EDITORIAL: To get jobs we need growth

The two sets of employment data that Stats SA puts out do not necessarily talk to each other so it is no simple matter to work out exactly what is happening with employment in SA. What is clear though is that we do not have enough of it.

The Quarterly Employment Survey (QES) surveys formal sector firms excluding agriculture. The latest survey, released this week, shows the number of formal sector jobs contracted by 0.6% during the first quarter of this year and a decline of 0.7%, or 74,000 jobs, between the first quarter of last year and the first quarter of this year.

The first quarter numbers often show a decline as the temporary Christmas season hires, particularly in retail and hospitality, come to an end. Not surprisingly, trade was one of the sectors where the most jobs were lost in the first quarter. But economists have pointed out that most of those were full-time jobs, not part time ones — which seems to suggest the job losses reflect a broader economic malaise. With jobs being lost, and the survey showing formal sector wages growing at below inflation rates, consumers are under pressure.

Perhaps more disturbing is that the QES shows formal jobs doing even worse than the economy itself, which contracted 0.1% during the first quarter but grew 0.5% on a year-on-year basis.

Stats SA's Quarterly Labour Force Survey (QLFS), which looks at employment and unemployment using a survey of households rather than firms, gives a somewhat different picture. The QLFS found formal sector employment actually increased in the first quarter, by 0.5% on a quarterly basis and 3.2% on an annual basis. Total employment, including the informal and agricultural sectors, increased too. So perhaps we need not be quite so disturbed by the QES figures.

However, SA's official unemployment rate was again at almost 33% in the first quarter, according to the QLFS. And it's still the case that no more than 40 of every 100 working-age South Africans actually have jobs of any sort, be it in the formal sector, informal sector, domestic work or agriculture. That is a crisis.

It is a crisis that fundamentally reflects SA's failure to grow. When the economy grows, it creates jobs, and creates them at a stronger rate than the global average. Former Reserve Bank deputy governor Kuben Naidoo this week cited figures showing that whereas globally each unit of GDP growth generates 0.3 jobs, in SA that employment multiplier is higher, at about 0.47. When the SA economy was really motoring in 2002-10, the jobs multiplier was even higher, at about 0.67.

The bottom line then is that lifting the economic growth rate is an absolute priority for SA. Since 2010 growth has averaged hardly more than 1% and few expect it to average even 2% in the next couple of years. What could change this is faster progress on structural reforms. We have already started to see just how much impact reforms can have, with the explosion of private sector renewable energy and investment in the past two years after the liberalisation of licensing.

Much more remains to be done, not just in electricity but also, crucially, in areas such as road and rail, and water. But the reform programme has finally taken off in the past three years, with the Operation Vulindlela task team helping to get long-promised spectrum, visa, water, logistics and other reforms in place.

It is crucial that the new government of national unity — once we get one — keep pushing, and pushing harder. If we want many more jobs, we need a lot more growth.

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