

# Situating the skills gap debate

all spoke passionately about what it is they do. This sentiment is captured in these words said by a farmer who started farming with Abalimi in 2000: 'I still love the garden, still now, I'm so passionate about it. I love it.' Farmers we spoke with mentioned learning about 'new' types of vegetables, like rhubarb, and learning to cook new and different vegetables. They also spoke about the nutritional value of the food they grow and that working in a garden is good exercise. For them, growing vegetables is so much more than just a technical exercise.

These, and others like them, are examples of meaningful and socially useful work involving the value of authentic vocational education. People are participating in a variety of activities meaningful to their families and communities – and they learn (usually non-formally and informally) as they do. These examples are not simply about people 'adapting' and trying to 'fit in'. They are about ordinary people taking control of their own lives and contexts – working, learning and demonstrating that another world (as Arundhati Roy and others have pointed out) is, indeed, possible!

Our world today is in crisis because of huge structural inequalities and the systems and ideologies that support these, not because of individuals who are supposedly inadequate and cannot adapt fast enough. So let's stop upskilling, reskilling and adapting to try to 'fit in'. You may just 'die' anyway while you join the millions of job seekers in search of fewer jobs in a dwindling formal labour market the world over. 'Enough is Enough! Ya Basta!' ■

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As South Africa's unemployment and social crises continue to deepen, political leaders and experts continue to advance a range of views on the causes and possible solutions. President Zuma's admission on Youth Day that the sluggish economy is hurting young people must be considered a move in the right direction, and may be the most direct admission in years at the highest level of government that the performance of South African capitalism may be contributing to the unemployment crisis, writes **John Treat** and **Enver Motala**.

**T**his admission is however unlikely to lead to meaningful change, unless the African National Congress (ANC)-led alliance is prepared to resist more effectively the imperatives of global neo-liberalism, which it entrenched with the Growth Employment and Redistribution (Gear) strategy and reconfirmed with the National Development Plan (NDP).

Less able than the president to face the nature of the beast, the Democratic Alliance (DA)'s Mmusi Maimane, in his remarks for Youth Day, simply reiterated his party's commitment to a familiar but discredited 'supply side' perspective on the relationship between labour, job creation and economic development.

Maimane's remarks reflect the problematic and discredited

view that South Africa's high and entrenched unemployment is due largely to a 'mismatch' between the supply of, and the demand for, particular skills amongst the unemployed – the idea of a skills 'gap' or 'shortage'. We and others have explained in detail the bankruptcy of this idea elsewhere, but because it serves a powerful ideological purpose in advancing the interests of employers at the expense of society as a whole, we don't expect it to disappear any time soon.

In its contemporary form, this idea is a carryover from the global discourse through which 'neo-liberal' capitalism was entrenched. That discourse itself has been thoroughly discredited in the wake of the 2008 economic collapse – a collapse that the world's leading mainstream economists not only failed to

predict, but had proudly dismissed as impossible in the years just prior to it – as well as by the continuing failures of the dominant capitalist institutions to offer meaningful solutions to the ongoing global economic slump.

In hopes of better understanding the rise and continuing influence of this discredited idea, we recently revisited many of South Africa's policy documents from the past 20 years, as well as scholarly discussion and popular reporting on the issue. What emerges from such a review is a subtle but noticeable shift towards an increasingly simplistic and limited characterisation of the country's unemployment crisis, with responsibility for unemployment increasingly attributed – and in an increasingly alarmist tone – to the idea that an alleged 'gap', 'shortage' or 'mismatch' is the most important constraint on the country's social and economic development. Perhaps most notably, this increasingly simplistic approach seems to have produced striking oddities and inconsistencies in major policy documents, which seem to have received little critical attention.

These developments detract from the approach initially adopted early in South Africa's post-apartheid political dispensation, where official policy discourse reflected a laudable attempt at taking a balanced view of the development challenges facing the country. For instance, the Human Resource Development Strategy of 2001 framed the imperative for skills development as the need to 'meet the needs of our economy and our democratic order'. Perhaps most strikingly, it explicitly recognised that the challenges facing the country are not merely a matter of a lack of jobs, but a matter of 'the unequal distribution of productive assets in our society'.

### SIMPLISTIC LOGIC

Over the next few years, this less economic and relatively balanced perspective became gradually

constrained and distorted, and came to rely increasingly and uncritically on the idea that a 'skills shortage' plays a decisive role in limiting economic growth and societal development. By 2005, an increasingly simplistic logic seems to have found its way into the country's official policy framework, with the launch by then-president Thabo Mbeki of the Accelerated and Shared Growth Initiative for South Africa (Asgisa).

Asgisa took its orientation from a set of assumptions about key 'binding constraints' on economic growth, including a 'shortage of suitably skilled labour amplified by the cost effects on labour of apartheid spatial patterns'. It also set ambitious growth targets for the South African economy – targets that ultimately proved wildly unrealistic in the face of the global economic collapse of 2008. Of course, the failure to achieve Asgisa's growth targets was due to a whole range of factors, all of which would have a profound impact on the demand for labour.

These included the whole package of macro-economic and fiscal policy choices of government in the years before the crash, enormous 'legal' and illicit capital flows out of South Africa, eroding taxes, wages and investment, and increasing concentrations of investment capital in corporations that have 'disinvested' from South Africa. Inflation targeting, which dampened investment and, weak aggregate demand for domestically produced consumer goods, due to continuing low wages and low social expenditure were some of the reasons for its failure.

By the time of the Human Resource Development (HRD) strategy of 2009, difficulties in sustaining a coherent justification for the preferred macroeconomic model had become difficult to hide. The HRD-SA of 2009 proclaims its central concern to be ensuring 'a match between supply and demand for human resources': 'HRD is about

taking purposeful action to increase the aggregate levels of skills in the workforce so that we can maximise opportunities for individuals, thereby benefiting society as a whole.'

Leaving aside the use here of the distracting buzzword 'maximise' – which comes from the language of marketing and public relations, no attempt is made to explain how increasing aggregate skill levels would lead to greater opportunities for individuals. This implied connection is the heart of the strategy proposed. Not only is it far from self-evident, but it seems more likely false, since without related, demand-side interventions to increase productive investment, increasing aggregate skills would most likely only lead to an increased supply of job seekers, simply increasing competition for the jobs available and driving down wages.

### NARROW APPROACHES

By the time of the 2013 Industrial Policy Action Plan (IPAP), the challenge posed by the alleged 'skills gap' would be described as 'profound', and as affecting 'many areas of the domestic economy'. To its credit, the 2013 IPAP did at least give a nod to a multiplicity of causes of the unemployment crisis. As if recognising the flaws in this supply-side logic, it also noted that policy interventions had until recently been too focused on 'a narrow supply driven approach to skills planning and delivery', and that the absence of 'demand-driven, sector-specific skills strategies and programmes' had been a 'key structural constraint to sustainable industrialisation'.

The frankness of that admission makes what follows all the more striking: the document effectively abandons this crucial insight. Emphasising the need for a 'changed approach', away from the previous 'supply driven approach', it proceeds to offer a set of interventions aimed almost entirely at supply-side issues. Somewhat misleadingly, it proposes measures to better

anticipate future demand, implying that this forms part of the departure from the previous approach. But attempting to anticipate the future behaviour of labour markets – notoriously unpredictable, and vulnerable to the whole range of external factors mentioned above – is not in any sense a demand-side intervention. It is precisely a supply-side intervention: a mechanism for generating data presumably to guide planning decisions on the supply of education and training. It continues precisely the ‘narrow’ approach the document itself has characterised as misguided.

On the demand side, the IPAP includes plans for ‘Special Economic Zones’ – a mechanism whose viability is in most cases doubtful as even the mainstream magazine *The Economist* has come to accept. Slightly more credibly, it also outlines a range of ‘sectoral interventions’ targeting sectors like: clothing and textiles, automotive products, agro-processing; forestry, paper and furniture, metals and rail transport.

Yet strikingly absent from these sectoral interventions is a focus on using public expenditure to strengthen local demand for locally produced consumer goods. Aside from some aspects of the proposed interventions in food processing and automotives, the priority interventions focus overwhelmingly on serving foreign, corporate and/or luxury markets. Predictably, the interventions proposed also amount overwhelmingly to direct or indirect subsidies to for-profit employers in these sectors, effectively diverting precious public resources into corporate incentives in their ever-escalating war for profits. Such expenditures reflect the dominant neo-liberal logic of using public funds to offset the risk of private-sector exposure to chaotic markets, rather than using them to minimise those risks in advance by promoting the local markets necessary to support more sustainable local re-industrialisation.

In many ways, this odd discontinuity at the heart of the IPAP 2013 serves as a marker of the fundamental dilemma facing South African society. Without a decisive shift in policy orientation, away from the entrenched ‘supply-side’ logic of neo-liberalism, South Africa will continue to roll towards widening inequality, deepening poverty and rising social unrest.

Effecting a meaningful shift would require, at a minimum and amongst other things, cracking down not only on public-sector corruption, but also on the rampant abuse of tax policy and enforcement loopholes and other mechanisms through which major private-sector players illicitly expropriate the massive amounts of the wealth generated in South Africa. The moneys thus recouped could be used to spur employment. Not by trying to bribe private-sector employers through ‘youth wage subsidy’ schemes to hire young people – which often becomes an opportunity to get rid of an older or otherwise undesirable current employee but to hire people directly. This is done through public-works programmes that can give them opportunities to build their skills, discipline and confidence, as well as the satisfaction of contributing to society by building schools, housing, clinics, public transportation, and other ‘people-focused’ and socially useful development projects.

Contrary to typical anti-poor propaganda, the wages paid through such programmes do not ‘disappear’, but enter and remain in circulation, adding cash liquidity to local economies and spurring demand for basic consumer goods. Such demand can serve as the basis for processes of local reindustrialisation to produce the household goods and services that large numbers of South Africans need and deserve – things that many of us simply take for granted.

Such an approach to tackling unemployment would also go a great distance towards removing the misguided and irrational pressure

on public education to constrain its focus to meeting the needs of the notoriously fickle and crisis-prone capitalist labour market – a role it should never be expected to play in any case.

However much sense it might make from a developmental standpoint, the political challenge involved in effecting this sort of change is enormous. Policy decisions taken in the past two decades to reintegrate the major components of South Africa’s economy with the dominant capitalist interests have left the country vulnerable to the influence of those interests, and to effective blackmail by its creditors and the ratings agencies.

No one should be surprised that the dominant political positions across party-divides on these matters reflects the interests of big business. Blaming unemployment on the unemployed serves several needs of corporate capital at once. Not only does it keep attention away from many of the inefficiencies and failures of capitalist firms and markets, and help maintain pressure on the state to divert public revenues to subsidise the drive for profits, it also provides some psychological comfort to business managers and owners who wish to see themselves as decent people. We don’t mean to suggest bad faith, most people who accept this explanation for enduring unemployment sincerely believe it. Our point is simply that they do so uncritically, and have been habituated to accept biased, anecdotal evidence as sufficient proof, and have come to believe, moreover, that ‘there is no alternative’. That’s the way ideology works. ■

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