

Press Release

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South African Institute of Race Relations

The power of ideas

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Land panel report puts a bullet through the ‘new dawn’s’ brain – IRR

The Institute of Race Relations (IRR) has warned that the recommendations of the Presidential Advisory Panel on Land Reform, released yesterday, risk triggering devastating consequences for investment and economic growth.

The Panel has recommended among other things that:

- The government proceed to amend the Constitution to dilute property rights protections to explicitly allow for expropriation without compensation;
- The government move towards expropriating various forms of property;
- Foreign property ownership be restricted;
- Farm sizes be capped and farmers forced to surrender the surplus; and
- Taxes be imposed on land owners.

IRR CEO Frans Cronje said the proposals were ‘economically suicidal’ and that the Panel report amounted to a ‘130-page formula to destroy the economy’.

Said Cronje: 'The South African economy is in dire straits. Debt levels have doubled in a decade. The deficit is a multiple of the economic growth rate. Unemployment rates are a multiple of emerging market norms. Significant capital and skills flight is occurring. Last week, Moody's downgraded its growth outlook for the country while Fitch downgraded its rating outlook to negative. To release a report that proposes the steps set out by the Land Panel is simply reckless. The report will do nothing to secure investor sentiment and I am afraid it has put a bullet through the 'new dawn's' brain. The government will have to move very quickly to contain the fallout.'

Cronje said the fallout 'will have implications for the whole economy as the principles inherent in EWC spread to sectors as diverse as healthcare and financial services'.

'The National Health Insurance proposal is essentially a step towards seizing the businesses of private doctors. Moves towards prescribed assets herald the same for pension fund beneficiaries. Few people anticipated that doctors and pensioners would lose their assets to the principles at the centre of EWC dogma ahead of farmers.

'There is enough here to say that South Africa's prospects for economic reform and increasing living standards are now stillborn and this will remain the case until EWC is taken off the table,' Cronje said.

The IRR will study the report and comment in more detail in due course.

Ends