

**Address to the Western Cape
Growth and Development Summit
By Trevor A Manuel, Minister of Finance
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Director Of Ceremonies

MEC's

Your Worship, the Mayor of Cape Town

Leaders of Labour, Business and the Community Constituencies

As a Minister of Finance, I often end up talking about the 'big picture' in my speeches. I often talk about the fact that we have delivered houses to people, water and sanitation, about the fact that we have increased social grants from 3 million to 7 million people. I often end up saying 'yes I know there are people without homes, but look how many homes we've delivered, we're making progress' I often say, yes I know about people who have absolutely no income, but look how many grants we're now issuing. I often make reference to the fact that despite the fact that some people have lost jobs, the economy has created about 2 million additional jobs. I often make speeches about how globalisation provides opportunities for growth in certain sectors, knowing full well that other sectors will lose out. I often talk about the big picture.

However, in this forum today, that type of speech is not going to work. There are large constituencies in the Western Cape who are in the losing group on globalisation. There are important groups of poor people here in the Western Cape who have lost jobs or are likely to lose their jobs in the near future as a result of these global factors. Today, I am alive to the reality of poor middle aged women losing their jobs in the textile sector.

This is a reality for many of the people I am talking to today. It is this reality that we cannot sweep under the carpets, it is a reality that we must face. But it is also a reality that we MUST find solution to.

We can only find solutions to these problems if Government, business, labour and community organizations come together and face up to a difficult set of issues confronting us.

The objective of a discussion between constituencies cannot be premised on the search for a culprit. There are factors which truly are outside that over which we have control.

A clothing manufacturer gets an order for a few thousand jackets from a large US clothing retailer. At the time of negotiating the order, the rand trades at ten to the dollar. By the time the jackets are delivered, the rand is at seven to the dollar, the company had made huge losses and workers are retrenched. This is the hard edge of globalisation. This is the coalface in the battle to build an economy that can create jobs, and the forty year old, single mother of three who has just been retrenched is its victim. It is this human story that is told many times over, not just in the Western Cape, but on rural KwaZulu-Natal sugar plantations too. But similarly, it is a matter discussed by workers and employers alike in Sao Paolo, Brazil; in Manila, in the Philippines; in Shanghai, China; and in Chicago, Illinois, in the USA.

We are small, open economy trying to survive in a turbulent and often very unfair world. While we talk about how unfair the world is, about how Northern markets are closed to many of our goods, about the world's rich subsidises their cotton producers at the expense of the poor. But the human face of these large, seemingly intractable problems, is the single mother of three who has just been retrenched. If we cannot find a solution for her, then we are not worthy of being leaders in the economy. Whether we gather as leaders of labour, of the community, of business or of government.

The solutions are not easy, and they are certainly not short term. The Growth and Development Summit that took place in June this year in Johannesburg placed firmly as its objective, the halving of our unemployment rate by 2014.

The Summit Agreement makes two assumptions. Firstly, it is possible, with the right approaches, to halve the unemployment rate by 2014. Secondly, that we will not be able to provide jobs for all, today. This second assumption is a sobering reminder of the size of the problem we face and the historical legacy that the Apartheid economy and education system has left us with.

...halve the unemployment rate by 2014, if the right approaches are taken... What are 'the right approaches'? What is our plan to achieve this objective. Our approach has to balance short-term poverty alleviation and job creation programmes with long-term investments in building human capital and infrastructure. Our approach has been that Government, business, unions and community organizations have to work together to achieve this objective. It will not happen, if Government works on its own on this matter, nor will it happen if we gather only to apportion blame.

Arising out of the GDS, the following concrete policy measures were agreed to:

- Raising the level of investment by all players in the economy: Government, the large parastatals and the private sector;
- Introduce an expanded public works programme to create a large number of jobs for low skilled people combined with training opportunities;
- Improving the regulatory environment to support business development and boost market efficiency;
- Expanding education and training programmes to underpin long-term job creation
- Deepening social security programmes to provide income support to the most vulnerable;
- Supporting black economic empowerment initiatives to broaden access to economic activity and opportunity across the economy;
- Strengthening partnerships at the sectoral level to encourage growth and job creation

I repeat, these objectives will only be met if we all work together, and, importantly if we pull in the same direction.

There is an Afrikaans word, for which there is no direct English translation, that best captures the spirit of this dimension of the solution to our unemployment problem. The word is 'toenadering'. There is a need for toenadering in fighting this fight. It is our shared responsibility to the forty year old, single mother of three who has just been retrenched.

Before we run off to produce statements which finger globalisation as the root of all problems, it is necessary that we recognize that globalisation is one of the fundamental issues that we need toenadering on. President Mbeki, in an address to the ANC National General Council in July 2000, in reference to globalisation said, "It is this process that we have to understand, with all its features of the rapid and continuous integration of the world economy, the fundamental impact of information technology on the economy and society, the growth of the global system of governance and the reduction of state sovereignty. We must understand these issues because they are critical to our success in ensuring the reconstruction and development of our economy so that it meets the needs of our people at the same time as it gets further integrated into the world economy."

I want to focus now on just one of the items I listed earlier, namely Small Business Development. Let me be honest: I think government has been schizophrenic in promoting small business. We have laws and regulations that are often contradictory. I firmly believe the provincial and local government, together, can do more that we have been able to achieve as national government. Local governments often control the zoning laws, facilitate electricity and water connection,

determine rates and taxes, develop land use plans and control urban road and transport networks. Provinces play the major role in developing the technical colleges, fostering key skills for young people to run their own small businesses, own significant amounts of land that can be released for development, have large procurement budgets to use as leverage for the promotion of small business and control that main arterial road network in the province, a critical asset for an economy to thrive. We must make small business development a bigger part of our policy armory to tackle unemployment and poverty. In supporting small business, big business and community organizations have a crucial role to play. They can be supportive, or apathetic.

In conclusion, I ask you to get hold of a copy of the speech by the President in the National Council of Provinces on Tuesday 11 November. In talking about the expanded public works programme, he mentions detailed research on a number of well-run, successful projects, like Zibambele in Kwazulu-Natal and Gundo Lashu, in Limpopo Province.

We in the Western Cape must take these lessons and replicate them in our own local areas. The President spoke about rural families maintaining roads and earning R334 per month for eight days work.

Is this not something that is possible in parts of the Western Cape? In Gauteng, the Provincial government hires young, unemployed people for three months at a time to repair schools. This entails clearing the veld, fixing windows, repairing pipes and fittings, painting doors and even paving parking areas. These jobs may be short term, but they provide an opportunity for income, for skills to be developed and for people to get their foot in the door of our labour market. Is this not something worth pursuing in the Western Cape?

We can do these things. It requires a bit of money. But more importantly, it requires creativity, energy and commitment. It demands a different level of mobilisation of communities and workers, it requires the unequivocal support of the leadership of labour, of business, of communities and of government – equally committed and closely collaborating.

Let us not forget our collective responsibility to the 40 year old, single mother who has just been retrenched from a clothing factory.

We need an agreement that will give renewed and continuous hope to such a mother. We need to ensure that all sectors participate. We need an agreement that recognizes that each sector will have to give a little in the interest of the general accord. This gathering today, must start from the premise that our collective mission starts from the position that the plight of that single mother

matters in equal measure to each of us – we no longer need to preach to each other, we now need the detail to ensure that she is the central beneficiary of our agreements.

These discussions are indeed a part of what President Mbeki asked of us when he implored us to understand globalisation so that we can, in a determined way, deliver on our commitments to reconstruction and development. We have a sound set of agreements from the Growth and Development Summit in June. They must remain. Yet, as decision-makers all, we must appreciate that there will be nuances in the application of the agreements. These nuances are the product of the differences between provinces and between cities. This city has always been a trading port – its influences have always been as varied as the boats that dock and as the goods that are traded.

Let us pull together, and in the same direction.

More importantly, let us act together.

Thank you.