

ECONOMY & BUSINESS

Tough nut to crack

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Public works have been widely discussed in the media as a significant response to poverty and unemployment in South Africa. But, as currently conceptualised, are they really? An informed debate on social protection and unemployment can only happen if we look behind the rhetoric.

Public works are presented in the policy debate as complementing the government's main strategy for dealing with poverty and unemployment, through a combination of social protection measures and national economic growth.

The assumption is that poverty will fall as gross domestic product (GDP) rises if the government promotes "pro-poor" growth. However, economists agree that, even with rapid growth, the number of low-skill and unskilled jobs are unlikely to keep up with the growing number of work-seekers.

The World Bank believes that, even after a decade of rapid growth, unemployment will remain above 30% for this group.

The fall in demand for low-skill and unskilled workers is a structural phenomenon that began in the 1970s, largely because of increased mechanisation and a decline in the economy's primary sectors — a trend which accelerated after South Africa's entry into the global market in the late 1980s. It is a global, rather than uniquely South African, problem.

However, its impact is extreme here because of policies pursued under British colonialism and apartheid, which forced black South Africans off the land into wage labour.

Subsistence agriculture and informal sector employment, which cushion the unemployed elsewhere on the continent, are also limited in South Africa — again a consequence of past policy.

GDP growth will not address poverty or unemployment in the medium term. These problems are here to stay unless addressed by major government intervention. In the absence of a significant response, more than half the population lives in poverty, and the numbers are rising. How do we respond?

The government has supplemented its growth strategy with a range of welfare transfers, such as old-age pensions and child-support grants. But for the working-age unemployed there is no social safety net. More than four million unemployed live with their families in destitution, without access to work and dependent on shares of grants.

In recognition of this, government rhetoric has included extensive discussion of "massive" public works programmes, often in opposition to "alternatives" such as a basic income grant.

After the demise of the National Community-Based Public Works Programme, which created only 20 000 temporary jobs a year in its short life, the Extended Public Works Programme (EPWP) was launched in April.

This was given a central role in addressing poverty and unemployment at key policy junctures, most notably at the 2003 Growth and Development Summit and in the recent African National Congress election campaign.

The EPWP is an excellent initiative, seeking to increase the labour absorbed by government spending in civil construction, a successful strategy around the world.

However, it offers only temporary employment and aims to reach only 200 000 unemployed workers a year. This is less than 3% of the unemployed, few of whom are likely to continue in jobs after participating in the programme because of lack of demand for low-skilled labour.

Given that eight million South Africans are jobless and more than 20-million people live in poverty, the EPWP represents a minimal response to a massive social and political problem.

It is a nut to crack a sledge-hammer, not a “massive” response in the absence of other significant labour market and welfare interventions.

Yet commentators have dazzled readers with claims for public works as the harbinger of significant inroads into unemployment and poverty.

This effectively closes the policy space for discussion of alternative large-scale responses, and creates a false sense that the urgent issue of the “working-age unemployed” is being addressed.

Other low- and middle-income countries have used public works programmes to great effect. Some have absorbed more than 20% of the labour force, offering guaranteed employment to those seeking it.

The most successful in addressing poverty have offered sustained employment combined with development inputs like micro-credit, savings and income-generating schemes.

We should learn from this experience by scaling up massively, allocating additional resources and providing medium-term (sustained) job opportunities for significant numbers of the working-age unemployed.

Such programmes are possible here, as shown by the successful Zibambele Public Works Programme developed over the past five years by the KwaZulu-Natal department of transport.

It is an illusion to think the EPWP can have the impact anticipated in the policy rhetoric. At worst it is politically dangerous, as it reduces the space for the policy discussion urgently required to address poverty and unemployment.

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