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? Stringency 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.”
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