrenchments and job creation high on the agenda of negotiations with employers and the state. Could such emergency schemes pre-empt future national development programmes? DOT KEET raises the questions.

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**C**OSATU believes that job creation should be a central issue negotiated in a national forum by the labour movement, SACCOLA (the SA Co-ordinating Committee on Labour), representing employers, and the state. In preparation for such negotiations, COSATU held a workshop in August on employment creation programmes. The workshop drew on the knowledge and experience of participants from affiliate unions and unemployed workers' organisations, as well as academics and other specialists.

**Public works programmes**  
At the workshop participants stressed that job creating

schemes should directly serve the needs of communities, urban and rural. Examples are the construction of housing and social amenities, such as schools, clinics, community centres and arts and sports facilities, and water and electricity supplies.

Participants decided that job creation schemes should start with this kind of project, and "thereafter... focus on other areas of job creation", such as the building of roads, dams, irrigation schemes, environmental development and protection and so on.

The guidelines that emerged from the workshop, however, seem to focus on the latter, larger-scale government public works

programmes. This may well be because the unions would feel more comfortable with such projects than with numerous smaller, more varied community-based projects that fall outside their more established areas of organisation and expertise.

Furthermore, smaller community-based, specifically community-serving job creation projects should probably be the main responsibility of the respective community organisations, rather than trade unions.

### **Special Youth Programmes**

The COSATU workshop also proposed to combat unemployment with the

creation of Special Youth Programmes. This proposal draws on the experiences – positive and negative – of ‘youth brigades’ in other African and Third World countries, such as Cuba and Nicaragua, as well as the ‘New Deal’ Civilian Conservation Corps set up for 2,5 million young men in the USA during the 1930’s depression.

The COSATU workshop participants emphasised that such ‘youth corps’ in South Africa should

- be based on a voluntary ‘call up,’ and should not be militarised in any way;
- be aimed at community service projects or special environmental programmes;
- involve young people aged 17–25, but not draw any away from their schooling;
- offer remuneration including food and accommodation to supplement monetary wages or ‘an allowance’;
- involve the better educated youth in literacy, numeracy and other training for other workers on job creation programmes.

### Training

The workshop emphasised that training should be an intrinsic part of all job creation programmes. People should be trained *before* they go onto such programmes, for example, preparing unemployed people to be the supervisors in the labour-intensive road



*Promoting special employment programmes during the USAs 'New Deal'*

*Graphic: Posters of the WPA*

building projects proposed to the workshop. And training should continue *during* the work, in order to provide some sort of movement forward (“career path”) within the programmes. This would also equip workers for jobs after leaving the programme. One suggestion – also coming out of the US experience – was that participation in such special employment programmes should be

promoted as a qualification – a sort of apprenticeship – for employment in the mainstream.

### Participation

However extensive and varied such special employment programmes are, they will not – for some time at least – be able to embrace all the millions of unemployed people in South Africa. This raises the thorny

question of *who* gets jobs and the *criteria* for the selecting them.

Obviously the first criterion must be that they are genuinely unemployed. One way would be through a national register of unemployed not on UIF, but that would be difficult to set up in South African conditions. Means testing is also extremely difficult to implement... and degrading to those involved.

It was pointed out that the level of wages, at R200 – R300 a month, and the type of labour on offer in such programmes can ensure that only the unemployed - and most needy - will apply. This is called "self-selection".

However if such programmes are to target key sectors – such as the rural areas, or long-term unemployed, those with many dependants, and women, especially single mothers - then a selection system will be necessary. Some possibilities to be considered are

- a geographical quota system guaranteeing a certain proportion for each township, rural community or other area;
- 'democratic' selection of those in most need by and within communities, where the projects are small-scale and community-specific;
- 'random' selection by

ballot, where large numbers of workers are involved on larger 'non-community' public works projects;

- 'affirmative' selection on the basis of two ballots – one for men and one for women – to ensure a pre-determined percentage of women\*.

Thus, although COSATU believes that the criteria for selection for employment schemes must be as simple as possible, the scale and complexity of unemployment in South Africa today means that selection may not be so straightforward.

The workshop agreed that selection should be entirely independent of political, religious or any other affiliation. However, the Unemployed Workers Unions (UWUs) argued that their members should be given priority for training and employment programmes. This may, as Mo Mohommed of the Western Cape UWU argues, provide an important incentive to the unemployed to join such organisations - with benefits to themselves, to the organisation of the unemployed *and* to organised workers.

This could, however, lead to the accusation of 'jobs-for-the-boys'. It was therefore suggested in the workshop that membership

of an UWU should not be a formal criterion for employment selection. It should be up to the organised unemployed, themselves, actively to ensure that their members are informed and prepared to benefit from whatever training or employment opportunities arise.

But a more problematic area for COSATU is the danger that existing workforces will be displaced by those being taken on to work on special public works programmes.

COSATU's workshop report declares that "there is no danger of retrenchments of existing workers", because such schemes will be "new work... on separate negotiated terms."

Nonetheless, the government could avoid expanding existing public works where workers are covered by current agreements, and replace them with 'job creation programmes' or special youth programmes at lower wage rates and on less favourable terms for the workers. How will the unions prove, or know, that this is happening? This raises important questions about the planning, implementation and control of special public works programmes.

### Planning and control

The guidelines from the job creation workshop

\* It has to be pointed out that the workshop did not challenge the notion that 'women cannot work on labour-intensive construction programmes' - ignoring the contrary experiences of India, China and many other Third World countries, and the fact that throughout Africa it is women who do most of the heavy agricultural work.

recommend that a "National Controlling Body be established to implement the public works programmes - the unions, community organisations, employers and the state must be represented on this Body". The workshop report also notes that "there must not be excessive centralisation. The Body must consist of semi-autonomous Regional and Local Structures."

In the workshop discussion, Tony Ruiters, COSATU national coordinator for the Living Wage Campaign and job creation initiatives, stressed that the establishment of general principles and strategic coordination should take place at the national level, but the monitoring at the regional/local level. "The driving force to co-ordinate, control and supervise such schemes would come from the participating structures," he said.

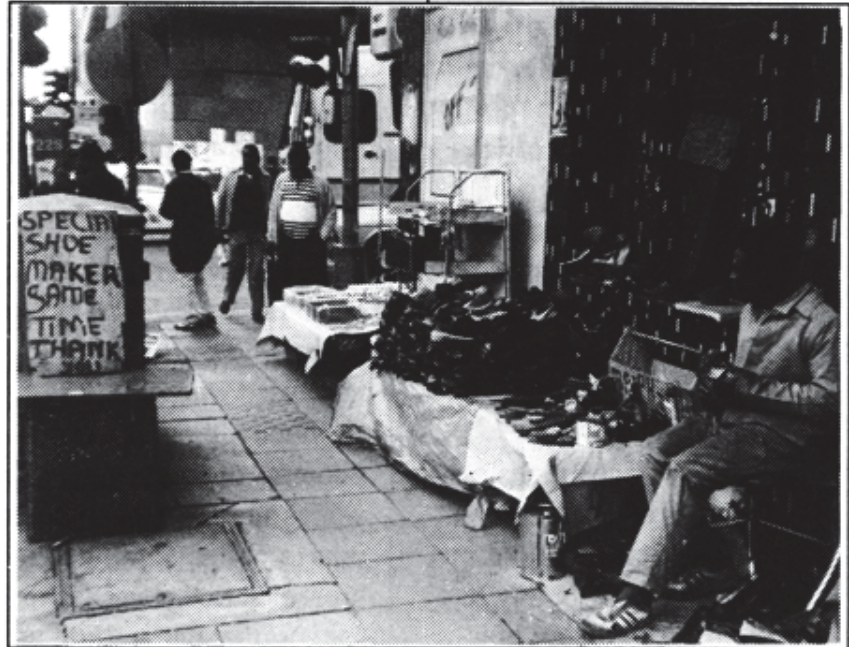
Other contributors questioned whether such local bodies

- would be part of the existing, and discredited, local government structures;
- could be the emerging new local government structures, in which some civics are now involved;
- should be new non-governmental organisations, or community-based bodies, independent of government altogether, in order to be able to monitor effectively.

Most importantly of all, the question was posed, as to the "danger of COSATU

being part of the bosses [on a body which] will be responsible for negotiating the wages and working conditions with the workers employed in the projects."

unwilling to argue over wages. What is more, the need to plan the financing of such projects means wage levels will probably be decided long before the



*The myth of the informal sector - not the real way to create employment on a mass scale*

*Photo: Morice/Labour Bulletin*

### Wages and conditions

There is a widespread assumption that, in periods of high unemployment, workers on job creation programmes should accept lower wages or no wages at all. The workshop report states that "COSATU might have to compromise on the question of a living wage for all, with regard to these projects." It does, however, stress that "COSATU must not move away from the principle that the workers employed in these projects will negotiate the wage levels to be paid."

In practice, however, workers in such circumstances are notoriously unable or

workers are even selected. Would COSATU's suggestion that such wages and conditions must be negotiated "by unions affected by these projects" then mean unions negotiating on behalf of potential workers who are not their members? Perhaps the organised unemployed in the (at present very weak) UWUs would be better placed to negotiate on behalf of the unemployed.

Most seriously of all, however, the trade unions would have to try to negotiate for the same wages and conditions as they demand for their own 'properly employed' members - or be seen to agree to lower terms for the weakest

and most vulnerable members of society. Difficult questions have to be posed:

- Can trade unions argue for low wages for the unemployed on special schemes, while continuing to fight for higher and continuously improving wages for their own members?
- Can trade unions argue for hard, labour-intensive, low (or no) technology projects for the unemployed, while arguing for high(er) technology and high(er)-skill training for their own members?
- How do trade unions view the risks of operating on 'double standards', of possibly contributing towards the creation of a new 'dual work force' in South Africa?

According to Tony Ruiters, "We will have to live with that contradiction: different work schemes, different methods, and possibly even different wages. We will have to live with a probable dual labour force for a while. The question is how we get people transferred from one type or area of work to another ... On-the-job training is essential."

The creation of low-wage employment schemes could have a serious impact on the labour market. The greatest number of South Africa's working people will continue to labour between 'mainstream' unionised and relatively well-paid workers

on the one hand, and 'special employment' low-paid workers on the other. Will the achievements of the organised workers pull their wages and conditions upwards, or will the special low-wage sector pull the entire labour market downwards? Could such large-scale low-wage projects reinforce South Africa as a 'low wage' economy, with relatively small pockets of well-skilled, secure and well-paid unionised workers?

Finally, there is the dilemma of 'trading off' wages against the number of jobs to be created. Figures presented to the workshop suggest that one million jobs at below subsistence wages (R10 per day) would cost R6 billion. Alternatively, one million jobs at subsistence wages (R30 per day) would cost R18 billion, approximately 21% of the national budget in 1991. What these two scenarios do not pose are the possibilities, and necessity, to *change* the South African national budget - its sources, size and directions of expenditure.

### **The finances**

The guidelines from the COSATU workshop recommend that

- the existing budget allocation of some R8 billion to government public works must be utilised more effectively - with careful planning, different

methods of organisation and with labour-intensive techniques - to employ many more people;

- the government budget itself must be restructured to transfer money from less important or over-funded departments towards those that create employment - such as public works programmes and other job creating, socially necessary areas such as education and health;
- the national budget, as a whole, must be increased by imposing a special tax on business to raise money for employment creating programmes.

An alternative approach to business suggested the creation of positive incentives for the employment of more labour. It was noted that South Africa's tax system has, to the contrary, actively encouraged business to resort to capital-intensive production, and government has thus directly contributed to the replacement of labour by machinery and the aggravation of unemployment in the country.\*. This policy should be totally reversed, it was said, and business should receive tax relief for expanding their labour force.

Further suggestions raised in the workshop discussion were that measures should be taken to discourage or forbid dividends from leaving the country so that these massive sums of money can be used

\* And this is now being reinforced by VAT which is not applicable to industrial machinery.

for productive investment to create employment here.

It was also suggested that foreign funding should be sought – such as foreign NGO aid agencies, UN development agencies and even the World Bank. This proposal could hold great dangers, however. Such agencies will be coming into

South Africa in the near future with large sums of money and power ... and their own agendas!

The South African trade union movement will have to be well armed with its own development strategies, to counter the imposition of inappropriate development models from outside. This is,

however, also of immediate relevance in the context of its campaign for employment creation programmes, for there is a direct relationship between longer-term national economic development and short-term emergency employment creation programmes ... and vice versa. ☆

## Some questions

The fundamental solution to unemployment in South Africa has to lie through the revitalisation of the economy with integrated balanced development strategies.

But a comprehensive development strategy will only have any chance of implementation when there is a new democratic order in South Africa. In the meantime, there is an urgent need for employment creation programmes to start tackling the unemployment crisis. What, however, will be the relationship of such immediate employment creation programmes to a future strategy for economic development?

Thus far, COSATU's statements on the subject have not been entirely consistent. The key resolution on the subject at the Fourth Congress states that a public works programme to address the problem of unemployment must be "part of a macro-economic reconstruction programme." The job creation workshop report suggests a more immediate emergency programme ("One million jobs by June 1992!"), as distinct from the longer-term aims of "full employment and a living wage for all." Tony Ruiters draws a distinction between "some elements" of job creation schemes which are "basic alleviation of unemployment", and others which are "part of COSATU's attempts to get the economy going."

It is important that COSATU reaches clarity on whether job creation programmes should be emergency transitional arrangements *until* a national reconstruction programme has been adopted, or whether they should be *part* of such a programme. Either approach will raise difficult questions.

- How can immediate special schemes, involving lower wages and worse conditions, be prevented from becoming a long-term feature of the SA economy, and actually affecting the starting point and feeding into the content of the 'new economy'?
- Alternatively, how can job creation programmes be 'new separate forms of employment' based on low wages, but at the same time be part of broader national development strategies that must be based on better and more humane working conditions?
- As with so many other issues in this transitional period, how is COSATU going to negotiate the creation of immediate employment programmes that are bound to be compromise arrangements, without affecting the longer-term development prospects?

The challenge to COSATU will be to negotiate interim employment creation programmes that will not pre-empt - or run counter to - more appropriate longer-term macro-economic programmes to tackle the root causes of unemployment and poverty in South Africa. ❖