

Zwelinzima Vavi's address to the Nedlac Annual Summit, Boksburg,

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Building partnership anchored on a shared vision for a Labour Intensive Economic Strategy

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Comrade Minister of Labour, Membathisi Mdladlana,

Other government leaders and officials

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Overall Convenors of the four Nedlac constituencies

Comrades and Friends

Thank you for inviting me to speak at this most important occasion in our annual calendar, the Nedlac summit. It could not be taking place at a more appropriate time, when our four Nedlac constituencies, and South Africa as a whole, are facing enormous challenges.

But before turning to the global and national problems we face, as is traditional at this gathering, I must bring you up to date on the problems of Jabu and Cynthia Gumede, the workers who lost their jobs and livelihoods in the economic downturn of the late 1990s and have been struggling ever since.

It has certainly not been a good year for them. Despite his earlier injury, Jabu was able to get a job helping to rebuild our beautiful Soccer City stadium, and was as proud as the rest of us to watch the opening match and the final of the World Cup being playing at his workplace.

But once the stadium was finished so was his job, and he became one of the 27 000 construction workers who lost their jobs in the first six months of this year, a victim of the massive 15% decline in employment in construction between June 2009 and June 2010. Jabu will be the most enthusiastic supporter of Nedlac's vision of a labour intensive growth strategy.

Cynthia is still living in her shack after having had to rent out her RDP house, but her tenants have been struggling to pay the 25% increase in their monthly electricity bill and have defaulted on their rent payments. Even the few rands she was making selling sweets outside the school was cut during the recent strike, though she was fully behind

the teachers, because she agrees it is a disgrace that we pay such important workers such a pittance for the crucial job that they do for all of us.

So Cynthia and Jabu remain part of the 47.1% of the population who receive less than R322 a month. And because they have no dependent children and are not old enough to get a pension, they fall between the cracks and cannot join the 25% of the population who now survive on state grants.

Government increased grants from 1.9 % of GDP in 2000/01 to 3.3 % in 2007/08 and the number of beneficiaries rapidly grew from 3 million to 12.4 million, which decreased the incidence of poverty amongst individuals by at least 15%. Yet despite these welcome lifelines, poverty keeps growing, mainly because the relentless ongoing job-loss bloodbath keeps pushing more and more people down into poverty.

1.1 million jobs were lost from the beginning of 2009 to the middle of 2010. This has plunged five and a half million more family members of those jobless workers to join Jabu and Cynthia in the ranks of the poor.

The official unemployment rate, excluding those who have given up looking for work, rose to 25, 3% from 25, 2% in the first quarter, and remains at an absolutely unacceptable level, the highest in 62 countries tracked by Bloomberg news agency. The more realistic expanded unemployment rate, including those who have given up looking for work, increased from 35, 4% to 35.9% over the first quarter.

South Africa is also now the most unequal country in the world. The Gini coefficient stood at 0.64 in 1995, but at last count it was at 0.68. The top 20 paid directors in JSE listed companies earned on average 1 728 times the average income of a South African worker while state owned enterprises paid CEOs earned 194 times an average worker's income.

And income inequality is still racialised and gendered. In 2007, whites were earning 8 times more than Africans. An average African man earns in the region of R2 400 per month, whilst an average white man earns around R19 000. The racial income gap is therefore roughly R16 800 among males. Unemployment among Africans, which was estimated to be 38% in 1995 stood at 45% in 2005.

Most white women earn in the region of R9 600 per month, whereas African women earn R1 200 per month. The racial income gap in monthly incomes among women is therefore R8 400. Approximately 71% of African female-headed households earned less than R800 a month and 59% of these had no income.

The most outrageous and obscene levels of inequality are found in bank CEO pay packages. Nedbank CEO Tom Boardman earned R43m last year, Standard Bank CEO Jacko Maree R18, 2m and Absa CEO Maria Ramos R13, 5m.

Again there is a racial bias within top management. Almost all the top 20 paid directors in JSE listed companies remain white males. In the private sector, top management is 60% white male, 14% white female, 9% African male and 4% African female.

Coloured and Indian males account for an average of 4%, whilst females account for an average of 1.4% of top management. In other words 74% of top management of the South African economy is drawn from 12% of the population.

Comrade Deputy President and delegates

In 2004, COSATU concluded that the first decade of freedom had benefited capital more than the workers and expressed the hope that this would be reversed in the second decade. But the reality is that the problems of unemployment, poverty and inequality are getting worse.

As President Zuma said at our May Day rally in Durban this year, "The benefits of economic growth have not been broadly and equitably shared." He is absolutely right. Despite slowly accelerating GDP growth, unemployment, poverty and inequality are getting even worse, and continue to widen the wealth gap, and the racial inequalities we inherited from apartheid.

As well as the direct, devastating effect that such levels of unemployment and poverty have on the individual workers and their families, the crisis reaches into every aspect of life.

It directly affects the employed workers, as unscrupulous employers and labour brokers exploit the levels of joblessness by offering desperate workers jobs on poverty wages, with no job security or benefits. This pushes down the level of wages for all workers. I urge Nedlac get behind our campaign to get rid of labour brokers and the casualisation and super-exploitation of labour

In housing, despite the ANC governments building 1.1 million new houses since 1994, thousands of working-class families still live in shacks with no water, electricity or other basic services.

In education we still have a two-tier system in which 70% of matric exam passes are accounted for by just 11% of schools. Only 3% of the children who enter the schooling system eventually complete with higher grade mathematics. Of the 1.4 million learners who entered the system in 2008, 24% were able to complete matric in the minimum of 12 years.

In health, we have a collapsing public health service and still no progress towards a National Health Insurance Scheme. Although we rank 79th globally in terms of GDP per capita, we rank 178th in terms of life expectancy, 130th in terms of infant mortality, and 119th in terms of doctors per 1000 people.

The health profile of the population has deteriorated. The life expectancy of South Africans was the highest in 1992, at 62 years. Ever since then life expectancy has fallen - to 50

years in 2006. The situation seems to have got even worse since 2006. According to the South African Institute of Race Relations survey in 2009, the life expectancy of a white South African now stands at 71 years and that of a black South African at 48.

The high levels of poverty and inequality aggravate many other anti-social consequences which we see more and more – violent community protests, crime, corruption, xenophobia and the collapse of social and moral values. We face not just personal and family disasters but a national catastrophe, a ticking bomb which has already begun to explode in our poorest communities.

Comrade Deputy President and delegates

How do we start to solve this crisis? Today's theme talks of building a partnership, but on what policies should this partnership be based? How can we turn the tide and get the national democratic revolution back on track?

History gives us some excellent guidance. The Freedom Charter declared in 1956 that "The people shall share in the country's wealth" and that "the mineral wealth beneath the soil, the banks and monopoly industry shall be transferred to the ownership of the people as a whole."

This was taken up by the RDP, whose five pillars were: macroeconomic stability, meeting basic needs, providing social safety nets, human resource development and job creation.

The 2007 ANC Polokwane Conference developed the same themes, demanding that "the developmental state should maintain its strategic role in shaping the key sectors of the economy ... The over-riding objective would be to intervene strategically in these sectors to drive the growth, development and transformation of the structure of our economy.

"A developmental state must ensure that our national resource endowments, including land, water, minerals and marine resources are exploited to effectively maximise the growth, development and employment potential embedded in such national assets, and not purely for profit maximisation."

So it would seem that we have a broad consensus on the need to prioritise a labour-intensive growth strategy, with a strong, interventionist state. But the problem is that we have hardly started to implement all these excellent resolutions.

We cannot claim to have achieved the strategic objective of the NDR - the liberation of black people in general and Africans in particular, when so many South Africans are unemployed and poor, and wealth is so unevenly spread between the races, after 16 years of democracy under ANC governments.

The Polokwane delegates were spot on then they demanded that the developmental state must intervene strategically to tackle these problems, especially employment. The

Freedom Charter, the RDP and the Polokwane resolutions are unanimous in rejecting the neoliberal, free-market policies of previous administrations. They all insist that the state must intervene to plan the use of the country's resources in the interests of the people.

The state is not class, gender and racially neutral and nor should the ANC be neutral, but biased in favour of workers and the poor, and must intervene to transform the basis of our economy, from one that is over-dependent on the export of raw materials to one firmly based on manufacturing industry.

The Industrial Policy Action Plan is a bold move to adopt such an approach, but it still remains a piece of paper. 17 months after its election, the government is still debating its economic strategy, seemingly torn between the DTI and EDD who are trying to implement the Polokwane resolutions and elements in the Treasury and Reserve Bank who cling to the old, conservative monetary agenda.

Let us hope that this week's 50 base point cut in the lending rate - although too little and too late - marks a move towards a move in the right direction, towards a labour-intensive growth strategy, and a rejection of the former rigid inflation-targeting policy.

COSATU next week will be launching its new economic policy document, "*A growth path towards full employment*", which sets out how to take forward the fight for the goals of the Freedom Charter, the RDP, the ANC Polokwane Conference resolutions and the election manifesto.

Without revealing too much of the detail, I am confident that its proposals are fully in line with today's theme, a labour-intensive growth strategy for South Africa, which can take us forward to solving our economic, social and political crisis. Nedlac, as always, will have to play a pivotal role in turning proposals into actions and driving forward the completion of our national democratic revolution.