



COVID-19: EXPOSING THE CRACKS

The pandemic & lockdown in South Africa

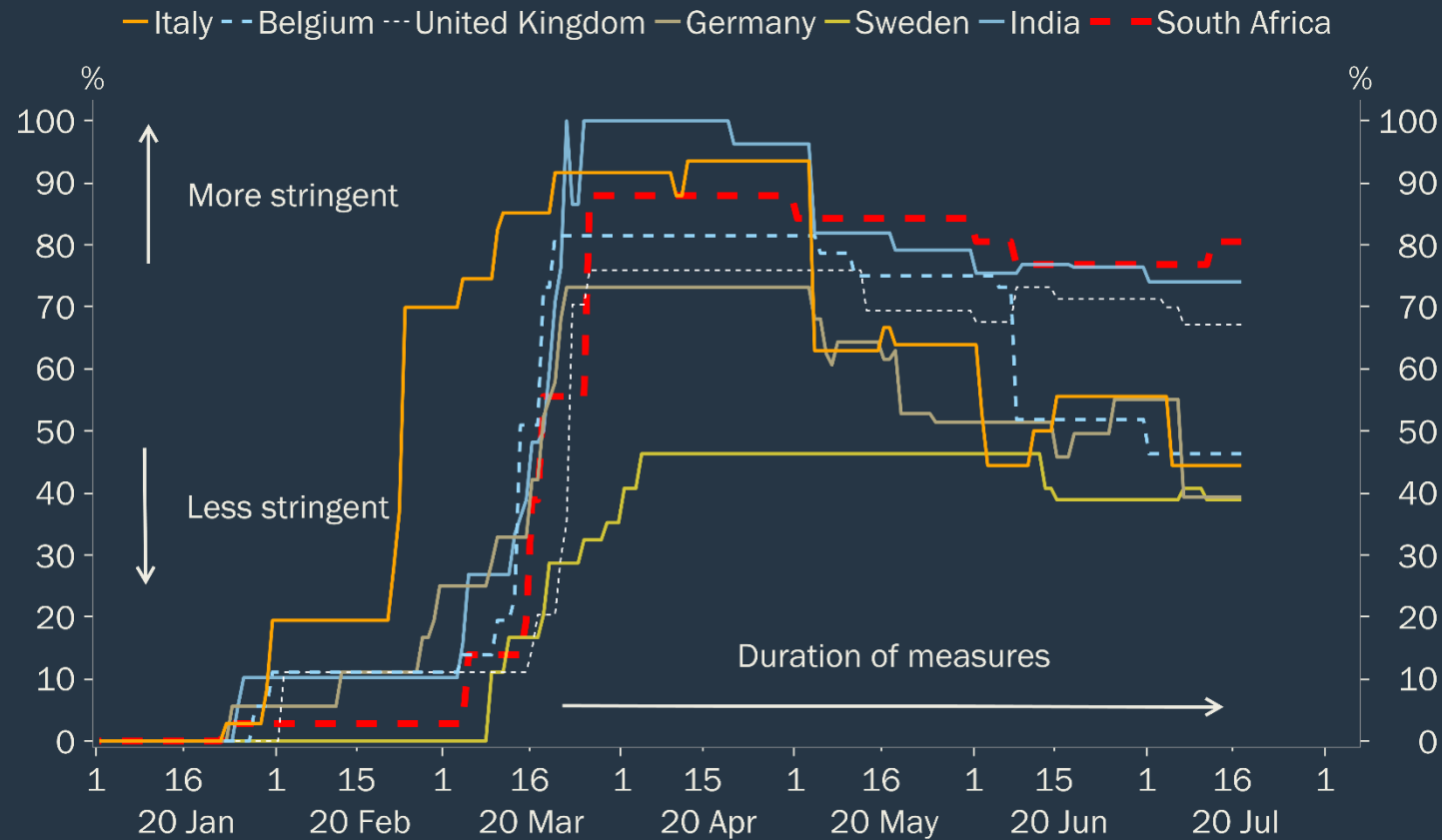
SA'S FRAGILE STATE HEADING INTO COVID-19

- In early 2020, SA's international credit rating downgraded to junk status, according to all three credit rating agencies - namely Moody's, Fitch and Standard and Poor's (S&P).
- Increasing debt-to-GDP ratio – 88% by 2024
- +10 million unemployed
- Regular power cuts (referred to as 'load-shedding')

SA'S LOCKDOWN

How strict is SA's lockdown? Stictness and duration affect economic impact

COVID-19: Oxford Government Response Tracker, Stringency index



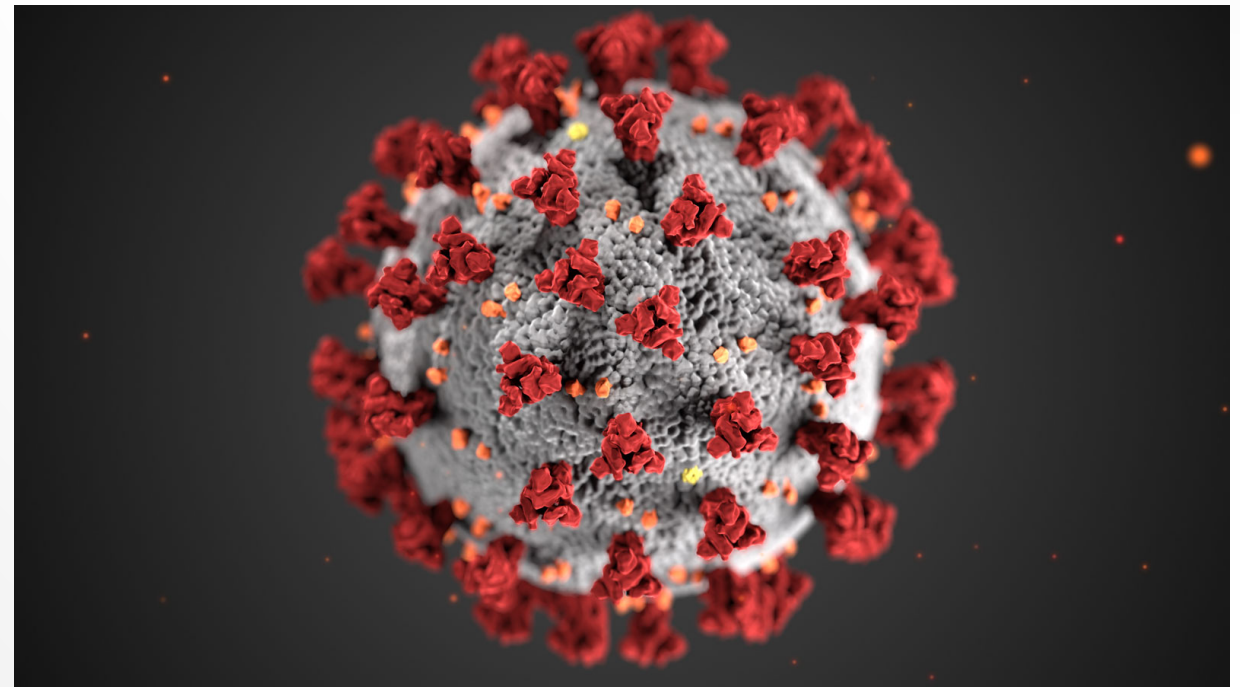
Source: Oxford, Macrobond, Sakeliga

THE HARD-LOCKDOWN PATH

- Ban on e-commerce
- Ban on sale of alcohol & cigarettes (massive growth of illicit markets & lower tax revenues)
- Curfew (currently still in place)
- Applied differently in different areas (urban vs rural)
- Worst economic effects on restaurants, and tourism and hospitality industry

COVID-19 IN SA

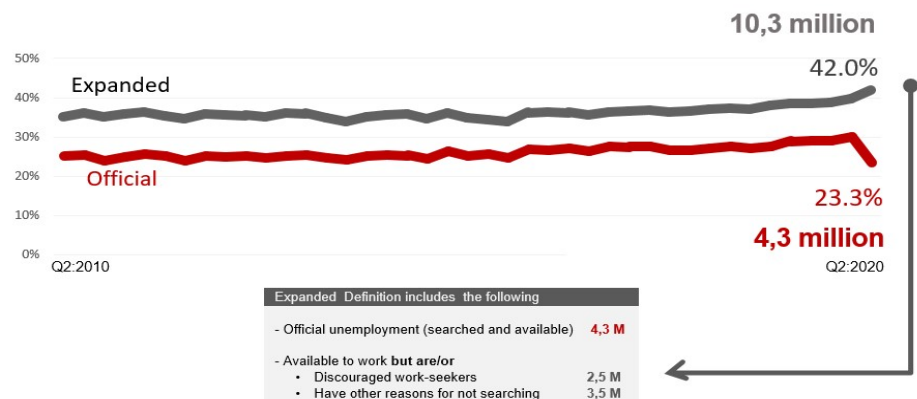
- 706,000 cases (as of 21 October 2020)
- 640,000 recoveries
- 18,656 deaths



THE UNEMPLOYMENT CRISIS

- +10 million people unemployed heading into 2020
- “Between 2009 and 2019, SA created 2.4-million jobs. Early indications are that in the past four months [up to and including September], we have lost as many as 2.8-million.”

The Expanded definition which includes those discouraged and those having other reasons for not searching (e.g. Lockdown) showed a 2,3 percentage points increase to 42,0%.



POLICE BRUTALITY & THE RULE OF LAW

- Number of instances of police brutality
- Collins Khosa
- According to an IRR report: “50 people died in police custody or as a result of police action in the first six weeks of the lockdown.”
- Disproportionately affected people who live in more informal/rural areas; majority of whom are black South Africans
- The National Coronavirus Command Council – non-transparent

THE WAY FORWARD

PROPERTY RIGHTS

- South Africa must not pursue expropriation without compensation
- SA needs serious capital formation & investment
- Cannot build & invest if property is not secure

HEALTHCARE

- South Africa must not attempt to implement the National Health Insurance (NHI)
- Choice in healthcare
- Vouchers

EMBRACE ECONOMIC FREEDOM

- South Africa at 90th out of 162 on the EFW
- Ranked 58th in 2000
- Areas of concern: Civil liberties, quality of life, monetary policy
- SA does not have the internal capacity; Eliminate tariffs & restrictions, and trade more with Southern African region & the world

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