

Press Release

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SOUTH AFRICAN
INSTITUTE OF
RACE RELATIONS

South Africa's Leading Research and Policy Organisation

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SAIRR: *The Economist* got it right

The Institute is in broad agreement with a report and editorial in *The Economist* of 19 October 2012 that is critical of South Africa and questions the quality of leadership in the country.

The Economist is an influential global newspaper and its reports on South Africa are certain to influence investor and other opinion about the country. The Institute has read both reports and can say that the data cited by *The Economist* is broadly accurate.

The Institute is also broadly in agreement with the conclusions reached by *The Economist*. The Institute's deputy chief executive, Frans Cronje, said "It can surely not come as a surprise to anyone who has paid close attention to South Africa over the past five years that we are on an unsustainable economic and political trajectory. This is not to say that the country has not made any progress in terms of areas such as living standards or service delivery, as the Institute has repeatedly pointed out. Rather, it is to say that without dramatic shifts in policy it is no longer possible for the current government to meet the demands of actors within South African society."

"*The Economist* reports will obviously have an impact on investor sentiment. In the short term the impact will be negative and will cause damage to the economy."

"In the long term, however, it will alert people, in Government, the business world, and outside, to the need for urgent policy reform."

"What has happened in the weeks since the Marikana shooting, both in terms of ratings agency downgrades and the latest report from *The Economist*, is a much-needed correction in opinion about South Africa. For too long South Africa has benefitted from the aura of its peaceful transition. For this reason the change of sentiment towards the country will ultimately be beneficial as it will lead to a more accurate assessment of the challenges confronting South Africa and its government."

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