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| |  | | --- | | [Home](http://www.solidaritycenter.org/index.asp) > [Informal Economy](http://www.solidaritycenter.org/content.asp?contentid=1329) > Welcoming Remarks | | |  |  | | --- | --- | | **Welcoming Remarks** | | | http://www.solidaritycenter.org/images/1px_spacer.gif | [Print This Page](javascript:PrintThisPage();) | [Email to a Friend](http://www.solidaritycenter.org/EmailToFriend.asp?contentid=1395&title=Welcoming%20Remarks%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20&sendemail=1) | | |  | | **http://www.solidaritycenter.org/content_images/infeconconf_banner.gif**  **Welcoming Remarks Zwelinzima Vavi, General Secretary, Congress of South African Trade Unions**  Thank you very much for giving me the honor of delivering this welcoming address to such a representative gathering and on such a burning issue.  The relentless rise of unemployment, coupled with the growth of the informal economy and the rapid casualization of labor, are the biggest challenges to the international labor movement.  The crisis was well summed up by Sharan Burrow, general secretary of the International Trade Union Confederation, in her address to COSATU’s recent central committee:  “Unemployment is the highest on record, with some 205 million people officially without jobs. This is unacceptable but sadly it is the tip of the iceberg. The informal economy is growing in every nation. Then there is the tragedy of our children and grandchildren with some 45 million young people entering the labor market every year looking for jobs, decent jobs that economies cannot offer. This scourge of the global economy that will exclude a whole generation from opportunity and income security cannot be tolerated.”  If these trends continue the future will be catastrophic for all workers. High unemployment and casualization threaten to undermine every gain the trade unions have achieved over decades. Workers will be plunged into a world where they are at the mercy of market forces and the pursuit of profit by ruthless employers who will drive down wages and hire and fire workers at will.  In Africa, according to International Labor Organization statistics, somewhere between 60 percent and 90 percent of the active population is now employed in informal economy. In sub-Saharan Africa, if South Africa is excluded, the share of informal employment in non-agricultural employment is 78 percent.  Most informal workers are women and young people who have no other choice than the informal economy for their survival and livelihood: 84 percent of women non-agricultural workers are informally employed compared with 63 percent of male non-agricultural workers.  Workers in the informal economy generally have no contracts, no fixed hours, and no employment benefits such as sick pay or maternity leave. Most are deprived of security and access to trade union membership.  There is a tiny minority of enterprising informal workers who can climb the first few steps to prosperity, some of them going on to become successful entrepreneurs. But for the vast majority, the informal sector means grinding poverty. There is a clear correlation between working informally and being poor. Where informality is on the rise, the numbers of working poor are increasing or remain the same, while conversely in countries where informality is declining, the numbers of working poor are also down.  Although their individual incomes are low, cumulatively these informal workers contribute significantly to gross domestic product (GDP). The ILO has estimated that in 16 sub-Saharan countries, on average the informal sector contributed 41 percent to GDP, ranging from 24 percent in Zambia to 58 percent in Ghana. These figures suggest that the informal economy is not only a significant employer but is critical to local economies.  The 2010 UN Congress on Trade and Development Report draws a clear connection between the role of the informal sector in Africa, and the inability of African economies to develop manufacturing industry and broad-based industrialization.  It confirms exactly what COSATU has been saying in relation to South Africa. The main reason why we have failed to create employment, and on the contrary have been losing jobs, is that that we have remained trapped in an economic structure which we inherited from the days of colonialism and apartheid.  Like so many other former colonies we have been over-dependent on the export of raw materials, in South Africa’s case its gold, platinum, coal and diamonds.  That is why COSATU has been campaigning so strongly for a new developmental growth path to take us out of the economy we inherited from colonialism and apartheid and build one based on manufacturing and the development of a skilled, well-paid labor force.  That is the only way we can hope to achieve the government’s ambitious target of creating five million new jobs by 2020, a target which we have to reach if we are to tackle all the problems which are rooted in our levels of unemployment.  We have enjoyed many reforms under ANC governments, which have improved the lives of thousands of South Africans.  We have one of the world`s most democratic constitutions. Over 2.5 million houses have been built, giving shelter to over 10 million people. Six million households have gained access to clean water since 1994 and electricity has been connected to nearly 5 million homes. 15 million people are receiving social grants. Of those, 9.5 million are children less than 14 years old (compared with 2.4 million in 1996).  Yet because of the massive levels of unemployment and the growth of the low-paid and insecure jobs, millions of South Africans in economic terms are no better off, or even worse off, than before 1994.  In South Africa and elsewhere, one of the biggest culprits for the impoverishment of workers are the labor brokers, who drive the process of informalization. Labor broking amounts to the trading of human beings as commodities. They agree with the so-called "client" company to supply them labor for an agreed price, while the true suppliers of the labor, the workers, are excluded from this process, thereby undermining their rights to negotiate wages and employment terms.  Apart from undermining collective bargaining rights, labor brokers are also often suppliers of scab labor to replace workers on strike, with aim of undermining the rights to embark on industrial action. COSATU is determined to fight for the banning of this modern form of slavery. So long as labor brokers are allowed to operate freely, the establishment of decent work will remain a pipe-dream.  At the moment in South Africa we are moving in the opposite direction. The informal sector is growing and more formal sector jobs are being “informalized”. Clothing factories are outsourcing production to “home-workers;” parts of the retail sector are being franchised; the public service is outsourcing work to “tenderpreneurs.”   Some workers are formally self-employed and supposedly independent, but are often at the mercy of oppressive relations with suppliers, municipal authorities and others.   A significant proportion of informal sector workers are immigrants, who have come into South Africa seeking work and economic opportunities. Many employers, particularly in construction, catering and farming, exploit the chance to employ vulnerable, sometimes illegal, workers and reduce their labor costs still further, as well as flouting labor standards or dealing with trade unions.  This can generate conflict and tension between South African workers and immigrants, both legal and illegal, and fuel the xenophobia which is emerging in South Africa.   Large numbers of vulnerable, informal workers are women, including most domestic workers, and many of the seasonal workers in agriculture, the retail and catering sectors.  The big majority of their employers do not comply with labor standards and the laws which are supposed to protect them. The vast majority of informal workers are not organized in unions. This makes them vulnerable to many different kinds of exploitation and oppression.   The existence of this growing army of unorganized workers inevitably impacts on the power and conditions of unions in the formal sector. It enables employers to reject wage demands by threatening to sack the workers, outsource their operations, and hire other workers from labor brokers.  This concerns COSATU, both from the point of view of promoting human rights and social justice in general, and from the point of view of protecting the strength of the trade union movement.  Getting informal sector workers organized is the absolutely necessary first step in improving wages and conditions. The question facing COSATU however is how to start organizing workers who often have no fixed employer or workplace, including those who are nominally self-employed but are often just as poor.   It is a task we cannot shirk, but one in which we need to work closely with civil society organizations working in the informal sector, as is happening in many countries in Africa and India, where trade unions are beginning to organize or build alliances with organizations of informal-sector workers, with a view to understanding their concerns, how they organize and who they represent.  COSATU must be a home for all working people, but especially for the most vulnerable layers of workers. Sub-contracting, casualizing, and informalization deny workers the human rights that our constitution and laws are supposed to guarantee them: the right to organize and to engage in collective bargaining, and to work in safe, healthy and decent conditions.  Government also has a crucial role. The South African government has signed ILO conventions guaranteeing workers’ basic rights. The latest is the ILO Convention on Decent Work for Domestic Workers. But too many of the principles enshrined in these conventions, our constitution and labor laws are honored in words but ignored on the ground.  There must be a campaign to increase the number and quality of Department of Labor inspectors to enforce these principles on all employers without fear or favor.  Some of you here today will have attended the Civil Society Conference we held in October last year. Its final declaration summed very well our underlying problems:  “South African citizens have a constitution and laws which give better guarantees of social justice, human rights, and equality than almost anywhere else in the world. Yet in practice millions are denied these rights, especially socioeconomic rights...  “The rich elite earn millions by exploiting the labor of the working class. A minority, including some of our own former comrades in public office, make their millions by corruptly manipulating opportunities to win tenders, bribing officials or using political connections."  There is no simple answer to the problems of workers in the informal sector, but the creation of thousands of decent jobs must be central to any strategy to get rid of poverty.  To the individual worker secure and well-paid employment not only brings an income but self-respect, self-confidence and personal dignity. To society lower unemployment brings more people into the market economy as they spend their wages on goods and services, which in turn creates more new jobs to meet the growing demand.  There is hope for the workers mired in the informal economy but they will not be handed security and wealth on a silver platter. No real, lasting improvements in the lives of the poor will be won without a struggle for power concedes nothing without the struggle. We had to fight for our political emancipation in 1994. Seventeen years later we must revive those same traditions of selfless struggle to win a new but old struggle for our economic emancipation, justice and peace.  I wish you success as you grapple with this difficult challenge. | |