



Statement by IOE President,

Prof Wiseman Nkuhlu, to the IOE Membership

January 2009

As we start this New Year, the fragile state of the global economy continues to dominate the headlines. The significant fallout from the 2008 financial crisis spreading to the real economy continues to gather momentum. Companies are feeling the pressure, many facing difficult decisions in 2009, with certain sectors: construction, natural resources, retail, tourism and finance finding themselves in particularly challenging circumstances.

We live in an interconnected global economy. The big fluctuations that we have seen in some commodity prices over the last year, along with the repercussions of the financial crisis, have clearly demonstrated that this interconnection means that, across the globe, our economic fortunes are mutually dependent.

In this climate of uncertainty, and indeed anger at the failures we have witnessed, there have been emotional calls for new policy and regulatory responses and even new economic models, some of which are reminiscent of the failed policies of the past and the ideological polemics that went with them.

Thankfully these calls are being resisted by policymakers and the speed and vigour of government responses to the crisis to date have been encouraging.

Nevertheless, the business community does recognise that mistakes have been made. We in the IOE concur and advocate for some reform. However, we strongly guard against populist short term measures and rushed regulatory responses which would be unlikely to lead to strong sustainable economic growth. Specifically, we need to be mindful of policy responses that could impact negatively on employment and the SME sector, which is universally recognised to be the engine of growth and employment.

Measures to stimulate SME growth and in particular facilitate access to credit are vital if we are to extricate ourselves from the current predicament.

The last thirty years of economic integration and open trade and investment policies have brought innumerable gains. *Giant leaps in poverty reduction have been made, more and better products and services are available and to more of us, in step with economic progress, democracy and the principles that underpin it have been considerably advanced.* Policy makers must resist the temptation to roll back these gains.

In 2009, the IOE will intensify its work in promoting the policies that have enabled these achievements in all relevant UN and other international fora. We will continue to influence the policy process at the highest levels.

We will also promote the principles of responsible free enterprise at the various meetings with the heads of international organizations throughout the year, particularly with the World Bank and the ILO. Additionally, we will engage bilaterally with the international trade union movement to understand their concerns, perspectives and suggested policy responses.

This Organisation is ready to meet the challenges of the largest economic crisis in recent memory. To this end, we have to stand up together with a clear and audible voice to promote the ideals of economic freedom on which our organisations were founded and continue to engage constructively with policymakers, and all other stakeholders, in finding solutions that promote economic development

Finally, may I take this opportunity to offer you and all colleagues in your organisations, along with your member companies, my very best wishes in successfully meeting the challenges of this coming year.

Prof Wiseman Nkuhlu

IOE President