

GROWTH

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Open the door for unemployed

South Africa's yearning for less poverty and greater equality will not be satisfied without more jobs. Redistribution without further job creation can at best be to the advantage of a few, without even marginally improving the lot of the masses.

Every year there are about 585 000 new entrants to the labour market. Naturally many leave this market through retirement, migration and death. On a net basis more than 400 000 jobs a year should be created. Thus 2m over the past five years. SA has in fact not even created even one tenth of this number.

Poverty and inequality cannot improve in these circumstances. Neither can crime and violence.

However, all is not lost. In the past five years, SA has made the transition from a closed to an open economy. Job losses were inevitable and job creation in new industries is not yet properly under way.

Experience elsewhere in the world, from Uganda to New Zealand to Argentina and Chile proves that job creation improves as the transition comes into effect and macro-economic policy falls into place.

The most important variable is new fixed investment (GDFI). And although the past five years have been better than preceding periods, they have not been nearly enough to create those 400 000 new jobs annually.

Investment has to be pushed steadily up to 25% of GDP - where it last was in the early Eighties, and then only on the back of a massive gold boom windfall - to bring unemployment to heel. Currently it is less than 16% a year.

There are enormous opportunities for SA to attract fixed investment.

Sectors such as telecommunications and electricity, infrastructure such as harbours, roads, water and sanitation provision can attract tens of billions of rand in foreign capital from businesses that would gladly invest in those sectors. The capital and expertise is available internationally. The Government must open the door. The millions of unemployed demand it.

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