

Zwelinzima Vavi speaking notes to the NUMSA march in Durban - 19 March 2013

On the eve of the national celebrations to mark the 20th anniversary of our democracy we can now declare without any fear of contradiction that in economic terms, the main benefits of our freedom accrued more to white monopoly capital than the working class the primary motive force of our revolution.

Why we make this conclusion? Notwithstanding the many advances we have made as the working class, but there can be no denying that in the economy which is basically about a right to live in dignity we do not have much to celebrate. Why we say so is because of the following hard truths.

- In 2004 the unemployment rate was 23%, but in 2013 it had risen to 24.7%.
- In 2004 the percentage of people living below R524 a month was 48%, but in 2011 this had increased to 52.3%. *This means that in 2004 people who were living below R524 were 2.2 (22) million, by 2011 this number had increased to 26.5 million.*
- South Africa has become one is not the most unequal society in the world.

Youth wage subsidy is not a solution to a structural unemployment

As we have repeatedly pointed out, unemployment rate constitute a ticking bomb exploding daily as demonstrated by 34 a day service delivery protests.

Unemployment continues to discriminate according to race, gender, age and geographical locations. StatsSA data show that in the third quarter of 2013 unemployment rate amongst Africans was 44%, for Coloureds is was 28%, for Indians it was 16%, it was only 7% for Whites.

We know 50% of the youth is unemployed. We know that youth constitute 72% of the unemployed. We know more women than men are unemployed just as we know more of the unemployed reside in former bantustans.

The only way to address this is not some ill conceived and knee jerk responses. Structural unemployment can only be resolved by structural interventions.

We say no to short term solutions that according to ILO has never worked anywhere in the world. We say no to pro business anti poor measures whose only impact will be to worsen inequalities by increasing bosses profits whilst suppressing wages of workers.

We say yes to radical economic transformation. We demand full implementation of the Freedom Charter and RDP. We demand:-

1. Restructuring of the economy to end its domination by the mining, finance and energy complex. We want an end to our economy external orientation.
2. We want an end to the domination of the economy by six large monopolies that controls everything moving in the JSE.
3. We demand that our economic growth be based on building of our manufacturing sector through amongst others using our mineral to build value chains that can create employment here instead of in China and Europe.
4. We want our energies to be focus on building our agriculture sector for rural development and food security
5. We demand that our education system be fixed so that it stops sidelining millions of the youth. We demand better working schools, we want more universities and technikons. We want free education up to a junior degree and we want a more efficient NAFSAS.
6. We want our hospitals to work better and we want fastest possible implementation of the NHI.

The youth subsidy is a wrong intervention because

It wrongly assumes SA is facing a high wage economy. This is not true because in 2011 half of South African workers earned below R3033 per month. Yet rough estimates for a national minimum level (MLL) are around R4500 a month. So those living below this figure - more than 60% of workers - are living in poverty. Minimum wages set through Sectoral Determinations are even further below the MLL - at R2118, while the minimum wages set at the Bargaining Councils are not much better – at R2725.

And most of the workers earning these low wages have to support as many as ten dependent, unemployed family members. This counters the phoney argument that employed workers have become a privileged elite, with different interests than the unemployed. On the contrary their interests are closely intertwined.

It is based on the false premise that the cause of high unemployment is the high cost of labour and restrictive labour laws that make it too hard to fire workers. They simplistically claim that if the tax-payers give employers generous hand-outs, they will create thousands of new jobs for young workers while retaining all their current older workers!

In reality, employers will employ more young workers, line their pockets with the generous subsidy, while retrenching an equal or greater number of older workers and thus create no more jobs overall. Then, when these new young workers reach the age limit for the subsidy they can be thrown out and replaced by a new set of subsidised workers.

There is no empirical evidence that this policy has worked anywhere in the world. In 2011 the ILO reported that “research in various countries has shown that wage subsidies lead to combined deadweight and substitution effects of the order of 70-90% of the number of jobs created”.

Deadweight losses occur when a subsidy is paid for unemployed persons who would have been hired anyway, without the subsidy. Substitution means the replacement of older, unsubsidised workers by younger workers for whom the employer gets a subsidy.

A National Treasury estimate puts the deadweight loss alone to be 58%, i.e. 58% of the promised jobs from the subsidy would have been created without the subsidy.

The subsidy will have significant substitution effects, as firms retrench existing workers in order to employ subsidised ones. And the existence of labour brokers, who screen and manage workers for employers, also makes it easy to replace existing workers with subsidised ones. Government claims it won't allow this to happen yet we know government can't enforce its labour laws because it has no capacity.

Most of the unemployed youth should in any case still be at school, not in workplaces. The biggest challenge we face if we are to address the crisis of youth unemployment is fix our dysfunctional education system and then train and expose young people to the world of work through internships.

We demand implementation of the agreed upon National Youth Accord.

In particular we want youth to play a leading role and rebuilding our infrastructure and provide basic services for our poorest communities. These include:

- Youth brigades, to give young people a chance to serve their communities, provide some work experience and training, integrate youth into a social movement, build social cohesion and earn a stipend;
- A solar water heater installation programme to become a youth-focussed sector, employing only young people in installing the heaters, and supporting youth cooperatives and youth-owned enterprises as providers of installation services and maintenance for the programme;
- A green brigade, focused on the Working for Water, Working for Energy, Working on Fire and other environmental programmes, and increasing the intake of young participants in other environment protection and promotion activities;
- Health brigades, to expand home-based care and health and wellness education to communities as part of the NHI and auxiliary health services;
- Literacy brigades to utilize young people to expand adult literacy training;

- To aim for the Expanded Public Works Programme and the Community Works Programme to absorb at least 80% of new entrants from young people;
- All state departments to introduce a focused internship programme, aiming at employing interns over a period of time equal to 5% of the total employment of the departments;
- Second-chance matric programmes for those who have not passed or have poor results, and expanding the intake of FET colleges as part of building a stronger vocational and technical skills base among young people to complement the current focus on academic training.

If these plans are speedily and efficiently implemented, and are not sabotaged by corrupt tenderpreneurs, they offer a real possibility of creating real jobs and giving our young people a future, especially if they are linked to the job-creating policies in these four other social accords which were signed in 2011 and 2012:

1. The Basic Education Accord which is especially important in for youth employment, as a well-functioning basic education system equips young people with the basic learning for subsequent training and employment;
2. The National Skills Accord which sets targets and joint action to give school-leavers apprenticeships and work placement opportunities and commit parties to spend more on skills development.
3. The Local Procurement Accord, to support efforts to reindustrialise South Africa and thus provide jobs in manufacturing to young people (as entrepreneurs, employees or co-operators)
 - o The Green Economy Accord which aims for a greener economy, with new 'green' jobs that can be a starting point for getting first-time employees into the mainstream economy.

Last COSATU Congress issued a clarion call that the apartheid wage structure be abolished. Congress recognised that by and large workers' lives have not been transformed, with mass unemployment, widespread poverty and widening inequality – which lie at the heart of increasingly violent service delivery protests - 'exploding' bombs. Congress recognised that we have not come close to achieving the demands in the Freedom Charter and therefore resolved to pursue a programme of action to drive the radical economic shift, including demands for

- i. Decisive state intervention in strategic sectors of the economy, including through strategic nationalisation and state ownership, and the use of a variety of macro-economic and other levers at the states disposal
- ii. An overhaul of our macro-economic policy
- iii. Treasury to be urgently realigned and a new mandate to be given to the Reserve Bank, which must be nationalised

- iv. The National Planning Commission must be given a renewed mandate, to realign the national plan, in line with the proposed radical economic shift.
- v. Aspects of the New Growth Path also need to be realigned in line with the proposed new macro-economic framework.
- vi. All state owned enterprises and state development finance institutions need to be given a new mandate.
- vii. Urgent steps to be taken to reverse the current investment strike and export of South African capital - including capital controls and measures aimed at prescribed investment, and penalising speculation.
- viii. The urgent introduction of comprehensive social security.

Congress resolved to lodge a Section 77 notice around demands for a radical economic policy shift including a number of the above issues.

Congress warned government not to implement e-tolls.

Congress called for the banning of the labour brokers.

Congress resolved to pursue a concerted organisational drive to consolidate, build and further democratise our organisations; extend our organisations to areas where workers are currently unorganised; and to act decisively to combat practices, or conditions, which lead to worker disunity or fragmentation of our organisations.

1. Congress called for us to go back to basics, focus effectively on workplace issues, organisation and recruitment, deliver service to our members, and implement our 2015 Plan!
2. Congress called for a mindset change in COSATU, with a greater focus on the expectations of our members at the workplace, as articulated in the 2012 Workers Survey – with job security and living wages as priorities. Congress also highlighted the need for greater solidarity and unity in action, as well as more visible and interactive leadership.
3. Congress resolved to address
 - i. Social distance between leaders and members, by entrenching deeper forms of accountability and worker control;
 - ii. Bureaucratisation of our structures, at affiliate or federation level, by ensuring that we remain a campaigning mobilising organisation;
 - iii. Divisive and undemocratic conduct in our unions, which attempts to undermine worker unity, or create splinter unions.

Congress pledged to:

- i. Build strong worker-controlled unions, focused on issues of concern to our members, at the workplace, socio-economic and political levels;
- ii. Organise the unorganised, particularly farm workers and other vulnerable and super-exploited workers.

- iii. Improve service of all members, through investing in training of shop stewards and organisers.
- iv. Capacitate our local and provincial structures as the engines of the Federation – CEC to review resource allocations.

Congress mandated the CEC to develop a detailed 3-year strategy to take forward the 2015 Plan (including an update of the Plan), monitor implementation of this strategy, and present a report on progress to our 2015 Congress.

Congress agreed that new recruitment targets need to be set for each sector, and that affiliates must report progress in recruitment on a regular basis to the CEC. – The following categories of workers should be targeted - young workers, women workers, vulnerable workers, non-African workers and migrant workers (including foreign nationals).

An urgent engagement must take place with government regarding the inadequacy of Department of Labour resources.

This programme cannot be driven by a sweetheart union of federation of unions. It demands independent unions whose only basis of their existence is to serve the working class. It require a militant and fighting organization who uses flexible strategies and tactics - combing militant actions and mobilization of members, use of sophisticated negotiations strategies backed by high level research and networking and engagement with both employers and government.

NUMSA has been a pace setter and we confident that it will lead the rest to this direction.