

# Youth Unemployment in South Africa

## IMPACTS ON LONGER TERM POLITICAL STABILITY

**Since its first democratic elections in 1994, doomsayers within and outside of South Africa have predicted a fate akin to that of many other failed post-colonial African states for the country. Despite quantifiable evidence of developmental progress; an economy that has maintained a steady growth trajectory (with the exception of 2009, when it, like many of its peers, briefly dipped into recession as consequence of the global economic crisis); and a sustained commitment to the rule of law, it did not deter those who continued to entertain scenarios of impending chaos.**

Probably the most fantastical, yet strangely pervasive, of these - that the country would descend into a bloody racial conflict upon the death of former president Nelson Mandela – was debunked in December 2013 when the elder statesman passed on after a long sickbed. Although it elicited a period of deep mourning in the subsequent weeks, there was not a hint of racial polarisation; no suggestion of a country that was about to implode. Instead it elicited reflection on-, and a celebration of his legacy. Importantly, it also prompted many to recommit to the values of justice and reconciliation that were associated with the global icon. Probably the most profound insight that emerged from this chapter was that Mandela's greatest legacy has been a country that is unlikely to ever again need somebody of Mandela's stature to pluck it from the brink of an abyss as precipitous as the one that it faced in the early nineteen nineties. Even such an assertion may be overstating the case, as Mandela himself cautioned on several occasions. Although Madiba (his clan name by which South Africans fondly referred to him) played a monumental role in shaping its form and normative character, the state that is South Africa today has been the product of a collective leadership within the African National Congress (ANC), but also a broader compact across the political spectrum, to abide by the constitution and accept the legitimacy of the new institutions of the post-apartheid state.

The reinforcement of these tenets over time has produced a vibrant democracy that has proved to be robust enough to withstand the passing of one of its key architects. The fact that it is not dependent on the blessing of a single personality or movement (as many would like to suggest in the case of the ANC), but rather on the dynamic interaction between the administrative-, legislative-, and judicial arms of the state; a vigilant media; an active civil society; and private business enterprises that can rely on the enforcement of legal contracts by virtue of the rule of law, suggests far-reaching progress. This is not to say that South Africa has not had significant setbacks or continue to experience persistent challenges to its democratic health, but by and large the net effect of these has been a system that has become more robust, capable to adjust and dealing with the unique circumstances that the country faces.

To those that were in the country during the time of, and months subsequent to, Mandela's death, this would have been evident in the way that his passing was processed by the

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mainstream media. While Mandela-related headlines dominated front pages and trended on social media until late in December 2013, they were replaced by the more mundane stories that occupy the minds of South Africans 20 years after democratisation: the country's pending fifth general elections; the Public Protector (the South African equivalent of an ombudsman) Thuli Madonsela's investigation into alleged wrongdoing in the upgrading of President Jacob Zuma's private home; the opening of parliament; and the annual budget speech. This seems to suggest that the political template for democratic conduct has been established, and thus far it has proved itself able to endure the stress tests that it has been subjected to.

But in coming years the pressure will be mounting. The absence of a credible developmental equivalent for the country's democratic blueprint has resulted in an economy that has grown below its potential, and which, even at its apex, failed to translate GDP growth into commensurate human development gains. As a result levels of poverty and inequality, both legacies of the apartheid state, remain unacceptably high. While the incidence of people living below the country's poverty line (R620 per month in 2011) has decreased from 57.2% in 2006 to 45.5% in 2011<sup>1</sup>, and inequality has narrowed slightly during the same period from a Gini of 0.72 to 0.69, these gains should be no cause for comfort. According to some of the country's leading economists, such as the University of Stellenbosch's Prof. Servaas van der Berg, much of the gains in the fight against poverty have to be attributed to the exponential expansion of the country's social welfare system.<sup>2</sup> Between the 1996/97 and the 2011/12 financial years the number of recipients has increased by 645% from 2.4m to 15.4m.<sup>3</sup> Scholars Haroon Bhorat and Aalia Cassim suggest that these contributions have also had a significant impact in containing levels of income inequality, and contend that were it not for the expanded welfare system the country's actual Gini coefficient could have been closer to 0.74.<sup>4</sup>

This rapid growth of the grants system during the first half of the previous decade was made possible by the country's growth achievements prior to the global economic crisis of 2008-2009. From 2000 to 2008 the country's GDP expanded at an average rate of 4.2% per year, before it entered into its first recession in 17 years in 2009. During this period, sustained growth in the stream of government revenues enabled the state to extend a greater helping hand to its most vulnerable citizens. But the recession provided a sobering wake-up call that an overreliance on this model of extending social support to alleviate the impact of the country's developmental backlog may not be sustainable in the long term. From running budget surpluses in 2007 and 2008, South Africa moved into deficit territory again in 2009 and has not been able to escape it since in subsequent years (the deficit for the 2013/14 financial year is expected to be in the region of 4%).<sup>5</sup> As a consequence South Africa's foreign borrowing commitments have increased, and although its debt to GDP ratio of 39.8% in 2013 is fairly low in comparison to many other countries, it stood at a much lower 27.4% just in 2009.<sup>6</sup> A substantial amount of this debt is tied to loans incurred to replace and expand South Africa's ageing infrastructure, particularly as it relates to energy generation capacity and transport. Such investment will be critical to sustain growth, and in the longer

<sup>1</sup> Statistics South Africa (2014) Poverty Trends in South Africa: An examination of absolute poverty between 2006 and 2011

<sup>2</sup> Van der Berg, S. et al (2009) *Poverty Trends since the transition: What we know*, Stellenbosch Economic Working Papers 19/09

<sup>3</sup> South African National Treasury (2012) National Treasury Budget Review

<sup>4</sup> Bhorat, H. And Cassim A. (2014) South Africa's Welfare Policy Success II: Poverty-reducing Social Grants, The Brookings Institution Website: <http://www.brookings.edu/blogs/africa-in-focus/posts/2014/01/27-south-africa-welfare-poverty-bhorat> (Accessed 29/03/2014)

<sup>5</sup> South African National Treasury (2014) *2014 Budget Speech*, SA Treasury Website: <http://www.treasury.gov.za/documents/national%20budget/2014/speech/speech.pdf> (Accessed 29/03/2014)

<sup>6</sup> Trading Economics Website: <http://www.tradingeconomics.com/south-africa/government-debt-to-gdp> (Accessed 07/04/2014)

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term government will have no choice but to shift its emphasis away from current expenditure, such as government salaries, grants and pensions, towards spending that will ensure prosperity for future generations.

However, a critical weakness in South Africa's socio-economic development mix is its inability to create meaningful employment. By any yardstick its employment figures remain shocking. At present just under a quarter (24.1%) of the South African labour force is unemployed. If discouraged jobseekers are added to this figure, the unemployment level increases to 35.1%.<sup>7</sup> In essence South Africa's ability to push back the boundaries of poverty and to reduce its income gap will depend on its ability to get more South Africans to work. If not, growing demand for social assistance under conditions of pedestrian growth will ultimately weigh the state down to the extent that it will have implications for socio-political stability.

### Unemployment and its disproportionate impact on the South African Youth

Unemployment in South Africa has deep structural roots, which on the surface manifests as a strong mismatch between a high demand for, and a weak supply of, skilled labour. This reality can be traced back to apartheid education policy, which offered inferior education to black South Africans with the intent to reduce them to low- and semi-skilled cogs in the National Party regime's industrialisation machine. As the South African economy transformed from its mining and agricultural roots to a more diversified economy with a bias towards skilled labour from the 1980s onwards, it rendered millions of black South Africans, educated under apartheid, vulnerable to its changing composition. As a result unemployment became the primary driver of household poverty, but also income inequality, as the high demand for scarce skills drove up salaries for educated professionals, while the oversupply of low- and unskilled workers ensured that real wages remained suppressed at this end of the labour force.

#### *The challenge of creating an equitable and quality education system*

One of the major challenges of post-apartheid South Africa over the past 20 years has therefore been to transform its education system into one that gives all South Africans equal access to quality education and is tailored to the requirements of its economy. Alongside its disastrous policies towards HIV/Aids under former president Mbeki, the ANC-led government's persistent inability to have done so remains one of its most momentous failures to date. While it has managed to ensure close to universal access to basic education, the quality of public schooling has remained dismal and dropout rates remained high, with less than 40% of scholars who start their twelve years of schooling, managing to finish it in the allocated time.<sup>8</sup> In the 2011 National Senior Certificate Examination, for example, only 45% of candidates who wrote the examination managed to obtain a math pass mark of over 30%, while only 55% managed to do so for physical sciences. Even when compared with other less developed African countries, the underperformance of the South African basic education system is glaringly obvious. Successive studies of the Southern and East Africa Consortium for the Monitoring of Education Quality (SACMEQ) have highlighted how the country's educational performance continued to lag behind that of other states on the continent. In its most recent round of studies the Consortium found that as far as Math literacy is con-

<sup>7</sup> Statistics South Africa (2014) Quarterly Labour Force Survey, Quarter 4, 2013

<sup>8</sup> Equal Education (2012) *First Press Release on the 2011 Matric Results*, Equal Education Website:

<http://www.equaleducation.org.za/article/matric-results-require-careful-scrutiny> (Accessed: 29/03/2014)

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cerned, South Africa lags behind countries, such as Tanzania, Swaziland, Kenya, Botswana and Zimbabwe.<sup>9</sup>

While the largest section of black South Africans, who received their education prior to the end of apartheid, have been materially marginalised in terms of the career options that they had, poverty and underdevelopment continues to be perpetuated within new generations that lack access to quality education. This is not the case for the majority of white learners who have access to better resourced public- and private schools, and those black South Africans that have made it into the upper middle class. These learners have access to state of the art infrastructure and teaching materials that give them a head start in obtaining entrance to national- or international tertiary education institutions. As noted earlier, such inequality of opportunity serves to reinforce and exacerbate the present scenario of low employment, underpinned by a huge chasm between the supply and demand of skilled labour, and inequality, driven by depressed low-skilled wages and the high premium that is being put on scarce skills.

There is a plethora of interlinked causes for the current dismal state of the South African education system. The country's past, of course, still plays a major role in shaping the present. Parents of impoverished, historically marginalised households, who have had little or no education, are in many cases unlikely to prioritise tertiary education when their children can potentially start earning an income to support the household at a young age. Secondly, given the spatial development patterns of apartheid, such parents typically have to travel far to and from work (if they have employment) and therefore have limited opportunity to assert themselves in school governing bodies that oversee the quality of education that their children receive. Quality teachers, thirdly, are more likely to be attracted to affluent urban schools, where teaching conditions are more conducive and they are better remunerated. And finally, given the prevalence of malnutrition in many of these communities, many children from these backgrounds experience challenges in their cognitive development.

While these are all structural legacies of the past, bad governance and a policy environment, poisoned by opportunistic power plays, have conspired to sustain the status quo. Successive failed attempts at introducing new curricula over the past twenty years have created discontinuity in the implementation of policy and monitoring of outcomes. A lack of executive accountability has contributed to reckless experimentation with these new designs and, at the most basic level, removed any far-reaching sanction for underperformance or maladministration. In 2012, for example, the media exposed sites across South Africa's most northern province, Limpopo, where school text books have either been burned or shredded, although many schools in the province were still waiting for these learning materials six months into the academic year. None of the stakeholders in this saga, from the national Minister for Basic Education and the bureaucratic head of the national department, through to the provincial education department, accepted responsibility for the incident and instead embarked on a mutual blame game. To date no official has been disciplined.

Another key disruptive factor that plays into the country's toxic education environment is the role of the country's largest education trade union, the South African Democratic Teachers Union (SADTU), an affiliate of the national trade union federation, the Congress of South African Trade Unions (COSATU), which in turn is a key partner in the governing tripartite alliance, led by the ANC. As a gatekeeper in schools it has over the years sabotaged attempts to provide incentives for teacher excellence, frustrated calls for the introduction of school inspectors to monitor teaching quality, and protected educators from punitive action

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<sup>9</sup> Southern and East Africa Consortium for the Monitoring of Education Quality (2011) *SACMEQ Round 3 Results*, SACMEQ Website: [http://www.saqmec.org/downloads/sacmeqIII/WD01\\_SACMEQ\\_III\\_Results\\_Pupil\\_Achievement.pdf](http://www.saqmec.org/downloads/sacmeqIII/WD01_SACMEQ_III_Results_Pupil_Achievement.pdf) (Accessed 30/03/2014)

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for punishable practices, such as absence without leave. One of the union's frequently used wage negotiation tactics has been to hold learners to ransom by organising strikes during periods that are critical for the preparation for the Senior Certificate Exams. Given COSA-TU's political proximity to the ANC, and the federation's importance in canvassing votes for the ANC, SADTU operates in some of the worst-performing provinces, such as the Eastern Cape, as a law unto itself.

The cumulative impact of the disarray in South Africa's basic education system and its resultant outputs, has been that some tertiary institutions have introduced additional entrance requirements or bridging courses to ensure new students comply to entry-level standards. Employers increasingly also distrust Senior Certificate Exam results as a reliable signal for educational attainment. Probably the most disconcerting aspect of this reality is that the perceived limited returns of a Senior Certificate Exam pass can serve as a disincentive for continued studies to learners, who have to choose between dropping out and seeking employment, and furthering their education.

### *The Youth Wage Subsidy: a politically contested instrument to tackle youth unemployment*

The impact of the country's dysfunctional education system has been disastrous. According to Statistics South Africa's Quarterly Labour Force Survey for the fourth quarter of 2013, 67% of all unemployed South Africans were younger than 35 years.<sup>10</sup> From a comparative international perspective, the International Labour Organisation's (ILO) *Global Unemployment Trends for Youth 2013*, noted that the country's unemployment figure for 15-29 year-olds stood at 52.1% during the second quarter of 2012, compared to the global figure of 12.08%.<sup>11</sup> Only Spain (52.4%) and Greece (54.2%) have had higher unemployment rates in this age category for the corresponding period.<sup>12</sup> The country's 2011 Census, estimates that 3.2 million young South Africans (31%) between the ages of 15 and 24 are not in employment, education and training (often referred to in its acronym, NEET).<sup>13</sup> Regardless of the perspective one takes, South Africa's youth unemployment statistics make for depressing reading. It becomes worse when bearing in mind that the same census found that two thirds of the country's population of 53 million is aged 35 and younger.<sup>14</sup>

In recent years, greater awareness of the implications that this may have on the ability of the state to maintain political stability has catapulted the issue of youth unemployment to the top of the South African policy agenda. The country's National Development Plan that was presented to parliament in August 2012 and adopted by the ANC in 2013, for example, noted that the reality of a youthful population can either result in a "perfect window of opportunity" or a "perfect storm", which could see the energies of young people being mobilised to vent their frustration on the streets in ways that undermine the rule of law.<sup>15</sup> The proliferation of so-called "service delivery protests", in many instances characterised by violent destruction of public infrastructure by youthful protestors, and their increasingly hard-handed repression by the South African police over the past decade, serves as a poignant warning in this regard. Although not directly related to youth issues, the Marikana massacre of 2012 in which public order police shot and killed 34 striking miners, and lost 10 of their

<sup>10</sup> Statistics South Africa (2014) Quarterly Labour Force Survey, Quarter 4, 2013

<sup>11</sup> International Labour Organisation (2013) Global Employment Trends for Youth 2013, ILO Website: [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms\\_212423.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_212423.pdf) (Accessed: 07/04/2014)

<sup>12</sup> Ibid.

<sup>13</sup> Statistics South Africa (2012) Census 2011, Statistical Release P0301.4, Statistics SA Website: <http://www.statssa.gov.za/publications/P03014/P030142011.pdf> (Accessed 30/03/2014)

<sup>14</sup> Ibid

<sup>15</sup> South African National Planning Commission (2012) National Development Plan 2030: Our Future – Make it Work, NPC Website: <http://www.npconline.co.za/MediaLib/Downloads/Home/Tab/NDP%202030-Prelims.pdf> (Accessed 29/03/2014)

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own in the conflict, possibly offers a glimpse into what the “perfect storm” conditions, mentioned by the National Development Plan, might look like.

In the light of the renewed urgency related to youth unemployment, much of the mainstream political discourse in recent years has been dominated by debates around the desirability of a youth wage subsidy, paid directly to firms to encourage them to recruit young workers, in return for a subsidy that would compensate them for the loss of productivity, associated with inexperience.<sup>16</sup> The idea was strongly punted by certain sections within the ANC and adopted as formal policy within the Democratic Alliance (DA), the country's largest opposition party. COSATU proved to be most averse to the idea, which it argued would result in the replacement of older unionised workers by younger workers who will come at a lower cost to the employer. As parties became increasingly aware of the potential voting power of the so-called ‘born free’ generation that was born after 1994, the youth wage subsidy became a point of intense political rallying.

In early 2013 it led to a full scale physical confrontation between members of COSATU and the DA, when members of the latter marched to the trade union federation's headquarters in support of its introduction. The ANC has since managed to convince COSATU about the strategic merit of providing such an employment incentive to companies in the form of a tax break, and legislation to this extent was passed accordingly at the end of 2013. It will, nonetheless, be a mistake to believe that such a measure will result in a dramatic improvement of the plight of recent graduates and school leavers. In order for them to be considered in the first place, new entrants to the labour force need to be in possession of the requisite qualifications at the point where they wish to enter a particular industry. As highlighted in the sections above, high dropout rates from the basic education system dictate that only a relatively small pool of potential beneficiaries stands to draw advantage from such a measure. Far more important would be the consolidation of the basic education system and its linkages with the tertiary system, in order to ensure that young job seekers can access the opportunities at their disposal.

### The 2014 General Elections and the Youth Vote

Given South Africa's predominantly youthful population and the extent to which this section of the population has been disproportionately affected by unemployment, speculation had been rife about the potential impact that this might have had on the ANC's fortunes at the polls in the fifth general elections, that were conducted on the 7<sup>th</sup> of May 2014. There is little doubt that young South Africans are taking a dim view on their economic prospects in the short- to medium term future. The Institute for Justice and Reconciliation's (IJR) SA Reconciliation Barometer (SARB) Survey, which is conducted annually to measure South African attitudes towards political and social change and their impact on nation building, for example, showed in 2012 that only 35% of respondents younger than 35 felt that the government is doing well in creating employment.<sup>17</sup> Less than half (45%) felt that their general economic prospects were likely to improve in the two years that lied ahead.<sup>18</sup>

Is this discontent amongst a generation of South Africans, whose political conscience has largely been shaped by post-apartheid South Africa, and with much less emotional attachment to the ANC as a liberation movement, going to alter the South African political landscape dramatically? An overview of the ANC's, but also opposition parties' rhetoric during

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<sup>16</sup> Rankin, N. et al (2011) *The financial crisis and its enduring legacy for youth unemployment*, in J. Hofmeyr (ed.) 2011 Transformation Audit, Institute for Justice and Reconciliation: Cape Town

<sup>17</sup> Lefko-Everett, K. (2012) SA Reconciliation Barometer Survey Report 2012, Institute for Justice and Reconciliation: Cape Town

<sup>18</sup> Ibid.

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2013 suggests that until recently they believed this to be a real possibility. Party posters and election advertisements, almost without exception, made no secret of the demographic that they were targeting. It has however been noticeable how such rhetoric has waned during the first quarter of 2014, with campaigns shifting their attention to the broader issue of national unity – a theme that is apt in a year that the country celebrates two decades since its much-celebrated transition to democracy. Of particular interest is the pervasiveness of the word “together” in almost all parties’, even those considered to be on the right of the political spectrum, campaign messaging.

Much of this may have to do with the results of the Independent Electoral Commission’s (IEC) voter registration drive, which closed on the 25<sup>th</sup> of February 2014. The absence of reliable statistics makes these initial findings quite tentative, but it appeared that voter registration for young South Africans for the May 7<sup>th</sup> elections remained low. The 5.8 million registered voters, aged 20-29, constituted 58.9% of South Africans in this age category.<sup>19</sup> The corresponding figure for 18- and 19-year olds was much more difficult to calculate in the absence of publicly accessible data, but in terms of the author’s own calculations it might have ranged between 30-35% of the total number of young people in this category. Compare this with the 74.2% and the 84.1% of the 30-39 and 40-49, where unemployment levels remain severe, but less acute, then it made strategic short-term sense to down on the youth bias in the election manifestoes towards more generationally inclusive messaging.

On the face of it, and in light of the evidence presented above, the youth vote did not significantly sway the outcome of the 2014 general elections, which the ANC won with a reduced, but still substantial majority of 62%. Yet, the critical challenge will be to ensure that the largest section of the population, which seems not only economically, but also politically marginalised, remains within the fray of formal, democratic political engagement. If not addressed, it may lead to the long-term decay of confidence in, and by extension legitimacy of the democratic system.

### Conclusion

On the 7<sup>th</sup> of May 2014 South Africa reached an important milestone when it conducted its fifth democratic general elections, 20 years after its transition to democracy. In this article it has been argued that from an institutional perspective, the state has, despite several challenges, matured into a functional unit that by-and-large operates in a coherent way, upholds the rule of law, and conducts itself within the parameters set by the Constitution.

At the time of writing much of the mainstream media’s attention was fixated on a report by the country’s Public Protector relating to excessive and, allegedly, unauthorised spending on the private home of President Jacob Zuma. As is often the case within the South African middle class, scandals like these often become conflated with their general assessment of the country’s democratic health, overlooking the fact that, despite the dominance of one political party, an independent judiciary, an active civil society, an assertive media, and even internal differences of opinion within the ANC, have served as counter forces against excessive power. The defeat of Thabo Mbeki’s denialist HIV-Aids policies, and more recently, repressive and intransparent government secrecy legislation, serve as two examples in this regard. It is quite possible that Zuma’s ‘reign of error’ may have done significant damage to public institutions, but it would also be short-sighted to underestimate the system’s proven self-correcting capacity.

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<sup>19</sup> Own calculations, based on Statistics South Africa’s 2013 Mid-Year Population Estimates, and registration data provided on the IEC’s website: <http://www.elections.org.za/content/Voters-Roll/Registration-statistics/> (Accessed: 08/04/2014)



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In this article it has been suggested that the system's ability to prevail will to a much larger extent be determined by the extent to which it manages to respond to millions of citizens' need for greater economic security. It was noted that unemployment, and youth unemployment in particular, remains the country's Achilles heel in the pursuit of these objectives. Since South Africa's high unemployment level is structurally determined by the large and persistent gap between the demand for skilled labour and its supply, it follows that a solution for the jobs crisis should also be a structural one in the form of a quality education system that meets the skills demand of its economy. The inability to produce such reform over the past 20 years should be counted as one of the most critical failures of the ANC government. Not only does it exacerbate and sustain current levels of low employment and high dependence on government support, it also threatens the longer-term stability of the state.