

# **SKILLS AND ECONOMIC GROWTH IN SOUTH AFRICA.**

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## **1. Introduction**

South Africa has a terrible past that we must deal with. What we have known as Colonialism of a special type has left a society with dual character, where everything is defined in racial terms. The education system was structured in racial terms like every other aspect of society. Bantu education was intended to make sure that blacks are not skilled beyond being good servants who would speak English to their masters. Even where mathematics and science was offered there was restriction that not more than 32 learners would access it, hence the chronic shortage of skills and mathematic teachers in our country. All the black universities in South Africa, except University of Durban-Westville have no engineering faculty. That reflects the intention of the previous regime of depriving blacks access to the skills that are required for active participation in productive economy. To change this we require a revolution and mobilization of society to drive such a revolution.

South Africa is a developing economy with limited resources. It has choices to make. The GEAR policy framework was a choice of a tight fiscal policy entailing reduction of government spending. As a consequence government investment spending was reduced, not only in terms of government departments but also in terms of State Owned Enterprises (SOEs). The commercialization of SOEs shifted their focus from delivery of public goods to that of financial sustainability and profitability. This concept was interpreted, in the majority of cases, as meaning profit maximization. How these state institutions conducted their business was not different to that of the private sector. This shift was couched in terms like efficiency and fiscal prudence.

My submission is that this was in line with the post-cold war global trends. The collapse of the Berlin wall created a uni-polar world order. Neo-liberalism emerged a dominant and triumphant ideology. This ideology sought to relegate the state into a night watchman for capital. Markets were projected as being efficient in resource

allocation and therefore having capacity to resolve of all the ills of society. The state capacity to intervene was minimized.

## **2.The social deficit in South Africa.**

Ten years later we can confirm that the budget deficit has been reduced phenomenally, with a budget surplus in 2007. On the other hand there is a huge social deficit in our society. This social deficit is evident in the deepening of poverty, growing unemployment and growing inequality in society. The infrastructure backlog is but one other manifestation of the failure of the state to invest where it matters. Our infrastructure constitutes one of the biggest obstacles to the economy achieving the necessary levels of growth and a bottleneck for commodity exporting companies moving with required speed when the global demand shows an upward spike. South Africa is not only suffering skills shortage it has also destroyed the training capacity over the past decade and a half further complicating the situation. The capacity is not only limited to training facilities but also covers the non-availability of competent trainer in various disciplines of the skills needs of the economy. Our failure to deal with this social deficit is tantamount to failing our revolution.

The positive development is that there is general realization that something urgent needs to be done. In my view the Accelerated and Shared Growth for South Africa is an intervention aimed at dealing with the economic, social and institutional backlog. This is clear in the binding constraints identified:

- Volatility and level of the currency.
- The cost, efficiency and capacity of the national logistics system.
- Shortage suitably skilled labour amplified by the cost effects on labour of apartheid spatial patterns.
- Barriers to entry, limits to competition and limited new investment opportunities.
- Regulatory environment and the burden on small medium businesses.
- Deficiencies in state organization, capacity and leadership.

When there is a broader understanding of these constraints it is easy to understand the interventions. Education and skills is but one of the decisive intervention to counter the constraints.

### **3. Intervention in education and skills.**

It has been accepted that to achieve and sustain 6% plus growth in the economy we need to invest heavily in education and skills, amongst other things. With the envisaged heavy government investment spending in infrastructure the skills shortage became very glaring. The Joint Initiative for Priority Skills Acquisition ( JIPSA) was set up as an intervention whose primary role is to identify the clusters of skills that are critical, come up with sets of interventions necessary, highlight the bottlenecks and recommend solutions. Over the last nine months we have managed to put the skills debate firmly on the agenda of the nation.

Five of skills clusters that are urgent and critical have been identified as the following:

- High level, world class managerial, planning and engineering skills.
- Town, city and regional planning skills
- Artisan and technician skills
- Management and planning skills for public health and education.
- Mathematics, science. ICT and language competence teaching in public schools.

We have concluded the discussions on engineering and artisan skills. Targets have been set as additional 1000 graduate engineers per annum and 50000 new artisan by 2010. This means that institutions of higher learning must generate an average of 2500 graduate engineers per annum. What needs to be addressed is the process from graduation to being a professional engineer and retention of these professionals in practice. The four training pathways for artisan have been concretely identified as; apprenticeship, learnerships, section 28 route (recognition of prior learning) and Further Education and Training Colleges route. In the next few weeks we will come up with a set of requirements to be an artisan for all these pathways. For

the remaining time of the eighteen months we were set for the focus will be in the remaining four sets of skills;

- Town, city and regional planning skills.
- Management and planning skills for public education and health.
- ICT skills.
- Mathematics, science ICT and language competence teaching in public schools.

The question of unemployed graduates remains a challenge in a number of ways;

- It highlights the mismatch between the supply and demand of skills in the economy. As a consequence of the apartheid education system the historically disadvantaged institution continue to generate a surplus of skills with no demand in the economy. This requires aggressive re-skills programmes.
- The problem of skills deficit has also been brought to the core, where graduates have the qualification but lack the basic “soft” skills like writing a proper CV or handling an interview.
- Placement is an important exercise that needs resources and dedication.

#### **4. Weaknesses identified in the process.**

JIPSA as an intervention has no enforcement powers wherein its recommendations should be followed through with implementation. This makes it difficult to deal with pockets of resistance informed by lack of understanding that JIPSA is raising the education and skills needs for the economy (and not for its sake). Cooperation among all stakeholders is central to the success of this important work. The state needs the implementation enforcement mechanism. The second weakness is that organs of civil society have not taken this debate seriously. This is reflected in the weak participation and absence of a lively skills debate outside of formal JIPSA and government structures. Business is more robust in the engagement than and other organ. Generally ANC structures have not taken this debate up risking being marginalized in the policy formulation. Organised labour though having seats in JIPSA has often failure to

honour meetings, let alone making meaningful contributions. This is not an attack on Rudi who normally comes to all the meetings alone. We can start off by a comprehensive information sharing programme that will give the cadres of the movement capacity to engage with issue. Otherwise there is going to overdependence on those professionals who are involved in their individual professional capacity.

The debate has been kept very narrow because it is not linked to the industrial strategy debate where the country is identifying sectors of the economy that need to be developed, grown and systematically downscaled. The skills needs for priority sectors like biochemicals, tourism and business processing outsourcing have not received specific attention. It is not linked to preeminent problem of unemployment being prevalent among the lowly and semi skilled workers. As a result the debate has thus far focused at the top end of the skills spectrum. There is an urgent need for a comprehensive discussion about upskilling of workers in this category of skills. Section 28 artisans is the only category focusing on recognition of prior learning and trade testing in the current debate. At one point or another we need to take up the challenge of rural development skills needs. Professor Herbert Vilakazi describes the marginalization of the rural areas as the Achilles heels of the South African economy. These areas which are home to about 50% of the population are not contributing to the skills needs, intellectual debates, national wealth and knowledge as capital.

Although the concept of two economies has brought the plight of the poor into focus the skills debate is not covering the needs of the so-called second economy. This reinforces the view that if the “first economy” is growing and is in good shape employment problems and poverty challenges will be resolved as a consequence, the age old trickle down debate. The need for specific interventions is fast becoming urgent. The definition of skills development should therefore be broaden to cover all processes that help a human being make a meaning contribution to the economy. This broad definition will force us to pay attention to the needs for rural development and the second economy.

## **5. Conclusion**

The conclusion that one comes to is that there is need for mobilization of stakeholders around the need to address the skills shortage in the economy. We need to mobilize the structure of the democratic movement to be part of this important debate. In that way we can access the wealth of experience that these cadre have accumulated over many years as activists. Our government must elevate the whole ASGISA programme to the level of a Marshall plan where failure to implement agreed interventions is punishable. Resources for all the ASGISA interventions must be ring-fenced and be readily available for implementation. Existing institutions must be directed to prioritise these interventions and not continue with business as usual. Poverty in general and skills shortage in particular can and must be defeated.