Can we really beat the jobs crisis?

By TONY MANNING

Anytime a company does just about anything nowadays, it claims to be creating jobs. Mostly, this is puffery. Unemployment is a growing problem and it will get much worse.

One goal of government's GEAR (growth, employment and redistribution) programme was to create an increasing number of jobs every year – to a *sustainable 400 000 a year* by 2000. In fact, 500 000 jobs have been shed since 1995 and every day newspaper headlines tell of more losses.

Optimists would have us believe that this is just a short-term correction. Soon, they say, things will improve and firms will start hiring. That, in turn, will help resolve the crime crisis.

But this is highly unlikely. Odds are that SA faces a future where finding work will be a rare privilege, and where all the consequences of high unemployment are unavoidable. Until we face up to the realities on which this scenario is based, we're unlikely to do what we must to create other possibilities.

Job creation in SA depends on an economic upswing. That seems to be in sight now, with interest rates falling, but it would be foolish to expect the growth that some managers hope for.

Savings are pitifully low. Foreign direct investment (FDI), gross domestic fixed investment (GDFI), exports, and tourism are all behind expectations. Like it or nor, this country simply is not on enough radar screens.

Industry Week recently named its "gold medal World Class Communities", the top manufacturing cities in the world. There were 13 of them – Barcelona. Chicago, Detroit, Houston, Osaka, Randstad, San Jose, São Paulo, Seoul, Shanhai, Singapore, Tokyo, and Toronto – and they were defined by words like "dynamic", "hub", "gateway", "location", "partnership", and "booming".

Those communities, and hundreds of others with serious growth ambitions backed by hefty marketing budgets, attractive incentives, clear legislation, and productive workers, are our competition. They are where the work will go – and the growth will occur.

Almost every company in the world today functions in an industry with too much capacity and customers who are increasingly price- and value-conscious. So when executives lay their bets – when they decide where to invest, which market to tackle, which suppliers to link with, and how to go about it – they are extremely careful. Facts, not emotions, guide their decisions.

What's more, their quest for global market domination means that market size is a big issue. Just-in-time manufacturing processes demand that suppliers are close to customers.

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Skills are more important than low wages, since wages in most factories now account for no more than about eight percent of total costs.

And of course technology means that new forms of organisation can be created, with fewer, smarter, full-time people, more temps, and more alliances with similarly lean partners.

Tragically, too many South Africans think that we can rely on the awful legacy of apartheid, the miracle of our transition, the popularity of Nelson Mandela, or the dream of an African Renaissance as a magnet for industry. Unfortunately, none of them matters.

What does matter is that we control crime, fix education, clarify our industrial policies, and get to work. All things that are said daily, but continue to handicap us. All things that will never come to pass until we stop talking and get really serious about competing.

South Africa rejoined the world at a moment of extraordinary changes. The risk is that we will fail to share in the rewards that are now there for the taking.

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