

Press Release

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South African Institute of Race Relations
The power of ideas

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Jobs summit must address ‘job-destroying’ EWC and minimum wage laws – IRR

The IRR has said that the jobs summit scheduled for 4-5 October should address the ‘job-destroying’ effects of the governments proposed expropriation policy and further seek to introduce labour reforms that will price poor people into work.

IRR analyst Terence Corrigan said, “As the government and other stakeholders sit down to address the employment crisis in South Africa, the job-destroying effects of the current expropriation debate need to feature. Job creation requires economic growth but growth requires investment. South Africa is not going to attract much by way of foreign or domestic fixed investment as long as the uncertainty lingers that the state may have the power to seize property without paying for it. In this respect, far from helping to empower people, the current expropriation debate is having the opposite effect.”

According to the IRR:

- South Africa’s official unemployment rate is 27.2%
- The rate among people aged 15-24 is 53.7%
- The rate for black people is 30.5%
- THE rate for white people is 8.0%
- The expanded unemployment rate for the population as a whole is 37.2%
- The labour market participation rate, which measures the proportion of working-age people who have a job, is 59.1%.
- The number of unemployed people has increased from 2 million in 1994 to 6.1 million today.

By comparison, the IRR said, the official unemployment rates for South Africa’s BRIC partners are 13.1% in Brazil, 4.7% in Russia, 3.5% in India and 3.9% in China.

Corrigan also said that, “Even if the job-destroying effects of EWC can be dealt with, there are many further labour market reforms that the government will need to implement if South Africa is to drop its rate of unemployment to emerging market norms. These include abandoning minimum wage legislation, dropping the horizontal application of bargaining council agreements, and easing

hiring/firing laws. All these proposals are controversial but the hard facts are that without such moves, there is little prospect of reducing South Africa's high rate of unemployment. The government faces a choice; introduce reforms that understand the reality that, at present, many young people will not find a job. There are no other short-term options that absorb large numbers of mainly young people into work".

Ends.