

Oral Evidence to the Parliamentary Portfolio Committee on Labour
Labour Budget Vote no. 22

20 April 1998

Individual liberty is individual power, and as the power of a community is a mass compounded of individual powers, the nation which enjoys the most freedom must necessarily be in proportion to it's numbers the most powerful nation.

John Quincy Adams 1822 (1767 — 1848)

1 Context in which this evidence is submitted

Improved quality of life

The evidence submitted by the Foundation is based on the premise that the primary objective of the government is to create an enabling environment in which South African citizens will have the opportunity to improve the quality of their lives by increasing their standard of living. An important part of that environment is the right to earn a living and to do so without the encumbrance of bureaucratic red tape.

2 Achieving global competitiveness

Evidence accumulated by the Free Market Foundation in conjunction with the world — wide Economic Freedom Network demonstrates clearly that to become globally competitive South Africans must be given greater economic freedom. We have clear indications of the policies needed to achieve a freer economy. In broad terms the policies are consistent with the GEAR policies of government.

3 An enabling environment

3.1 Occupational health and safety of persons

This is one of the most serious and legitimate concerns that the Department is addressing.

- However there should be an enterprise specific policy as opposed to a general policy that is universally applicable.
- The policy should take into account the reality that circumstances differ from industry to industry, and within industries from enterprise to enterprise.
- For example in the mining sector miners are exposed to different dangers in small scale mining as it does not occur at the same depth as deep level mining that is undertaken by large mining enterprises.
- Therefore to impose the same health and safety measures on large and small miners would imply onerous compliance costs on the former and put small miners at a disadvantage.
- Thus only appropriate and necessary legislation that addresses issues of health and safety should be in place.

3.2 Human resources development

It cannot be denied that companies are investing more and more in human capital.

- This happens when government opens up the industries and makes it less onerous for new entrants to participate.
- Simultaneously South African companies are exposed to global competition.
- As a consequence they have to enhance productivity, a key element of which is to invest in human capital development.
- To ensure that human resource development is accelerated the government need do only one thing.
- The government must remove all unnecessary encumbrances to enterprise thus stimulating competition.
- Competition will then inevitably result in enterprises investing more in factors of production.
- This will, in turn, create the greatest number of jobs.

4 Increasing the demand for labour

Unemployment is undeniably one of the most serious problems facing South Africa today. The Department of Labour has a primary role to play in overcoming this problem. We wish to make the following specific comments and proposals in this respect:

- It is very clear that it is in the interest of providers of goods and services that there should be the highest demand for what they offer.
- The rewards for their endeavours reflects any increase in the demand for what they provide.
- Strangely when it comes to labour this self-evident truth is not recognised. If the unemployment problem is to be solved policy-makers must realise that the way to solve the massive unemployment problem is to *increase the demand for labour*.
- This means creating a business-friendly and investment-friendly environment.
- Part of such an environment is a recognition that employers and employees are not antagonists but are on the same side. In any firm owners, management and employees are part of a team competing with other firms in the country and outside the country. Labour policy should therefore do everything possible to foster harmony within the firm if South Africa is to become a really competitive nation.

5 Conclusion

We believe therefore that the Department of Labour should spend the largest proportion of the budget which is presently being considered to achieve the following objectives:

- Creating an enabling environment for the highest possible economic growth.
- Creating an environment in which there will be the highest possible demand for labour.
- Fostering harmony and co-operation within South African firms.