

## Contesting business-as-usual and promoting economic transformation in South Africa

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South Africa was initially praised for getting ahead of the pandemic by beginning preparations before cases were confirmed, and instituting a strict lockdown to slow the spread of infections. However, the government failed to institute adequate measures to safeguard people's incomes, protect their well-being and support the economy. The socioeconomic impact has swiftly outweighed the impact of the virus itself, with the economy expected to contract by at least 7.2 percent of GDP. Livelihoods have been deeply impacted: for example, in one study about 47 percent of households reported that they ran out of money to buy food in April 2020.<sup>1</sup> This resulted in extreme pressure to re-open the economy.<sup>2</sup> Meanwhile, the lockdown time was not used wisely: hospitals were still overwhelmed and understaffed, lacking adequate PPE, beds and ventilation. The official death rate is likely an underestimate, as people die at home untested due to an overwhelmed and inaccessible healthcare system.

1 <https://cramsury.org/wp-content/uploads/2020/07/Spaull-et-al.-NIDS-CRAM-Wave-1-Synthesis-Report-Overview-and-Findings-1.pdf>, p. 6.

2 <https://iej.org.za/towards-a-safer-more-equitable-opening-of-the-economy/>

The vulnerable in our society are the hardest hit. Social co-morbidities – those rooted in South Africa's wide levels of income, spatial, gender, racial and wealth inequality – play as important, or more important, a role as physical co-morbidities such as diabetes and heart disease.<sup>3</sup> A map of hotspots in the Western Cape province, for example, shows hotspots in informal settlements where social distancing is difficult and access to services, including healthcare and adequate sanitation, is poor.<sup>4</sup>

Women have been affected disproportionately by the virus in at least two ways.<sup>5</sup> First, more women have become unemployed relative to men; two thirds of estimated job losses between February and April were lost by women. Second, women have had to take on a disproportionate amount of

3 <https://www.dailymaverick.co.za/article/2020-07-24-covid-19-towards-a-safer-more-cautious-and-more-equitable-opening-of-the-economy-in-sa/>

4 <https://www.iol.co.za/capeargus/news/these-are-the-10-cape-suburbs-with-the-most-covid-19-cases-50530264>

5 <https://cramsury.org/wp-content/uploads/2020/07/Casale-Gender-the-early-effects-of-the-COVID-19-crisis-in-the-paid-unpaid-economies-in-South-Africa.pdf>

the additional childcare needed as a result of schools and other childcare facilities being closed.

Major debates on questions of policy have however been opened as a result of the pandemic.<sup>6</sup> South Africa's Constitution and history of human rights activism allows public discourse to advance a rights-based response to COVID-19, and one that values the inter-dependence of rights. On the one hand the pandemic has allowed greater space for contestation of economic policy, which progressive economists and civil society have effectively occupied.<sup>7</sup> On the other hand, economic policy is still seen to be outside the purview of rights. The National Treasury and Reserve Bank has maintained a rigid ideological position, manifest in limited rescue expenditure and weak monetary policy responses. As argued by progressive analysts, South Africa's recent request for IMF support reinforces retrogressive

6 <https://www.businesslive.co.za/bd/national/2020-07-01-economists-urge-mps-to-reject-tito-mboweni-budget/>

7 <https://iej.org.za/covid-19-an-emergency-rescue-package-for-south-africa/>

policy measures.<sup>8</sup> Initially, there was a great deal of rhetoric around the need for a “new economy” and calls for everyone to pull together.<sup>9</sup> However, policies pursued by government are entrenching rather than disrupting pre-existing inequalities.

Civil society continues to actively work on strengthening the role of human rights in economic policy-making, arguing that

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8 <https://www.businesslive.co.za/bd/opinion/columnists/2020-08-02-ayabongacawe-rationale-behind-the-imf-loan-has-been-glossed-over/>

9 <https://www.dailymaverick.co.za/article/2020-05-31-ramaphosa-outlines-plans-for-a-new-economy/>

the most important emergency response is a radical expansion of the social security system, including working towards a basic income guarantee. We also argue that in the medium term, the economic response to the pandemic must be geared towards a **Just Recovery**.<sup>10</sup> The social and economic consequences of COVID-19 are not an exogenous shock to an otherwise functioning system, but the consequences of a system that has instability and inequality hardwired into its DNA. We must move towards an economy that rests on ensuring human

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10 <https://350africa.org/just-recovery-south-africa/>

well-being and the realization of rights. This requires a fundamental transformation of our economy, for example, by shifting production activities, including away from fossil-fuel production; investing in public services and supporting care economies.