

NEVA MAKGETLA: Save democracy by saving the Quarterly Labour Force Survey

Stats SA's indispensable instrument for policy-making is a casualty of budget cuts

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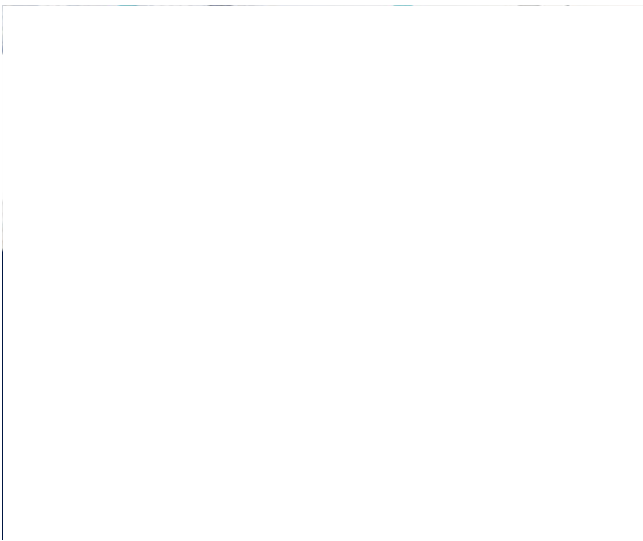
The brutal invasion of Ukraine underscores the importance of building and defending democratic institutions. Consider Stats SA, an unassuming bureaucracy now tucked away in the presidency. Its work is of key importance for democracy, since shifting from a discourse of power to a discourse of reason ultimately depends on dispassionate evidence.



In the decades since apartheid, Stats SA transformed from an instrument of systematic exclusion (before 1994, official statistics, even the census, left out most of the African population) to a critical tool for understanding our collective needs and challenges. But its capacity is now under threat, not from political turmoil but from swingeing budget cuts, with a 30% decline in noncensus resourcing (in constant rand) over the past decade.

The latest casualty is the Quarterly Labour Force Survey (QLFS), an irreplaceable large household survey. Stats SA put it on hold indefinitely this quarter, officially because of low response rates. The underlying problem, though, appears to be the shift to telephone interviews during the lockdown — a shift that will require substantial funding to reverse. Instead, the 2022 budget cuts Stats SA's budget for labour surveys about 25% compared with its prepandemic level (measured as an average from 2014 to 2018).

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The QLFS is the only consistent official source for things such as unemployment rates, the informal sector, median pay, small business owners, and employment and

earned incomes by race and gender. To generate the information it surveys about 30,000 households on a quarterly basis, generating more than 150 variables in an astonishingly rich data set based on norms set by the International Labour Organisation.

The only other source of national employment data is the Quarterly Employment Survey (QES), which relies on written business responses. The QES provides information only on the formal sector, and then only on average gross remuneration and jobs by industry. It provides no information on the unemployed, the informal sector, or race and gender.

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Moreover, average pay doesn't mean much given SA's unequal pay scales. In 2019, the QLFS and the QES agreed that formal pay averaged R10,000 a month. But the QES could not say how many workers actually got that much. The QLFS revealed that half of formal employees got less than R4,500 a month, while only one in four formal employees earned more than R10,000.

The QLFS shifted to telephone interviews in the second quarter of 2020, and has not moved back to in-person interviews despite the reopening of the economy. The move brought a sharp fall in response rates, from almost 90% before the pandemic to just more than 50% in 2021. The result was snowballing challenges, which emerged graphically in the third quarter of 2021.

The QLFS reported improbably high job losses for the quarter, affecting one out of every 25 employed people and one in 18 formal workers. In contrast, the QES, which depends on written returns, saw an increase — not a decline — of 50,000 jobs in the formal economy. Meanwhile, GDP shrank 1.1% — a disaster in itself but a fraction of the reported contraction in employment.

SA will have to pay to return the QLFS to reliability, because in-person interviews cost far more than phone calls and it looks as if the necessary budget has been reallocated to other surveys. Yet it is impossible to imagine sound, responsive policy-making in SA in the absence of reliable data on the jobless, wage earners, small business owners, and race and gender dynamics.

Unless we understand the scope and nature of the economic challenges facing the majority of our people we cannot hope to develop more effective strategies, or mobilise support to carry them out. Cutting the Stats SA budget may not have immediate visible effects on citizens, but it risks escalating costs to the economy and ultimately to democracy.

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

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