

# Inflexible labour laws 'key to high unemployment'

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SOUTH African labour laws are a "central cause" of unemployment in the country, former state president FW de Klerk said yesterday.

De Klerk said that, besides the lack of skills and training, sluggish foreign and local investment in the economy, and competition for jobs from the huge and growing number of illegal immigrants, SA's inflexible labour laws were a deterrent to job creation.

Addressing the Eskom African Business Leaders Forum in Sandton yesterday, De Klerk said SA

had adopted a social democratic labour system "that is not even working in countries like France and Germany".

"It has raised the real cost of labour way above levels in other emerging economies with which we must compete in international markets," he said.

"High costs and rigid regulation are a major disincentive to the creation of new jobs."

De Klerk said although the country needed to develop a labour system that established basic minimum standards for all, it should also allow for greater

flexibility, especially for medium and small businesses.

On the issue of land reform, De Klerk said the country needed a balanced and effective approach to land redistribution, and that the state should start by redistributing land it owned.

"The objective should be to ensure that agricultural land — whoever farms it — remains fully productive. Successful land reform will require the commitment of much greater resources; intensive agricultural training; effective follow-up services and mentoring and close co-opera-

tion and communication between all the main role-players, including white farmers."

He praised government for pursuing macroeconomic policies that were in line with "a tried, tested and successful global consensus" but warned against the "temptation of trying to legislate economic outcomes".

"If we wish to attract the investment that we need for growth, and if we are serious about improving our competitive edge, we must continue to play by the basic rules that govern the globalised economy.

"Any attempt to dilute property rights, economic freedoms or basic standards of administration and management will relegate us to economic and developmental marginalisation," De Klerk said.

The former president said that the South African economy would not grow satisfactorily if government did not appoint and promote people with appropriate skills whatever their race; if it interfered with the ability of companies to manage their affairs; or if government attempted to dilute property rights.