

The jobs summit

conflicting agendas

The post-apartheid economic transition has spawned a host of contradictions, the most notorious of which is the phenomenon of 'jobless growth'. Progress towards economic growth has been matched by a decline in employment figures.

Three years into the transition, unemployment has reached crisis proportions. Central Statistical Service (CSS) figures show that between September 1996 and 1997, 40 000 jobs were shed in the public service alone. An additional 50 000 workers lost their jobs in the mining industry last year and thousands more jobs were lopped off the manufacturing sector. Overall, the economy is shedding approximately 116 000 jobs each year. This excludes the large-scale retrenchment of farmworkers and the entry of an estimated 300 000 new entrants into the labour market every year.

Summit

The presidential jobs summit, scheduled to take place later this year, could be the first step towards an employment strategy which enhances job creation opportunities. The idea of the summit emerged in Nedlac's Labour Market Commission in August last year. In a speech to parliament, labour minister, Tito Mboweni, subsequently endorsed the need for an 'accord' between the social partners on jobs and prices. Despite initial

The jobs summit planned for later this year is an ambitious attempt by labour, government and business to address South Africa's unemployment crisis. Malcolm Ray reports that conflicting agendas may hamper the parties in their task.

reservations by labour that the summit could be used to "reduce labour standards in line with GEAR", COSATU eventually threw its weight behind the idea of an accord. It was agreed that a summit would be convened by the government.

A three-phase approach will be pursued by the social partners in Nedlac:

- the first phase entails government developing a draft framework document to define the priorities and agenda of the summit;
- negotiations between the social partners on substantive issues for an employment strategy will be the subject of the second phase. The jobs summit will be the culmination of this phase;
- in the years to come, the implementation of the resolutions arising from the summit will be monitored.



Nedlac meeting August 1995: the idea of the summit emerged in Nedlac.

Employment strategy

In November last year, the Nedlac executive put forward a broad outline of an approach to an employment strategy for further discussion. The document makes the following observations:

- Even if growth targets are achieved, the economy is fundamentally not a labour absorbing one. A concerted effort will be required by the social partners to seriously address the problem.
- To achieve the required magnitude of net job creation, short and long range employment generating opportunities and the structural constraints which limit the exploitation of these opportunities must be identified.

At present, the parties are formulating mandated positions for discussion in Nedlac.

Constraints

Can the parties overcome the legacy of structural constraints to growth and employment creation?

The apparent failure of the existing neo-liberal growth path seems overwhelming. In their haste to join the global marketplace, employers have tackled

apartheid structural inefficiencies by deskilling jobs, reducing labour standards, rationalising the production process and subcontracting their operations. The introduction of GEAR and the government's obsession with reducing the fiscal deficit has seen a similar rationalisation trend gaining ground in the public service.

The summit has the unenviable task of reversing this trend. What remains to be seen is whether the policy positions of labour and business square with the objectives of the summit.

Business

While employers, represented by Business South Africa (BSA), claim to recognise the seriousness of the problem, they are worried that "ambitious expectations" could derail a long-term vision for employment creation.

BSA spokesperson, Jim Buys, says business will approach the summit from a "balanced perspective". He argues that there are limits to what business can do as it struggles to adjust to global market demands: "Short-term adjustment measures

should not be seen as an end result for employers. Rather, it is a means to an end in the context of trade liberalisation and the need for business to break out of the apartheid legacy and become globally competitive. We hope to engage in a debate around these concerns without prejudicing the immediate concerns of labour."

Buy's concedes that employment creation will inevitably "falter" as a consequence. "Jobs will be lost in the process of down-sizing companies. Reducing the public service in order to bring down the deficit is another area that cannot be avoided."

He highlights two proposals the BSA will take to the summit. Firstly, the low skills level and wages of workers must be addressed. "Unless we put actions in place to improve the quality of work, unproductive jobs will constantly be at risk. A further concern is that low wages restrict demand in the market and reduce prices."

Secondly, the BSA approaches the summit on an understanding that the parties can only agree on the "macro-economic parameters" of a new employment and industry policy. Substantive details around skills development and the mechanisms for productivity improvements can only be dealt with at plant level

At best, the BSA hopes that, with the co-operation of government, substantive policy positions will be adopted which speed up "alternative employment creation schemes". Buy suggests a revival of the public works programme and small business ventures as possible options

Labour

COSATU deputy general secretary, Zwelinzima Vavi, warns that employers and government are sitting on an employment time bomb: "We cannot afford to wait until things get better...we

are open to an approach which emphasises economic growth...[but] the pace at which employers restructure their companies is the difference between job losses and job creation."

Vavi feels that the summit will fail if employers insist on "quick and painless solutions that take the parties nowhere." The main aim of the summit, from a COSATU point of view, is to find ways in which to create employment, not legitimise the interests of business.

Tensions

How can the divergent priorities of labour and business be reconciled? Vavi recognises that the parties differ on the fundamentals: "The point," he says, "is not to approach each other from ideological positions. Our goal is to seek an accommodation of interests around practical concerns. This is what the debate should be about."

However, it seems some unions within the federation are sceptical about a consensual pre-summit framework. At its annual national bargaining conference in March, NUMSA, COSATU's second largest affiliate, called on the federation to withdraw from the summit. The union argued that chances for a pre-summit consensus on an employment creating strategy is "highly unlikely" because of the government's unwavering stand on GEAR.

Commenting in *Business Report* (18/3/98), NUMSA general secretary, Mbuyiselo Ngwenda, said, "COSATU may have to go it alone in the absence of an agreement within the alliance (on a macro-economic framework)." He added that job creation is an integral part of economic transformation. In the absence of a conducive economic strategy, "the summit will be a symbolic publicity exercise," he said.

Vavi admits that COSATU will have to



Zwelinzima Vavi.

insist on a review of government's economic policies. "We will argue for a policy centred around job creation. We will also make proposals on the government's role in stimulating growth and employment. Of course, if the government argues that current fiscal and monetary policies must remain, we will adopt an antagonistic approach." He adds, however, that it would be "an exercise in futility" to turn the summit into a "pro-GEAR versus anti-GEAR debate."

Prospects

Many of COSATU's proposals point to the likelihood of conflict rather than compromise. The federation is strongly opposed to government's trade liberalisation policies. It argues for an industrial policy which stems the tide of tariff reductions. As Vavi puts it, "If necessary, we will argue strongly that government approaches the World Trade Organisation (WTO) to appeal for a reversal of tariffs." COSATU is equally emphatic about productivity strategies at plant level which places the interests of labour above technological innovations.

The parties to the summit face formidable problems. So far, debates on concrete job creation mechanisms have been grounded in far-reaching policy positions. Can the summit rise above policy differences?

A compromise around a macro-economic strategy, productivity improvements, and a wage policy would best serve the idea of an accord on jobs. However, employers are not likely to give up too much too soon. The BSA is hedging its bets on an agreement where macro-economic parameters square with an appreciable degree of freedom to compete internationally. Although it is too soon to tell, indications are that employers

will insist on growth and competitiveness as preconditions for employment creation.

A strong argument can already be heard in business quarters that the best the summit can hope to achieve is to identify growth areas outside the private sector. The danger with such an approach is that, while it recognises the effect of structural reforms on labour, it does not address the cause. Job losses will continue unabated and labour's alternatives will be quietly ignored.

The summit does have the potential to emerge with a strategy for an employment-creating growth path. This would, however, require that government and business agree to an alternative macro-economic strategy.

Preparations for the second phase leading to the summit are still underway. Not all the issues related to employment creation will be resolved by the time of the summit. Though the date has not been finalised, the parties are hoping to meet by June this year. A six month timetable following the summit to wrap up resolutions and further areas of work has been agreed. ★