

South Africa's Unemployment Crisis

Can the Job Summit Deliver?

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26 September 1998

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South Africa is in the midst of an unemployment crisis unprecedented in its history. There are at least 5 million jobless. The official unemployment rate is 30%, but the actual unemployment rate varies between different areas. In some locations, unemployment is near 80%. Many people hope the national Job Summit, set for next month, where unions, business and state are meant to solve the problems.

I don't think it will: let me explain why.

Unemployment

The massive unemployment is being increased by a massive process of job shedding in all major sectors of the economy.

- Manufacturing: the absolute number of jobs shrank by 10% since 1996.
- Farming: jobs have fallen from 1,5 million to 750,00 over the last four years.
- Mining: at least 200,000 jobs have been shed over the last two years.
- Overall, the number of jobs is at the level it was at in 1984. In other words, although the population has grown over the last fourteen years, job creation has simply not kept pace. Today, only one in every ten school leavers finds work.

In order to understand unemployment, we need to first demolish a few myths about causes of unemployment. We need to understand what causes unemployment so that we can work out how the working class can organise to fight against it.

Myth One: High Wages Cause Unemployment

The bosses and the government say that low wages will lead to more jobs. This is in GEAR (government) and the SA Foundation (big business) policies. Both government and business will be making this argument at the Presidential Job Summit later this year.

What they are saying is that wages in South Africa are very high. Also, workers have many rights, such as paternity and maternity leave. All of these rights make workers very expensive to hire. In fact, they make workers too expensive to hire, and so bosses have decided not to hire more people because this will cost too much.

South Africa's economy has always been heavily reliant on low black wages, and black working class wages and workplace are the main area where costs have risen. Which means that the state and bosses are, effectively, saying that the big gains won from below by black workers over the last 30 years are a major problem. In other words, what they are saying is that wages and conditions for workers in South Africa are so good that workers have priced themselves out of the market. In other words, unemployment is being caused by very expensive, mainly black, labour.

So as a solution to unemployment both the government and the bosses are calling for a so-called "flexible labour market". What this means is that wages and working conditions must be reduced to the level that is acceptable to employers.

GEAR, or the Growth, Employment and Redistribution policy, adopted by the South African government including President Nelson Mandela in mid-1996, argues for “regulated flexibility” in collective bargaining agreements, and that labour laws and wage agreements and rights must be allowed to vary according to region, skills, size of company, economic viability and other factors. The Minister of Labour will have the power to allow certain companies to be exempted from collective bargaining agreements and labour laws. Also, new workers should first get paid a lower “trainee” wage. In addition, existing workers must not make very big wage demands. Workers must only get paid more if they work harder.

Big business, mainly white but with some loud voices from the rising black bourgeoisie, argues, through the South African Foundation and other mouthpieces, for “two-tier labour market,” meaning existing workers will not become flexible labour, but new workers must be employed at low wages and on flexible terms. They will have union rights, but they will not be covered by existing collective bargaining agreements.

In both cases, it's obvious that such policies, if applied, will quickly lead to a growth of flexible labour. Because it will be cheaper and have less rights, it's obvious that state and private employers will use more and more “trainee” and “second-tier” labour — shrinking the core of stable, well-paid jobs.

But, comrades might ask, if this “flexible” labour market and low wage system creates more jobs, isn't it a good thing?

The problem is that “flexible” labour markets and low wages do not make more jobs.

1. Wages in South Africa are already very low. The bosses say that South African workers get paid much more than workers in other developing countries. This is not true. If you look at the wages of ordinary Black workers, they are lower than the wages of ordinary workers in similar countries such as Mexico, Brazil and Korea. In fact there are many workers in South Africa who -even under the collective bargaining agreements - still earn only R500 a month. This includes labourers in metal industry and municipal workers. The situation is even worse for unorganised workers.
2. Unemployment is growing in South Africa despite these low wages. In the last two years, one in every ten jobs in South Africa has been lost. Sectors with particularly big job losses are farming and mining. But in both sectors wages are very, very low. For example, many farmworkers earn under R100 a month, yet they are still being fired. So low wages are no guarantee of a job.
3. There are many unemployed people in South Africa who would be glad to work for a low wage. Many people are so desperate that they will take any job. They are not expensive. Some will even work for only food. But they still do not get jobs. There is a massive pool of flexible labour right now, and it's unemployed. How can it be that these workers are unemployed because they are too expensive when in fact they will work for very low wages?
4. If you look at different countries across the world, you will see that low wages do not make more jobs. The countries which have the lowest wages are often also the countries with the most unemployment. For example, Zimbabwe and Indonesia. And some countries with the highest wages, for example Sweden and Germany, have very low unemployment. So

there is no simple link between low wages and low unemployment. If you can sometime have high wages and lots of jobs, and sometimes low wages with few jobs, other things besides wages must be key to whether there are jobs, or not.

5. There is some evidence that widespread low wages can actually lead to less jobs, not more jobs. If there is a large pool of unemployed people who can be hired for low wages, then politicians and bosses will be happy to keep these people unemployed. Because this pool can be used to keep the employed workers from protesting, as they will be replaced by the unemployed. They will accept low wages to keep their jobs, so a situation will take place where there is a massive pool of the unemployed exists alongside a low wage economy.
6. If wages are cut, the boss whether the government or the private boss, will have more money to hire more workers. This is true. But who says that the boss will put the money into the factory to make more jobs? In South Africa, the bosses have been putting their money into machines which replace workers, or they have been using their money to buy up existing companies –not in expanding their own factories. So they do not make more jobs, they just make more money for themselves.
7. The labour laws in South Africa already allow flexible labour markets.. For example, the Basic Conditions of Employment Act makes many promises to workers including allowances for night shift, paid maternity leave and so on. But the Act also says that these conditions can be flexibly applied to different firms. So the laws already allow flexibility.

Myth Two: “Foreigners” Cause Unemployment

Another lie that is put out by the bosses and government through the media is that the “foreigners” are “taking” the jobs. Some people in the unions have also made this argument, saying that foreigners accept very low wages and thus are preferred by bosses to South Africans. It is also said that immigrants cause crime.

This argument is clearly believed by many ordinary people, and was tragically outlined two weeks ago when a march, organised by a structure called the “Jobless Masses of South Africa” was held in Pretoria. The marchers carried slogans such as “we want jobs, not foreigners.” The terrible outcome of the march was the murder of three “foreigners” in a train compartment. One died when he was thrown out of the train window into the path of an oncoming train; the other two were electrocuted when they tried to escape by climbing on the train roof. Similar anti-foreigner campaigns have been repeatedly organised by the Greater Johannesburg Hawkers Planning Committee.

This argument that foreigners take jobs is also a lie:

1. This notion that immigrants are causing crime is just not true. In 1996 only 257 Mozambicans, 65 Zimbabweans and 94 Lesotho citizens were arrested for criminal offences. And only ONE Zairean and SEVEN Nigerians were arrested for drug dealing. This shows that the vast majority of crime is by South Africans. The main reason why immigrants are arrested by the police is for not having the proper papers. That is, they are arrested for not

carrying a pass. This is absolutely unacceptable in a post-apartheid South Africa! It is far too close to the old racist “dompas” [pass law] system, which was only removed in 1986.

2. Immigrants actually benefit the country they come to. Many have skills or money, and create work for other people. Immigrants also buy goods in the economy, and this helps boost the economy and create jobs in the industries which produce these goods.
3. “Foreign” workers have helped to build this country. Until the 1970s, over half the mineworkers in South Africa were from other countries, mainly Lesotho, Malawi, Mozambique and Zambia. Even today these workers are very important to the mining industry which is the lifeblood of the economy. How can we say these people cause job loss? South Africans often did not want these jobs, many being concentrated instead in the factories and urban areas. But the mining industry helped make those factories and urban areas possible. It is the mining industry that raises money for the country to import the machinery needed to industry and farming. So these “foreigners” are important to sustaining the amount of jobs we have at the moment.
4. Unskilled and skilled immigrants do work for very low wages. That is true. And bosses often hire them for this reason. That is true. But how is this any different from the millions of South Africans who work for very low wages, and are hired by bosses for exactly that reason? Don’t blame the victim. The situation of low wages caused by greedy bosses who want to sweat blood from workers — not by the workers forced by poverty and suffering to accept their blood being sweated. The solution to this problem is not to attack the immigrants. It is precisely because the immigrants have no rights, and are always living in fear of the police that they are willing to accept bad wages. They face extra oppression because they are immigrants. If they try to organise for better conditions, then their bosses threaten them easily, and if they are “illegal,” he can report them and have them deported. So, if South African workers oppose the immigrants, they just reinforce the situation that makes the immigrants vulnerable and cheap — and end up having to accept wages the same as the immigrants to stay attractive to the bosses. The solution is to organise the immigrants into the trade unions and elsewhere and fight for their rights for full equality and equal rights, including access to state services like housing and hospitals. If we oppose the immigrants, we just play into the bosses’ hands, we do their dirty work of making the immigrants into cheap labour.
5. Yes, we are all workers and we must stand together. If we are divided, we are weak. A working class united will never be defeated! Therefore if we organise and unite with the immigrants we will be stronger. If we are with the immigrants, all workers will benefit because the bosses will not be able to divide us and rule us. We all have the same basic interest: organising to fight for a better life. We are one class of people.
6. On principle we must oppose all forms of racism in the workers’ movement. We must not be like the white workers in 1922 who went on strike against the black miners getting jobs. No! We have long fought against racism. Let us not now be racist against other workers just because they come from another country or because they speak another language. Racism is bullsh*t and we must always fight it, even among our own people.

7. Workers do not own this country: the bosses do. That includes the South African bosses. And the government, the South African government, acts to help the bosses. If we think of ourselves first and foremost as South Africans, then we can easily forget that our real enemy is not the foreigners, our real enemy is at home, the bosses and the politicians that oppress us and exploit us. We are not oppressed by the immigrants, it is not them that gets the police to attack us, that throws us out of work, that exposes us to danger at work, that steals our labour. We are not one nation with one common interest: South Africa is one nation, but it does not have a common interest. It is deeply divided into classes, into rich and poor, with very different interests. To fight for a common South African interest, to call for campaigns like “Buy South Africa” is to fool ourselves, and put a smile on our oppressors’ faces.

Why the Bosses and Politicians Tell us these Lies

The bosses — and their friends, the politicians — have two main needs in life:

1. To make money: this is why they call for low wages, weak unions, and the support the oppression of immigrants. Low wages mean more profits, divided workers mean low wages. And do the bosses make profits! The directors of the big companies earn, according to the “Sunday Times,” up to a million rand a year [1998 figures] and the figures how the average boss earns in one month what the average worker earns in two years.
2. To keep control over the working class and poor. This is done by force, by the use of the police and army to weaken struggle, where needed by the ruling class (for example 40 NUMSA [National Union of Metalworkers of SA] members were arrested last week during a strike rally).

But the bosses and the politicians don’t always rely on force. In fact, their main weapons are to keep the workers ignorant, and divided. The newspapers, the schools, the churches, the politicians all tell us big lies to confuse us, to divide us, to weaken our struggle. So they tell us to blame other workers — workers whose only crime is to be from other countries, workers who are fleeing dictatorship and civil war — are the real problem. They tell us to fight these workers, and then they sit back and laugh while we attack each other, they laugh all the way to the bank. They also try to divide the unemployed against the trade unions, telling them the unions are causing the unemployment. This is not true, but is very useful to the bosses, because it makes the unions weaker.

This is why you get these false “unemployment movements,” like the Jobless Masses, and Malamlela Social Movement, who oppose immigrants and high wages and — you can see the graffiti in down-town Johannesburg, calling for neo-liberal Free Trade Zones! Jobless Masses even had offices at one stage at the building of the conservative Democratic Party, which is backed by a section of big business. And of course the police, who are the main force terrorising the immigrants, are run by the African National Congress-led government.

These are the Real Causes of Unemployment

So, if low wages do not always lead to more jobs, and high wages do not always lead to fewer jobs, what is going on?

The number of jobs depends on larger issues in the economy. We can't just look at wages. Wages are the way that workers are exploited by employers, both in the state and in the private sector. We are paid less than the value that we produce: this is exploitation, where the employer keeps the "surplus value," that is the value that we create but don't get in wages.

But while wages are important, they are just part of a larger system, called "capitalism." We live in a capitalist society. This society is controlled by big companies, and by the government. Both of these structures concentrate and centralise wealth and power in the hands of few — the ruling class of bosses and politicians. The rest of us have no real wealth or power, and most of us are working class or poor.

It is the system of capitalism itself that causes unemployment. Even a healthy capitalist economy, one with a high level of growth and investment, has some unemployment. The bosses always make sure that there are some workers without jobs. This is so that they can use the unemployed as a scabs during strikes, and act a way of controlling workers who want to fight back : "You can go and complain with the jobless at the roadside!"

Why do this? It's partly about disciplining and ruling the working class — along with force and media and propaganda generally. But it's also about ensuring wage levels are kept low. Capitalists can hire workers, for many jobs, at higher wages than are currently paid, but the higher the wage, the lower the surplus value. The more productive the worker (the more they produce), the more value they add, and the more surplus value that can be extracted.

So, why low wages? Low wages allow maximum surplus value extraction. The more productive the low-wage worker, the more surplus value. But since bosses can only get surplus value from workers, they will hire workers at higher wages so long as they can extract enough surplus value.

So where does unemployment fit here? A pool of the unemployed pushes employed workers to accept lower wages. Lower wages mean more surplus value. The best situation is a low-wage, high-output worker. And bosses will not pay wages that are too high to allow surplus value to be extracted. So they will not hire high-wage, low-output workers, meaning they will normally refuse to take on the unskilled at anything except low wages.

You can see the level of wages does affect how many jobs exist, but that it's not a simple issue of low wages = more jobs. The fact is workers are only hired if profit can be made. Capitalism is not about creating jobs, it's about exploitation, and people are only hired if they can be exploited. And in every country, many workers do not get jobs, not because they wanted excessive wages, but because they are of no use to capitalism.

The bosses also create unemployment in a few other ways.

One is that they create more unemployment by using machines to take workers' jobs. This is what is happening in the mines and farms and factories across South Africa, with what business people call rising "capital intensity."

Another is that capitalism is a very unstable system. It goes through periods of growth and periods of crisis. The whole world's economy went into a crisis in the early 1970s. This includes South Africa, where the economy had serious weaknesses already. The crisis is still going on today.

During a period of crisis, unemployment becomes even worse. This is because many companies have collapsed or shrink their operations. The companies that are still going are trying to cut their costs so that they can keep making profits. One way of cutting costs is to cut back on the number of workers employed through “workplace restructuring” – either by fewer workers to do more, or by replacing workers with machines. Another is to try make money by fiddling around with banks and stock markets, in ways that do not really create jobs.

Neo-liberalism and GEAR

In every crisis period, states respond by putting in place measures meant to cure the crisis. Since the 1970s, the main solution has been neo-liberal policies, which involve privatisation, cut backs in the state sector, free trade allowing in cheap imports which undermine local industries, and flexible labour.

Government policies like these, which exist around in the world, during the current crisis are making unemployment worse in many ways,

These policies take the form of GEAR in South Africa. The ANC-led government adopted in 1996, promising to create jobs and boost capitalism.

The GEAR plan is a plan that can only help big business. GEAR argues that the economy can only grow, and jobs be created, and welfare be increased, if there is a “free market.” This means that big business must play the leading role in the economy. The idea is that the big companies must be given conditions in which they can make a lot of money. Then they will build factories and so on, creating more jobs and paying more tax, which will be used for welfare. The government must take a back seat, focusing on maintaining roads, power, and law-and-order.

If you take a close look at GEAR’s policies, it is clear that if government’s policies will ensure that bosses get fat while the poor and working class are condemned to poverty and hunger.

It involves cutting back government spending, especially on wages and social services (hospitals, schools, pensions), and decreasing the government’s debt. It involves the privatisation of state assets, including transport, telephones, electricity.

Obviously education and free primary healthcare will mean very little if hospitals and schools are over crowded, have no money, have no resources (no beds or books) and are understaffed. University and technikon education will become very expensive, making it impossible for workers’ especially black workers’ families to attend. State pensions and grants will remain extremely low. There will be very little money for building houses for the homeless. The government will not contribute much towards building infrastructure (running water, roads, sanitation etc.) in the townships and rural areas, which do not matter to business. With privatisation of state assets, basic services will only be provided to those who can pay e.g. electricity. Many workers will lose their jobs or be forced to accept wage restraint because the bosses and the government aim to cut costs and privatise government assets. And they will have to pay more for services such as transport.

Tax rates on companies and on the personal income of the richest will fall but other taxes, affecting mainly the working class will grow, like VAT. Removing controls over money movement and trade between countries will increase imports, but many workers will lose their jobs or be forced to accept lower wages as bosses try to make their companies more competitive with cheap imports by cutting labour costs.

And in the name of economic growth and private investment, the ruling class, the government, the bosses expect workers and the working class to agree to wage restraint (workers must not demand higher wages) and increased productivity (workers must work harder).

There are other parts of GEAR, but I think it is clear what direction it leans. It leans against the mass of the people the working class and poor — especially the black working class and poor, trapped in the state of wage-slavery and national oppression.

The Job Summit

At the Job Summit, both big business and the government will be singing the same tune. Both will be saying that low-wage, “flexible” labour will create more jobs, both will be supporting GEAR. And they will be backed up by groups like Malamelela Social Movement, which will also be present.

There is no reason to believe that the unions will be able to force the government and business to adopt a different line. The unions do not have this much power. At the moment, business and government and not only working hand in hand — as they always do — but they are both united against labour, and are, in addition, the most powerful groups in society. They are also backed by the press and media which they own and control.

Workers, on the other hand, are reeling under the hammer blows of unemployment, low wages, union busting, and police violence. Their communities are being torn apart by crime, and their position is weak.

So it is almost certain that the Job Summit will deliver exactly the job destroying, union-breaking, anti-worker policies of the government and business. And the unions will have to go along with this, because they participate in the Summit and they will have to abide by its decisions. So the Summit will not just lead to a bad policy for workers, but it will make it harder for the unions — the workers mass fighting organisations — to fight back.

The Job Summit WILL deliver — but to the bosses and politicians. For the workers and the working class generally — and the black working class, in particular, suffering under class rule and ongoing national oppression — it is a nail in the coffin.

Lessons and way forward

Workers must fight against low wages. Against the oppression of immigrants. Against all divisions in the working class and poor, and all forms of oppression, because a working class united will never be defeated! Workers must fight against the GEAR policy and all of its ramifications. All workers must be organised in the unions, including the immigrants.

The fight against low wages must be linked to the fight against capitalist exploitation, the rule by an elite of politicians and officials that is represented by the state — and fight to tear up the legacy and survival of apartheid and colonial oppression, that is, for complete NATIONAL LIBERATION for the working class and poor.

Occupy and organise the unemployed

When bosses are trying to fire workers, workers must mobilise and occupy the factory to protect their jobs. People should refuse to be retrenched. When factories and workplaces are closing, occupy them, and keep them open — and running. Workers should totally oppose any and all attempts at retrenchments. When we are threatened with big lay-offs or the closure of the factory or workplace, we should occupy it and demand our jobs. Even if there is no chance of jobs being saved at the workplace in question, we must demand that we get new jobs at union wages in the same area, and keep all benefits including accumulated ones.

The unions must also organise the unemployed. They are workers too! If the unemployed are organised, they can march to demand jobs. If they are well organised, the state will have to give in. Instead of the unemployed workers being isolated, and instead of their struggles being separated from the struggles of other workers — build unions of the unemployed and link these to the power at the point-of-production, of the employed workers of the unions, unite marches of the unemployed backed by solidarity strike actions of the employed!

Also, if the unemployed are well organised, then the bosses cannot use them as scabs to break strikes and push down wages.

Remember that *“Work is exploitation. Unemployment is misery. It is this society which must be changed.”*

This is a slogan of CNT-AIT [National Confederation of Labour – International Workers Association], a French revolutionary trade union based on libertarian socialism (anarcho-syndicalism) and it is true!

Employed workers and the unemployed have the same interests. They are both part of the working class and poor.

COSATU [Congress of South African Trade Unions] used to have an Unemployed Workers Coordinating Committee to deal with these issues. It was closed down in the early 1990s due to corruption. But it must be revived, and run in such a way that the previous problems of corruption do not come back.

France: An Inspiring Example of Unemployed Militancy

This issue of organising the unemployed is not new. In many countries there have been successful movements to organise the unemployed. A good example is France. In December 1997 and January 1998 tens of thousands of jobless people demonstrated in dozens of French cities. The government does pay a small allowance to the unemployed, but it is very small, and does not apply to people under 25.

Initially the protests were aimed at securing a “Christmas bonus” of extra money for the unemployed. But other demands also began to be raised. These included free transport, a call for the extension of unemployed benefits to youth between 18 and 25, and an increase in the pay-outs. Also, there were demands that there be no electricity cut-offs for people who could not pay, and that outstanding debts on electricity be cancelled.

The protesters used many militant tactics that proved very effective. These included occupations of government welfare and unemployment offices, electricity companies, and repossession agencies. There were also blockades of roads and railways lines: the unemployed cannot disrupt

workplaces, but they can apply pressure to other key points in the system, to win demands. In some cases groups of protesters went into fancy restaurants, ordered meals, and then refused to pay. Other times, people went to luxury shops and handed goods to the unemployed.

A New System is Needed: But Can it Work?

Like everything else, the ability of bosses and governments to pay low wages and retrench workers is determined by the overall balance of power between these elements and the working class. If we organise the unemployed to demand jobs and services, and ally to the employed workers, we will force the state to do something. Not because it is a benefactor, but because it is afraid, because it is under pressure.

If thousands of unemployed people occupied the Union Buildings, Parliament, or the SA Chamber of Business (SACOB) offices and refused to leave without being given jobs, government and business would have to act.

If we make it very difficult and messy to fire workers, then we can make the bosses think twice, and we can start to slow down the mass retrenchments that are taking place. It is possible that such a movement will be faced with repression. That is why it needs union backing, and a solid campaign — and not just resolutions.

But in the end, the struggle against unemployment brings us to the question of changing the whole system. We should fight for higher wages, and fight for jobs, but we must remember these problems are caused by the rotten system of capitalism and the state. Low wages and high unemployment are social illnesses. They are illnesses caused by a rotten society, a society based on accumulating wealth and power for the ruling class, and oppressing the rest of us.

The fact that construction workers can be unemployed during South Africa's massive and ongoing housing crisis, or that car workers are retrenched despite the need for more buses and taxis, shows the insanity of the existing system of capitalism. Instead of capitalism, which is run by the bosses and politicians, we should have socialism in which everyone has a job, and all basic needs are met.

the struggle against unemployment today brings us closer to socialism, because it mobilises the working class against its enemies, and exposes capitalism. We must build working class power and trade union might to build a new society. Tomorrow, comrades, is built today, through mass struggles and through careful mass organising, from the bottom-up, to fight the ruling class, to impose our demands, and to eventually build the power to run society ourselves. Our unions can be the seeds of workers councils and assemblies that can run production for the benefit of the majority, not a minority.

As I explained, unemployment and low wages are built into capitalism and will only end when capitalism is replaced by real socialism. And only in such a system can the fight for national liberation for the WORKING CLASS be completed, the apartheid and colonial legacy abolished by a new order of justice and equality.

But I do not mean the monstrous fake that existed in Russia. I mean libertarian of free socialism, centred on the direct self-government by the working class, including workers' stage-management of production. And this workers' control can best be brought about through revolutionary trade union action to take over the factories, offices, mines and farms (anarcho-syndicalism).

And that is what we must fight for.
A working class united will never be defeated!
Tomorrow is built today!
Libertarian socialism and workers' control!

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Lucien van der Walt
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Retrieved on 10th November 2021 from lucienvanderwalt.com
Talk given at a meeting of the Workers Solidarity Federation (WSF), at the Workers' Library & Museum, Newtown, Johannesburg.

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