

**Speech to the Annual Summit Meeting of the National Economic Development and Labour Council, on 2 December 2008, by Zwelinzima Vavi, General Secretary of the Congress of South African Trade Unions, representing the Nedlac Labour Constituency**

*“Globalisation, Growth and Social Justice: The Role of Social Dialogue”*

Comrade President of South Africa, Kgalema Motlanthe  
Comrade Minister of Labour, Membathisi Mdladlana,  
Other government leaders and officials  
Comrade Executive Director of Nedlac, Herbert Mkhize  
Overall Conveners of the four Nedlac constituencies  
Comrades and Friends

Firstly allow me to congratulate you, Comrade President, on your appointment to the highest office in the country, and to wish you well. You will always have the full support of the labour movement, in which you yourself grew up, as you tackle the great challenges you and the country face today.

And those challenges are indeed immense. This Nedlac Summit meeting comes at a critical time for the country. Two events in particular are at the centre of our thoughts, one negative, and the other positive.

The negative one is the global economic crisis, which threatens to worsen the lives of all our people, but especially the workers and the poor. Last year I was much more optimistic about the economy than I can be today. I expressed pleasure that, through ASGISA, the government had adopted the GDS targets of halving unemployment and poverty by 2014 and had “come to the party with a significant increase in public investment, fuelled by growth in the budget”.

But, prophetically, at last year’s Summit I also expressed concern that even at that time there had been an economic slowdown, driven by near stagnation in manufacturing. This year I am even more concerned, as the global financial meltdown threatens to plunge the world economy into a deep recession, which threatens million of jobs.

There is no way South Africa can hope to be unaffected by this crisis. Retrenchments have already been announced, by, among others, Lonmin, the Ford Motor Company and ABSA Bank, to mention but a few. There are sure to be many smaller employers already shedding jobs or shelving plans to create new jobs.

Even before the global crisis broke, the official unemployment rate had already started to creep upwards again, from 23, 1% in the second quarter of 2008 up to 23, 2% in the third quarter, together with a 0.4% fall in the total number of people employed to 13,655,000, which leaves 4,122,000 officially unemployed.

And we all know that this figure, which excludes those deemed to have given up looking for work, seriously underestimates the real levels of joblessness and poverty.

It also obscures the huge problem of the rapid decline in the quality of work, as more and more permanent jobs are casualised or outsourced to labour brokers, so that more workers fall into low-paid, insecure and temporary forms of employment.

The Buy Local Campaign, this coming weekend of the 6 and 7 December, could not be better timed. Workers and consumers will be picketing at shopping malls around the country to persuade shoppers to buy Proudly South African goods.

Never has it been more necessary to unite as a nation to protect and create employment in our manufacturing industry by buying local. We must break the traditional cycle of exporting our raw materials, allowing them to be converted into manufactured goods overseas and then imported back at a huge profit to foreign companies.

Last year our friends Jabu and Cynthia Gumede (remember them?) had already fallen on hard times. Jabu had lost his casual construction job after an accident at work, and Cynthia was struggling to make a few rands selling sweets outside the school. The only good news was that their daughter was earning R1000 a month for working in a shop for 30 hours a week. Now even that job has gone, as her job has been handed to a firm of labour brokers who are offering her employer even cheaper, casual workers.

As a result Cynthia, Jabu and their family, and millions of South Africans face a black Christmas this year, as their jobs disappear and their income dwindles, while their cost of living keeps shooting up.

Nedlac, as you know, is still discussing the crisis of food price increases, which have been rising much faster than overall inflation. In March 2008 alone, while CPIX inflation rose by 10.1%, inflation for very low income earners was at 13.5%, mainly because food prices, which have been rising fastest, account for 51% of their expenditure.

As a result, food price increases are fuelling economic and social inequality at a faster pace than the state social security system can keep up with, despite all the big improvements in grants, which we recognise and appreciate.

Some food manufacturers and retailers have made the situation even worse by getting together to put up their prices, so they can make even bigger profits at the expense of their consumers. This theft from the poor by the rich must be ruthlessly stamped out. We welcome the amendments to the competition legislation that will target the individual company directors found guilty of price-fixing. These acts of criminality cannot be tolerated in our young democracy.

Then on 1 July this year electricity tariffs shot up by 27.5%, more than double the overall level of inflation. Whilst NERSA has agreed to a further unacceptably high tariff hike of 20%-25%, we are learning with dismay that due to the current global credit crisis, Eskom is looking at even higher tariff hikes for the coming year. Eskom and the energy crises are proving to be a tsunami – an albatross hanging around our neck, a burden too heavy to carry.

The combination of this Eskom tsunami, the state of healthcare – worsened by the HIV epidemic, which is another tsunami - the food price increases, the extraordinarily high levels of unemployment, underemployment and poverty, all combine to spell disaster for ordinary South Africans and our economy.

The cost of recapitalising Eskom cannot be allowed to fall exclusively on the shoulders of the already suffering consumers, but must come from government, as a grant, not a loan that will end up being repaid by the consumers.

Just as the US and the European governments were forced to intervene recently to save banks and other financial institutions, the government must look at ways and means to rescue Eskom and in the process save our people and the economy from the catastrophic implications of imposing the type of percentage increases being proposed by the Eskom leadership.

Such an intervention to save a people's asset will not be the same as those we have seen in the US and EU where taxpayers were asked to nationalise the debt of private companies and yet the profits will continue to be enjoyed by a handful of shareholders.

On top of all these increases in the cost of living we have seen the relentless increases in interest rates as a result of a passionate love for the misguided monetary policy of rigid inflation targeting. Not only has this added to the misery of thousands of families, but has raised the cost of starting or expanding businesses, slowed down economic growth and therefore slowed down new job creation and jeopardised existing jobs.

Other countries around the world are now slashing their interest rates to try to offset the looming recession, yet South Africa's interests rates remain stubbornly high, making job losses all the more likely.

Comrade President

That is the negative news. The positive development which Jabu and Cynthia Gumede are celebrating this year at Nedlac is the prospect of much more pro-poor and pro-development policies. Cynthia heard that there was an important gathering in Polokwane at the end of last year, which prioritised issues affecting her and her family.

She listened to her radio and heard that policies emphasising the eradication of poverty and creating decent work will now be the country's top priority. She heard that the overarching objective must be "to greatly speed up ensuring decent work for all, in overcoming poverty and deep-seated inequality, and in addressing rural marginalisation".

After many long years of denying the existence of the problems in the economy that have effectively condemned her into poverty and hopelessness and, at the economic level, condemned her to second-class citizenship, Cynthia's hopes and her belief in this new democracy has been renewed.

She has watched events of the past 14 years with a little dismay. Whilst she is happy that she is amongst the 18 million who that now have access to running water and her RDP house has a prepaid meter system that gives her access to electricity when she has money, she resents the fact that overall her economic situation has not improved decisively.

She listened to the radio and heard that the economy remains dominated by the white minority. She has learnt that a relatively small black middle class is being incorporated into the apartheid enclave of luxury consumption. She belongs to the overwhelming majority that still suffer unemployment and poverty, which the global crisis could make even worse.

She is running out of patience and is demanding that her situation be addressed. She heard the other day the President of another popular organisation underlining this need for us to move with speed to address her situation by singing the song "*ake kusheshwe – ngoba thina sijahile*."

Comrade President

Yesterday was World Aids Day, in which Nedlac gave an excellent example of the positive value of national unity and social dialogue, when it led the nation in a 15 to 30 minutes work stoppage to allow the country to have a dialogue about HIV and AIDS. It was the biggest and most united mass action the country has ever seen.

Yesterday we recommitted ourselves to the fight to get the prevention message across. We demanded that antiretroviral treatment is made available for all who need it. We encouraged more people to submit themselves for voluntary testing, following the example of COSATU's CEC members, who took time out of their meeting last week to get themselves tested, demonstrating their commitment to raising awareness of the importance of voluntary testing for HIV.

I am sure that all the organisations represented here this afternoon are also backing the campaign of 16 Day of Activism against the abuse of Women and Children, which continues until 10 December. We cannot turn away our eyes when in South Africa every day, women and children are brutally assaulted, raped and killed.

We must all support the campaign's goal to end all forms of violence against women and children. We shall never be able to claim victory in the struggle to transform society so long as women and children are being battered, harassed, intimidated and denied their constitution rights.

Comrade President, Comrades and Friends

South Africans and workers and the poor around the world face huge problems and challenges. As we approach next year's elections we face critical choices over what solutions we should adopt. Democracy demands that they be debated and contested, but Nedlac and all its constituencies should continue to find the maximum unity around policies that are in the common interest of all South Africans.