Labour Input to NEDLAC Annual Summit, September 2007

Zwelinzima Vavi, General Secretary, COSATU

Deputy President,

Minister of Labour, government leaders and officials

Leadership of Labour constituency,

Leadership of civil society and the business constituency,

Dear friends and comrades,

I am happy to be here, once more, to review our progress at NEDLAC during the past year. This is an important opportunity for the main stakeholders in our economy to assess our progress and point to areas where we need to improve our work.

And our work is critically important for the prosperity and progress of all our people. The NEDLAC debates may often seem technical and closed, but they play a critical role in ensuring better policies, based on the needs, experience and learnings of the main constituencies.

As always, this occasion for reflection points to some progress in a number of areas. At the same time, we cannot say that we have met our expectations – or indeed those of most working people - at the time we won democracy some 13 years ago. Above all, despite the up tick in economic growth over the past five years or so, we continue to face massive unemployment and poverty as well as massive economic and social inequalities. Its not business as usual. It cannnot be until we can say we are succeding to create quality employment opportunities at a mass scale. Struggle cannot come to an end until we have defeated the scorge of poverty and inequalities in our society.

After a gap of a few years, we decided to go visit our friends Cynthia and Jabu. You may remember that they were amongst the workers who lost their jobs and livelihoods in the economic downturn of the late 1990s. Like so many South Africans, they are recovering only slowly.

When we last saw Jabu and Cynthia, they had gotten an RDP house, after a decade on the waiting list. But they've had to rent it out, because they couldn't afford to pay for the water and electricity. They've moved back to the informal settlement, and basically live off the rent.

Jabu had a job on a construction site for a while this year, but it was only informal. When a wheelbarrow full of bricks fell on his leg, he couldn't work any more and he didn't get any compensation, either. Cynthia is still trying to make a little selling sweets outside the school, but it's hardly enough to live on or support her grandchildren since their daughter died of HIV. The only good news on the economic front for our friends is that Cynthia's older daughter has a job in retail for R1000 a month for 30 hours a week.

Like Cynthia, Jabu and their family, workers are still struggling despite the acceleration in economic growth. Most new jobs have emerged in retail and construction, which means they're poorly paid and often only casual or informal. And these are cyclical jobs: if there is a slowdown in the rest of the economy, they may just disappear.

The available information suggests that there has been little improvement in overall inequality, although the gap is no longer getting wider the way it did in the hard years of the late 1990s.

In short, as we have said over and over in the past ten years, the challenge we all face is still to ensure massive job creation in more sustainable industries. We have an opportunity now, as the world commodity boom brings new wealth to our country. We have to make sure that wealth goes to restructure the economy toward shared growth, or we will not gain sustainable prosperity.

Despite our concerns, we recognise that there has been real progress. We are pleased that, through AsgiSA, the government has adopted the GDS targets of halving unemployment and poverty by 2014. And government has come to the party with a significant increase in public investment, fuelled by growth in the budget.

Even more important, the renewed commitment to an industrial policy centred on rebuilding our industry is heartening to working people. It points to the importance of ensuring consistent government support for industries that can create employment, support poverty alleviation and ensure sustainable growth for the future.

This does not, of course, mean that we see the current industrial policy action plan as perfect. On the contrary, the proposed interventions go only a small way toward restructuring the economy to ensure shared growth. Moreover, it still leaves out key industries, notably agriculture and agro processing, mining and the public services. We expect this shortcoming to be remedied in the coming year. Moreover, we expect next year's action plan to do more to ensure local procurement underpins the public investment programme in order to maximise the benefits for our economy and our people.

These are indeed impressive gains. But this year has also seen some setbacks.

A particular concern has been the economic slowdown of the past few months, driven by near stagnation in manufacturing. The main culprit is an inappropriate and oppressive monetary policy. That policy seems driven by a near pathological fear of inflation.

We are tired of the scare stories about Zimbabwe. No one denies that hyperinflation is a scourge for working people. But in our environment, letting inflation rise above the 6% level in order to maintain growth seems well worthwhile.

If government is truly concerned about inflation, we would expect to see a far more concerted effort to address its root causes. Above all, food prices have been rising fastest, causing hardship

especially for the poor. In the coming year, we would like to see a clear strategy to address the problem of volatility in this critical area.

In addition, we are increasingly worried about the failure to maintain the campaign around HIV and AIDS. A few short months ago, we were together boasting about our progress, with the new strategic plan on HIV and AIDS and, perhaps even more important, the new spirit of co-operation amongst stakeholders.

Today, that progress seems to have been stalled, even reversed. We are seriously concerned that there has been little effort to implement our new plan. And the effective and inclusive coalition with civil society, forged with so much effort, seems to be falling apart. We need to ask: can NEDLAC play a stronger role in this regard?

Finally, we are meeting at the end of women's month. We need to note, in this context, the growing concerns that progress around employment equity has been slow, particularly for black women. Even as we look around this room, we see that women have not yet achieved equality in powerful posts, in the professions or skilled work.

In the context of women's empowerment but also from a worker perspective, may I compliment government on the successful introduction of the quota on clothing and textiles from China. The results for an industry under pressure has been helpful. Following dramatic increases in imports from China and total imports every year for the past half decade, we saw for the first time in the first 6 months of this year a helpful decline in both total and Chinese imports of clothing products, with imports from China dropping by 20% compared to the first six months of last year. The Deputy President made an excellent speech on the China quota last year and the Minister of Trade and Industry has been steadfast in driving the use of trade and industrial policy to save jobs. We salute them.

This also provides me with an opportunity to reconfirm our strong commitment to the Proudly South African campaign and our desire to make the campaign a huge success in the 12 months ahead.

Broad-based black economic empowerment gives us important instruments to address this problem. But we need to ensure that BEE becomes truly broad-based, rather than being captured by a small elite. Critical for us remains employment equity across the labour force, a massive improvement in education and access to skills, and support for employment creation.

Friends and comrades,

In this context, NEDLAC must continue to ensure that legislation and strategies take on board the views of our constituencies. That ensures more effective, appropriate and efficient laws and policies. But that is not by itself enough. We need to work harder to take forward our joint vision of ensuring an equitable, prosperous, united South Africa.

We need the privileged to accept that they must do more to improve the position of all our people. We cannot accept business as usual while so many of our people go to bed hungry, live without treatment for AIDS, or cannot find a safe and healthy place to live.

It is for this reason that we as labour measure every policy against its effects on employment creation and poverty alleviation to ensure shared growth. We expect no less from all the NEDLAC constituencies.

Thank you.