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NEVA MAKGETLA: Out-of-control Covid-19 harms economy more than restrictions

The deep inequalities in SA society also influences its expert advice

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A driver wearing a face mask as prescribed by lockdown level 4 regulations waits for customers inside his taxi stationed at the Yeoville Market in Johannesburg. Picture: MARCO LONGARI / AFP

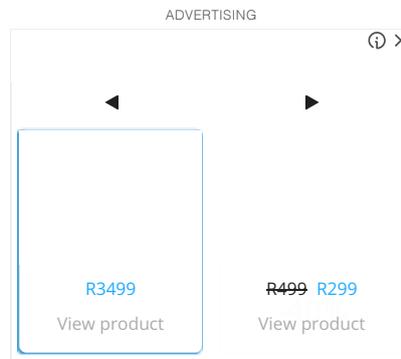
For months it seemed SA would contain the Covid-19 pandemic. Then it opened up the economy too quickly, and as new cases escalated the government waited weeks before finally introducing minimal new regulations — and relaxing the rules for taxis. Now we rank in the top five countries for new infections.

What went wrong? Like an X-ray, Covid-19 shows up what is broken in society. In this case, as so often, the root problem is the way deep inequalities affect both government decision-making and expert advice.

Reinstating restrictions on economic activity would in effect require a real disruption in income and asset ownership. Closing down the economy was sustainable because the government provided (admittedly small) transfers to shield poor households and workers from the effects of falling incomes and job losses. Even if the government closed the riskiest activities and stayed at 70% capacity in the taxis, it would have to increase expenditure in truly disruptive ways.

To start with, the Unemployment Insurance Fund (UIF) would have to extend payments to affected workers, rather than ending them from June. Its fund managers have lobbied heavily against that, deploying arguments that are at best specious and at worst mendacious. In the event, even after the Covid-19 Temporary Employer Relief Scheme (Ters) payments the UIF retains a surplus of well more than R100bn,

about nine times its annual benefit payments.



Further extending social grants and paying the taxis to run at 70% capacity would be even harder for the government, since they come off the already stressed budget. In effect, these programmes would represent a step up in redistribution from the rich to the poor. Fewer than 0.5% of working-age adults pay almost half of personal income tax, while about 600 companies pay two-thirds of company tax. In theory, the government could insist that the wealthy and powerful show more solidarity to avoid the even harsher economic and social burdens of continued uncontrolled transmission. That would be politically and practically challenging, but not impossible.

SA's deep inequalities also influence its expert advice. Public health divides between a medical approach, which focuses on treatments, vaccines, upgrading hospitals and modelling demand for care, and community-based strategies, which aim to limit infection by improving living conditions and changing behaviour. The first approach works well for families and countries that can afford the best and latest technologies – in the case of Covid-19, extensive testing, the latest equipment, intensive care beds and new treatments. But most South Africans can't afford these amenities. They end up in overcrowded wards with overstretched health-care workers, test delays and inadequate equipment and drugs. They would be better served by much stronger efforts to help them avoid infection in the first place.

Virtually all the government's advisers on the pandemic fall squarely into the medical approach. Their incessant press statements and leaks make it clear that they essentially supported opening the economy as fast as possible, apparently on the assumption that SA could not in any case control transmission. There is no evidence that they insisted as vociferously on expanding tracing, testing and isolating or on analysing clusters so that workers, employers and citizens can improve their efforts to prevent infection. They haven't flooded the market with information on how people should protect themselves if they live in crowded households, share water and toilet facilities, take taxis to work, and don't have money for masks.

It is particularly galling when medical experts opine that opening up had to be fast-tracked to save the economy and livelihoods. In contrast, most economists agree that an out-of-control contagion will harm the economy far more than sensible restrictions. If policymakers really want to alleviate the effects of the pandemic on the poor they should vastly scale up their efforts to enable vulnerable workers and communities to protect themselves as the pandemic escalates.

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