

Jobs for youth in SA

Kicking away decent work ladder

Policies such as the youth incentive and programmes like the Democratic Alliance (DA)'s Work and Skills Programme (W&SP) are ignoring the decent work agenda and exposing the youth to control by the employers, writes **Tumi Malope**.



Numsa jobs march: Youth incentives are false solutions to employment creation says the union.

In 2002, the once flourishing clothing industry was under siege, cheap imports from China, the strengthening of the rand against the dollar put the industry on its knees. Before democracy the clothing and textile industry was exclusively focused on the domestic market. The industry which is largely concentrated in the Western Cape, KwaZulu-Natal, Free State and Gauteng was for many families a source of income. However, as South Africa's economy integrated into the global landscape, the industry witnessed massive job losses.

The labour-intensive industry, which largely focused on the domestic market, was protected for a long time and mostly focused on low value-added products. With democratisation in 1994, the country joined the World Trade Organisation (WTO) and as a result opened up its economy to the international market. During the 1990s and early 2000s the rand depreciated resulting in losing its strength against the dollar, and a weak rand to the dollar meant that the industry's products on the global market were cheaper, as a result competitive with imports.

In 2002, the rand appreciated thus becoming stronger than the dollar and imports of mostly low value-added products from China flooded the South African markets. Overwhelmed by imports and the rand to the dollar exchange rate not helping, the industry experienced massive job losses. To salvage the situation a landmark deal was signed by stakeholders: the minimum wage of new employees was to be cut by 30% over a period of five years.

The logic for cutting down wages was simple but does not tell the whole truth. The argument is that the 'labour market, like any other, reaches equilibrium based on the supply and demand of labour' to quote the Democratic Alliance (DA). In South Africa, amongst other things, skills, high wages, non-wage regulation of the labour market are seen as major contributors to job losses and even high unemployment. It is argued that a fall in the aggregate demand will lead to a decrease in unemployment. Put differently, when supply increases as is the case while demand is falling, one expects wages to fall to clear the market (to reach equilibrium). That's why the minimum wage in the clothing industry was cut, in order to stimulate demand. The experiment was a spectacular failure.

The labour market does not operate like any other commodities market. What the supply and demand supporters forgot in their equation was state regulation. The supply side is the reproduction: it is the quantity and quality of labour. This side is shaped by government policies on health, education, and household dynamics. The demand or production side is made up of the jobs available and the level of economic growth. Lastly, government regulation – the role government plays is through legislation, training and education,

social welfare, labour relations policies etc.

If we then include a third dimension, that of government, to the supply and demand, we realise as Jamie Peck did, that the labour market does not function like any other commodities markets like gold and silver. Peck argues that 'because labour is not a true commodity, the self-regulating mechanisms associated with conventional commodity markets cannot be expected to regulate the labour market'. Peck further identifies four processes which are linked to supply and demand in addition to government incorporation, allocation, control and reproduction.

Incorporation is the way people become workers, and why people work. There are a number of reasons why people work, but historically incorporation in the country was characterised by government forcing black people to work in the mines. Systematic land dispossession was enforced and eventually tax on huts forced people to work. Government made it difficult for one to survive outside a wage system.

Allocation is the matching of workers with jobs, in an ideal world (not ours) workers are employed to do certain work because of qualifications and a display of skill. In the real world, allocation is linked to ideology and social prejudice. This explains why the labour market tends to distribute opportunities unequally. Market disadvantage is usually about 'ascribed status' based on characteristics such as gender, ethnicity, race, disability and not 'achieved status' such as qualifications and skill. It is not a coincidence why in the clothing industry machinists are predominantly women, and cutters are predominantly men. Or, why in transport a lot of men drive buses, trucks, and why when you go to your local butcher meat

cutters are men and the women serve the meat.

Once the individual has been incorporated and allocated a job, the worker must do what they are hired to do, and in order for this to occur the individual must be controlled. It is well documented that when mine-workers didn't want to work, they were forced underground to work, sometimes they were beaten.

Control is influenced by the structure of employment relations with productivity, salaries and wages being a key feature. State policies and the nature of industries shape employment relations. Some countries ban trade unions, historically, pass-bearing natives were not considered to be employees and it was only until the late 1970s and early 1980s that trade unions were formally recognised.

Labour reproduction is the biological procreation of humans. People have children who need clothing, caring, and education. Reproduction is not all about the market. It is also influenced by household dynamics and state policies. The cost of reproduction is wages. However, in most cases salaries and wages do not carry these costs in full. Essentially, the way labour is incorporated, allocated and controlled feeds back to society, consequently reproduction.

Peck's understanding of labour markets will be used in this article to argue that solutions to boost employment should be thought around the concept of the decent work agenda. Similarly, a deviation of this agenda has the potential to reproduce unemployment, poverty and inequality along current racial lines.

CAUSES AND SOLUTIONS

Of the more than 5,2-million people not working, 70% are under the age of 34 – in other words the youth.

- 58% of the population is under the age of 34
- of the unemployed 78% are Africans
- 40% are new entrants on the labour market
- 62% of the unemployed have less than secondary schooling
- 33% have completed secondary schooling but not tertiary education.

The country has a crisis of youth employment and the solution to this crisis has generated fierce debate at times reaching the streets of Johannesburg. A youth wage subsidy was put forward by national Treasury as a solution, supporting this idea is the Democratic Alliance (DA) and in opposition has been Congress of South African Trade Unions (Cosatu). The DA is of the opinion that the labour market functions like a commodity markets based on the laws of supply and demand. The DA believes that the labour market is too rigid, inflexible, and the cost of hiring employees is too high so a wage subsidy would overcome these hurdles. Indeed most economists would use this line of argument, and many studies do show a link between aggregate demand and youth unemployment. However, according to O'Higgins, all of them fail to find 'an unequivocal link between the level of youth relative wages and youth unemployment'.

Cosatu views a wage subsidy as pouring fuel on fire and argues that the subsidy does not address the root causes of unemployment. Systematically peeling off the Treasury and DA's argument, the federation begins by questioning the context on the theoretical framework which informs the subsidy proposal. It argues that the subsidy will have a deadweight (jobs that are created without the subsidy being in place) and substitution effect (employers letting go of current workforce for subsidised ones).

The federation argues that the subsidy 'does not guarantee that training and skills development will take place in the workplace, this will lead to a recycling of young people without any meaningful training'. Cosatu certainly does not agree with the underlying assumption that there is a causal link between entry-level wages and productivity among young workers or that wages are an impediment to job creation.

The federation proposes we do the basics correctly and use the National Skills Strategy (III) to increase the capacity of Further Education Training (FET) sectors to absorb one million learners per annum by 2014, as opposed to the current 400,000 per annum. This, they argue, will keep young people in the training and education system for longer and will also reduce the pressure on the labour force. Moreover, this will equip young people with necessary skills.

Cosatu further argues that while this is happening, the public and private sector should prepare to take young people into the system and further contribute to skills transfer which can be used for government's infrastructure development and maintenance plans as laid out in the New Growth Path.

At the end of it all, the Employment Tax Incentive Bill (youth wage subsidy) after years of debate and a march to Cosatu House by the DA, was implemented. However, while the debate was raging, the DA-led government in the Western Cape implemented their own version of a wage subsidy called the Work and Skills Programme (W&SP) It is this programme that I use as a litmus test.

DECENT WORK AND SOCIAL REGULATION

According to the International Labour Organisation (ILO), decent work is employment that

is productive, in conditions of freedom, equality, and security and meets human dignity standards. It's a concept which was launched in 1999 at the 87th International Labour Conference, and the country being a signatory of the ILO has endorsed decent work. Since the youth wage subsidy has not been running for a year, the W&SP will be used to answer a few questions.

So how does the W&SP measure on the decent work agenda scale and how will it socially regulate labour? For the decent work scale, four strategic pillars in their simplest form will be used. These are employment, social protection, workers' rights and social dialogue. Employment refers to work opportunities which involves some form of remuneration (in cash and kind), and incorporates safety at work and healthy working conditions. The second pillar is in place in case one loses a job and it is linked to the country level of development. Social protection refers to income security encompassing the social security net. In South Africa, the Unemployment Insurance Fund (UIF) is the basic form of social security for workers.

The third pillar, workers' rights, refers to the basic rights that any worker should have is arguably the most important pillar given the country's industrial relation history. Employment opportunities are of no use if workers cannot exercise their rights: basic rights are important and non-negotiable. The right of non-discrimination at work, freedom of association, no forced labour and/or child labour. Linked to workers' rights is the last pillar of social dialogue.

Rights are not formulated in a vacuum by employers, the state or organised labour. Workers' rights, employment conditions and skills training provisions are negotiated through social dialogue between the relevant stakeholders involved.

Therefore, both social dialogue and workers' rights deal with the employment relations which have to be agreed upon through dialogue and consensus. Social dialogue refers to the workers' right to present their views, defend their interests and engage in discussions to negotiate work-related matters with employers and authorities.

However, does the W&SP address the decent work agenda and what are its implications on labour reproduction given the above statistics? The short answer to the first part of the question is yes and no. The second part (labour reproduction) will be demonstrated. Yes, the programme addresses the decent work agenda only if trainees get offered permanent contracts when their temporary ones expire. Of the 2,370 youth who have been through the programme it is reported that 70% have permanent jobs. And no, it doesn't address the decent work agenda if a contract is not renewed, however, the trainee will walk away with job experience. A worker on temporary contract or probation period will not receive the same benefits as one on a permanent contract, hence yes and no to answer the question.

So, what is the programme and what does it do? The programme firstly aims to create job opportunities not employment. The African National Congress (ANC) promised the same and was criticised. The

programme pays R1,500 stipends to learners to be topped up by host companies by at least R500 making a minimum of R2,000 for learners. The programme is open to unemployed youths who have matric or equivalent and live in the Western Cape. It is run by the Department of Economic Development and Tourism (DEDAT). The duration of the programme is nine months: DEDAT contributes to stipends in the first six months and in the last three months learners are employed by the host company.

Capitalism has made life extremely hard to live outside the wage system unless one is rich. One almost certainly needs to work to survive. Most unemployed youth participate in the programme because they need money to survive. So they are incorporated in the labour market because of survival and money. The allocation of learners is based on companies job specification – the company sends a form of what they need.

When I visited two companies – a metal pressing factory and an electronics manufacturing plant – it was clear of how the allocation works. In the metal pressing factory I predominantly saw men with three women operating the electronic welding machine, and I interviewed two males. At the electronic manufacturing plant I interviewed two females who all worked in the TV plant. However, one of them was promoted to work in the human resources

department largely due to her post-matric qualification.

E.P.Thompson once argued that the 'capitalist must not only provide the right materials, but seek to exert control over the conditions under which the speed, skill and dexterity of the worker operates'. Ultimately, control is about the structure of employment relations and the nine months control over the learners, because even if one works hard you are not guaranteed absorption. This is due to changes in demand or production dynamics. With the introduction of casualisation, fixed-term contracts and subcontracting this offered managers and employers a new tool to control workers. This new tool of control has been well documented in the retail industry by Bridget Kenny and it is not unique to the industry.

LABOUR REPRODUCTION

It is important to remember that the process of incorporation, allocation and control feeds back into society at large, and to illustrate this point Table 1 offers a snap-shot of unemployment levels by sex and race.

It is also important to note that employment relations are changing from permanent (typical) to casualised, fixed-term and informal (atypical). As these changes occur, one should ask what the prospects of youth are, and if they decide to have a family, what are their children's prospects? Importantly, what are the implications on poverty and inequality given that most youth now will most likely end up in low paying jobs? ^{LB}

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Table 1:

