

News

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SA working solutions

Most economies are now struggling with higher unemployment, but in many cases employment will bounce back.

SA must create 700000 jobs a year to halve unemployment

Vast public works programmes will be needed

"The unemployment problem has simply become too big for business as-usual approaches. Creative solutions are essential"

— MIRIAM ALTMAN

Most economies are now struggling with higher unemployment, but in many cases employment will bounce back. The challenge is quite different for SA with its pre-existing high structural unemployment, poverty and extreme income inequality. The answers seem elusive. There is little doubt that special measures are needed, but which ones, and in what combination?

Over the past four years, HSRC executive director Miriam Altman has orchestrated an Employment Scenarios process that draws together key decision makers and experts to explore ways to meet government's goal of halving unemployment from 26% to 13% between 2004 and 2014, so that full employment might be reached by 2024.

Altman's process has included many leading decision makers: Bobby Godsell and Michael Spicer from the business community, Alan Hirsch from the presidency, and finance minister Pravin Gordhan. Cosatu's Zwelinzima Vavi is among seven labour representatives.

Though the Employment Scenario proposals are not state policy, they have been influential in shaping government's response to the unemployment crisis.

Before the downturn, the HSRC had projected that 500000 net new jobs were needed each year to halve unemployment, and it finally seemed that this goal was being reached. This was after 30 years of slow economic and employment growth, leading to unemployment rates of 30% by 2003. From then, the tide turned. By 2007, the unemployment rate had fallen to 23%, and the pace of annual job creation had risen to the target rate. This was thanks to a sustained rebound in private investment and strong economic growth that averaged about 4,5% during this period.

But given that almost 800000 jobs were wiped out last year, the economy now needs to create 700000 jobs a year to meet the target of halving unemployment. This means that the original 2007 Employment Scenarios, which relied on market growth as the major contributor to unemployment reduction, are now inadequate.

So the HSRC went back to the drawing board. New scenarios have been teased out looking at how special interventions might still enable the achievement of target employment in the context of lower growth rates.

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