

Press Release

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South African Institute of Race Relations
The power of ideas

Media contact: Michael Morris Tel: 066 302 1968 Email: michael@irr.org.za
Kelebogile Leepile Tel: 011 432 7221 ext: 2018 Email: kelebogile@irr.org.za

IRR's warning in Washington: EWC could reverse democratic SA's economic, political gains

If the South African government 'proceeds to change the constitution in pursuit of EWC, or achieves the same end without a constitutional amendment, the country may stagger under the weight on a new set of contradictions ... (and) the chain of events triggered by EWC will reverse many of the economic as well as political gains of South Africa's democratic transition.'

This warning is contained in Institute of Race Relations' (IRR) chief executive Frans Cronje's address to the Cato Institute in Washington DC yesterday.

The address, titled 'Will South Africa become Africa's Venezuela?', is one of many engagements on Cronje's itinerary in the US aimed at building international support for protecting and extending property rights to all South Africans.

Cronje told his audience at the Cato Institute – which included South African government officials – there was no question of the importance of 'addressing historical dispossession'.

'But this can only be done within a policy framework that finances and extends title to black South Africans – as a model my colleagues have developed demonstrates could easily and cost effectively be done.'

He warned, however, that the ramifications of a policy that involved diluting property rights 'will extend far beyond the agricultural sector to many other spheres'.

Such dilution might take the form of 'regulatory expropriations', where the state itself 'does not take ownership of property, but its regulations deprive existing owners of many of the powers and benefits of ownership'.

Regulatory expropriations were 'already in the pipeline' – in, among others, the security, mining, healthcare and pharmaceuticals sectors – 'many of which would have major ramifications for American investors'.

Cronje warned: 'Many American firms are already worried about the government's cancellation of its bilateral investment treaties with the United Kingdom and 12 European countries. Though the US never had such a treaty with South Africa, American companies previously drew comfort from the protections against expropriation which these BITs contained.'

The EWC proposal 'is thus not an isolated aberration ... but part of an incremental assault on property rights and the free market in South Africa, and American companies operating in South Africa have much to lose if the EWC proposal is translated into law'.

Cronje said: 'The risk of uncompensated losses could in time encourage many of them to disinvest from the country, especially as South Africa makes up so small a part of the global economy. But an American withdrawal will further isolate the US from the African continent, paving the way for China, in particular, to strengthen and consolidate its regional influence.'

This was at a time when 'from a security, resource, protein, and consumer perspective, Africa is of increasing geostrategic importance'.

Cronje concluded: 'The risk now, as more than 30 years ago, is that if the South African government cannot be persuaded of the need to turn and proceeds to change the constitution in pursuit of EWC, or achieves the same end without a constitutional amendment, the country may stagger under the weight on a new set of contradictions – a once upwardly mobile and increasingly urban, tertiary industry-focused economy in which the government, under popular pressure born of a period of low economic growth, turned to Marxist dogma and racial incitement in an effort to stave off the popular frustrations of its people.

'If this occurs the chain of events triggered by EWC will reverse many of the economic as well as political gains of South Africa's democratic transition and no outcome, no matter how severe, would then be off the charts – more so for the fact that property rights anchor human liberty in all free and open societies.'

Read the full speech [here](#).

The IRR invites all South Africans to join it in winning global support for property rights in South Africa and in securing a future of freedom for themselves and their loved ones by SMSing their name to 32823.