Minister Ebrahim Patel

It is my pleasure to share a few thoughts with you, after what seems to have been a most interesting but packed Conference programme.

Many of you are visitors to our shores and I hope you had a good stay and will leave with beautiful memories of South Africa.

You have visited your ancestral lands, for this is the cradle of humanity, the continent where our story as human beings began.

And today you were in South Africa when a remarkably important scientific announcement was made, namely the discovery of the single largest hominin fossil collection, with more than 1 550 fossil bones that were found in the Sterkfontein area about 50 km north-west of Johannesburg. The discovery suggests a new species of ancient human ancestor, which has been named now as Homo Naledi.

In this period of your stay, or perhaps as you travelled here, the migration challenges that Europe faces made global headlines.

You may have seen the harrowing picture of a young Syrian boy, curled up and lying in the shallow water on the Mediterranean shoreline, his lifeless body pulling at the humanity within all of us.

The discovery of Homo Naledi underlines the long journey of humanity, from our early ancestors who migrated from this continent, possibly – who knows? – in search of food or a better life that led to the species populating the rest of the world. And the Syrian boy is the tragic story of people migrating from a war-zone in order to find a better, safer life.

Your area of focus, the world of work, is where we journey to find our better life. It is sometimes literally a journey, a movement from one part of the world, or one part of a country, to another, a migration in search of work opportunities.

But journey can also be used as a metaphor for the daily trip to the centres of wealth-creation, in which hundreds of millions of people across the world grow things, dig things, make things, invent things, create things, sell things. In other words, they work. And they return home thereafter, to play, to pray, to rest. But of course, that simple model itself is today undergoing change.

Many of you here tonight have as your job the study of the complex and sophisticated policies, systems and rules that have emerged over the ages to help create more opportunities to work and to determine how we divide the spoils of the hunt or the share the fruits of the harvest.

Your Conference programme shows the enormous scope of the discussions about the world of work.

In South Africa, our principal economic challenge is the creation of decent work opportunities, by which we mean more work and better work.

To fully understand our contemporary challenge, I need to take a step back into the past. Under apartheid, black South Africans were regarded as no more than a vast supply of largely unskilled labour.

Indigenous Africans were dispossessed of their land and many millions were confined to what were effectively rural slums, waiting for the opportunity to work in the city or a mine. Many millions too were incorporated in urban industrial production, workers in advanced and modern manufacturing or mining enterprises. Skill development was limited, as were opportunities for promotion. That was part of the legacy that the new democracy inherited.
Over the past 21 years of democracy, successive administrations have sought to address the triple challenges of poverty, inequality and unemployment.

We have made real, measurable progress in creating new jobs, increasing the incomes for many citizens, expanding access to social services such as health, education, running water and sanitation.

We have addressed the policy issue of labour rights by incorporating certain fundamental rights to associate, to organize, to bargain collectively and to use industrial action, in the Bill of Rights and constitution on which the Republic was founded.

That was the easy part.

The bigger challenge has been to implement policies that grow employment faster than the norm, in a society with a youthful population, which could be either a demographic dividend or a difficult challenge.

At the same time, we have had to address vast changes in the global economy which brought new pressures to our local world of work and no doubt to yours too.

China’s emergence as a major economy has been 30 years in the making, from those first, tentative openings by Deng Xiu Ping to the largest most dramatic industrialisation spurt in global history, exceeding in scale and size the industrial revolution in Europe 150 years ago. Of course, what has happened is simply that China is reclaiming it historical prominence as a major economy. Today China is the world’s largest economy measured by purchasing-power parity.

Globalisation has facilitated China’s entry and has been shaped by that enormous growth; but also by big shifts in technological innovation, geo-political power and policy choices.

The liberalized markets fostered in the Reagan-Thatcher period saw changes throughout the world. These affected trade policy, state ownership in the economy, regulation of labour, product and general markets and union power.

It reshaped the dynamic not only between labour and capital, but also between the state and the market.

This was also a period when old ways of doing things changed and a period of enormous innovation in product development took place. Millions of people across the world were brought into the modern urban economy.

But the changes brought with them other innovations, for example in financial markets, that planted the seeds of systemic instability.

It is against this backdrop that the South African democracy emerged and had to find its feet.

I wish to share a few of the insights and policy choices we made in this environment.

First, we recognized that we needed to grow the economy but that the growth in the size of the Gross Domestic Product, whilst necessary, was not a sufficient nor adequate metric of economic progress, and certainly not of social progress. So we placed employment at the centre of the targets we chase. Growth then is a means of achieving that broader goal, but it should be job-rich growth. Public policies were then based on encouraging, nudging that job-rich growth.

Second, we recognized that to grow our industrial capacity, we needed to widen and deepen our markets.

South Africa is a medium-sized country, with 55 million people. The market is too small to sustain the economies of scale required for many key industrial products. We see the value therefore of integrating our national economy with that of neighbours and we are today part of an economic community of southern African countries. We are now putting together the framework for a bigger expansion, connecting and combining 26 national economies on the continent, with 600 million consumers. That is what we mean by widening our market.
But there is another aspect of the market that is critical. Poverty, unemployment and low-productivity low-income jobs result in shallow markets, with less consuming power by individuals who are outside the mainstream economy or whose earnings are limited.

When governments therefore address poverty and unemployment and find ways to boost incomes in a sustainable manner, they also boost the size of the market. Employed people earn incomes that are a critical part of the aggregate demand in an economy. Rising incomes expand that market. That is what I mean by deepening a market.

But of course, in a globalised world, policy-makers need to find ways to do so without undermining the competitiveness of their economies, which in turn could lead to job losses and deepening poverty.

The tools to do so are often in skills policies for workers and other measures that improve productivity in an economy.

I have spoken in favour of industrialisation. It is particularly vital on the African continent, which has seen deindustrialization pressures in the face of a growth in imports from elsewhere in the world. Industrial capacity has been lost and replaced during the recent commodity boom, with growing export of minerals and agricultural products.

The problem for African countries is that we then do not benefit from the manufacturing and other transformation that create decent jobs and generates most of the value of a product. This leaves our economies as the modern hewers of wood and drawers of water. To address this, there is a growing consensus on the continent that we need to ensure our share of global manufacturing and with it, the research and development as well as other high-level services.

Industrialisation has been of enormous benefit to humanity, lifting millions of people out of poverty, creating advanced economies; expanding human choice, improving the scientific and knowledge base of societies, making books and ideas more widely available - but it has not done so without scars and damage to the environment.

We have committed therefore to finding a path of economic development that is greener, less environmentally damaging. We can do so only within the limit of our resources and in partnership with other countries, in which each shoulder a responsibility but those with higher levels of development take on greater responsibilities.

But we recognize opportunity, not only costs. As the reality of climate-change become more evident, economies will need to radically transform so that we do not leave an environmental wasteland, borrowing from the heritage of the next generation to finance today’s development. Green industrialisation, namely the design of production systems to be more energy efficient and less damaging, is clearly one part of the answer to climate change.

We have shifted the trajectory of our energy-generating industry. South Africa is rich in coal-deposits and historically had most of our energy supplied via coal-fired power stations and a smaller quantity through a nuclear power station located not far from Cape Town.

Over the past four years, we commissioned renewable energy plants, mainly solar power plants and wind farms. We now have about 40 such plants on our national grid, producing enough electricity to power all the homes in a city the size of Cape Town.

Part of our response to laying a solid foundation for inclusive growth and human development has been to invest in infrastructure. Parts of the country is like a big construction site, with inner-city transport systems being built, fuel pipelines laid, clinics refurbished, schools and universities built and power stations under construction. We are now investing close to $100 million dollars per working day in infrastructure development.

So, if I can summarise some of the elements of what constitute our package for jobs and development, I would of course put in some of the core elements such as infrastructure development and industrialisation. I would point to
critical support policies such as industrial innovation, skills development and economic integration. I would advocate measures to promote small business and rural enterprises.

But there is something else, something critical an open and democratic societies and that is building social consensus. It requires investment in social dialogue, in dispute resolution systems and in a willingness to hear the different interests in a society and find balanced solutions.

And part of the search for the right policy mix is to address the changing nature of work. The old model of fixed lifelong employment with one employer, or employment in a traditional 9-5 work environment, has long disappeared. But what should replace it? Work has defined so much of humanity in the thousands of years of recorded history. As the fundamental definition of work changes, driven by technological innovation, does change have to be a threat to human welfare or can change be harnessed to promote greater human freedom and personal flexibility?

They come back to that fundamental question on the purpose of economic activity, how to ensure we develop efficient production systems that help human freedom, instead of sacrificing human freedom and welfare for economic performance - how to find connection and synergy, not trade off.

We are not destined to see insecure and low-paid forms of work as the bitter and necessary fruits of progress. We can aim higher.

I wish you all a pleasant dinner.