

1. ADDRESS BY COSATU 2ND DEPUTY PRESIDENT

Comrades Delegates from across the length and breadth of our country, I am honoured today, on behalf of the leadership of COSATU, on behalf of our 2.2 million fighting members, as well as on my own behalf, to convey our revolutionary greetings to this historic 10th national congress of NEHAWU.

I want to salute you the distinguished delegates, you who carry a mandate from the membership, you who have built NEHAWU into a fortress to which workers can run for protection against our merciless class adversaries. I want to thank you together with your leadership for lifting NEHAWU from the ashes and building it into a campaigning union that has continuously grown from strength to strength.

In 1991 this union had only 18 000 members, in 1994 at the point of our political breakthrough, NEHAWU had 64 000 members, in 1997 when COSATU adopted the September Commission Report this union had leaped into 163 000 membership. In year 2000 NEHAWU had 235 000 members, despite the stagnation and decline between 2000 and to 2003 where you declined from 235 000 membership to 204 000, in 2009 you pulled up this union to a whooping 230 445 membership and last year this glorious union had a membership which hit 260 738.

These are not just statistics but an expression of a time line of struggle and hard work to defend and build unity and cohesion in the organisation. What may appear to be statistics is actually a reminder of political scars that you carry from the class battles which you have fought and won both inside and outside the union. It represents the victories you secured and setbacks that you endured right inside the Public Service Bargaining Council and in the bruising class struggles of our country.

These numbers represent a history which will remind the future generations of what this union of Yure Mdyogolo and Bheki Mkhize is capable of achieving. These numbers are an explanation as to why we count NEHAWU as amongst the unions which had grown by 15 000 or more members when we went to the COSATU's 11th National Congress in 2012.

If I were to be asked as to how NEHAWU passed through its organisational storms and achieved stability, the answer will be found on the fact that NEHAWU is one of those unions which consistently demonstrate ideological clarity. It is one of those unions which invest in the political education of its members. No wonder it has its leaders serving in strategic positions of both the African National Congress and the SACP. As COSATU we should thank you for having given our federation a president who values class unity, who has a combination of being humble and yet deadly firm on the principles, strategies and tactics of our revolution.

NEHAWU has a proud record of firmness and resolution in struggle. The history of this union is replete with stirring examples of commitment in ensuring the improvement of working conditions, improvement of salaries and job security for our members. NEHAWU has coloured its performance through its dedication in the cause of the oppressed and exploited. It is a union known for being unequivocal on the task of building a South Africa that is founded on the principles of Socialism. It is for this reason that we expect NEHAWU to draw from its own experiences and to play a leading role to build unity and cohesion of the federation.

Comrades, as we gather here today our minds cannot stop being taken away to think about uTata uMandela who is currently in hospital and it is paining to know that he remains critical. Our thoughts and prayers will remain with him and the entire family throughout the proceedings of this Congress. We want Tata to know that his organisation is in the right hands

of capable leaders, the Alliance remains intact and that, whatever the challenges and setbacks, the National Democratic Revolution remains on track. We promise that we will use every ounce of our energy to defend our democratic gains and we will not retreat an inch to build a South Africa that is painted in the Freedom Charter, where:

- All can have unhindered access to food;
- No-one shall go hungry;
- There is a preventive health scheme which is run by the state;
- There is free medical care and hospitalisation provided for all, with special care for mothers and young children etc.

As we meet here today we have come to stamp our feet on the ground to pursue a dream articulated by our forbearers under the leadership of uTata, a dream of building a South Africa where:

- Her national wealth and her heritage is restored to the people;
- The mineral wealth beneath the soil, the banks and monopoly industry is transferred to the ownership of the people as a whole; and
- All other industry and trade is controlled to assist the wellbeing of the people.

We remain angered and yet inspired by the fact that this year marks 100 years since the coming into being of the 1913 Land Act and we are prepared to fight to the bitter end to ensure that restrictions of land ownership on a racial basis are ended and all the land is re-divided amongst those who work it, to banish famine and land hunger, and that the state help the peasants with implements, seed, tractors and dams to save the soil and assist the tillers.

Comrades, this Congress has a responsibility to spend some time to understand both the national and international counter revolutionary forces which stand on the way towards the attainment of a South Africa that is based on the Freedom Charter as a direct route to a Socialist South Africa. Secondly, which is also related to the question above, this Congress must ask as to how does it happen that with all the progress we have made we remain with the fundamental question of our revolution not resolved.

How does it happen that with Jacob Zuma as the President of the ANC, Gwede Mantashe as a Secretary General of the ANC, Blade Nzimande as a General Secretary of the SACP and Zwelinzima Vavi as the General Secretary of COSATU in our country, only 36% Africans of working age are absorbed into employment whilst on the other hand, 65% of Whites of working age are absorbed into employment? How does it happen that with these left forces at the helm of our revolution redistribution of income has not occurred in our country and that 50% of the population lives on 8% of national income?

How does it happen that with the progressive resolutions taken from Polokwane we still have a situation in which 56% of whites **earn more** than R6 000 per **month** whereas **81%** of **Africans earn less** than R6 000 per month? How does it happen that with all the progressive policies of our movement the means of production and power remain concentrated in white capitalist hands and that the control of the economy is still in white hands?

The reality of the matter is that both domestic and international capital remains united and coherent in minimising their losses and maximising their profits in the face of global economic crisis which is of their own making. This unity and coherency of capital is seen in the fact that for example, ultra-wealthy banks and corporations from around the globe have some \$32 trillion of wealth hidden in off-shore tax havens. This wealth is hidden in premier tax havens

such as in the Cayman Islands, Cook Islands, Liechtenstein and Bermuda, with the British Virgin Islands described as the "epicentre" of the hidden wealth industry.

Most countries have passed laws which make it easy to secrete away enormous fortunes to tax havens. This phenomenon robs the national economies of the much needed revenue during this period of deepened economic crisis. And yet austerity programs are justified on the basis that there is no money.

You will observe a similar phenomenon in our own country where business has about more than R1.3 trillion which is not being invested in the economy but hidden somewhere. In our country this is compounded by an economic policy environment of financial liberalisation which takes at least 3 forms: (a) Bank deregulation and interest rate liberalisation, (b) Exchange rate flexibility and (c) Removal of exchange controls.

For an example, the removal of exchange controls also facilitated the outflow of capital in the form of delisting of South African conglomerates from the Johannesburg Stock Exchange (JSE) to the London Stock Exchange: Gencor, Liberty Life, Anglo-American, De Beers, Old Mutual, SA Breweries, Investec and Didata are all big firms that have accumulated capital by exploiting South African and regional labour through the migrant labour system and apartheid repression. They have now found a way to eschew the responsibility of financing industrial diversification in South Africa. Because of such large outflows of domestic resources, South Africa's dependence on short-term capital flows to finance its expenditures has increased. High interest rates themselves serve to depress domestic saving, which is insufficient to finance investment expenditure.

This way of managing the economy led to a rapid rise in South Africa's foreign debt from \$25 billion in 1994 to \$78 billion in 2008, with relatively little increase in real productive investment in the private sector. In just 5 years, the share of foreign capital inflows in total savings rose from zero in 2001 to 75% by 2008, a swing from the outflows registered in 2002. This makes our economy vulnerable to capital flow reversals and entrenches the power of global financial capital to work with in alliance with domestic capital to determine the content, pace and direction of domestic state policy.

Studies show that austerity measures are either being implemented or under serious consideration in 138 countries, including 94 developing countries. This shift towards austerity has been most pronounced in the Middle East and Africa, where three-quarters of the region's countries have seen their GDP contract by 5.3% on average. This means cutting on state-funded social services like basic maternity care, immunizations, schools and food assistance.

In the South African context this collusion between capital and the state is being consciously facilitated by the National Treasury which advocates the neoliberal philosophy based on the principle that growth must occur first, and then employment will follow. The National Treasury, in alliance with capital, argues that economic policy must first promote economic growth, which in turn will generate demand for labour and therefore increase employment - employment will increase people's incomes and thereby lead to an improvement in the distribution of income.

In order to realise this economic structure, it advocates a package of neoliberal policies whose basic tenets include:

- (a) Trade liberalization.
- (b) Financial liberalization.

- (c) Labour market deregulation, which promotes outsourcing, the allowance of casual labour, the use of labour brokers and illegal immigrant labour, in pursuit of the interests of the capitalist class to restore profitability. (As we speak the ANC has retreated from totally banning labour brokers and opted for a 3-month compromise to which our people will be subjected to slavery).
- (d) Limited role of the state which facilitated neo-liberal disengagement of the democratic state from productive activity in critical areas gave way to the elevation of service delivery through tenders by the private sector.
- (e) Fiscal austerity which became a tool through which public sector-induced demand expansion was to be restrained and private sector induced demand was to be expanded. All this fell in line with limiting the role of the state in the economy and relying more on the private sector to correct historical injustices.
- (f) Tight monetary policy which elevated inflation targeting above the development objectives such as job creation and heavily relies on financial market forces, which are dominated by a few large banks, to transmit monetary policy actions to the real sector.
- (g) Independence of the Reserve Bank from the so called government interference, which robbed the population of an important institution through which it can allocate resources to advance its democratic aspirations. This made it easy for conglomerate elites to co-ordinate their private interests.

This means that at the centre of our class battles is the macro-economic policy. This battle takes place right inside and outside our movement. The agenda of defending the neoliberal, macro-economic framework is driven inside and supported by both the domestic and international capital. This finds expression in some sections of the National Development Plan to which we have objected.

At the centre of the reasons why it is difficult to undo the colonial and apartheid legacy is that there is clear refusal by the National Treasury and its allies to implement the progressive Polokwane economic resolutions and the decisions of the previous Alliance Economic Summit. In other words, in spite of having the progressive-minded cadres in charge of the state machinery, the ruling class has its representatives in charge of the government's purse and calls the shots in the interpretation and implementation of government policies.

It is for this reason that as we mark 40 years of the 1973 Durban Strikes this year we should up the stakes as those brave workers in the Coronation Brick and Tile factory did in 1973. The first thing is that we should be more clear about what we are up against and be even more clear about what we want. We must tell everyone, using every platform we get, whether it is in the Alliance Economic Summit or in branch meetings, that we want a South Africa that is painted in the Freedom Charter. If they give us a National Development Plan we must point out its deficiencies in realising the vision of the Freedom Charter.

Our 11th National Congress instructed that we should work with our allies to call for:

- A radical overhaul of our macro-economic policy in line with the radical economic shift which we all agree needs to happen;
- 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 state's disposal, which can be deployed to regulate and channel investment, production, consumption and trade to deliberately drive industrialisation, sustainable development, decent employment creation, and regional development, and to break historical patterns of colonial exploitation and dependence.

We should be unambiguous about the fact that the radical economic shift requires that institutionally, the Treasury, which constitutes the biggest obstacle to the government's economic programme, needs to be urgently realigned. A new mandate needs to be given to the Reserve Bank, which must be nationalised and the National Planning Commission must be given a renewed mandate to realign the national plan, in line with the proposed radical economic shift. Aspects of the New Growth Path also need to be realigned in line with the proposed new macro-economic framework. All state owned enterprises and state development finance institutions need to be given a new mandate.

We should call for urgent steps to be taken to reverse the current investment strike and export of South African capital. There is currently R1.3 trillion lying idle in social surplus which employers are refusing to invest. These measures need to include capital controls and measures aimed at prescribed investment and penalising speculation. We should call for the urgent introduction of comprehensive social security. But comrades, it should be clear to all of us that these tasks require a strong united and coherent organisation of the left, which shares common ideological perspectives, strategies and tactics.

It must be clear to all of us that this is a class battle which requires that we should muster all our forces on our side. It is a battle which requires that we work closely and blend our strategies with the South African Communist Party. We can no longer afford to treat the SACP as our ally in terms of resolutions written on paper and not in practice. We will have to work for the coherency between ourselves and the party as never seen in history before.

These tasks will require that we should strengthen rather than scorn those who have been elected to serve in the ANC NEC. The ANC NEC must hear our footsteps on every item they discuss in the agenda. We will have to be open about our intentions to isolate and defeat the class enemy. We must go down to branches of the movement and agitate for radical economic transformation as agreed in Mangaung.

We must participate in the ANC election structures and be visible in the mobilisation towards the ANC election victory so that we can claim the ANC is ours. We must prepare to participate in the development of the election manifesto so that we can ensure that the demands of the freedom charter remain elevated in the manifesto.

We must not make a mistake of expecting the ANC to deliver something outside of its policies. We must use ANC resolutions and historical perspectives in engaging the ANC as our own organisation. We must open the Morogoro Strategy and Tactics, open the Freedom Charter, and open the Polokwane Resolutions to remind our ANC of its own commitments. We must know that success on even these known resolutions of the movement will be a function of our struggle to tilt the balance of class forces inside and outside the movement.

This class battle will require that we rebuild COSATU into a strong federation of fighting unions which are closer to members and who account to members and not where there are shop stewards who negotiate with employers with brown envelopes to submit their CVs for promotion by selling out workers. This task will require a united COSATU that is a formidable force which is not easy to break. It means we must not doubt each other's allegiance to the revolution and commitment to the strengthening of the Alliance. It means we must remain firm on the ideological outlook of our movement.

It means we need to trust each other as comrades, as activists and as cadres who believe in placing our talents, skills and ready to sacrifice our all in pursuit of the National Democratic Revolution as a direct route to Socialism.