

Press Release

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IRR

South African Institute of Race Relations

The power of ideas

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Parliamentary debate shows prescribed assets on their way – IRR

Yesterday's debate on prescribed assets reveals that the governing African National Congress (ANC) is intent on implementing such a policy.

Prescribed assets, a policy to enable the government to dictate where pension or retirement funds can be invested, has been spoken about for some time now, and yesterday's debate in the National Assembly shows it is a policy the ANC supports.

Policies such as Expropriation without Compensation and National Health Insurance (NHI) were both on the fringes of ANC policy for many years but are now at the forefront of the governing party's policy offering. Despite clear evidence that these policies will do great damage to the economy, the ANC is intent on implementing them. South Africans would do well to heed this when weighing the risks of a policy of prescribed assets being imposed on them.

Two of the ANC MPs who spoke on the matter yesterday, Phoebe Abrahams and Gijimani Skosana, came out in firm support of the policy, with Skosana echoing Abrahams' saying such a policy would be in the interests of all South Africans. Abrahams confirmed that prescribed assets had been part of the ANC's electoral manifesto, implying it was the 'will of the people' for such a policy to be implemented.

Floyd Shivambu of the Economic Freedom Fighters also favoured the policy, claiming that the government was better at managing assets than the private sector.

It is clear that prescribed assets are now more likely than not to become policy in the foreseeable future, despite clear evidence (from the last time South Africa implemented such a policy, under apartheid) that it will leave South Africans poorer and have little to no benefit for the economy.

We applaud Democratic Alliance MP Geordin Hill-Lewis for having instigated the debate in parliament, as well as for warning of the implications of asset prescription, and for highlighting what he described as the 'sickening sycophancy of some in the asset management industry' who had willingly endorsed such a policy.

The IRR warns that, in seeking to take more money from its citizens over and above the tax they pay to fund failing state projects, the government will further undermine rather than contribute to economic growth. Threatening to prescribe assets rather than fixing its failures, reforming bad policy and cutting spending only adds to the threats posed by the government's commitment to property expropriation and the vast, uncostered NHI proposal in deterring investors at a time when new investment is our only hope of growing the economy.

The IRR is giving South Africans who are concerned about the policy the opportunity to write to their fund managers to determine what they are doing to protect their pensions and savings. They can do so by going [here](#).

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