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Reaching the summit

The labour movement is exploring innovative and diverse ways of combating rampant unemployment in South Africa, explains **Oupa Bodibe**.

THE forthcoming Presidential Job Summit is, in the words of President Nelson Mandela, the most significant event since the 1994 elections. Our country faces a massive unemployment crisis which must be resolved as a matter of extreme urgency.

The statistics recently released show that there are close to five million unemployed people if the expanded definition of unemployment is used, including those of an employable age who are no longer looking for work.

The unemployment rate using the expanded definition is about 37,6 percent. The expanded definition is preferable to the official definition as it highlights the extent of the structural crisis facing our economy.

South Africa has a high proportion of people who are no longer actively seeking employment because of a lack of job opportunities. In fact, the economy is destroying more jobs than it is creating. Women and youth are particularly hard hit by unemployment.

Unemployment has negative effects on people's self-esteem as well as undermining community cohesion. There is a correlation between unemployment and poverty, as the poorest households often contain most of the unemployed.

The *Poverty and Inequality Report* released by the Deputy President's Office shows that unemployment is a significant contributor to poverty. At the same time research has shown that low wages combined with unemployment are the major source of poverty, with many poor households containing a number of unemployed people, relying on the wage of a breadwinner which is not adequate enough to sustain them.

In the light of this, the Congress of South African Trade Unions (Cosatu) has put forward a set of proposals which will contribute to eradicating joblessness, improve the quality of existing work and stem the tide of job destruction in the economy.

The underlying philosophy underpinning our proposals is that an employment strategy must significantly alleviate poverty and inequality. To be in a position to achieve this aim an integrated, comprehensive employment strategy must be adopted, entailing immediate, short and medium to long-term interventions.

This strategy must have as its main objectives:

- Halting current trends in job losses and significantly improving job security;
- Provision of support for the unemployed;
- Enhancement of the quality of jobs towards a living wage and stable employment;
- Creation of significant numbers of new, quality jobs; and

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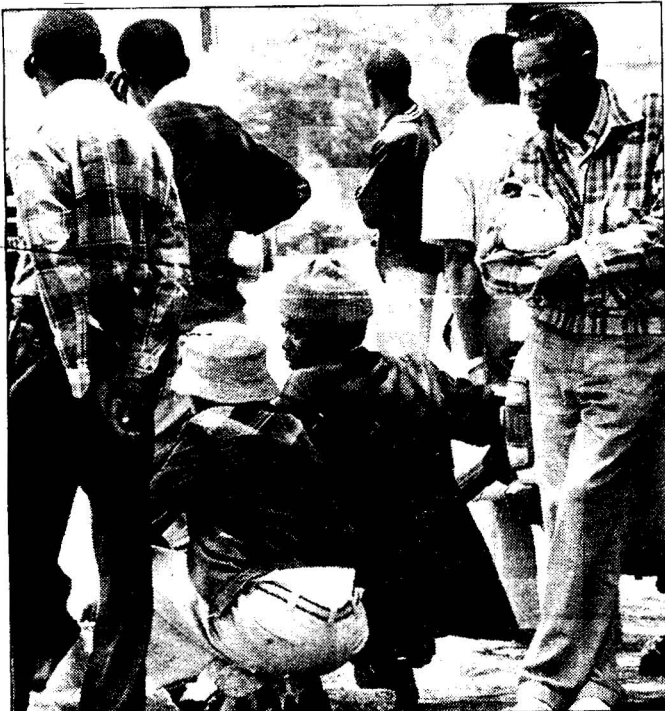
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Five million people are currently unemployed in South Africa, according to the latest statistics.

● Formalising the informal sector.

An integrated strategy must incorporate a set of core policy areas, including macroeconomics, investment, trade, technology, public sector employment, social plans and a social wage.

Cosatu's recently unveiled programmes seek to concretise this vision. One key programme is a mass housing scheme that aims at building one million houses through the provision of publicly owned housing rental stock.

The multiplier effect of housing spending offers greater opportunities for active industrial policy measures which can harness such economic activity towards the goals of sustainable efficiency and the restructuring of industries.

A mass public housing programme will also be linked to a restructuring of urban planning to ensure integration of affordable housing into well-located areas, to break down apartheid geography and its associated social and economic costs. Such a programme will employ hundreds of thousands of workers.

Despite attempts to rubbish Cosatu's proposals for funding job creation – through expanded contributions from state coffers, lever-

aging resources from the private sector and workers' contributions – serious commentators would know that the proposals are well considered and are part of the programme to move the economy on to a new job-creating path.

Traditional anti-union commentators in the mainstream media have attempted to create the false impression that the unions propose that the fiscus should be the only source of funding. Nothing could be further from the truth.

Their agenda is to take away people's focus from the real issues by "sensationalising" the resources that will be required to finance employment creation.

We will not apologise for taking job creation seriously.

Our funding proposals entail funding from the fiscus; restructuring government employees' pension funds; solidarity tax along the lines of the tax introduced in West Germany in 1991 to fund unification; contributions from the private sector; prescribed asset requirements; progressive taxation; and utilising South African Special Risks Insurance Association funds and resources of the Industrial Development Corporation.

Prescribed asset requirements will unlock resources in the retirement industry and that of long-term insurers, which are currently being invested primarily in speculative instruments.

Tinkering on the edges of our economy will not provide a solution to the crisis of joblessness. This country requires its own Marshall Plan, a major channelling of resources into reconstructing our country and putting it on a new job-generating growth path.

This is what our proposals to the forthcoming Job Summit attempt to do. We call on all others actors in society to join us.

(The writer works for the parliamentary office of the Congress of South African Trade Unions in Cape Town.)

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