Tracking trends and analysing the COVID-19 pandemic and responses

THE ECONOMY AND THE PANDEMIC

7 SEPTEMBER – 20 SEPTEMBER 2020

KEY FINDINGS

On the pandemic

- Since 18 August, when the country moved to Level 2 of the lockdown, the number of cases has plateaued at over 1 500 new cases daily. For comparison, reported infections peaked at over 12 000 a day in mid-July. The current level of reported daily diagnoses was last seen in early June. The rate of transmission remains far lower than three months ago, but has climbed by 75% over the past month, leading to a modest increase in new cases in the past week.
- With new cases falling until last week, the government further relaxed restrictions from 21 September, mostly permitting much larger gatherings and shortening the curfew. Unless stronger behavioural changes bring transmission again under control, however, cases will start accelerating in the coming weeks.
- The results of reopening without adequate protection can be seen Europe and the US. In some areas, new cases now exceed April levels, bringing renewed restrictions on businesses, especially bars and personal services, and on the size of gatherings. The evidence indicates that higher transmission resulted largely from reopened nightlife and universities combined with increased tourism. In the US, initial studies suggest that around a fifth of cases are traceable to bars alone.

On the economy

- The GDP figures for the second quarter of 2020, released on 8 September, revealed the extraordinary impact of the pandemic. Evaluation of the (limited) data on monthly trends shows that the decline took place exclusively during the full lockdown in April. It was followed by a strong although incomplete rebound in May. Since then recovery has slowed, despite the elimination of almost all legal restrictions with the move to Level 2.
- The pandemic has ushered in a new world for state-owned companies, which have found they can no longer easily obtain subsidies from the state when they run substantial losses, especially when they have no core socio-economic mandate. Among others, SAA, Denel and the SABC are in a financial quandary with no obvious resolution, and Eskom has had to accept that recovery will require faster erosion of its monopoly on the national grid.
- Efforts to develop recovery plans intensified in the past month as the reopening of the economy has returned attention to more fundamental constraints on growth. The discourse has generally centred on supporting existing formal businesses, however, without complementary programmes to promote more inclusive growth. The auto and music industries point to the tough choices required in light of the economic havoc caused by the pandemic both nationally and globally.

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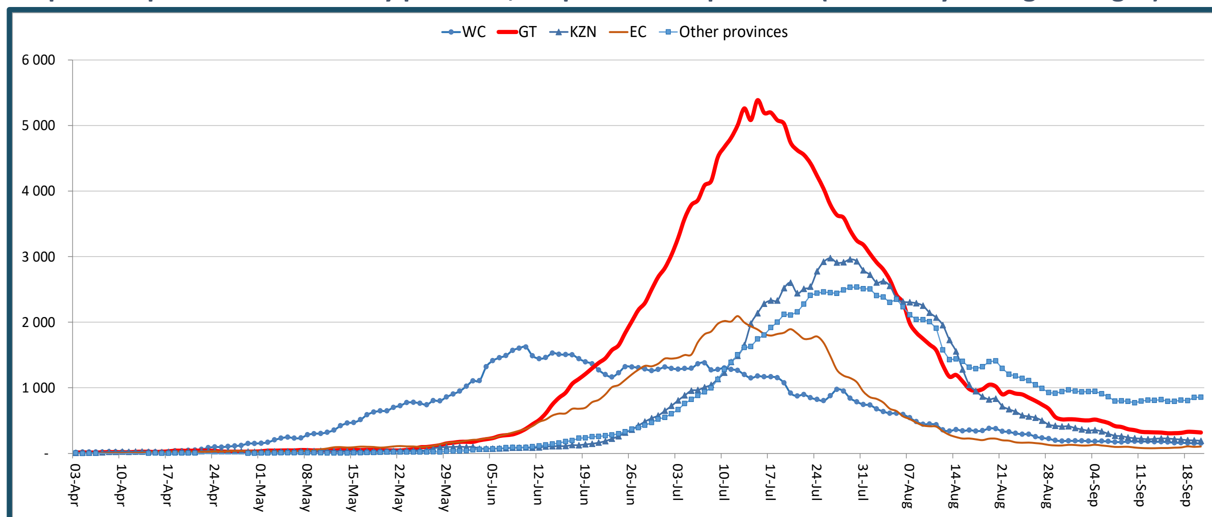
TRENDS IN THE PANDEMIC

In the week to 20 September, the number of reported new cases (measured using rolling seven-day averages) edged up slightly. They are now at the level of early June. While the rate of transmission was only just above one, reflecting a gradual increase in diagnoses, it had almost doubled over the past three weeks. By extension, preventing a renewed surge in infections requires more behavioural changes, primarily more consistent use of masks and physical distancing. That will prove difficult to achieve given the relaxation of restrictions on social gatherings and travel with the move Level 1, which sends the powerful although incorrect signal that the virus is now fully controlled.

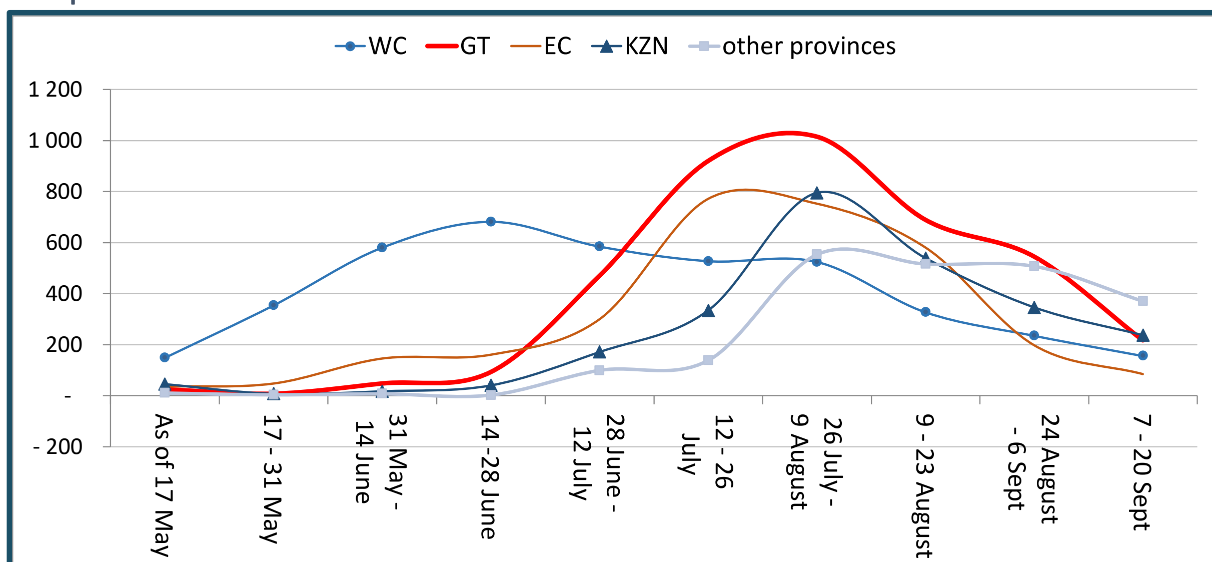
Graph 1. Reported new cases by province, 3 April to 20 September (seven-day rolling averages)



Source: Calculated from data accessed at www.sacoronavirus.co.za on relevant dates.

Since deaths lag new cases, they continued to fall sharply in the past two weeks. As Graph 2 indicates, new fatalities dropped, falling by over 40% nationally. Reported deaths rose only in Limpopo, where they tripled from 43 to almost 150 in the two weeks to 20 September.

Graph 2. Reported deaths from COVID-19 by province in two-week intervals, 17 May to 20 September



Source: Calculated from data accessed at www.sacoronavirus.co.za on relevant dates.

For the first time since late May, for the two weeks to 8 September the number of deaths from all natural causes was less than 5% above the historic norm excluding flu, in part because of the decline in COVID-19 fatalities and in part because transmission of other diseases fell due to behavioural changes. According to the Minister of Health, tests of 86 people who died naturally but of unknown causes in mid-September found that 13, or one in seven, had COVID-19.

The decision to further relax restrictions on social gatherings apparently responded to the slow decline in new cases until last week. As of 21 September, the disaster regulations will permit large gatherings for almost any purpose – 250 people indoors and 500 outside – as long as they are below 50% of capacity. They also allow regional travel and some international business trips. Participants in gatherings are required to wear face masks and maintain physical distance, but these rules have proven difficult to enforce. The only banned economic activities are now night clubs (but not bars), passenger ships and sports events with live audiences.

In the past week, however, the rate of COVID-19 transmission rose sharply, reflecting the increase in diagnoses. The rate is calculated here as the ratio of new diagnoses to those from a week earlier (using seven-day rolling averages). When the disaster restrictions were downgraded to Level 2 on 18 August, new cases were 40% lower than a week earlier, and the transmission ratio was 0,6. In contrast, more than one new diagnosis had emerged as of 20 September for each case diagnosed a week earlier. The ratio, then, had risen above one. The question is whether the upward trend will persist, causing a second spike in infections, or if behavioural changes can be strengthened despite the relaxation in regulations. If South Africans managed to depress the rate of transmission through higher levels of mask-wearing and stronger physical distancing, the number of new cases will begin to fall again.

A quandary for policymakers is that any relaxation in legal restrictions sends a signal that the dangers of catching COVID-19 have moderated. That tempts most people to let down their guard, for instance by gathering indoors without masks or going to crowded bars. In fact, however, the risks of catching COVID-19 are higher than before June, and started to climb again in the past week.

The consequences of getting this messaging wrong have emerged starkly in Europe and the United States. In both regions, reported cases now exceed April levels, although in Europe deaths have remained much lower. Both reported over 60 new cases per 100 000 people over the two weeks to 19 September, far above the current rate in South Africa. As a result, restrictions especially on bars and other entertainment venues and social gatherings, and on international travel, have been reimposed in much of Europe and the US in recent weeks.

Studies in the US point to bars, and to a lesser extent in-door dining at restaurants, as particularly likely to lead to new infections and especially cluster outbreaks. The reason is that people at bars cannot wear masks while drinking or eating; typically remain indoors together for extended periods; and often talk loudly and do not maintain physical distancing. Summer in the global North also saw high levels of domestic tourism, adding to the risk as holiday visitors went out to socialise and eat. Moreover, while the number of cases from international travellers is usually low compared to domestic diagnoses, they may have a higher rate of transmission. The new regulations have not specified requirements for overseas travel to

South Africa yet, but seem likely to exclude people from countries with high levels of COVID-19 as well as requiring a negative test taken at most 72 hours before arrival.

Internationally, and in South Africa, most economists see controlling the pandemic as critical for economic recovery, primarily because it is expensive to reclose businesses if cases spike again. From this standpoint, restrictions should be relaxed only slowly on activities that impose a high risk of contagion but have limited economic multipliers, as the following figure illustrates. Unfortunately, South Africa does not have a forum of economists to advise on priorities for reopening. Instead, the government has relied principally on advice from epidemiologists, business associations and engagements at the National Economic Development and Labour Council (Nedlac).

Figure 1. Trading off externalities from economic multipliers and infection risk by industry

Economic multipliers		
	High multipliers, low risk: Finance Work from home (largely professionals, management) E-commerce and digital services Capital-intensive manufacturing Outdoor dining, takeaways Small-scale retail	**High multipliers, high risk:** Mining Labour-intensive manufacturing Large-scale retail In-door dining Public transport
	Limited multipliers, low risk: Home-based social activities Streamed cultural events e-deliveries Outdoor exercise Security services	**Limited multipliers, high risk:** Bars and clubs In-door dining Domestic recreational travel High-contact personal services Social and religious gatherings
	Infection risk	

Source: Adapted from Assenza, T. et al. "The hammer and the dance: Health and economic objectives are not mutually exclusive after all!" Accessed at https://www.tse-fr.eu/hammer-and-dance-health-and-economic-objectives-are-not-mutually-exclusive-after-all-0 in September 2020.

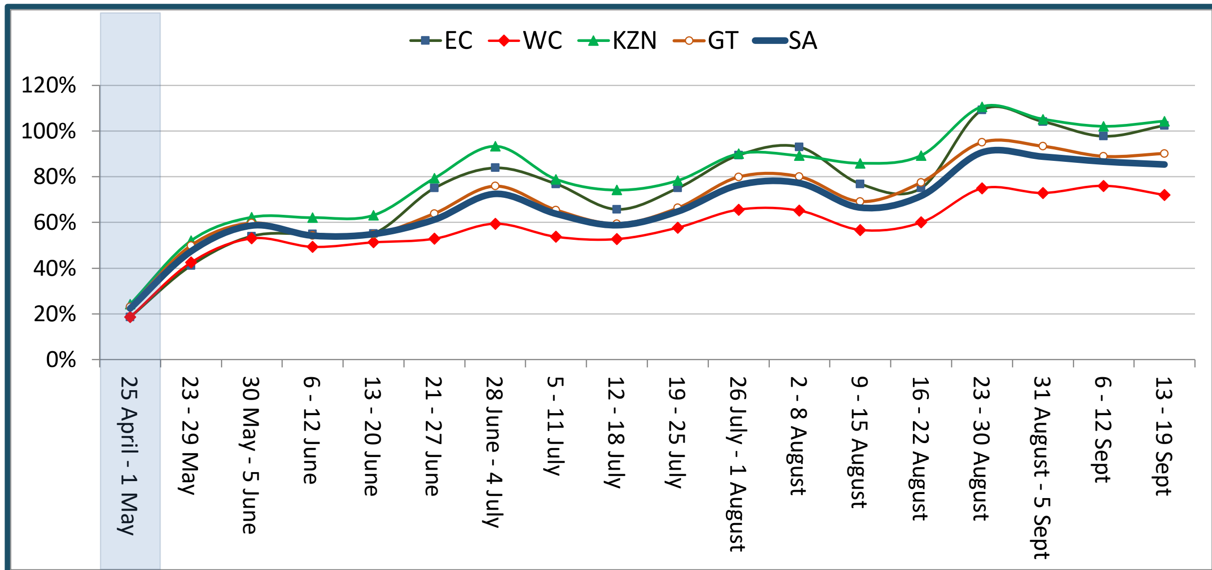
TRENDS IN THE ECONOMY

Overall developments

The economy continued its slow recovery in the two weeks to 20 September. The announcement of the steep fall in the GDP from April to June largely reflected the lockdown in April, with a sharp bounce-back in May followed by much slower but fairly sustained improvement in economic activity. The Western Cape continued to perform worse than the other provinces, probably because of the difficulties facing tourism. (See *TIPS Tracker: The economy and the pandemic 24 August - 6 September 2020*)

The Yoco small business turnover tracker suggests that the move to Level 2 provided an initial boost (powered in part by the payment of monthly salaries at around the same time), but then flattened out. A similar pattern seems likely for Level 1. The persistent lag behind pre-pandemic levels in this index likely reflects depressed household demand due to behavioural changes to avoid the risk of infection, as well as lower incomes. The Western Cape lags significantly behind other provinces.

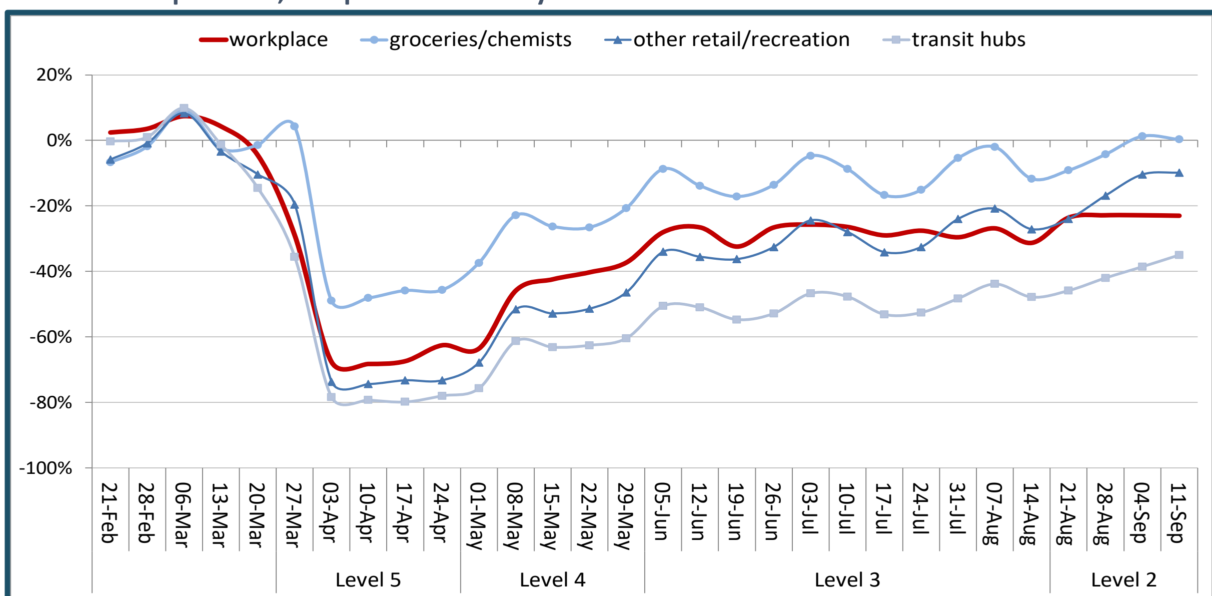
Graph 3. Small business turnover relative to the first two weeks of January, average for week to Saturday through 19 September



Source: Calculated from Yoco Small Business Recovery Monitor. Downloaded at www.yoco.co.za on relevant dates.

Google's mobility tracker shows that travel to work for South Africa as a whole remained virtually unchanged in the three weeks to 11 September, at around 23% below January levels. That compared to almost 30% below January levels before the move to Level 2 on 18 August. In contrast, except in the Western Cape, travel for shopping and entertainment was less than 10% below pre-pandemic levels. Since early May, in the Western Cape travel for these purposes has recovered far more slowly than the national average. As of the second week of September, it was around 20% below the pre-pandemic levels, presumably largely as a result of the loss of domestic and, even more, overseas tourism. As of 11 September, travel to work in the Western Cape had recovered to 30% below January levels.

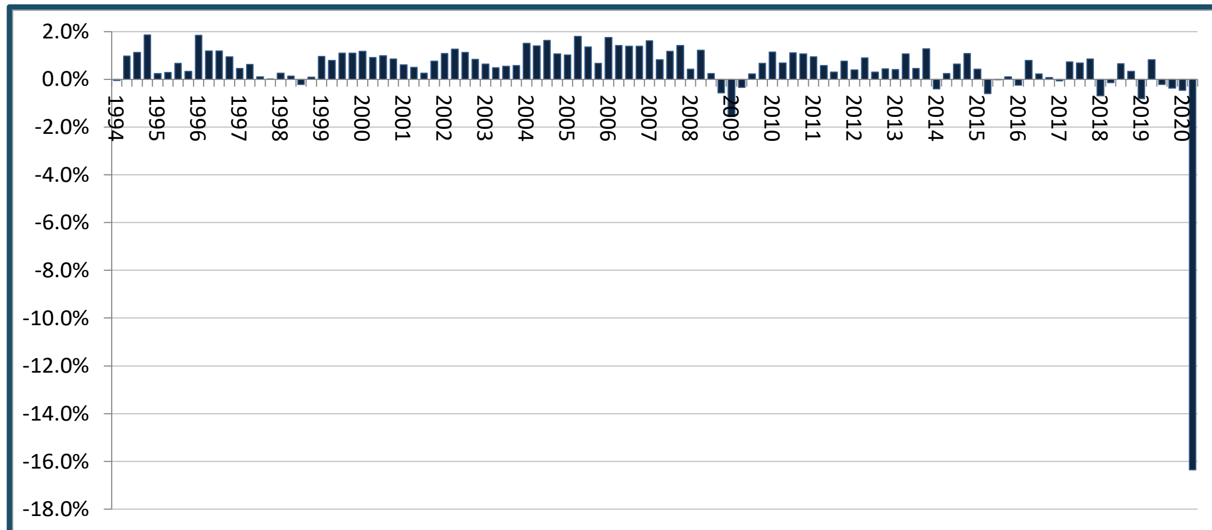
Graph 4. Percentage change in travel by type of destination, weekly average from week 21 February to week 11 September, compared to January 2020



Source: Calculated from Google COVID-19 Community Mobility Reports. Accessed on relevant dates at https://www.google.com/covid19/mobility/.

The release of the GDP data for the second quarter of 2020 underscored the impact of the pandemic on the economy. From April to May, compared to the first quarter of 2020 the GDP shrank by 16%, seasonally adjusted but not annualised. As the following graph shows, the fall dwarfed both the 2008/9 crisis and the recession of the three preceding quarters.

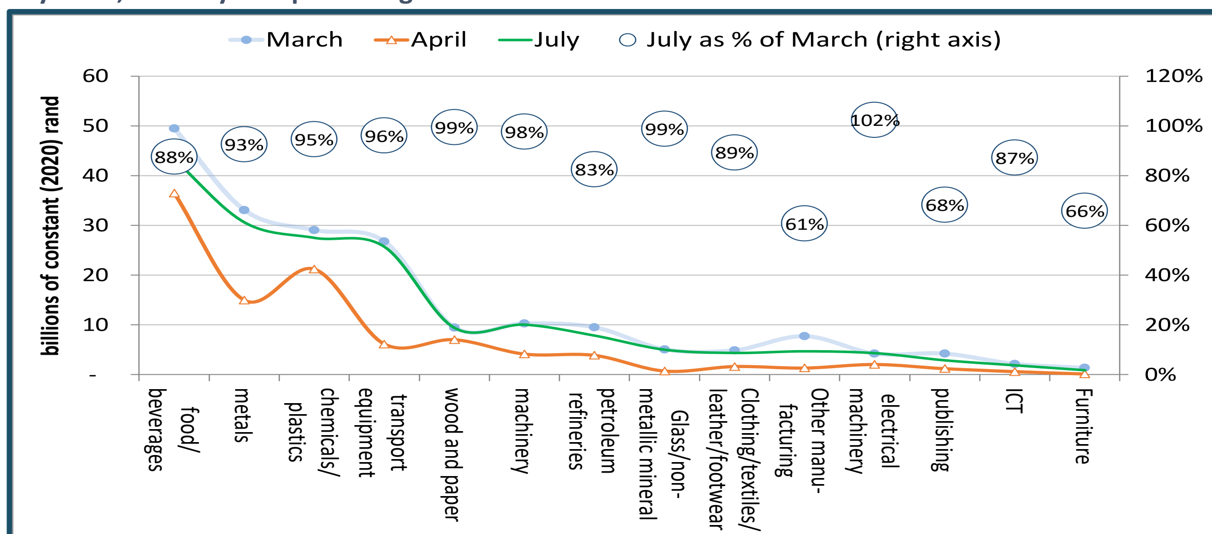
Graph 5. Quarterly change in GDP, seasonally adjusted



Source: Statistics SA. GDP quarterly figures. Excel spreadsheet downloaded www.statssa.gov.za March 2020.

GDP is only reported on a quarterly basis, which obscures critical month-on-month changes. The available data suggest a very sharp fall in economic activity in April, during Level 5 of the lockdown, but a rapid, although not complete, recovery in May. Growth then levelled off, as indicated by the small-business turnover and mobility data above. A similar pattern emerges from figures for manufacturing sales on a monthly basis, which are available through July. As the following graph shows, as of July, all of the major manufacturing industries except for food and beverages were within striking range of their March sales in constant rand terms. Food and beverages did not fall as far in April as other major industries, but in July were still weighed down by the ban on alcohol sales, which persisted until mid-August.

Graph 6. Monthly manufacturing sales in billions of constant (2020) rand (a) for March, April and July 2020, and July as a percentage of March sales



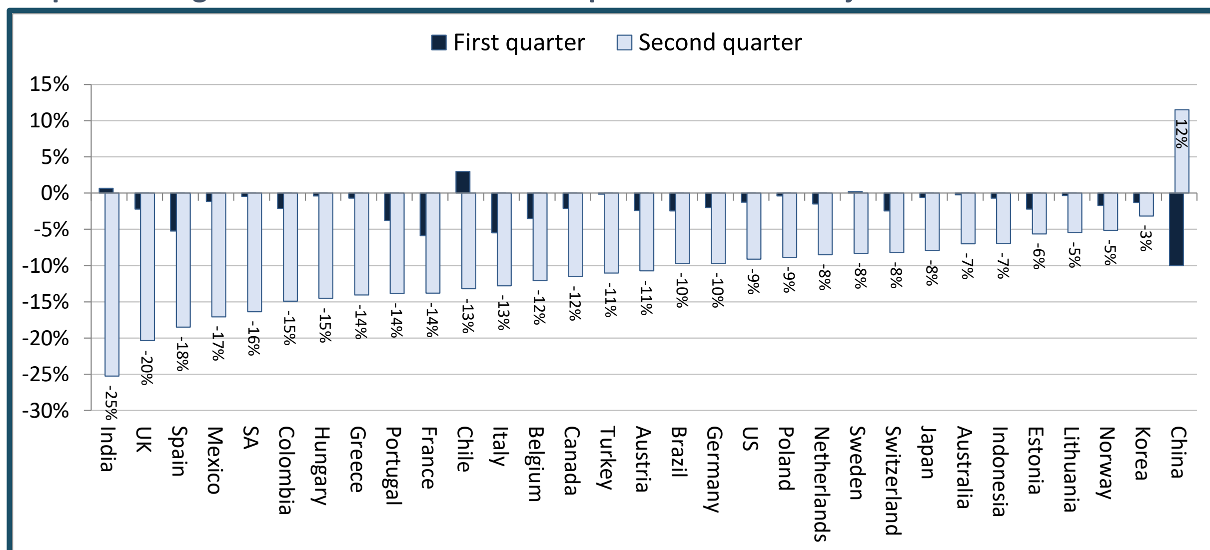
Note: (a) Deflated with CPI. *Source*: Statistics South Africa. Manufacturing production and sales. Series on actual sales. Excel database downloaded from www.statssa.gov.za in June 2020.

According to Statistics South Africa, mining production in volume terms fell 20% from February to March, mostly because the outbreak in China began to affect export prices and international logistics even before the lockdown. In April, it dropped another 30%. In July, however, mining production had recovered to 10% below February output. Coal was the least affected subsector. It was largely able to stay open to supply Eskom and Sasol. In contrast, even in July, quarrying for building materials was still around a third below February output.

Lower international prices for most commodities combined with some appreciation in the rand to depress the value of mining sales in constant rand terms. As of July, revenues for all mining products were around 15% below February in real terms (deflated by CPI), with coal again doing better than other products. Although platinum production had increased to four-fifths of February output by weight, the value of its sales was down by a third.

In short, despite increasingly relaxed restrictions on economic activity, the economic recovery appears to have slowed down in the past two months. The main reason was the steep fall in domestic and global demand compared to pre-pandemic days. In particular, South Africa's major trading partners all face a significant economic decline. Data from the Organisation for Economic Co-operation and Development (OECD) indicate the extent of the global downturn. Most major economies began to contract in the first quarter of 2020, as the Chinese economy plummeted 10%. In the second quarter, except for China, all of South Africa's main trading partners – the UK, Germany, the US and Japan – shrank by at least 8%. China, which brought the pandemic under control by March, saw its GDP rebound 12%. In the second quarter South Africa did better than India, the UK, Spain and Mexico, but slightly worse than Columbia, Hungary, Greece and Portugal.

Graph 7. Change in GDP in first and second quarter 2020 for major economies



Source: OECD. Quarterly national accounts. Interactive dataset. Downloaded from www.stats.oecd.org on 9 September 2020.

As it has become clear that neither the world nor South Africa will simply bounce back from the pandemic, policymakers and economic stakeholders again turned to recovery plans. In the past week, stakeholders at Nedlac reached agreement on a proposal, which had not been published as of 20 September. It reportedly centres on broad commitments to increase infrastructure investment and fix the electricity system; promote local procurement by both the public and private sectors while driving exports; and generally provide a more enabling environment.

Virtually none of the plans for economic recovery and reconstruction start with a diagnosis of the actual changes in the global and national economies. Most recycle pre-existing proposals. For instance, government revenues have plummeted at national and municipal level and programmes across government face cuts. Nonetheless, South African Airways, the SABC and Denel, which are essentially bankrupt, continue to plea for government bailouts. Similarly, arguments for promoting tourism rarely explore ways to bring back entertainment venues and long-haul flights both profitably and safely as long as COVID-19 remains an active threat.

In the same vein, calls for an export drive appear to ignore the sharp downturn in key trading partners. Localisation makes more sense in this context – indeed, classic dependency theory holds that international depressions can drive industrialisation in developing economies by imposing decoupling. But experience indicates that localisation will not succeed absent stronger efforts to ensure more competitive local industries, among others by addressing monopoly pricing on intermediate inputs such as iron ore, soya (for animal feed) and chemicals, as well as fixing the electricity system. (See *Policy Brief: Towards a reconstruction programme* and *TIPS Tracker: The economy and the pandemic 24 August - 6 September 2020* – section on Tourism on page 9)

On 18 September, the President of Business Unity South Africa (BUSA), Sipho Pityana (who is also the chair of Anglo Gold Ashanti), argued that:

> Our proposals are not about short-term fixes and profiteering, but an agenda for sustainable inclusive economic recovery strategy that addresses unemployment, poverty, and inequality. Through it, we have introduced a business voice that is not about winner takes all, but the one that says it is possible to win together.

In practice, however, the imperative of ensuring a just transition in response to the pandemic remains very much an afterthought in most of the discourse on the economic recovery. South Africa is one of the most unequal economies in the world. The pandemic has certainly aggravated those inequalities through higher job losses for manual and informal workers; higher infection rates in dense low-income communities; and almost invariably worse treatment in public healthcare. The government provided significant relief through the Unemployment Insurance Fund (UIF) COVID-19 Temporary Employee/Employer Relief Scheme (TERS), for furloughed workers, and increased social grants for jobless people. Both schemes, however, come to an end in October, which will impose significant hardship on many households as well as constraining domestic demand.

Despite these realities, discussions on recovery typically do not canvas large-scale schemes to step-up economic opportunities for low-income households or small businesses; ensure more equitable access to education; or improve municipal services in townships or the historic labour-sending regions. The supplementary budget allocates R19 billion for public-employment schemes, but it is still not clear how it will be used. Experience shows that programmes run through national departments rather than communities, on the model of the Expanded Public Works Programme, find it difficult to expand rapidly and generally do not provide stable benefits to households.

In the absence of systematic efforts to protect low-income households, the unequal impact of the pandemic has fuelled increased protests from both communities and workers. Workplace conflict has intensified as both public and private employers seek to survive the downturn by downsizing or freezing pay. These conflicts are often aggravated by workers' insecurity about infection at work and concerns that employers have cheated them on TERS

payments. Among others, National Treasury's effort to freeze public servants' pay, which was announced in February, is now building up to a full-blown dispute. As loss-making government-owned companies face an end to bailouts, some have stopped paying workers altogether or plan significant retrenchments. Disputes in the private sector are typically smaller and less well publicised. Still, there has been an endless series of conflicts over issues ranging from pay to job losses to protective equipment and quarantine.

SECTORAL RECOVERY STRATEGIES

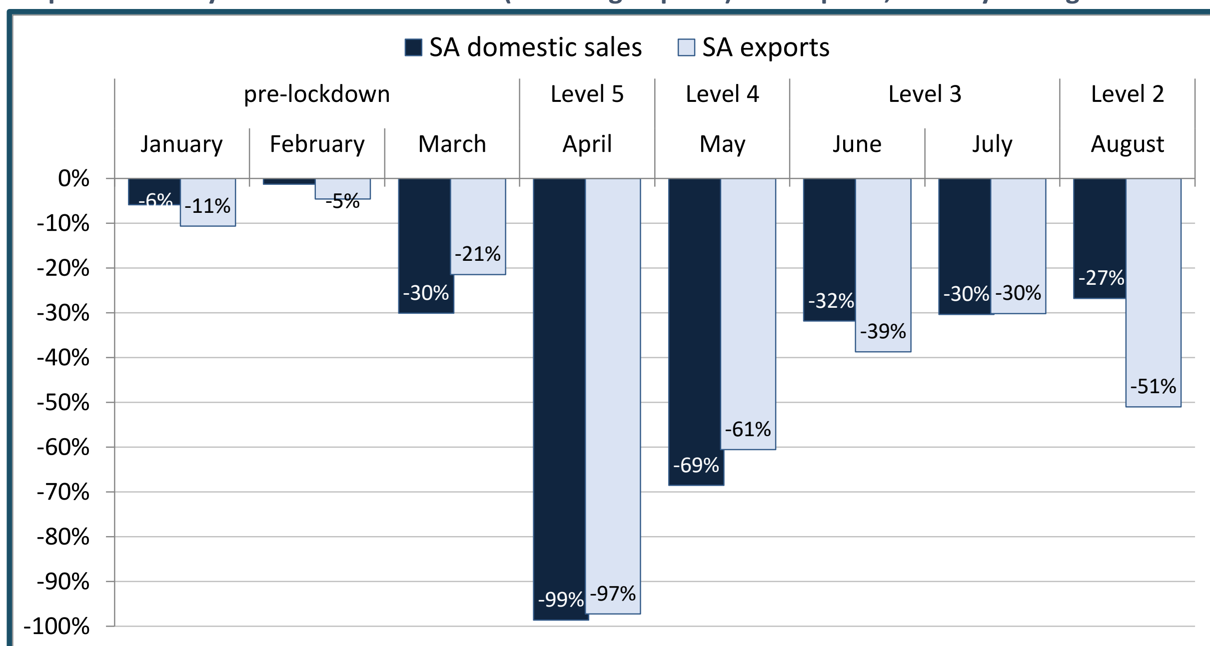
The tracker has begun to explore the implications of the pandemic for recovery and reconstruction in individual industries. This issue looks at the auto and music industries.

Auto

The auto industry has been central to South African industrial policy since the 1950s. Today, it is South Africa's only major export that is not commodity based. The global auto industry has, however, been deeply disrupted by the pandemic, with a 30% decline in sales since March. This section first analyses the impacts on the South Africa auto industry. It then outlines prospects for recovery and reconstruction, given both global trends and the array of challenges and opportunities facing the industry before the pandemic.

As the following graph shows, South African domestic sales and exports of autos fell to near zero in April, but bounced back to around two thirds of pre-pandemic levels in June. Local car sales continued to improve gradually through August, but exports have been volatile, with a sharp decline from July to August. Domestic sales were particularly hard hit by the downsizing in car rentals as international and domestic travel plummeted. From May to August, rental companies contributed 19% of vehicle sales in 2019 but just 1% in 2020; the drop accounted for 30% of the total decline in domestic sales.

Graph 8. Monthly domestic vehicle sales (including imports) and exports, January to August 2020



Source: Calculated from NAAMSA data accessed through Quantec. EasyData. Accessed at www.quantec.co.za in September 2020.

It could have been worse. In May, the National Association of Automobile Manufacturers of South Africa (NAAMSA) anticipated that production for all of 2020 and 2021 would be 60% below 2019 levels in both 2020 and 2021. From this standpoint, the 30% decline in output – which is in line with global trends – is relatively modest.

Before the COVID-19 pandemic, the South African auto industry was fairly stable. Production had grown dramatically over the past 25 years, with exports climbing from 15 000 units in 1994 to almost 400 000 in 2019, while local sales (including imports) rose from 300 000 to 500 000 vehicles. Local production in 2019 exceeded 600 000 units. Auto exports now contribute a seventh of South Africa's total exports, up from near zero in 1994. That said, in 2019 imports including components were still 25% larger than exports, down from six times as large 25 years earlier. Domestic inputs are significant by both value and weight, but comprise mostly structural components such as frames and windows. Most technologically advanced parts, such as digital and gearing systems, are fully imported.

Despite its important role in exports, the auto industry does not create many jobs directly. In 2019, according to NAAMSA, it employed around 95 000 workers, with a third in assembly and the rest in components. That was down from over 110 000 five years earlier, but still equals around 1% of total private formal employment. The multiplier effects for overall employment are harder to measure. The relatively well-paid and stable workforce in auto was an important source of demand for industries producing consumer goods and services. Business associations in the industry also claim that they supported far more employment in petrol stations and repairs, but those activities would exist even if all cars were imported.

Even before the pandemic, the South African industry had an uncertain role in the global industry. Over the past two decades, production has shifted rapidly from the historic centres in the US, Western Europe and Japan to Asia, and more recently to comparatively low-wage countries that border on the global North. For South Africa, a central question is how, given heavily depressed global sales following the pandemic, it can out-compete countries that already have greater economies of scale and larger domestic sales, as well as being physically closer to major export markets.

Global auto production climbed over 50% from 2000 to 2019, rising from 60 million units to 90 million. But China alone accounted for three quarters of the total growth, increasing its output from two million units to over 25 million in the same period. In contrast, production in the US, Japan and the top four Western European producers (Germany, Spain, France and the UK) fell from 37 million to 32 million, while production in peripheral economies – Mexico for the US, Thailand for Japan, and eastern EU members for Europe – more than doubled in the same period, climbing from four million to 11 million vehicles.

In this context, South Africa remains a small player. In 2019, it produced 0,7% of the global total, up from 0,6% two decades earlier. It ranked 22nd out of 48 significant auto producing countries. In growth, it ranked 17th, but was surpassed by other developing economies that were physically closer to major export markets, among them Mexico, Thailand, Turkey and Indonesia, as well as Czechia and Slovakia.

The main advantages of the South African industry have been consistent state support from the 1950s, centred on incentives to localise inputs and expand exports, and the provision of world-class rail, ports and electricity infrastructure. The main constraints have been the limited domestic and regional markets combined with the distance from export centres, which makes logistics infrastructure especially critical, as well as the fact that virtually every

major auto industry enjoys strong state support. More recently, producers have had to contend with loadshedding as well as technological innovations to promote greener cars. In particular, South African refineries have not kept up with the international move to cleaner fuels, which means cars for the domestic market cannot easily be exported. Moreover, international pressure to shift to electric vehicles will ultimately transform export demand, which in turn requires changes in domestic sales to achieve economies of scale. (See TIPS research paper *Harnessing electric vehicles for industrial development in South Africa*)

The COVID-19 depression nationally and globally increases the pressure to address the structural constraints on growth while adapting incentives to the new realities. In particular, targets linked to output and exports will have to be delayed in light of lower demand at home and abroad, which seems likely to persist for at least two years. Regional and domestic sales could in fact recover faster than exports if the pandemic remains out of control in Europe and the US, as long as it remains subdued in South Africa. The fall in global production also provides a window to incentivise the shift to cleaner fuels and to electric models, which are critical for the industry's long-run global competiveness.

At the same time, like the rest of the economy, the auto industry cannot compete as long as the national electricity grid is dysfunctional. It also depends on Transnet's ability to maintain efficient roll-on, roll-off rail and port facilities.

In the short run, like the rest of the economy, the industry will suffer if the pandemic runs out of control again, since that would affect both production and sales. It could contribute to holding down transmission by supporting local production of personal transport for low-income groups, especially light motorcycles, tuk-tuks and e-bikes. These products are relatively affordable alternatives to public transport, which remains a high risk for cluster outbreaks. Establishing domestic production and expanding sales would, however, require co-ordinated support from the state, including changes in traffic regulations and road infrastructure as well as financing for low-income households.

Music[1]

Like other cultural activities, the main role of music in society is to promote community engagement and individual well-being. At the same time, it generates income directly and indirectly for thousands of people. But the COVID-19 pandemic changed the music industry almost overnight. Above all, live performances with crowded audiences will not be viable until the pandemic is fully under control. Like other socially-based activities, the pre-pandemic model can be safe, with under-capacity utilisation of venues, or profitable, but rarely both.

Internationally, live performances generate more income than recordings for musicians and many associated industries such as venues, security and catering. In South Africa, live performances accounted for almost 60% of total music revenue in 2018, and the share was expected to continue rising in line with international trends. The pandemic has cut into these revenues by limiting the size of indoor gatherings; slashing company sponsorships; and closing down nightlife, not only due to regulations but also as individuals avoid risk and manage lower incomes.

[1] This section was provided primarily by Nokwanda Maseko of TIPS. We are grateful to Gwen Ansell for insightful inputs.

In part due to the closure of live venues, music streaming has proven relatively resilient. But it does not pay as well. In South Africa, an artist would require between 26 403 and 279 370 streams per song (depending on the service) to earn revenues equal to the monthly R3 500 minimum wage – and that assumes, very unrealistically, they retained sole control of the licence. Moreover, musicians can no longer use live performances to publicise their work, which imposes burdens especially on new entrants. At the same time, advertising sales have fallen sharply. Although podcast and streaming advertising accounted for only 4,2% of total music revenue in 2018, it had grown over than 200% from 2014 to reach R108 million. Finally, in the longer run, the fall in household incomes may constrain growth in streaming.

COVID-19 has highlighted and exacerbated structural inequalities within the music industry, between individual artists and the large streaming, recording and broadcast companies, on the one hand, and between established commercial performers and community-based and emerging artists, on the other. In this context, because most musicians, DJs and support staff are self-employed, they are not eligible for the COVID-19 TERS grant. The national and provincial departments of arts and culture provided R200 million for artists and sports people at the start of the pandemic, but paid fewer than 5 000. A second round of R77 million was expected to provide a once-off payment of R2 200 apiece for around 12 000 beneficiaries between September and November. A central challenge was that for many musicians, paid performances are only part of a broader livelihood strategy, and contracts are largely informal, often verbal or through text messages. To obtain a grant, however, they had to prove that they had no other source of income and that they had lost business due to the pandemic.

As long as COVID-19 is not fully contained, traditional live performances indoors – in clubs and bars, for instance – will likely be unable to open both safely and profitably. By extension, the music industry must think of a new operating model that will sustain its core cultural role, which requires diversity and innovation, as well as its ability to generate livelihoods. Some possible directions for change are outlined here.

In the coming year, as the pandemic is still spreading in communities, government could assist by providing outside venues in parks and supporting busking, which would enable performances without the high risk of indoor venues. Generally, this would require changes in municipal rules as well as ensuring that musicians are aware of new opportunities to perform outside. It would help to designate more venues for outdoor performances and to make it easier for performers to gain access.

Streaming will also remain an important conduit for cultural events as long as in-person venues remain too risky for many consumers. Most South African households do not have access to broadband, however, since it is both pricy and often unavailable especially in townships and rural areas. Recovery proposals include acceleration in the licensing of new spectrum, which should help expand access. In this context, government should make licences contingent on better services for low-income communities and ensure that tariffs are affordable for the majority of households. Assistance in financing low-end smartphones and computers would also improve access. Obviously, the benefits of increased access to broadband and affordable data are not limited to streaming, but also assist in finding economic opportunities, operating small businesses and working from home.

Furthermore, cultural activities, including music, should be supported as part of public work schemes. During the New Deal in the US, the Works Progress Administration made cultural work a central part of the recovery plan, recognising that it had a core role in improving

wellbeing and building community engagement, as well as providing livelihoods for artists and associated industries such as tourism, catering, paraphernalia and venues. Communities and cultural workers should be able to access employment-support funds to put on performances, purchase and transport equipment, and undertake other cultural activities centred on low-income communities (with appropriate infection-prevention measures). Crucially, support should go to workers who do not have a high profile nationally, including local traditional and popular musicians and choirs.

In the longer run, government needs to radically increase but also decentralise support for cultural work, including music, so as to encourage new entrants and innovation as well as vastly expanding services in low-income communities. Support currently focuses on a few national institutions, which do not reach the majority of South Africans. Municipalities have been more active in supporting local musical events, but they will face sharp constraints on revenues in the next few years. More broadly, given the crucial importance of social solidarity for economic growth as well as broader development, cultural work remains underfunded. A programme to promote local music in townships and rural areas could include expanding and upgrading community halls with facilities for performances and recording, as well as support for local events and stipends for performers.

TIPS TRACKERS

TIPS Tracker: The economy and the pandemic highlights important trends in the COVID-19 pandemic in South Africa, and how they affect the economy.

TIPS FDI Tracker monitors inward foreign direct investment projects. It reports on new FDI projects, analyses these, and adds them to an ongoing list of investment projects.

TIPS Export Tracker provides updates on export trends and identifies sectors and products that are performing well and those that are lagging.

TIPS Import Tracker provides an overview of import patterns and looks at the causes of surges in imports, and their likely impact on industry.

Trade & Industrial Policy Strategies (TIPS)

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