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NEVA MAKGETLA: Workers at the bottom rung bear brunt of job losses

Jobs figures for the second quarter of 2021 reflect SA's economic inequalities and social divisions

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18 OCTOBER 2021 - 14:30

by NEVA MAKGETLA



Workers in a clothing factory in
Newcastle, KwaZulu-Natal. Picture:
FINANCIAL MAIL

On the Titanic, about a third of first-class passengers died, compared to four out of five people in third class. The disaster affected everyone on board, but its impact varied depending on individuals' place in the socioeconomic hierarchy.

The same applies to SA's Covid-19 crisis. Yes, we are all suffering, but our experiences reflect SA's extraordinary economic inequalities and social divisions. In this context, the relative immunity of those at the top in both the economy and the state makes it fatally easy for them to cut short relief before we are anywhere near full recovery.

The disastrous jobs

figures for the second quarter of 2021 underscore the differentiated effects of the downturn. About 50,000 positions, or 0,4% of total employment, evaporated in the quarter, even though GDP climbed 1.2%. The job losses reversed a year of gradual gains after the initial pandemic downturn.

The second-quarter losses hit hardest at formal skilled and semi-skilled workers — the core of SA's modest middle class. They arose right after the Unemployment Insurance Fund (UIF) curtailed its pandemic relief scheme, which had effectively paid employers to minimise retrenchments. Meanwhile, throughout the pandemic, formal managers and professionals experienced virtually no net job losses. That made it socially and politically easier to terminate the UIF scheme prematurely.

In the second quarter of 2020, SA lost at least 1.1-million jobs, or one in eight positions. (The figures don't include the lockdown in April 2020, when Stats SA couldn't conduct surveys). A year later, the country had regained 500,000 of the lost jobs, but employment remained 8% below pre-pandemic levels. For comparison, the GDP initially fell even more sharply than employment, but by mid-2021 it had rebounded to just 1.4% below pre-pandemic rates.

The limited jobs recovery also varies sharply by sector and level. In the past quarter, formal skilled and semi-skilled employment shrank more than 5%, with the loss of 330,000 positions. At the nadir of the Covid-19 depression, in the second quarter of 2020, formal skilled and semi-skilled workers had lost one in 10 jobs, or more than 800,000 positions. In the second quarter of 2021, they lost

all of the jobs they had regained since then.

The opposite trend emerged for informal, domestic and less skilled formal employees. In the initial downturn, they saw the sharpest job shedding. They lost 1.4-million positions, or one in five of their jobs, in the second quarter of 2020. Their employment rebounded steadily thereafter, however. In the past quarter alone, they gained more than 300,000 jobs on net. That left their employment 5% lower than before the pandemic, but far higher than a year earlier.

By sector, job losses were particularly large in manufacturing, which shed 90,000 positions, or 6% of its total. True, manufacturing sees seasonal job losses in the second quarter of most years. But in 2021, they were four times the average for the past decade. As a result, in mid-2021 manufacturing employment was lower

than in the depths of the lockdown, and almost a quarter smaller than in 2019. For the first time on record, manufacturing employment fell below 10% of total employment, down from 14% in 2008. Manufacturing has shed 700,000 positions in the past 13 years.

In contrast, agricultural employment expanded by 70,000, or 9%, in the second quarter of 2021. This increase emerged even though the minimum wage for farmworkers was raised more than 10% in the first quarter of 2021. It is particularly noteworthy because agriculture normally sees a seasonal decline in employment in the second quarter.

Unequal job losses have increased the tension in our already fragile society. A sustainable recovery requires far greater solidarity to alleviate them. That places a burden on the state to maintain and

even expand relief programmes that address the unequal effects of the pandemic.

• *Makgetla is a senior researcher with Trade & Industrial Policy Strategies.*

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Ian Ferguson

• a day ago

'to expand relief programmes that

address the unequal effects of the pandemic'. This is the result of government's poor handling of the economy during high covid infections. Business is already over taxed and our tax system is highly redistributive already. There is no further space for tax increases. The writer only looks at one side of the equation and should concentrate more