

It seems at the moment that the increasingly radical rhetoric of leaders does strike a cord with some voters, as the EFF has demonstrated by gaining 6.35% of the national vote and thus 25 seats in parliament (more than any other party except the DA). On the other hand, in a province where service delivery over the past four years increased seemingly in quality and quantity, one party (the DA) gained significantly in support, admittedly power struggles among the ANC opposition and thoughtless utterances by the opposition leaders in the Western Cape have also alienated voters.

Either way, given concrete economic challenges, the limitations of the current macro-economic policy (which among other things puts limitations on the National Development Plan) and between vocal leaders and a critical citizenry with an eye on service delivery the current government is in for a tough ride towards the 2019 elections. And perhaps, very belatedly, a split between the liberal-capitalist stream and the workers-orientated stream may enter the picture. Way back in 1973 with the onset of apartheid's first economic and financial rumblings an economist, Butlitsky, wrote about the 'contradictions of apartheid'. Could it be that the 'contradictions of post-apartheid' is catching up with us? Taking a look at one case study as we did here, there definitely seem to be more contradictions than explanations. ■

Francois de Wet & Ian Liebenberg, Stellenbosch University. This article is based on a presentation made at the South African Sociological Association Annual Congress at the Nelson Mandela Metropolitan University in Port Elizabeth.

Youth unemployment in SA

Learning from statistics

South African government economic policies such as Gear have led to job losses and those most affected have been the youth, writes **Mario Jacobs**, arguing that economics alone without sound politics cannot create jobs.

INTRODUCTION

On 16 June each year South Africans celebrate national youth day. It is on this day, in 1976, when black South African students protested the use of Afrikaans as the medium of language at school. The basis of their protest was to demand that they too, like white South Africans, be taught in English as the medium language at school. Afrikaans was also viewed as the 'language of the oppressor' and a means to enslave blacks by only educating them to become ordinary wage workers. To quote the chief architect of the Bantu Education Act, and later prime minister of South Africa: 'There is no place for [the African] in the European community above the level of certain forms of labour. It is of no avail for him to receive a training which has as its aim, absorption in the European community.' Sadly, hundreds of students were massacred by the apartheid police for protesting against what they considered the perpetual enslavement of ideas through the means of inferior education.

You may ask: what is the relevance of the above introduction? Well, simply put, this article will reflect on whether the 1976 student uprising achieved the results it hoped for, that is, for them to receive a better education and, by extension, better employment opportunities? This is argued as the language of education, at least for black South Africans, as stated above, was for them to become 'ordinary wage workers'. And, if they did not attain that objective, what could be the major reasons for that?

Some commentators argue that the high youth unemployment in South Africa is due to skills shortages, that is, the unemployed youth do not have the necessary skills to meet the demands of the labour market. Others argue that the rate of youth unemployment is due to labour laws being too rigid thus not fostering job creation, particularly for the youth. Still, others argue that there is not enough capital investment in the economy partly due to reasons related to labour rigidity and union rights and, on

the other end of the spectrum, due to government not playing an active role in the economy to stimulate job creation. The applicability of all of these ‘schools of thought’ shall be examined to determine its relevance in the South African context. For the purposes of a comparative study, the statistical data for the periods 2002 and 2012, unless otherwise indicated, will be used.

POPULATION

As can be observed from Table 1, over the period 2002 and 2012 the South African population grew by an estimated five million people. Over the same period there was a decline in the growth of the population, from 1.5% in 2002 to 0.8% in 2012. Almost two-thirds of the population (62%) reside in urban areas and infant mortality declined from an estimated 63.5 live births per 1,000 live births in 2002 to 43.5 per 1,000 live births in 2012. In respect of the race breakdown, 79.8% of the population is black, 9% is coloured, 8.7% is white and 2.5% is Indian/Asian.

Table 1: Population of South Africa

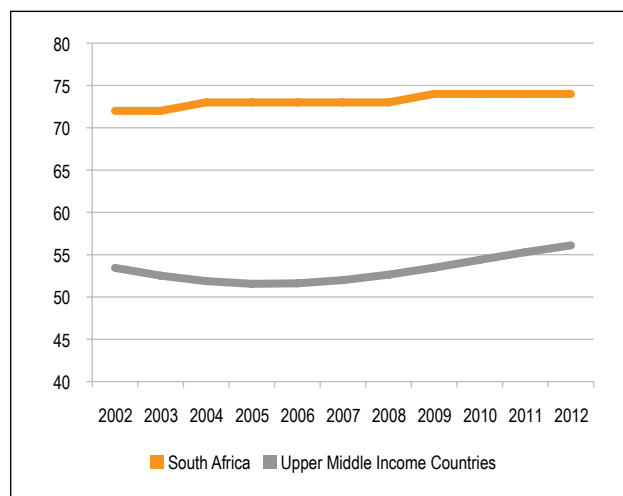
Year	Total population	Male	Female	Population growth (%)
2002	46 188	22 581	23 607	1.5
2012	52 386	25 413	26 973	0.8

Source: ILO KILM

Over the ten-year period life expectancy at birth showed minimal improvement, increasing from 53 years (2002) to 56 years (2012). As Graph 1 shows, this is significantly lower than the average life expectancy for an upper middle-income country. A significant contributor to such a lower life expectancy is the HIV and AIDS pandemic which accounted for a reported 40.4% of reported deaths in 2002 to 33.5% of reported deaths in 2012. This decline in HIV and AIDS-related deaths may be attributed to greater roll-out of antiretroviral drugs over the last few years.

Youth constitute 37% of the population as at 2012 which is also the section of the population that is showing continued growth. It should be concerning to note that 39% of youth aged 15 to 24 either dropped out of school or never attended any educational institution. A significant source of income for youth-headed households was remittance which accounted for 48.4% in 2002 and 39.8% in 2012. As much as there is a drop over the corresponding period, there was an increase in youth-headed households becoming more dependent on pensions and grants as a means of income, from 1.2% in 2002 to 8.3% in 2012. This makes youth-headed households much more dependent on the contributions of others, mainly from family members and the state, writes Statistics South Africa.

Graph 1: South Africa life expectancy at birth, 2002 and 2012

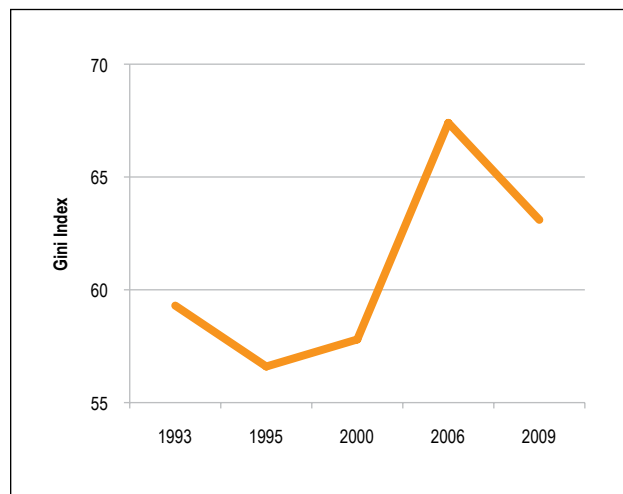


Source: World Bank

INCOME AND POVERTY

South Africa is one of the most unequal societies in the world with a Gini coefficient level of 0.63 in 2009 with a high of 0.67 in 2006. Reported statistics indicate that 96.4% of blacks lived below the food poverty line (R305 per month, per person) whereas whites accounted for only 0.2%. The racial income inequality polarisation has not shifted since the advent of democracy, save to say that a few blacks became instant multi-millionaires mainly through Black Economic Empowerment deals facilitated by the African National Congress (ANC) government. The black majority is still suffering from the ills of apartheid which can be observed from their extreme and continued poverty situation.

Graph 2: South Africa poverty and income distribution, 1993 to 2009



Source: ILO KILM

LABOUR MARKET DYNAMICS

Notwithstanding the advent of democracy in 1994, Table 2 points to the fact that the labour force participation rate has remained relatively unchanged. This means that as much as the labour force increased, such increase, measured against an increased population, led to no growth in the labour force. As much as the 2008 global economic crisis led to a decrease in the labour force participation rate, that decrease was offset, in some respect, mainly due to jobs created in the construction sector in the building of stadia and other infrastructure for the 2010 FIFA World Cup hosted in South Africa. Having said that, South Africa indeed felt the impact of the global financial crisis as over one million jobs were lost between the fourth quarter of 2008 and the third quarter of 2009 alone, reported the Development Policy Research Unit of the University of Cape Town.

Perhaps more importantly, the South African Gross Domestic Product (GDP) showed a significant increase over the reference period from US\$130.5-billion in 1992 to US\$584.3-billion in 2012, wrote the CIA Factbook, 2014. This phenomena would point to the fact that even with a steady GDP growth that has not translated into a decrease in the unemployment rate. Some would argue that this constitutes what is commonly known as 'jobless-growth'.

Table 2: Labour force participation, South Africa, 2002 and 2012

Year	Labour force ('000)	Population ('000)	Labour force participation rate (%)
2002	17 805	31 415	56.7
2012	19 108	36 919	51.8

Source: ILO The data provided only includes the working age population (15 - 64 years old)

This growth in the GDP, however, had no positive effect on the labour force participation rate. In fact, as the GDP grew, the labour force participation decreased. This as the ratio of GDP growth to employment showed a negative percentage point.

The data in Table 3, using the narrow definition of unemployment, reflects a very high percentage of unemployment for an 'upper middle-income' country as measured by the World Bank. If the broader definition of unemployment is used as an indicator (effectively including 'discouraged' job seekers), the unemployment

percentage averages in the mid-40s. This is an important indicator of real unemployment, if measured against the average high narrow definition of unemployment. The argument advanced is this: In a country with prolonged high unemployment, the number or percentage of discouraged job seekers will equally be high for reasons related to, for example, low education level, unskilled labour, job preservation, etc. Perhaps more strikingly, in 2009, only 3.5% of the working age population were self-employed. According to Statistics South Africa this is a decline from 8.3% from 2001. This low level of self-employment would be a key indicator which, without employment and or being self-employed, the means of survival is questionable.

Table 3: Employment/unemployment, South Africa, 2002 and 2012

Year	Labour force ('000)	Unemployed ('000)	Unemployment rate (%)
2002	17 805	4 840	27.2
2012	19 108	4 772	25.0

Source: ILO KILM

Youth unemployment, is more than double that of adult unemployment. That means that there is only a 50% chance of a young person getting a job against their adult counterpart. The reason for this can be a number of factors such as work experience and skills required. Worse still, the rate of youth unemployment has remained at a constant high over the ten-year period meaning that no inroads have been made to tackle the surge of youth unemployment in South Africa. Consistent with other labour market trends, gender inequality in employment continues to be stacked against women, with black females occupying the highest percentage of youth unemployment, states the Development Policy Research Unit of the University of Cape Town.

Whilst not significant for the purpose of this article, youth unemployment amongst Brazil, Russia, India, China, and South Africa (Brics) countries reveal a shocking reality of the South African youth unemployment problem when measured against their fellow Brics trading partners. In 2012 China had the lowest youth unemployment figures at 7.6%, India at 10.7%, Russia at 14.8%, Brazil at 15.4 % and South Africa at 54.5%. Much will have to be done to reverse this situation, if at all it is practical do so.

Table 4. South Africa youth/adult Unemployment 2002 and 2012

Year	Youth unemployed ('000)	Youth labour force ('000)	Youth unemployment rate (%)	Adult unemployed ('000)	Adult labour force ('000)	Adult unemployment rate (%)
2002	1 550.371	2 960.676	52.4	2 915.683	13 470.44	21.6
2012	1 344.68	2 609.8	51.5	3 201.34	15 594.44	20.5

Source: ILO KILM

REASONS ADVANCED

There are many reasons being advanced for the state of South African youth unemployment. To paint the full picture will require much more extensive work. The reasons are widespread, from diverging political perspectives to purely economic reasoning. I do not believe that the one can be isolated from the other. In a recent interview, Cambridge University economics teacher, Ha-Joon Chang, was quoted as saying, 'I am seeking to debunk this widespread view, propagated by the current generation of economists, that somehow you can neatly separate economics from politics.' I share this view. Simply put, economics can never be void of politics and vice versa.

Below I will capture the dominant views on South Africa's youth unemployment crisis. I wish to draw the readers' attention to the fact that the section explores the dominant views on the root causes and falls short of concluding whether those root causes identified are indeed legitimate or not, that is, I will fall short of making any concluding remarks.

SKILLS GAP ARGUMENT

I reflected earlier on the youth of 1976 being massacred for demanding education that would gear them towards meaningful employment and not just as 'ordinary' workers. It would seem that, years later, even the possibility of finding employment as an 'ordinary' worker is evading the South African youth. As much as it may be argued that a more educated youth may be able to find employment much easier, it is still a case whether employment, in the first instance, is available.

The percentage of youth in relation to highest educational achievement, does not depict a good level of education amongst the youth. With an average 53% of youth not completing secondary schooling, it could be assumed that those sections of the youth may not have the requisite skills or requirements to enter the

labour market, other than for ordinary types of jobs, if available. This is so as entry into the various forms of vocational training, that is, occupational specific training, ordinarily requires at least a secondary school qualification. What is worse, over the ten-year reference period, there has been no improvement in this situation.

With only 33% of youth obtaining a secondary school qualification and only 5% (both 2012 figures), obtaining a post-school qualification, they may end up being the only sections of the youth the labour market is attracting. If that assumption is correct, by implication, over 60% of youth would be deemed unemployable purely on the basis of not having obtained a secondary school qualification.

According to StatsSA, the reasons for the large drop-out during secondary schooling is attributed to lack of money to pay for school fees (39%), working (20.4%) and poor academic performance (just under 5%). In addition, gender-based reasons (women) include family commitments (13.3%) and pregnancy (4.8%).

A related and sometimes avoided question is this: If the South African youth had the requisite skills and qualifications, would they readily move into employment? I raise this question as there is a large volume of literature that questions the relationship between education and the economy and the notion of *human capital theory*. Wrote Williamson: 'Whether, therefore, education can play a role in promoting economic development or in hindering such development is something which cannot be assessed using the crude quantitative techniques of economics... Programmes for education cannot be discussed outside of the broader social ends they reflect. Ends themselves are not, however, disembodied; they reflect the interest and power of different social groups. Planning in education is therefore never neutral, never a matter reducible to criteria of technical efficiency...'

Table 5. Percentage of youth aged 18–24 by the highest level of education, 2002 and 2012

Year	No Schooling	Some Primary	Primary	Incomplete Secondary	Secondary	Post School	Other
2002	1.3	8.8	6.4	52.8	27.1	3.6	0.1
2012	0.6	4.3	3.4	52.9	33.4	5	0.4

Source: Statistics South Africa. Own table

To conclude, it may be so that a higher educational qualification could potentially create greater job opportunities, providing the higher educational qualification is sought by the labour market. For if the line of argument is that a good education should get you employment, by implication, it could mean that adequately qualified persons should not be unemployed (not unless they choose to be unemployed). In this context, it should be somewhat

surprising that the unemployment rate of those with post-school qualifications increased from 5.2% in 2008 to 6.2% in 2012.

CAPITAL INVESTMENT AND LABOUR LAWS

The ANC's 1994 elections manifesto, titled the Reconstruction and Development Programme (RDP) sought to create 'A better life for all'. This economic policy was largely based on Keynesian economics



Striking for jobs: Workers gather at Zoo Lake in Johannesburg.

to stimulate economic growth whilst creating job opportunities and providing social benefits to the vastly impoverished black population.

The fundamentals of this policy position rest on the notion that an economic climate must be created for entrepreneurs to invest in the economy which will in turn create employment opportunities and income generation. By generating an income, workers become the consumers of the goods produced which in turn will lead to more goods being produced and more workers being employed to produce such goods. Thus, capital investment generates employment. Also, given the strained relations the apartheid state had with foreign investors, the government had to play an active role to promote market conditions for investment to take place.

Not long thereafter, in 1996, the ANC government ditched the RDP for a more orthodox neo-liberal economic policy, the Growth, Employment and Redistribution (Gear) policy. The adoption of Gear signaled a change to 'free trade' market economics which led to massive job losses in key industries, like clothing and leather, which, up until then, survived due to high import protection. Job losses occurred in the public sector too as the privatisation and commercialisation of service

delivery took shape. The Gear document specifically sought to advance the following outcomes:

- competitive platform for a powerful expansion by the tradable goods sector
- stable environment for confidence and a profitable surge in private investment
- restructured public sector to increase the efficiency of both capital expenditure and service delivery
- new sectoral and regional emphases in industrial and infrastructural development
- greater labour market flexibility
- enhanced human resource development.

Thus, the Gear macro-economic framework had as its cornerstone, three main objectives:

1. Achieving macro-economic balance in the economy (reducing the budget deficit and inflation targeting).
2. Economic growth of at least 6% per annum.
3. Redistribution through job creation – economic growth would stimulate job creation coupled with labour market reforms.

The adoption of Gear was met with much criticism from, in particular, Cosatu who labelled the adoption of Gear as going against the fundamentals of the RDP and resolved to actively embark on a campaign which involved civic,

youth, student, women and other working-class organisations to resist all elements of Gear such as subsidy cuts, privatisation, labour market flexibility, etc.

The question must thus be posed: did these economic 'fundamentals' achieve its objectives, particularly on the front of job creation? That question has been answered above, that is, that unemployment has remained consistently high and more so in respect of youth unemployment. Why is this so? Why was the intended 400,000 jobs, per annum, not created, as set out in the Gear policy framework? What does the other data tell us?

The South African economy never reached its intended target of 6% growth per annum. The highest growth rate was 5.6% in 2006 with the lowest being -1.53% in 2009 following the global economic crisis. Notwithstanding slight recovery during 2010/2011, it has been on a downward trend.

Business confidence in South Africa has seen a significant drop from its 2005-2007 high to a consistent 41% from 2010 onwards. This low business confidence listing is notwithstanding the fact that South Africa, according to the World Bank, is amongst the easiest of all developing countries to set up a new business and higher return on investment.

It is also argued that South Africa's labour market is not flexible