

# Trade Union Library & Education Centre

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## JOB SUMMIT - reading pack

Prepared for: TCOE

### CONTENTS

- \*Introduction
- \*Overview
- \*Readings

#### INTRODUCTION

The idea for a job summit emerged from Nedlac's Labour Market Commission report released in 1996. Organised Labour, Organised Business, Government and Community representatives have given inputs through Nedlac and the job summit is scheduled to take place at the end of October.

#### Process

The deadline for comments on the governments paper was 2 October 1998. Comments on the other submissions would have to be made via the relevant chambers in Nedlac (in the case of TCOE the Community Chamber - Godfrey Jack (Community sector convenor at Nedlac) phone - 011 331 5182). It is unclear how one could influence the process after the job summit. Presumably if the job summit does come up with concrete proposals (for example using one of the SDI's as a vehicle for job creation) one would influence the process through the relevant local structure. Herein lies one of the potential problems of any concrete proposals - they will be agreed on at a national level, but must be implemented at a local level. This has already been a problem facing existing SDI's.

[SDI's are Spatial Development Initiatives and have been seen as "programmes of strategic initiatives by government aimed at unlocking the inherent and underutilised economic development potential of certain specific spatial locations in South Africa" (Jourdan, Gordham, Arkwright and De Beer, 1996)]

The lack of organisation, political leadership and poor technical preparation for the job summit has also raised a question about whether the job summit will achieve anything this close to the next elections.

## OVERVIEW

### Introduction

The job summit aims to address high unemployment (estimates vary but average around 30%) and dismal employment trends:

- \* Jobless growth - progress in economic growth has been matched by a decline in employment figures
- \* The economy is shedding 116 000 jobs each year (as estimated by the CSS)
- \* All sectors except financial services and wholesale/retail trade showed job losses between June 1996 and June 1997
- \* Widespread racial and gender discrimination
- \* Unequal income distribution
- \* High levels of illiteracy and low levels of technical skills
- \* Past government policies (which promoted capital intensive sectors rather than labour intensive ones).
- \* Rural people are less likely to find work, particularly women.

### Why job creation?

The following points show how important job creation is in the development of this country's economy:

- \* The problem of unemployment and the inability of the economy to create jobs makes employment creation a central issue.
- \* Job creation and job enhancement are important vehicles for redistributing wealth and reducing poverty levels. Job creation is a way of extending economic opportunities to the population at large
- \* Unemployment reflects inefficient use of resources and will compromise economic growth
- \* There are social problems that result from unemployment
- \* Creating jobs in the formal sector provides a degree of regulation and protection for the previously unemployed.

## **Framework for Job summit**

All the submission have acknowledged the importance of short, medium and long term programmes to alleviate the problem of unemployment in this country and the poverty and inequality that results from it. Short term measures would include Public Works Programmes. Medium and long term measures would involve comprehensive industrial and economic development policies as well as reviews of industrial, trade, public sector and other policies. Without a long term strategy any short term measures are bound to fail. It will not be enough to hope that Public Works Programmes will provide sufficient short term economic activity to ensure long term sustainability. (see article on public sector in SALB pp33).

It is important that any framework looks at not only at creating new jobs, but also at enhancing the quality of present ones and ensuring job security for workers as well as finding measures to limit job losses.

It is also important to accept and take into account the inherent inequality of the working relationships in the country - employers have more power than workers. Some proposals have assumed an equal working relationship. This does not exist which is why one cannot rely on individual workers to negotiate their working relationships with bosses - the importance of collective bargaining.

## **Points of debate**

Looking through the various proposals made at Nedlac a number of areas of debate have emerged in relation to job creation:

### **1./ The role of the government's economic policy**

Apart from the obvious problem that the economy is not growing at the rate the government hoped, there is also the problem that the small amount of economic growth is not providing new jobs. Clearly then the governments non interventionist style adopted with the GEAR policy is not working.

As well as this there is the fact that the budget deficit does not allow the government much money for job creating initiatives (for example the lack of any money earmarked for Public Works Programmes in the latest budget). Both Labour and the Community submission questioned the value of the deficit reduction target levels. The Community submission suggested keeping the targets, but lengthening the period of time that they should be attained in.

*NOTE: Despite its obvious impact on unemployment it appears that GEAR will not be an issue for debate at the job summit (see article " COSATU outsmarted over job summit").*

### **2./ Flexibility of labour**

Despite the ILO's research showing that the SA labour market is quite flexible, the reducing of restrictions has been touted by many as the way to create more jobs - ie: by lowering wages, increasing working hours and reducing protection against unfair dismissal. Measures like this however are short sighted because:

- 1./ They are more likely to increase IR conflict

- 2./ Such proposals do not take into account the importance of skills in increasing productivity or the fact that it is as important to increase the productivity of capital as well as labour.
- 3./ Why should only production workers practise wage restraint? Any discussions on "wage restraint" amongst workers must be matched by wage restraint amongst higher levels.

### **3./ Role of public sector, private sector and government in both creating jobs and paying for job creation initiatives**

Although Public Works Programmes (usually government initiatives) are an important short term strategy, they cannot be solely the responsibility of government. Nor can they be the only job creation initiatives taken. The labour proposal suggests that financing of such programmes could be done by a solidarity tax (wealth tax) and also by a prescribed asset requirement on the financial sector, including on worker provident and pension funds to raise capital for social investments. It is also important that other job creation initiatives be taken. Some comments have raised the importance of new enterprises as a way of creating jobs. This would mean that policies would have to be implemented to encourage and support such enterprises. There would also have to be infrastructure in place to sustain small businesses, particularly in the rural areas.

#### **Essential areas to be covered**

Any programme that emerges from the job summit must address the following:

- 1./ Whether any job is better than no job at all - this is an area of hot debate - some say that minimum standards reduce the number of available jobs. Others say that the quality of jobs is as important as the quantity. It is important in this debate to remember and address the unequal power relationship between employer and employee. The aim of job creation and full employment is to improve the standard of living and quality of work. There must therefore be certain minimum standards.
- 2./ The importance of a social security net - for those who are unemployed and in order to reduce the possibility of exploitation of the unemployed (without reducing the incentive to find work).
- 3./ Distribution of jobs - it is important to acknowledge that certain groups - women, youth, disabled people, and certain geographic areas - rural people and certain provinces, are particularly disadvantaged. Any policy that emerges from the job summit must address this and it must aim to reduce all discrimination and structural barriers to employment.
- 4./ Unpaid work - domestic work is mostly done by women and remains unacknowledged and unpaid. This type of work must be recognised.
- 5./ Distribution of resources must be addressed. This includes the distribution between low and high paid (management and production workers), as well as the distribution between employed and unemployed.

6./ There must be agreement on a basic living wage. The term "working poor" must become obsolete.

## Readings

The readings have been taken from submissions on the job summit, articles about job creation and newspaper articles commenting on the submissions:

### Submissions

- Community Constituency position
- Governments' position - summary
- Labours' position - extracts
- Organised Business' position - summary

### Indepth articles

Daphne, J. Getting South Africa Working *Naledi Policy Bulletin* vol 1 no.2, NALEDI Johannesburg, April 1998  
Focus on Job Creation, *South African Labour Bulletin* vol 22 no.2 April 1998

### Articles on the job summit

Driver, A. The Fish River SDI: New hope for industrial regeneration in the Eastern Cape *Trade and Industry Monitor* vol 5 March 1998  
Randall, E. Unemployment the new threat to democracy *Daily News* 16/5/98  
Lewis, D. Exploding the myths about job creation *Sunday Independent* 26/7/98  
Sunter, C. Set sights on creating enterprises, not on finding jobs *Star Business Report* 8/4/98  
Black, P. Market flexibility a condition for survival *Business Day* 23/7/98  
Daphne, J. Summit should aim to limit job losses *Business Day* 23/6/98  
Grawitzky, R. Job summit proposals skim the surface *Business Day* 1/7/98  
Barrell, H. Cosatu outsmarted over job summit *Guardian* 21/8/98  
Patel, E. Summit must not die in sterile debate *Business Day* 10/7/98  
Pityana, S. Private sector has key to job creation *Cape Times* 4/9/98  
Innovative proposals to combat joblessness *Financial Mail* 1/5/98

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Daphne, J. Getting South Africa Working *Naledi Policy Bulletin* vol 1 no.2, NALEDI Johannesburg, April 1998

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Pityana, S. Private sector has key to job creation *Cape Times* 4/9/98

Jobs aren't summit's purpose *Finance Week* 2/7/98

Innovative proposals to combat joblessness *Financial Mail* 1/5/98

Focus on Job Creation, *South African Labour Bulletin* vol 22 no.2 April 1998

*Creating Jobs in South Africa: key issues and strategies. Labour input to Presidential Jobs Summit* April 1998

A summary of the Business South Africa proposals for an agenda for the job summit. in *The Job Summit. Business South Africa proposals towards an agenda* May 21 1998

Executive summary *Creating jobs, fighting poverty. An employment strategy framework* Department of Labour notice no.1264 of 1998