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Sinalo Ngcotsho Column

Unemployment crisis requires bold leadership

High employment rates usually drive economic growth of a country, while also leading to stagnation.

Economic growth is usually measured by GDP, which reflects a country's productivity, while unemployment is measured by the percentage of people actively seeking but unable to find work.

The relationship between these two is complex. Some studies suggest that economic growth creates jobs (Okun's law), while others argue that high unemployment can hinder economic progress.

A high level of unemployment is a great harbinger of an economy that is not growing.

While economic growth cannot be viewed as a solution to all social ills, it is, however, a great prospect for a country that aspires to pursue a developmental trajectory.

SA exemplifies this challenge. It faces sluggish economic growth alongside the world's

highest unemployment rate.

The Eastern Cape has the third-highest unemployment rate in SA, with 36.6% officially unemployed and 47.6% under the expanded definition, which includes those who have given up looking for work.

The narrow gap between these two rates indicates a deeply discouraged population.

Despite achieving democracy in 1994, unemployment and poverty remain high in the province.

The government has fallen short of its promises, and leadership appears disconnected from the daily struggles of citizens.

While President Cyril Ramaphosa recently stated that job creation was not solely a government responsibility, the state still plays a pivotal role in creating a favourable environment for employment, including enabling both the public and private sectors.

The Eastern Cape government has implemented initiatives such as the Jobs Fund, aimed at protecting existing jobs, and the Expanded Public Works Programme (EPWP), which has reportedly created more than 400,000 opportunities.

However, most EPWP positions are temporary, such as those linked to infrastructure projects, leaving workers unemployed once projects end.

This exposes a lack of sustainable job creation strategies in the province.

High youth unemployment, poverty, and crime rates underscore the urgency of the problem.

In many villages, development is stagnant, and unemployed people often turn to illegal activities to survive.

Despite assurances from the province's premier that progress is being made, statistics paint a different picture.

The government lacks a clear,

impactful strategy to tackle poverty and unemployment effectively.

The Eastern Cape's economy is diverse, encompassing manufacturing, agriculture, banking, retail, and tourism.

Yet, the province's reliance on the manufacturing sector, especially the automotive industry, poses a risk.

Private companies such as Mercedes-Benz, Volkswagen, Isuzu, and Ford dominate employment in the region.

If this sector were to suffer a shock, the entire provincial economy could be destabilised.

Meanwhile, other promising sectors remain underused.

The banking and agricultural sectors have untapped potential, and tourism, a sector with many opportunities, is largely ignored by the government.

Despite a declared goal of halving unemployment by 2030, the provincial government has yet to outline a con-

crete strategy for achieving this.

Without bold, visionary leadership and integrated efforts across sectors, the unemployment crisis could worsen.

It's not necessarily about changing political parties; it's about electing competent, visionary individuals who can develop and execute effective employment strategies.

Nationally, the country also suffers from a supply surplus of workers, where more people are willing to work than there are jobs available.

Additionally, structural unemployment is a major concern. This occurs when the skills that job seekers possess do not match those needed by employers.

This skills mismatch contributes to rising unemployment.

The Eastern Cape government could launch a government-funded graduate programme to combat this.

Such a programme would support businesses in hiring and

training graduates, providing them with real work experience.

The government would also need to ensure that these internships align with graduates' fields of study.

Additionally, a training initiative to reskill the youth in accordance with market demands would help bridge the gap between education and employability.

By partnering with universities to identify scarce skills, the government could allocate funding to targeted education and training programmes.

Entrepreneurship is another avenue worth investing in.

The provincial government should support youth with feasible business ideas by offering financial aid and mentorship.

However, solving the unemployment crisis is not solely a government task.

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