

New Development Paradigm

Challenges for employment, social inclusion and poverty eradication in a sustainable planet

Zwelinzima Vavi, Congress of South African Trade Unions general secretary's input to Madrid Dialogue on green economy and decent jobs, 12 April 2011

Our challenge today is the massive concentration of wealth in the hands of a few people, accompanied by the rapid degradation of the natural environment. A study by the World Institute for Development Economics has found that 1% of the richest adult population owns 40% of the world's wealth.

The 2008 study notes that 'roughly 30% of world wealth is found in each of North America, Europe, and the rich Asian-Pacific countries. These areas account for virtually all of the world's top 1% of wealth holders'.

In addition, the study projects that if the patterns of accumulation continue, 'the lower deciles will be increasingly dominated by countries in Africa, Latin American and poor parts of the Asian-Pacific region.'

Now we all must find consensus around the need for a new global development trajectory. Most of the world's poor live in economies

that operate within the framework that was historically constructed by colonialism. What colonialism has done, and the current global patterns of accumulation continue to reproduce, is the global division of labour that has made many smaller economies vulnerable to global and climate shocks. For these economies to emerge out of these vulnerabilities, they have to industrialise.

The largest rain forests, which are crucial climatic stabilisers, are located in some of the world's poorest countries. The tropical rainforests of Brazil are 90 to 95% less than what they should be. The UN Food and Agriculture Organization says 8.5 million hectares of rainforests are pulled down every year.

Countries such as India, Mexico, Philippines, Bangladesh, the Congo and Ghana have lost more than 50% of their rainforest cover while Nigeria is said to have permanently lost 80% of

its forests. Even despite this, the forests in these countries continue to play a crucial role in stabilising global climatic conditions.

Not only this, some of the most strategic minerals that continue to be essential to the current, global accumulation of capital are found in the world's poorest regions. Yet, the extraction of these minerals has not been sustainable. It has not been sustainable in two ways.

Firstly, the benefits to the local populations have been extremely limited and these benefits have been in the main accumulated by multinationals and the local elites.

Secondly, beyond the extractive and environmentally harmful economies, global trade rules, especially those imposed by the WTO (World Trade Organization) and its sister organisations, and imposed policies, continue to limit space for these countries to break out of mineral dependence.

In the light of the above, the challenge faced by the developing world, and indeed the global community, is to ensure that countries in which the vast majority of the poor live have a strategic role to play in the new development paradigm.

If we agree that the old pattern of capital accumulation, which paid little attention to the environment, social inclusion and equitable wealth distribution across and within the world's population, has failed the sustainability test, then we should also agree that we need to develop new poles of wealth creation.

For starters I venture to submit that *green industrialisation should be led by countries that have been disadvantaged by the old industrialisation paradigm*. If we talk about social inclusion in a genuine sense, I submit that we have to allow ample scope for those countries that have not industrialised to industrialise. If *Green* technologies and skills have to be developed, the new poles of accumulation need to be countries that have faced difficulties in industrialising, especially those that house the crucial rainforests.

It cannot be that our global well being is to a large extent dependent on rainforests in Central America, Africa and Asia, yet the very same countries are home to the poorest people in the world. If we effect this new division of labour, and ensure that the people in these countries own and control their industries, we will go a long way to ensuring an equitable global development path that is also environmentally sustainable.

UNCTAD (United Nations Conference on Trade & Development) has noted in its 2010 report that 60% of global energy industrial use is accounted for by four sectors: petro-chemicals (26%), iron and

steel (19%), non-metallic minerals especially cement (9%), and pulp and paper (6%).

In my own country, 70% of our exports are made up of petro-chemicals and basic iron and minerals. We also have a vibrant forestry sector, which consumes a lot of water. These industries are clearly problematic from the standpoint of climate change, yet they are essential for our survival at least in the short to medium term. We want to industrialise and move toward low-carbon sectors, but the trade rules have closed the space to do so.

We do not want to hold a gun to the head of the world's population. Left with no other path towards industrialisation, some of us in the developing world will accelerate our industrialisation by extracting our raw minerals, process them, and sell them to the global economy in order to raise sufficient foreign exchange to finance our long-term development strategies.

Some of us will accelerate the pace of pulling down rainforests in order to sell timber for foreign exchange so that we can industrialise to an acceptable level. We need not follow this route if the patterns of global division of labour are properly laid out to guarantee global equitable development.

Let me close my input by stating that in our view, *it will not be proper to set punitive standards for carbon content whilst the requisite capital equipment to produce low-carbon commodities is still owned by the rich nations*.

We will not accept unequal distribution under green industrialisation. Therefore, when we say we need to seriously confront the need to create genuinely new poles of green wealth creation on a global scale, we mean that *we will not support any form of capital accumulation that breeds inequalities -*

even if these forms of capital accumulation are green.

In this, social protection in particular is very important for countries of the South and Africa in particular. Social cohesion is as important as the challenge of broader economic development.

Many countries in the South can simply not afford to provide social security to their people and regrettably many countries in the developed nations are embarking on so-called fiscal consolidation measures that will leave more workers more vulnerable. Yet we all know that increased human capital supports economic growth and limits the risk of excessive income inequality whilst ensuring redistribution of wealth.

Our objective of decent work can only be realised through effective provision of quality education, health care and social security protection. *Social security systems therefore can reduce the pressure on natural resources*. We need a proper legislative framework to provide a social protection floor as a first step towards a more comprehensive social security system that will address vulnerability of the poor.

Caring states genuinely concerned about growing inequalities between and within, must promote these protection measures for their people. A recent study of the ILO (International Labour Organization) shows that a mere 0.5% of the GDP can put in place important elements of the social protection floor. This 0.5% can progressively be moved to 5% of the GDP to provide a more comprehensive social security system.

To me it seems failure to do this will be not just a dereliction of political responsibility but a crime that risks more uprisings as we have seen in the northern parts of Africa recently. ■