



Communication and Marketing Department  
Isebe loThungelwano neNtengiso  
Kommunikasie en Bemerkingsdepartement

Private Bag X3, Rondebosch 7701, South Africa  
Welgelegen House, Chapel Road Extension, Rosebank, Cape Town  
Tel: +27 (0) 21 650 5427/5428/5674 Fax: +27 (0) 21 650 5628

[www.uct.ac.za](http://www.uct.ac.za)

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## **Large-scale research provides analysis into SA's socio-economic problems**

The conclusion of the Research Project on Employment, Income Distribution and Inclusive Growth (REDI3X3) – a large-scale, multi-year research undertaking led by the University of Cape Town's (UCT) Southern Africa Labour and Development Research Unit (SALDRU) – provides an in-depth analysis of some of South Africa's most pressing challenges; and how to fix them.

The [project](#) got under way in 2012, and the results have now been published in hard copy in a book titled: *A Measurement of Our Ills – and How We Might Fix Them*. Authored by SALDRU's Pippa Green, the book was officially launched on Friday, 27 January, at UCT's School of Economics.

REDI3x3 is an independent national research programme, led by SALDRU, in partnership with the National Treasury. The brainchild of former Minister of Finance Pravin Gordhan, the project enabled researchers to drill down into the key economic and social challenges that obstruct and limit inclusive economic growth.

REDI3x3 aimed to better understand the dynamics of employment, incomes and economic trends in South Africa. It focused on the interconnections between these areas, and in doing so, aimed to contribute to shaping policy reforms and development strategies that will address the myriad challenges the country faces. *A Measurement of Our Ills – and How We Might Fix Them* serves as a blueprint for government, policymakers and civil society on what's needed to achieve inclusive growth.

"The project was very carefully designed, and it's been a huge privilege to have been pulled into a process like this formally. It has laid the groundwork for what's to come. Through this work we have seeded something," said the project director, SALDRU's Professor Murray Leibbrandt.

Summarised themes from the book and the researchers' recommendations on how best to move South Africa forward.

### **An integrated response to unemployment**

At the dawn of democracy, 4–6 million South Africans were unable to find work, and half of the population lived in households with at least one unemployed adult. The spatial

geography of the country – in particular, the legacy of segregation – has also made it expensive for the poor to search for jobs. Those who live in rural areas are forced to migrate to the city to find work, and the poor who live in urban areas are disadvantaged by high transport costs.

As a result of labour market segmentation and severe job constraints, improving employment levels will be tough. Therefore, the researchers argue, poverty is not only the result of unemployment but partly its cause.

“The condition of poverty, as such, debilitates and discourages job search and access to labour markets. This means that whereas unemployment causes much poverty, poverty in turn contributes to high and sustained unemployment. Such vicious circles must at least be part of the explanation of why high unemployment is so persistent in South Africa,” the book indicates.

Unemployment has been described as a complex and multi-dimensional phenomenon that affects different groups of people differently. It is necessary to implement sustainable and consistent policies to address the scourge.

### **A reform with considerable potential**

Government’s move to introduce the national minimum wage was a “reform with considerable potential”. It protects vulnerable workers and reduces contestation around basic conditions of employment. However, it could also lead to higher unemployment in some sectors, and reinforce a dual labour market where informal, non-compliant enterprises become increasingly common.

“Much depends on whether the minimum wage is accompanied by suitable complementary measures to strengthen social protection and assist low productivity enterprises and activities,” the researchers say.

In the interim, they recommend that government-led employment-relief programmes should not be exempted from implementing the minimum wage. South Africa should also consider adopting positive support measures that encourage or subsidise social security participation of low-wage employees, which researchers describe as a well-targeted and redistributive measure and an effective way of countering non-compliance.

### **Fast-track investment in housing**

A sizable increase in housing investment is also essential. After all, investment in housing meets the growing need for shelter and living space and helps to generate employment and business opportunities. It also yields secondary benefits, which include improved education and health outcomes, and informal and small-scale enterprise opportunities. House ownership is said to be the largest vehicle for the accumulation of family wealth.

“Progress in housing investment requires a joint initiative between government and banks and other potential funders – to set targets, agree on an appropriate architecture of support for housing investment, and establish partnerships with cities and provincial governments,” the book instructs.

### **Education, training, skills development**

When it comes to education, the researchers emphasise that there is still evidence – and it is mounting – that education and skills development are critical for long-term economic growth and prosperity. But educational outcomes are also largely dependent on family,

household and community characteristics, which in turn reflect income and wealth variables.

“Parents’ education, employment and earnings are strong predictors of children’s education outcomes and future work prospects. Education is a vehicle for social progress. But it is also a channel through which inequality of opportunities is reproduced,” the book states.

There also needs to be stronger participation of the business sector and employers in financing occupationally relevant education and ensuring that its quality and content are optimised.

### **It takes a village**

The researchers conclude that achieving social consensus on economic strategy in South Africa and implementing it effectively will be very difficult. The lack of trust and engagement between government and various stakeholders is widespread and hampers the process.

The responsibility, however, doesn’t rest squarely on government’s shoulders. Researchers argue that many sectors of society, municipal officials, civil society, business leaders and financial institutions have a role to play in the process.

“These sites of struggle have the potential to become engines of inclusive growth.”

*Story by Niémah Davids, UCT News.*

[Read the study.](#)

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### **Thami Nkwanyane**

**Media Liaison and Monitoring Officer**  
Communication and Marketing Department  
University of Cape Town  
Rondebosch  
Tel: (021) 650 5672  
Cell: 063 366 3993 / 072 563 9500  
Email: [thami.nkwanyane@uct.ac.za](mailto:thami.nkwanyane@uct.ac.za)  
Website: [www.uct.ac.za](http://www.uct.ac.za)