

SPEECH OF THE PRESIDENT OF SOUTH AFRICA, THABO MBEKI,
INTERNATIONAL LABOUR CONFERENCE,
Geneva, 11 June 2003

It would seem right that I should start by introducing myself. I come from Africa. I am employed. I am certain the job I do qualifies for the description 'decent work'. Though I would not like to broadcast this matter too loudly, I would say I earn a living wage.

However, I owe the position I occupy to a decision taken by millions of our people, the majority of whom are poor. These poor masses elected the ministerial members of our delegation and I into government, in the knowledge that we would ensure that the new democratic order in our country does everything to extricate them out of their miserable condition of poverty and underdevelopment.

Many among these masses are unemployed, with no guarantee that they will get a decent job tomorrow. They fall among those about whom the esteemed Director-General of the ILO, Juan Somavia, has written in his outstanding Report, "Working out of Poverty".

As he says, for these fellow Africans, "poverty is a nightmare. It is a vicious circle of poor health, reduced working capacity, low productivity and shortened life expectancy. For (their) families, poverty is a trap. It leads to inadequate schooling, low skills, insecure income, early parenthood, ill health and early death. For (their) societies, poverty is a curse."

These masses expect of us that everyday, and wherever we may be, we should speak out and act against poverty. They expect that we will approach the challenge of poverty eradication honestly, without prevarication, and implement programmes that actually produce results.

They have the will to survive, of which Juan Somavia speaks, but need the support and possibilities to move up the ladder of opportunity, for which he calls. They expect that we will address the structural failures, the ineffective economic and social systems, the inadequate political responses, the bankrupt policy imagination and insufficient international support, that are the cause of their poverty, as the Director-General correctly points out.

The International Labour Conference and the International Labour Organisation occupy an important place among the global forces that have to join, and are part of, the war on poverty. Our people and the social partners of our country represented at this important Conference, as well as our community organisations, feel privileged that they have you as comrades-in-arms in the struggle to eradicate poverty in our country, in the rest of Africa and throughout the world.

It is also in the same spirit that I must thank you for the opportunity you have given us to address you. As our people and the distinguished delegates know and expect, we must, like yourselves, focus once more on the central and urgent challenge of the global war on poverty.

In the Parable of the Talents in the Biblical Gospel according to St Matthew, a money merchant, angry that one of his servants did not discharge his duties as a fund manager, by using the Talent given to him to trade in the money markets, said:

"Thou wicked and slothful servant, thou knewest that I reap where I sowed not, and gather where I have not strawed;

"Thou oughtest therefore to have put my money to the exchangers, and then at my coming I should have received mine own with usury.

"Take therefore the talent from him, and give it unto him which hath ten talents.

"For unto every one that hath shall be given, and he shall have abundance: but from him that

hath not shall be taken away even that which he hath.

"And cast ye the unprofitable servant into outer darkness: there shall be weeping and gnashing of teeth."

Among the hundreds of millions of the African world from which we came, as we travelled to Europe, the outer darkness into which the money merchant cast his unprofitable servant, there is much weeping and gnashing of teeth. Those who do not hear and do not see the agony, have neither ears to hear nor eyes to see.

But I am certain that even they who do not see or hear the people, have seen the great volumes of literature that describe in the greatest statistical detail and graphic language, the extent of the poverty that afflicts billions in Africa and the rest of the developing world.

The poet has written: "If music be the food of love, play on. Give me excess of it, that surfeiting, the heart may sicken and so die." Since we speak here of neither music nor love, we cannot ask for excess of information about the incidence and human consequences of poverty, because we have enough of it. The simple fact is that we who sit in this room, and others like us who are not here, but constitute the global leadership of all humanity, know everything we need to know about poverty.

The surfeit of information available to all of us says that we live in a world defined by a deep economic and social structural fault that mirrors the angry outburst of the money merchant of the Parable of the Talents, when he uttered the ominous curse not just to his servant, but to the poor of the world: "For unto every one that hath shall be given, and he shall have abundance: but from him that hath not shall be taken away even that which he hath".

Obviously, we have to explain what we have just said, lest we are accused of special pleading and being overly dramatic.

The European Union has what it designates as European Structural Funds. These funds support social and economic development and modernisation among the members of the Union. These Structural Funds account for over a third of the EU budget.

From these Funds, for the period 2000 to 2006, the EU allocated a total of about 16.6 billion Euros to the United Kingdom for specific objectives. The specific Funds concerned are:

- The Regional Development Fund, which aims to improve the economic prosperity, social inclusion, development and diversification of industry in areas that are lagging behind relative to the rest of the Union;
- The Social Fund, which assists with human resource development and equal opportunity schemes, to end unemployment by, among other things, training workers in skills that match available jobs;
- The Agricultural Guidance and Guarantee Fund to encourage the restructuring and diversification of rural areas;
- The Financial Instrument for Fisheries Guidance to modernise the fisheries sector and related industries; and,
- The Fund for Community Initiatives.

These Funds are available to all the countries of the European Union. As we know, most of these countries are highly developed.

Quite correctly, the EU made the determination that there are certain regions within the member countries of the Union that are so underdeveloped relative to the rest of the Union, that it would be incorrect to rely on the market to supply the resources to end such

underdevelopment.

It therefore decided that the only way to address this problem would be to direct specifically targeted official funds to the affected areas, to ensure that they reach the necessary levels of development. Simply put, the Union decided that it had to engage in a deliberate process of resource transfers to ensure the even and balanced development of all communities within the Union.

For our part, we are convinced that this was and is a correct decision and practice. I would like to believe that all of us here share this view and applaud the European Union for not falling victim to what the financier, George Soros, has described as "market fundamentalism", which would have led the EU to conclude that the underdevelopment we have spoken of, would be addressed through reliance on market forces.

I am certain that the distinguished delegates here are all familiar with what is known as the Washington Consensus, developed in the early 1990's. This was a list of policy prescriptions that were said to be necessary to stimulate economic growth, especially in developing countries, ensuring, among other things, the necessary capital flows into countries that respected these prescriptions.

The prescriptions included trade liberalisation, fiscal discipline and 'sound' macro-economic policy, privatisation, deregulation, tax reform, absence of civil strife, democracy, promotion of inward investment, secure property rights, avoidance of 'crony capitalism', adherence to all manner of standards relating to banking and the financial markets, and others.

The rules that have been set tell the poor that unless they can reassure those that have, that more will be given to them, they must not expect that the haves will have any concern about the fate of those who have not.

Many developing countries, eager to secure much-needed investments to pull their peoples out of the morass of underdevelopment, embraced the Washington Consensus policy conditions for growth, and used whatever capacity they had to implement them.

A weekly newsletter dated 12th April 2000, titled 'Sand in the Wheels', addresses the question of capital flows in the context of the issue of the debt burden of poor countries. It said:

"Nobody today contests the fact that the public debt is an intolerable burden for many countries and peoples of the South. Even the international financial institutions admit that this is so. Not that debt is the only reason for poverty, or for the widening gap between rich and poor, or for the blockage on development - but it sums up and amplifies these problems."

The newsletter says further that:

"Too often, payments on debt take precedence over vital needs of the populations. Take sub-Saharan Africa, which paid out \$14.5 billion to service the debt - four times the total sum spent on public health. Take Latin America, where the service of the debt represents annually 35.6% of the subcontinent's exports of goods and services. Take Mozambique, so recently hit by terrible floods, and where in 1995, 33% of the budget went to servicing the debt, against only 3% for health, and 7% for education. Examples are legion".

The Washington Consensus urged the countries that bear this debt burden to implement its policy options as a necessary requirement for the creation of the conditions that would result in the solution of their problems of poverty and underdevelopment through the market mechanism. These countries had to make themselves as beautiful and alluring as the best mythical maiden, so that they attract the rich suitors with investment funds, who populate the global capital markets.

On the other hand, and quite correctly, a developed and prosperous country, the United Kingdom, has been allocated 16.6 billion Euros by the EU, to address development challenges that are relatively minor, compared to those confronting the developing world. In

the instance of the UK, as with other relevant regions within the EU, no call is made that these regions should beautify themselves for the benefit of the market, and depend on this market to supply the resources to pull them out of their relative backwardness.

Bear in mind that even as it tried to prepare itself for the suitors, Sub-Saharan Africa was transferring to the rich countries of the North, including those of the European Union, \$14.5 billion to service its debts. As a result, and as we all know, these African countries could not provide jobs, adequate health services and nutrition, education, housing, clean water and sanitation and other basic necessities to their citizens.

Part of the money given to the United Kingdom is for a "unique PEACE programme" in Northern Ireland. Again, we believe that the EU was correct to take this decision. But for developing countries, there must be peace, stability and "absence of civil strife", to use the words of the Washington Consensus, before the rich can consider giving any financial assistance. In one case, resources are allocated to achieve peace. In another, peace must be achieved before assistance can be considered.

The newsletter to which we have referred is aptly called 'Sand in the Wheels', and speaks eloquently of the cruel reality of the obstacles that ensures that many developing countries remain poor. It continues that:

"Debt (also tells a story about) the state of relations between North and South. Structural adjustment programmes were imposed on countries of the South to restore their capacity for debt repayment, and caused further deterioration in the living conditions of the most fragile classes of the population. The financial transfers from South to North in service of the debt set a mortgage on all chances of development, representing as they do four times the OECD budget for public aid to development."

The money merchant in the Gospel according to St Matthew had said that "For unto every one that hath shall be given, and he shall have abundance: but from him that hath not shall be taken away even that which he hath".

Indeed, we have seen how in the last decade, as globalisation brought faster growth and better living conditions to some parts of the world, the majority of poor countries have become increasingly marginalised, sinking more and more into poverty.

At the same time, many of these poor and developing countries spend their limited resources to train, develop and increase the capacity of their human resources. This, as we know, is one of the conditions for these countries to achieve sustained development, integrate into the global economy and begin to compete with the developed countries.

Unfortunately, however, these rich countries use their enormous resources to entice and recruit some of these skilled workers and professionals away from their poor homelands, to work in the developed countries. To those that have...

Much the same thing can be said about other matters, such as commodities, terms of trade, market access, access to affordable drugs and medicines, and others. To those that have...

Accordingly, the poor citizens of the world are right to pose the question to all of us at this conference and in other global forums - what can we do together to end the intolerable situation foreseen in the Parable of the Talents!

When we studied economics in South Africa and England, my lecturers and professors told us that we must understand this clearly, that the central and immanent driver of the capitalist economy is the maximisation of profit.

Even as we struggled to understand such interesting phenomena as 'elasticity curves', memorise the phrase unrelated to human society, namely, 'other things being equal', and having mastered such categories as 'supply and demand', we had to remember that the critical organising principle of the myriad of goings-on in the market place was the profit

motive.

I have not attended a class in economics for some time now. But after much reflection, I can think of no reason why today's South African and English lecturers and professors of economics would say anything to their students that would be different. I presume therefore that, other things being equal, profit maximisation remains an immanent feature of the capitalist economy.

I must also suppose that having understood this, the EU took the decision that there are certain social challenges that those who must necessarily pursue maximum profit should not, and cannot be expected to address.

I presume that in this way, they came to the conclusion that it would be unreasonable to expect that the problems of underdevelopment in the Merseyside and the Scottish Highlands and similar regions of the United Kingdom, could be solved by those who, ineluctably, must be driven by the objective of profit maximisation.

If all these assumptions are correct, the question must necessarily arise as to whether the much larger problems confronting Africa and the rest of the developing world can be solved through a preponderant dependence on those who, objectively, have no choice but to pursue the goal of gaining maximum profit from their economic activities.

As we have sought to argue with regard to various regions of the UK, this same question is arising with regard to many major cities in developed Europe. These are also affected by the process foreseen in the Parable of the Talents, with visible signs of widening disparities in wealth, growing impoverishment for some, increasing numbers of the working poor, and expanding numbers of people who have effectively dropped out of the labour market.

The burden of our argument is that, as leaders of the peoples of the world, we have to understand properly and without prevarication, the facts available to all of us, which confirm the correctness of the prediction of the money merchant reported in the Gospel according to St Matthew.

Having taken this position, I believe we must also make the determination, as the European Union has, that there are certain challenges of poverty and underdevelopment that can only be addressed through a conscious process of resource transfers from the rich to the poor, globally. The decision must therefore be taken that those elected by the people to represent them and to pursue the public good, above sectional interests, have an obligation to ensure that such resource transfers take place. The process of globalisation says this decision can no longer be taken solely at the national level. The war against global poverty calls for global action.

I am convinced also that the leadership gathered here, and others elsewhere, should also recognise the fundamental truth that the greatest quantities of stored value available to address the critical and structural global challenges of poverty and underdevelopment - capital - are in private hands.

Accordingly, meaningful ways and means have to be found to mobilise this capital to help finance the eradication of global poverty, in its own interest, while keeping in mind the feature central to its nature, of the maximisation of profit.

At the beginning I said I belong among those who are employed. I am certain that, as an individual, I must also ask myself the question as to what I should do to contribute to the common fight to eradicate poverty. I would not ask this question out of a sense of altruism, and perhaps not even out of a sense of class solidarity.

I, who disposes of no wealth and live by the sweat of my brow, will say to myself that it makes no sense that those who are employed today should be unemployed tomorrow. It is an intolerable burden on me that I should live in daily fear of retrenchment. It is equally unjust that my rights as a working person should be threatened, because there is another at the

factory gate who is ready to take my place on the factory floor, because he or she is ready to accept lower wages, intolerable working conditions, casualisation of labour, and non-implementation of the standards set by the ILO.

Having arrived at these positions, I must ask myself the question - what should I do, in my own interest, to end poverty and underdevelopment, to contribute to the realisation of the objective so eloquently advocated by Juan Somavia, "working out of poverty"!

All these players, the governments, the business people and the workers are present in this room. I am certain that each has a material interest in the solution of the problems of poverty and underdevelopment. I am equally certain that all of us will make greater and faster progress towards achieving this common goal if we act together as social partners, in the tripartite alliance that defines this Conference and the ILO.

The poor of the world watch and wait to see what decisions we will take and what programmes we will implement. These are the billions cast out into outer darkness, among whom there is much weeping and gnashing of teeth. They are convinced that collectively, we have the power to do something to change their condition, including putting them on the ladder of opportunity that will lead to the eradication of poverty through decent work, of which the Director-General has written.

Perhaps they do not know this, but all of us here do, that the resources exist within the world economy and society to achieve the objective of the eradication of poverty, globally. The question we must all answer is why we are not using these resources to achieve this goal that is of central importance to the poor and unemployed, but also to those of us present here, who represent the tripartite constituency of the ILO.

During the last few years, the world community came together at the UN Millennium Summit, the Doha Development Round, the Monterrey Summit on Financing for Development and the Johannesburg World Summit on Sustainable Development. If we are serious about defeating the forecast made in the Parable of the Talents, we have an obligation fully to implement the critical decisions we took at these meetings. We have a duty to ourselves to ensure that the resources are available to achieve the objectives that humanity set itself at these historic gatherings.

During this period, the peoples from whom I come, the Africans, launched the African Union and its development programme, NEPAD. Through these processes, the African masses have made the statement that they will act together, to end war and conflict on their continent, to end dictatorship and domination by corrupt elites, to use their means and capacities to end poverty and underdevelopment in Africa, to bring to a close the long period during which many in the world saw everything African as the very representation of human backwardness and barbarism.

At the same time, these African masses have made the call to the rest of the world to respond to the noble objective of human solidarity, by annulling the curse of the ancients, that billions of human beings shall be cast into the outer darkness, there to weep and gnash their teeth.

I belong among the African masses that, for centuries, have been cast, like the unprofitable servant, into outer darkness, so that some should reap where they have sowed not, and gather where they have not sowed.

But these masses are people who, as Juan Somavia has said, have "enormous reserves of courage, ingenuity, persistence and mutual support...who daily demonstrate the resilience and creativity of the human spirit. (They), the working poor are the ultimate entrepreneurs."

For these reasons, these masses have made the statement that whatever the odds, we will undo the curse of the ancients. In time, it will be said, again - ex Africa, semper aliquid novi!

At the closing plenary session of the Bretton Woods Conference, which set up the World Bank and the IMF, on July 22nd, 1944, the famous British economist, John Maynard Keynes,

said:

"It has been our task to find a common measure, a common standard, a common rule applicable to each and not irksome to any. We have been operating, moreover, in a field of great intellectual and technical difficulty. We have had to perform at one and the same time the tasks appropriate to the economist, to the financier, to the politician, to the journalist, to the propagandist, to the lawyer, to the statesman - even, I think to the prophet and the soothsayer. We have shown that a concourse of 44 nations are actually able to work together at a constructive task in amity and unbroken concord. If we can continue in a larger task as we have begun in this limited task, there is hope for the world."

The question this Conference will have to answer is whether, 60 years after Keynes made this statement, we still have the possibility to make the statement that 'there is hope for the world.'

If we do not make this statement in a meaningful way, we should not delude ourselves into believing that only the economists, the financiers, the politicians, the journalists, the propagandists, the lawyers, the statesmen, the prophets and the soothsayers, of whom Keynes spoke, have a voice.

We must remember that even those cast into the outer darkness, among whom there is weeping and gnashing of teeth, are also capable of speaking. And when they do speak in the end, on all continents, including where we are meeting, they will proclaim - we are the hope of the world, free at last of the curse of the money merchant!

My personal prayer is that they would give me an opportunity to introduce myself to them, as you gave me an opportunity to introduce myself to you. At that moment, I would say to them that I did what I could to ensure that no human being anywhere in the world, regardless of nationality, race, colour, gender, age or ability, had to bear the indignity, pain and humiliation of unemployment, hunger and deprivation. I would pray in my heart that they believe me.