

Slaying the unemployment beast



Building the domestic capacity for both individual and collective productivity is the optimal way forward, requiring that the government undertakes both long-term programmes and short-term interventions, write Dumisani Hlophe and Grathel Motau



THERE is a difference between the state of society, and the State of the Nation address. The former relates to the social and economic conditions of society, the latter the state president's speech that mainly seeks to reassure society that everything is under control.

At times there is no synergy between the state of society and the State of the Nation address. We have developed a four-part series of articles that seek to contribute to the debate on the state of society, and the State of the Nation address.

Throughout the four-part series, we strive to balance between society's challenges and possible interventions by the state.

The current state of society is depressing. Social ills of unemployment and joblessness, and the cost of living for both the unemployed and the employed, is on the rise. In fact, society's social ills are well documented so that they are no longer worth mentioning.

At the core of society's state of depression is South Africa's disappointing economic performance. Our economy is performing below its potential. This country only managed a GDP growth of 1.5 percent in 2014. The International Monetary Fund estimated a growth of 1.3 percent for 2015, while their latest projection for 2016 is only 0.7 percent. This is in sharp contrast to the average projected growth of 4 percent for sub-Saharan Africa.

There is always an inclination to blame "global economic conditions" for South Africa's economic poor performance. While this is relevant regarding the depressed commodity prices, economic performance and growth are mainly driven by domestic factors.

Speaking at the South African Reserve Bank leadership conference in August last year, Deputy President Cyril Ramaphosa identified the reliability of power supply, strike actions, infrastructure blockages and poor service delivery as the culprits.

He further emphasised factors such as low skills levels and widespread poverty as major domestic challenges towards economic growth.

We would like to add poor state performance in the development

and sustainability of small to medium enterprises as another key culprit falling the economy and job creation. The inability to provide start-up capital and timeous payment of small, medium and micro-sized enterprises for work done by both public and the private sector undermines the capacity of the SMMEs to contribute to economic growth and sustainability.

In our view, building the domestic capacity for both individual and collective productivity is the optimal way forward. The strategy requires that government undertakes both long-term programmes and short-term interventions. Education is at the core of long-term growth, sustainability and posterity of South Africans, in particular the black majority.

The effects of Bantu education, and its dual economies, were such that even when the economy modestly grew post-apartheid, it was a jobless growth. Between 1995 and 2013, South Africa experienced an average growth of 3.2 percent a year. However, such growth was in economic sectors where blacks are mainly excluded. These are the semi- to high-skilled sectors such as real estate, finance and business services.

In addition to lack of job opportunities, it is estimated that about 50 percent of pupils drop out of school without reaching matric, immediately creating an opportunity for unemployment growth. It is therefore not surprising that the unemployment rate has increased from 22 percent in 1994 to 25.3 percent in 2014, while youth unemployment stands at 36.9 percent.

This has further entrenched income inequality along racial lines. Between 1994 and 2014, the average annual income of a black African household was R89 632 as compared to that of white counterparts at R387 011.

This is despite the fact that black people make up more than 80 percent of the population, while whites account for only 8.4 percent. These levels of inequality continue to make South Africa a divided country, with the black majority remaining excluded from the mainstream economic participation.

Poor education outcomes and youth unemployment are a serious threat to South Africa's stability,



TROUBLE-SHOOTING: Deputy President Cyril Ramaphosa has identified the reliability of power supply, strike actions, infrastructure blockages and poor service delivery as the culprits affecting South Africa's economic performance.

They are a threat to democratic consolidation and therefore require a collaborative partnership to address. Thus, initiatives such as the National Education Collaboration Trust and the Partners for Possibility are important.

Strategic thinking led by Gauteng Education MEC Panyaza Lesufi that seeks to draw on the capacity

of private schools and link it with the poor-performing public schools is vital. These should be considered nationally.

Part of this initiative may include allowing public schools to contract some educational services to private education organisations. These may include teaching materials, teaching of certain subjects and

mentorship services. However, the management, planning, control and monitoring remain the responsibility of the government.

This possible partnership could enhance the capacity of poor-performing schools. Linked to the above, the business sector could partner Higher Education institutions for the latter to deliver skilled

youth relevant to our economy.

In return, the private sector could provide internships and, therefore, capacitate youth with readiness for employment. Business schools can partner with the government to build or enhance entrepreneurship.

Thus, the process of cultivating smart employees could be paral-

leled with that of building a generation of entrepreneurs.

After going through a jobless growth during the better part of democracy, it is clear now that trickle-down economics will not work for South Africa. That is, the idea that once the economy grows it will lead to more employment is not supported by the available evidence. In fact, the opposite is dangerously true.

Economic growth in South Africa thus far has not brought blacks into the mainstream of the economy. It has actually marginalised the majority.

This, as indicated earlier, is because it has grown in areas that require higher levels of skills, which traditionally blacks were marginalised from – educationally.

Therefore, to build a generation with the ability to participate, gain, and drive the modern-type knowledge economies, South Africa's education needs a drastic makeover. Post-apartheid education needs to prioritise maths, science and entrepreneurship.

The government has started to work in this regard. However, the number of school dropouts, and the number of matriculants unable to acquire university entry qualification, indicates that progress is still at its lowest level.

South Africa's economy can be rescued from its sluggish performance. The long-term sustainability of this economy requires the capacitation of the majority with appropriate technical skills commensurate with the requirements of a modern knowledge economy.

The short-term approach requires a government and private-sector partnership that creates opportunities for the youth in terms of internship, job creation and entrepreneurship.

The private sector needs to recognise that youth unemployment is not just a government problem, but society's problem too.

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