

40% UNEMPLOYMENT RATE AMONG THE WORLD'S WORST

Poverty is fast ravishing our society



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AN ASTONISHING 18 million South Africans are poor and the number is growing all the time.

Perhaps even more alarming than the sheer magnitude of this daily suffering is that, for a large proportion of those 18 million people, there is no hope of climbing out of the clawing trap of deprivation. There is no hope for them. There was no hope for their parents. There is no hope for their children. Generation after generation is being consigned to surviving, somehow, in an environment in which there is no work and where few even remember what it was like to have a job.

The potential problems associated with the development of such an underclass, from lawlessness and crime to abuse and violence, are quickly evident. So, too, is the looming danger that a profoundly dissatisfied section of the population will at some point say "enough is enough".

Already, there have been an estimated 600 incidents of civil unrest around the country in the last 18 months in response to frustrations over service delivery.

"Are we ready to handle the revolution that is going to come from the underclass?" Thami Ngwenya, a senior research manager for the National Development Agency, asked a discussion on poverty in Cape Town last Thursday.

Co-hosted by Isandla Institute and the Open Society Foundation, various experts were invited to the latest in a series of "Development Dialogues" to ponder the question: Chronic poverty – are we creating an underclass in South Africa?

The picture they paint is bleak and the answer in the affirmative.

Over the last year or two, South Africa's unemployment level has reached a plateau of a shade under 40%, according to Anna McCord, a research associate at the Southern African Labour and Development Research Unit (Saldru).

This figure is called the "expanded" definition of unemployment and includes people who have given up looking for work. Experts believe this is the more realistic definition, as just because people have given up looking, doesn't mean they

don't still want a job.

The 40% rate is one of the highest in the world and poses profound challenges to policy makers.

Part of the problem is that South Africa is a fairly unique situation in which unemployment means poverty. This is not necessarily the case in other countries. Elsewhere, if you lose your job there are a variety of safety nets or benefits available to stave off disaster. In India, for instance, people are guaranteed minimum wage employment by their local authority and, if there is nothing to do, they are paid a salary that will meet their basic needs, according to McCord.

In South Africa, while there is a social grant system that cares for the very young and the very old, nobody in between is protected from rank poverty. While there are many ways of defining poverty, the World Bank and United Nations generally define it as people who are managing to survive on one or two dollars a day.

Recent studies indicate that a high proportion of the 18 million poor South Africans live in multiple-resident households with a combined income of R300 a month or less. In 50% of these poor households, nobody has a job and grants for the elderly or the young are pooled for survival.

The end of South Africa's economic isolation in the 1990s, together with a shift in the structure of the economy from primary to tertiary economic production, has led to the loss of half a million jobs in the primary sector.

These jobs have mainly been low or unskilled jobs. So even while there has been job growth over the last 15 years, it is skilled jobs that have been growing. Those with no or few skills are even less likely than ever to find work, McCord told the audience.

Government's response has been to initiate an expanded public works programme (EPWP) and to hope that, on the back of the rapid economic growth we are currently experiencing, South Africa will be able to dig itself out of the poverty trap. It remains hopeful that South Africa can reach its millennium development goal of halving unemployment by 2015. This will require the provision of as many as five mil-

lion new, permanent jobs.

The policy experts are less optimistic.

Even if South Africa achieves 6% economic growth per annum, "we will still have unemployment among lower and unskilled people of around 30%", said McCord.

There will, therefore, remain a large, core group of permanently marginalised, unemployed poor people.

The EPWP was meant to be the ladder by which the members of this group, who exist in the so-called "second economy", can climb out of poverty and into the first economy.

But while government claims the EPWP will create a million new jobs, the reality is quite different. At best, it will establish 200 000 temporary jobs that will not really contribute to alleviating the worsening unemployment and poverty levels, according to McCord.

The average length of employment in EPWP programmes is only four months and, during that time, only eight days of training is provided on average. This means there is little to differentiate people who had been on EPWP programmes and those who had not.

Four months of income is also not enough to allow parents to invest in school fees or improved nutritional levels with any confidence that these would be long-term improvements.

"Clearly, a once-off transfer is not a response to sustained poverty," McCord said.

Recent studies confirm the alarming situation of poverty growth in South Africa today.

According to Haroon Borhat and Ravi Kanbur, editors of a new book entitled *Poverty and Policy in Post-Apartheid South Africa* (HSRC Press, 2006), there is "overwhelming evidence" to suggest poverty is on the march in South Africa.

Black South Africans have been particularly affected as, for historical reasons, the unskilled and low-skilled are most often from this racial group.

Interestingly, poverty is shifting to the urban areas due to the migration into South Africa's cities and towns.

"While the rural poor accounted



for 62% of all households in 1996, five years later this had declined to 56%," write Borhat and Kanbur.

A recent study of Cape Town migrants indicated that the newly-arrived migrants were the ones most unlikely to find employment in the city.

With eight million unemployed South Africans and 18 million living

in conditions of poverty, the scale of the challenge to government and to the social fabric becomes clear.

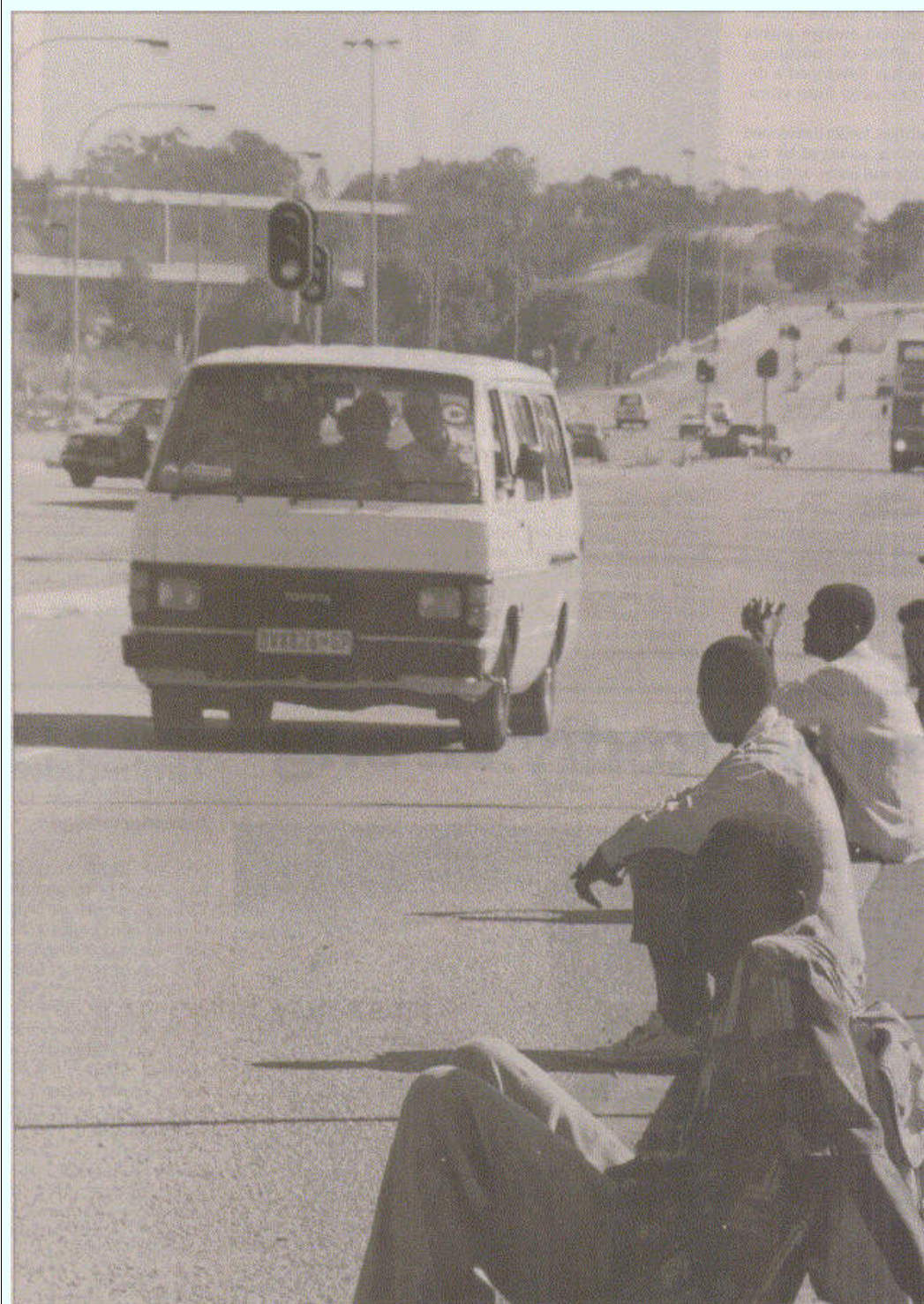
"Chronic, systemic poverty is clearly a reality for many South Africans today," says Mirjam van Donk, director of Isandla Institute.

Government's fixation on the EPWP, together with its blind faith that small and medium-sized busi-

ness will roll back South Africa's march into poverty, is proving one of the greatest hindrances to a change in policy, argue some experts.

Asks Ngwenya: "How do we stop the train that is speeding in the wrong direction?"

● *Hadland is a chief research specialist at the Human Sciences Research Council (HSRC).*



CURSE OF POVERTY: Jobless men wait hours for companies to pick them from a crowd to do casual work