

**Address by the President of the Republic of South Africa,  
Kgalema Motlanthe,  
at the 13<sup>th</sup> NEDLAC Annual Summit  
Venue, 02 December 2008**

***“GLOBALISATION, GROWTH AND SOCIAL JUSTICE – THE ROLE OF SOCIAL DIALOGUE”***

Programme Director,  
Minister of Labour, Membathisi Mdladlana,  
Minister of Trade and Industry, Mandisi Mphahlele,  
Minister of Finance, Trevor Manuel,  
Minister of Public Works, Geoff Doidge,  
Other Government Ministers present,  
MECs present,  
President of Business Unity South Africa (BUSA), Brian Molefe,  
Secretary General of COSATU, Zwelanzima Vavi,  
Secretary General of SACOTU, Dennis George  
NEDLAC Executive Director, Herbert Mkhize,  
Senior Government Officials,  
Leaders from all the NEDLAC constituencies,  
Distinguished guests,  
Ladies and Gentlemen

It is a pleasure for me to be here today to address the 13<sup>th</sup> Annual NEDLAC summit.

First I would like to thank all the social partners and government representatives who have given their time during the past year to support NEDLAC and the process of social dialogue that it provides for.

Secondly I should also thank the Executive Director, Mr Herbert Mkhize, along with his team, for the commitment and dedication to the work of this organisation.

It has indeed been another busy and challenging year for social dialogue. During the past year we experienced many of the challenges and complications that have come to be associated with globalization.

The rise in inflation and associated interest rate hikes and the relative weakness of the Rand have placed increased pressures on the South African economy and particularly on the poor.

Besides, the sub-prime crisis that spread through the United States and Europe, the recessionary pressure around the world and the rising food and fuel prices have all affected our growth prospects.

We are all aware that we need more investments in transport and energy infrastructure, so that we are able to deal with the constraints we experienced in the recent past.

At the same time we need to address the ongoing challenge of ensuring an adequate supply of skills to the economy – in both private and public sectors.

This combination of global and domestic economic circumstances provides a real test for our economic policies and this is likely to continue into 2009.

Whereas our economy had maintained a growth rate of close to 3 percent per annum in per capita terms since 2004 until early this year, the recent results show that we have entered different times.

The last quarter has registered a growth rate of 0.26%, which indicates that our growth prospects are taking a dive.

It has always been the view of government that there is nothing inherently destructive in the process of globalization. It is a process that countries have to engage with in order to make globalization a positive force for all people.

An important way in which we are engaging with globalization is through our efforts at strengthening the regional economy.

The launch of the Southern African Development Community (SADC) Free Trade Area will be an important step in this direction.

As my predecessor, former President Thabo Mbeki indicated to the SADC Summit of Heads of State and Government held here in August:

**“The launch of the Free Trade Area is more than just an acknowledgement that the majority (85 percent) of traded goods in the region are duty free. Rather, we should view the achievement of this milestone as a major step towards addressing the fundamental challenges of poverty and underdevelopment through deeper integration and economic development.”**

The success of greater integration in the SADC region will thus be measured by the extent to which it contributes to shared developmental goals. Successful integration will also be measured by the extent to which it strengthens the region in relation to other trading blocs and in relation to global economic forces.

Improved regional competitiveness will be a necessity for all of us if we are to continue weathering the storms of globalization.

In the same breath, we should be able to take advantage of opportunities presented by the globalised markets.

Perhaps the biggest challenge that we face is how to ensure greater equality, improved human development and social justice in South Africa and the region in the current phase of globalization.

Events during this year clearly point to the fact that we have a long way to go if we are to ensure that a better globalization translates into a better and more secure life for people everywhere.

The continued scourges of HIV/AIDS and crime impact negatively on the lives of everyone, but also on the economy. They highlight very sharply the connection between social problems and economic development.

The attacks on immigrants earlier this year also brought this into sharp focus when they were blamed for aggravating unemployment and downward pressure on wages.

So, our ability to engage with globalization is affected not only by the strength of our economy but also by our ability to deal with social problems and to ensure that there is social justice throughout South Africa.

The South African government is of the view that sustainable global economic integration has to go hand in hand with social progress and social justice. This underscores the importance of promoting fundamental labour standards, basic worker rights and social welfare.

The labour market that we inherited was marked by poverty and high levels of unemployment, adversarial labour relations and the denial of worker rights, massive income and wealth disparities, systematic discrimination against black people, women and other groups, and low levels of education, skills and investment in training.

While there has certainly been progress towards reducing many of the inequalities and inequities in the labour market, many challenges remain. And we are all convinced that these will be overcome through our combined will, determination and cooperation.

Unemployment is still unacceptably high, so are income disparities and there continues to be discrimination against black people, women and other groups.

There are also more recent sources of fragmentation and division in the labour market that complicate the attainment of social justice and greater equality – between South African workers and foreign workers and between those with security of employment and the growing number of workers in precarious and insecure jobs.

It is incumbent upon us all, including government, to minimize the adverse impact of these forms of insecurity. To ignore them will affect our ability to make progress towards greater social justice for all. It will also retard our ability to grow and to compete internationally.

Chairperson

The challenge that we face is therefore one of dealing more effectively with the social problems and those issues that continue to confront us in society and in the labour market.

Only once we have made greater progress in dealing with these, will we really be able to better harness the potential of globalization.

I need not remind you of the key role that social dialogue has to play in ensuring a positive relationship between globalization, growth and social justice.

Only through effective social dialogue will we find the best solutions to deliver economic and social development at national, regional and global levels.

This year we saw the unfortunate collapse of the WTO world trade talks in July over measures to protect farmers in poor countries. Rising protectionism is now likely and with it a blow to confidence in the world economy.

It may be appropriate at this point to remind ourselves of the statement by the World Commission on the Social Dimension of Globalization when it released its report titled; “A Fair Globalization – Creating opportunities for all” in 2004. It stated:

**“Our proposals call for a wider and more democratic participation of people and countries in the making of policies that affect them. And they also require those with the capacity and power to decide – governments, parliaments, business, labour, civil society and international organizations – to assume their common responsibility to promote a free, equitable and productive global community.”**

Clearly we have had setbacks since then. But now is not the time to pull back from social dialogue and engagement between people and stakeholders.

Quite the contrary, we should be focusing on strengthening social dialogue, starting at home and expanding its role in the region.

This also means mobilising all other stakeholders to work towards more and broader representation of the developing South in key global institutions such as the Bretton Woods Institutions.

In this regard, the recently held G-20 Summit declared, under 'Reforming International Financial Institutions', that:

**'We are committed to advancing the reform of the Bretton Woods Institutions so that they can more adequately reflect changing economic weights in the world economy in order to increase their legitimacy and effectiveness. In this respect, emerging and developing economies, including the poorest countries, should have greater voice and representation. The Financial Stability Forum must expand urgently to a broader membership of emerging economies, and other major standard setting bodies should promptly review their membership. The IMF, in collaboration with the expanded FSF and other bodies, should work to better identify vulnerabilities, anticipate potential stresses and act swiftly to play a key role in crisis response.'**

We hold firmly to the view that only through broader representation of all stakeholders can we begin to ensure that all humanity benefits from the process of globalisation.

And where we are involved in social dialogue at the global level, we need to continue to push for improved governance of globalization through social dialogue and changes to governance arrangements in the different international institutions.

Indeed, social dialogue has assumed wider importance in light of the globally integrated economic systems.

Even as we meet here we, as Nedlac, have to take cognisance of the fact that the world financial ministers are meeting at the WTO to push for the rejection of protectionism which impairs fair trade and works against the interests of the developing world.

South Africa has to intensify engagements in forums such as IBSA and the Joint COMESA-EAC-SADC Tripartite, where key issues such as the Free Trade Areas and the harmonisation of trade regimes are effected for our common benefit and development.

In contrast to the disappointments experienced at the global level, NEDLAC can be proud of its recent achievements, in particular, the successful way in which you facilitated the National Stakeholder Summit on Electricity, held on 16 May 2008 in Sandton.

NEDLAC has raised the standard of social dialogue in South Africa and we are therefore confident that you will be able to rise to the challenges that lie ahead.

And there are some particularly important challenges ahead that will provide ample room for social dialogue to really demonstrate its vital role. Some of these are:

- The need to engage on the final recommendations of the International Panel on Growth;
- The Social Security and Retirement Reform initiative;
- The Anti-Poverty Strategy, as well as the finalization of a poverty measure.

I have no doubt that the government will bring a new set of issues and challenges to bear on the process of social dialogue after April next year.

Given some of the social issues that we face and that I have alluded to, it may be imperative to strengthen the current social dialogue so that it plays an even more constructive role in facilitating growth and social justice.

There is much that remains to be done. The role of NEDLAC and social dialogue more generally, will play a crucial role in determining how far we are able to travel to achieve a fair globalization, enhanced growth and greater social justice in South Africa.

For all this, we have reason to remain optimistic about our economic prospects and our ability to continue to engage with global economic forces in ways that do not have negative outcomes for domestic economic circumstances.

I wish you well for the year ahead.  
Thank you.