

TAKING STOCK AT THE BEGINNING OF PHASE III

By Dave Steward, Chairman of the FW de Klerk Foundation

Now that we are entering Phase III of the COVID19 lockdown process, this may be a good time to take stock.

We live in the strangest of times. The world's great airports are idle. Hundreds of thousands of hotels have closed. Schools and universities are empty. Millions of restaurants are shut. Everywhere owners of small and medium-size businesses are wracking their brains and scraping the barrel of their resources to keep their doors open. Tens of millions throughout the world have lost their jobs – and tens of millions more are subsisting on greatly reduced wages.

And all this for a pandemic that has so far, infected 0,076% of the world's population and has led to the deaths of 0,005% of its people. In South Africa 0,045% of the population have been infected and 0,001% have died. The COVID-19 Modelling Consortium expects that between 40 000 – 48 000 South Africans will die. This compares with the more than 5 million people South Africa has lost as a result of HIV epidemic - which reached its peak in 2004 when more than 350 000 people died.

It is a strange disease, an angel of death that passes the homes of the young and alights at the doors of those who are already in the departure lounge – either because they are old or because of co-morbidity conditions such as AIDS and TB . In Germany only 1% of those who have died have been below the age of 50. In South Africa, the figure is 18% - probably because of the much higher percentage of the population below 50 who are already affected by HIV, TB and other causes of morbidity.

There has never before been such concern for the preservation of human life – irrespective of potentially devastating costs to the economy and to society. As Democratic Party front-runner Joe Biden put it earlier this month: "I've said it before, and I'll say it again: No one is expendable. No life is worth losing to add one more point to the Dow." But what about the 30 million Americans who have filed for unemployment relief? Where do they stand in the equation? What about those who will die because of the cessation of other medical procedures and the interruption of inoculation campaigns in third world countries?

Leaders throughout history have had to make difficult choices between bad alternatives. They must now weigh up the cost of combating COVID19 on the one hand against the need to save their economies and perhaps their societies on the other. They cannot avoid the math involved in deciding which course of action will best promote the greatest good for the greatest number.

South Africans – like the populations throughout the world – have tended to rally around their government's efforts to combat the pandemic – even though they have growing concerns.

It is as though we have all landed in a science fiction movie – in a cross between Stepford Wives and On the Beach. We stroll through the deserted early morning streets, wearing our masks, and greeting our neighbours and their skate-boarding kids. In the tree-lined southern suburbs of Cape Town, beneath the dawn-illuminated east face of Table Mountain, there is an eerie and unreal beauty.

However, as President Ramaphosa has pointed out, the experience in the overcrowded townships is unsustainably different. According to a survey at the beginning of May 34% of respondents reported

that they had gone to bed hungry – up from 28% the previous week. 46% of respondents in informal settlements were hungry. How many are hungry now – four weeks later?

The dilemma confronting South Africa is far more critical than it is for most other countries. We do not have the reserves of stronger economies. Our new democracy is much more fragile than the systems in Europe and North America – and our society, too often, is still divided along racial lines.

There are dire predictions that we are heading for unemployment levels over 50%; for the decimation of many of our 2,5 million small and medium size businesses that employ two thirds of the work force. We will not be able to avoid a deep recession. We have already been downgraded to junk status; our SOEs are teetering on the brink of bankruptcy; and there is little prospect that the Treasury will be able to raise sufficient taxes to meet the mounting cost of the COVID19 pandemic.

A debt crunch seems to be unavoidable. As RW Johnson has pointed out, this will leave the government with three stark choices: going to the IMF; implementing its own unpopular austerity reforms; or, in effect, printing money, and embarking on its own preferred ideological course.

Unfortunately, the indications are that the ANC will choose the last option. At the end of April, the newly prominent Nkosazana Dlamini-Zuma said COVID-19 “offers us an opportunity to accelerate the implementation of some long agreed-upon structural changes to enable reconstruction, development and growth.” Last week Paul Mashitile told an audience at Chatham House in London that the ANC would revert to the SACP-supported Reconstruction and Development Programme. The President also believes that the pandemic presents an opportunity to reconstruct the economy in accordance with Radical Economic Transformation.

Radical Economic Transformation is defined as “fundamental change in the patterns of ownership, management and control of the economy...” It lies at the heart of the ANC’s world view – and it is rooted uncompromisingly in race. As President Ramaphosa said on 27 April

“The triumph of 1994 was about much more than being able to vote. It was about setting right the wrongs of the past, about redress, restitution and restoration. It was about levelling the field for the black child and the white child, and making sure they each have an equal chance in life. The promise we made on the 27th of April 1994 can no longer be deferred.”

The ANC imagines that RET will achieve this purpose – that it will usher in a new National Democratic Society in which jobs, land and wealth will be redistributed on the basis of demographic representivity.

It is, of course, a desperately dangerous delusion. It would be an unmitigated disaster for all South Africans – with the possible exception of the ruling elite – on a scale that would surpass the catastrophes in Zimbabwe and Venezuela

It is also doubtful whether this programme could be achieved within the framework of our present constitution. Already the Disaster Management Act has given Mrs Dlamini-Zuma greater powers – with less oversight from parliament - than the state would enjoy in terms of a full state of emergency.

We are at a critical juncture.



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We welcome Phase III. As soon as we safely can, we must reopen our airports, hotels and restaurants. Students must return to school and university. Our people must return to work. Above all, we should address the plight of the millions of South Africans who are least able to deal with the COVID19 lockdown. Our preventative efforts should be focussed on those who are most vulnerable – on the old and on those who suffer from HIV, TB and associated conditions.

Business, the international community, banks, churches - anyone with any influence – should do everything in their power to dissuade the government from embarking on a disastrous ideological reaction to our deepening economic crisis. All South Africans of goodwill must rally around the constitution as we emerge from the COVID19 crisis.

The world – and particularly South Africa – will be divided into pre- and post COVID19 eras.

We must do everything we can to ensure that in the post-COVID 19 era a free market economy and our constitutional democracy survive. The freedom, security and prosperity of every single person in South Africa will depend on our being able to do so.