RELIGION & STATE DEVELOPMENT COOPERATION

*A German-South African dialogue on
historical and current challenges*

Editors
Renier Koegelenberg
Udo Hahn

**KONRAD
ADENAUER
STIFTUNG**

EVANGELISCHE AKADEMIE
TUTZING

EFSA

The impact of Covid-19 – and other pandemics

We need to rethink (just about) everything

Mcebisi Jonas¹

As the coronavirus rampages through humanity, our challenge is how to emerge from the pandemic, and the accompanying economic near-apocalypse, as a much wiser society dedicated to all of our people. As it is not an easy task, we need to be clear-eyed about what we want, and how to achieve it.

In an unwittingly sage moment, US President Donald Trump called the coronavirus a genius.

And indeed, who would have imagined that a microscopic virus transferred from a bat (or so we are told) would, in a matter of months, create a global catastrophe?

The pandemic has graphically exposed our weaknesses, humbling developed nations such as the US and the UK as they fumbled their response, and shone a light on the global and societal inequalities that have been hiding in plain sight all the time.

The virus has shown, in the national death counts, that leadership and good governance do matter.

¹ Mcebisi Jonas, Investment Envoy for the Presidency, Former Deputy Minister of Finance, South Africa. This article was published in *Daily Maverick* on 3 June 2020. See also his contribution “We need a new social compact in South Africa”; Archbishop Makgoba’s Public Theology Seminar, 2 September 2019, published by the EFSA Institute, Stellenbosch.

CHALLENGES POSED BY GLOBAL CHANGES AND PANDEMICS

Donald Trump, Jair Bolsonaro, Boris Johnson and Vladimir Putin are learning that you cannot lie or manipulate your way out of a pandemic. It is no accident that the US, Brazil, the UK and Russia top the table for the most deaths during the pandemic.

The virus is putting us to the test as we struggle not just to survive the pandemic but puzzle over what could emerge at the other side. What is going to drive South Africa forward and beyond the stagnation of the last decade?

Growth has been anaemic since the great recession, and we remain trapped in a bubble economy in which a developed South Africa thrives side by side with a country of the poor living close to the breadline.

Covid-19 is teaching us – again – that the old system is deficient and we must prepare to build a different future. But how, after the destruction of the pandemic? Do we even have the tools?

Countries that have been the most successful in containing Covid-19, many of them led by women, are those whose actions have been accompanied by a high degree of public trust. This is not a simple matter of liberal democracy versus the rest. Some of those who have coped best are democratic nations such as South Korea, New Zealand, Denmark, Germany, Taiwan and Ghana, but Singapore, Vietnam and China are also among the winners.

They have three things in common:

- Wise policymaking based on consultation and the advice of experts;
- Sound governance, which means the ability to implement those policies effectively to protect public health, save lives and ensure that aid reaches where it's intended; and
- A two-way street between the people and government which flows from clear communication so that people understand what is being done and why.

The South African response

President Cyril Ramaphosa's administration embraced policy based on evidence and has been prepared to learn from what has worked elsewhere in the world. He established a partnership between policymakers and experts that is unique in our history.

The president acted early and his message was well-received across the nation even as he was asking people to do unpopular and painful things. The country glimpsed a fleeting few weeks of unity.

But the gap between intentions and implementation became painfully apparent. And the good start was partly squandered by mixed messages and an exercise in old-style commandism and micro-managing that many found difficult to understand.

Heavy-handed actions of security forces and the diversion of some aid for political patronage further undermined the good intentions. Bureaucratic incompetence meant that much of the aid intended to support the poorest among us and to bail out businesses has still not reached its intended targets.

Furthermore, there remains a fear that much of the hard work and sacrifice of the lockdown will be negated by the government's inability to implement an effective programme of tests and tracing.

This has been articulated by some of the experts that the government has been relying on, concerned that while the lockdown has bought time for the health system to prepare, problems with the testing regime and the slow release of results have “snatched away government's chances to significantly slow community infections.”

Many of the critiques of the government's response, however, ignore a large number of unknowns and uncertainties surrounding the virus that continue to confound good policymaking.

And the sacrifice and hurting have not been for nothing. South Africa is one of the few countries in the world that has had zero excess deaths during this period. According to some analysts, the infection and mortality rates outside the Western Cape are in a similar range to South Korea, one of the world's COVID-19 success stories.

While we need to proceed with caution, especially as we go into winter, South Africa's response has so far been relatively successful. However, we should take to heart the warnings that the pandemic is far from over.

As one US doctor was quoted as saying: “If they're lifting the lockdown it doesn't mean the pandemic is over – it means they have room for you in the ICU.”

Us and Them

In a society as divided as South African, it was never going to be easy to prevent the different perspectives of people locked down in suburbs or townships from becoming politicised and racialised.

The coronavirus was transported into South Africa by the most affluent members of society – those travelling to Europe for a skiing trip – and the drastic extent of the lockdown measures were designed to slow the spread of the disease into the community at large, especially the overcrowded townships and informal settlements.

Pain has been felt across the board but the lockdown fell hardest on the poorest – ordinary workers who lost their jobs and those who live and work in the informal sector, who have no savings, no property and whose only means of support, if they cannot work, are their families.

We will not soon forget the queues of hungry people just miles from the centre of Johannesburg standing in line for food parcels only weeks into the lockdown.

Dissension soon set in over the next steps: the “lift the lockdown” chorus highlighted the racial and class mindsets that divide us.

A narrative has been widely disseminated in some circles that the lockdown itself caused the damage – that the cure is somehow worse than the disease.

The weakness of the “actuarial” case is that it was not the lockdown that sunk the South African economy. The flight of foreign investors and the collapse of international travel and tourism, commodity prices, and international trade, all would have happened whether or not the government imposed a lockdown.

The problem is an unnuanced narrative that pits public health versus the economy as a zero-sum or binary choice. There are ways to open up that protect public health.

But the views that are affixed to each position, the subtext of this debate, are so familiar that it did not take a lot of “genius” on the part of the coronavirus to expose where we fail as a society.

Last year I wrote in my book *After Dawn*, and it bears repeating:

Despite the vast investment in reconciliation during the Mandela years, we are stuck in a racial paradigm. What is particularly concerning is the failure of political parties to talk coherently about solving the country's most pressing problem: the need for rapidly accelerated inclusive economic growth that will provide jobs for the millions who find themselves without a stake in the establishment. Instead, parties remained stuck in identity politics and opt to call each other out on race and other prejudices, adding fuel to the fire that is burning up valuable social cohesion.

Time for a rethink

The IMF is now admitting that the global economy will take much longer to recover than initially expected. Managing director Kristalina Georgieva said the fund was revising downward its expectation of a strong recovery in 2021.

There is debate about what shape the recovery will take: There is increasingly less support for a V-shaped strong rebound. There is also the W, where restrictions are lifted too soon and a new wave paralyses the economy, or even a slower U-shape or the L-shape, the very worst scenario, where the global economy never gets better.

The destruction to balance sheets and undermining of consumer confidence mean it is a safe bet that even with massive stimulus programmes, global demand will be damaged for years to come.

There remain so many unknowns:

- How long will it take for a widely available vaccine or drug therapies that will ameliorate the health crisis?
- Will tensions between the United States and China undermine global recovery?
- Will the high levels of sovereign debt precipitate a financial crisis?
- How much long-term damage will COVID-19 do to the economies of Africa?

A worst-case scenario is the US and China at each other's throats, as we sink into a global depression that lasts longer than the one in the 1930s.

Forecasts for South Africa indicate a GDP contraction this year of anywhere between 4.5 % and 10.6 % – and debt levels rising to over 75 % of GDP by the end of the year.

So what did we learn from this crisis and what kind of shape are we in to build inclusive growth given that the task of rebuilding just got harder?

New York Times columnist Farhad Manjoo compares the coronavirus to a heat-seeking missile “designed to frustrate progress in almost every corner of society, from politics to the economy to the environment.

“We should spend more time considering the real possibility that every problem we face will get much worse than we ever imagined.”

An optimistic counter-view is that people might now be willing to try new things. The coronavirus has shaken up assumptions, challenged worldviews and taught us where our weaknesses and faultlines lie.

Rethinking the globe

The end of the Second World War was a pivotal moment in world history. There was a widespread recognition of the need for international collaboration to rebuild after the devastation of the war. Multilateral organisations such as the United Nations, the International Monetary Fund and the World Bank were created in this period.

Western Europe, much of it reduced to rubble, was lifted up by a massive US infrastructure and aid programme, the Marshall Plan. As they rebuilt, many European countries and Japan evolved into social democracies – a Labour government in Britain introduced the National Health Service – and new trade organisations such as the European Common market took shape.

The independence movements of the developing world began 20 years of decolonisation, starting with the Philippines and India, and ending with almost all of Africa outside the white-run south.

Though the spirit of global cooperation was disfigured by the rapid descent into the Cold War between two global superpowers, the period did carry a spirit of rebirth.

Are we at another inflexion point when the leaders of the planet face up to our shared humanity and work towards greater institutional connection, in a more inclusive manner than 70 years ago?

Aside from defeating the pandemic and the wreckage in its path, the challenges of inequality and climate change are common to all nations, and the way to combat them is not further alienation but greater cooperation in the face of a common enemy.

Seventy years ago the US rebuilt Europe with the Marshall Plan because it needed other countries to buy its products. Today, the reconstruction of global demand does not end at any one country's borders.

The most effective way for all countries to recover would be a global stimulus, promoting areas of global concern – a green growth model with a new emphasis on sustainability, redirecting global liquidity to where demand is greatest.

Africa remains a special case and we can argue that the developed world owes us a special debt.

We would not look for handouts, but rather argue that it is in no one's interests to have one continent housing so many of the poorest people, and to construct a new global architecture around that principle.

That would mean taking on the oligarchs, who have stashed so much of the world's (and Africa's) wealth in tax havens and those whose business model depends on tax evasion, transfer pricing and corruption. A global response is required to close global loopholes.

We would demand fair terms of trade and an easing of the unsustainable debt burden.

A world hungry for demand will increasingly look to young Africa as a massive dynamic emerging consumer market. Investors will look to Africa as a more profitable destination than some of the low-growth economies of the developed world.

African economies should stand to benefit from the reconfiguration of global value chains that have come under extreme pressure because of overconcentration in China.

COVID-19 has been an extraordinary setback, but the heartbeat of the African economy – the street, the markets, the traders, the people – is extremely resilient and will recover.

Oil and mining will remain an important component of African economies but our exports of the future will go well beyond the extractives to showcase the strengths of our people – in entertainment, in fashion, in design, in sport. And with the slowing of the pandemic, tourism will come back.

South Africa's recovery and future growth will be closely tied to our trade and investment relationships in the region and we can benefit from and contribute to the free trade area that will now be hastened on the continent – including the building of regional value chains.

Rethinking government

One thing over which there can be no further argument is the centrality of the state.

Throughout the world, citizens are looking to governments to rescue and guide them.

Even in the United States, the small government ideology has been discredited and abandoned as people realise that their livelihoods and survival depend on a well-functioning, properly resourced state.

The discussion has moved to, what kind of state can drive growth?

More specifically, how do the state and the market relate to one another?

In South Africa, there has been a flurry of thoughts around a “year zero” plan – in which some believe everything now becomes possible. But chasing unsustainable grand plans that the state has no capacity to implement or afford will fail and will fail brutally.

Increasing money supply might be tempting but, if sustained, will bring inflationary and currency devaluation risks that will have an impact on the balance of payments. Sharp price increases and a weakened fiscus will hurt all South Africans.

If we have learnt anything these last few weeks, it is that while we look to the state as a guiding force, a lifesaver, and a safety net, it becomes overbearing when it tries to control every aspect of our lives.

There is a danger that instead of learning the lessons of how successful nations are coping, we become more authoritarian, less imaginative and less hopeful.

Authoritarianism has little public support unless it is accompanied by the kind of effective state mobilisation that only the Chinese appear able to manage.

South Africa has neither the ruthless bureaucratic efficiency nor the cultural tolerance that would allow a reversion to the command economy of the apartheid era of the 1950s and 1960s.

While the state should remain focused on social protection and inequality reduction, it should also be the catalyst for a dynamic and forward looking economy based on rising productivity and income.

It should support emerging black businesses through a rigorous, coherent tender system at all levels of government and ensure that it is insulated against cronyism and rewards quality and performance.

We should also look at ways of promoting businesses owned by women and youth as part of a broader equity agenda.

The government needs to start making business and investment easier for all, not inventing new obstacles and regulations that have to be policed. We need to unclog the system.

We need a state that leads and is nimble enough to adjust to uncertain times.

Rethinking technology

Technology is going to shape our world in ways that we cannot yet imagine.

We need to think in the long term, and not just in terms of one cycle. We need to look beyond 2021 to the next decade and beyond.

The recovery will be tech-driven in an accelerated way.

We will need to invest in projects that will attract financing and drive growth, such as the just energy transition, ICT and network industries, urban infrastructure

and logistics infrastructure for African integration. Not to mention education and especially technical education.

One of the big winners that will emerge, shaped not just by COVID-19 but by the incredible technological advancement that is occurring as we speak, will be the health sector.

We are talking about 3D printing for medical devices, less invasive laser and robotic surgery, telehealth to provide treatment from a distance, artificial intelligence to assist with diagnoses and treatment options, brain implants to treat brain disease, immunotherapy for cancer, and so on and so on.

The entire continent is hungry for this kind of innovation.

The world will be transitioning to a greener economy and South Africa needs to be at the forefront of the African response – and to be part of the breakthrough technological research and development.

This will also spawn new industries, such as artificial food. One of the biggest causes of climate change is beef production. Laboratory-grown meat is already becoming a reality, the only challenge is to make it taste as good as the real thing.

New technology in mining and natural gas extraction is also able to reach previously uncommercial deposits and extract them in a cleaner way.

South Africa can serve as a technology hub for much of the region and as a preferred investment destination for Africans themselves.

Rethinking poverty

The turbo-charged growth of the last quarter century did two seemingly paradoxical things: it increased inequality and, for much of the world, decreased poverty. Now the pandemic could do exactly the opposite – increase poverty and (as often occurs after economic catastrophes) decrease inequality.

The trick will be to tackle poverty and inequality at the same time – that is the essence of the phrase inclusive growth.

If South Africa is to grow, it is absurd to continue to deny access to the mainstream economy to more than two-thirds of our people.

We stand at the cusp of a technology-driven banking revolution that, coupled with the extension of social grants for an extended period of time, could move cash to where it is most needed. Here the state has a major role to work with the financial sector to make capital available to localised entrepreneurs.

We know that the Treasury is already drained, and the social grants will not be sustainable forever.

But if it is well designed and implemented, some form of universal basic income is a way of changing the trajectory of inequality in South Africa by creating the conditions for growth: expanding employment, the consumer class, the number of taxpayers and overall demand in the economy.

We need to see this as a stimulus – as an investment in market-driven growth – rather than just a hand-out to the poor.

It will need to be accompanied by equitable land and housing policies that allow people to accumulate capital through holding assets, and we need real support from the state and the private sector for small businesses, including smallholder farmers in agriculture.

Finally, we have spoken since 1994 about the need to redress the spatial inheritance of apartheid. We will not be able to tackle structural inequality without starting to change the way South Africa was built.

That means that any far-reaching infrastructure plan must be modelled towards a realistic vision of smart cities – through mass transit systems, ICT infrastructure and the allocation of urban land to new property owners.

Rethinking politics

Is this crisis the jolt that we need to fix our politics, which has grown so out of sync with our need for a more inclusive society?

Since 1994, we have lived with a strange dichotomy. Structurally, the problem is that big business wields economic power but has no political power; and the political elite don't necessarily have a stake in the economy.

Clearly, as we enter the new world, we need a new social compact that brings the two kingdoms into one federation.

CHALLENGES POSED BY GLOBAL CHANGES AND PANDEMICS

At the same time, we need to revive and refresh our democracy so that every South African feels they have a stake in the system.

South Africans at all levels are already making a tremendous collective effort, none more so than the essential workers and the nurses and health workers risking their lives at hospitals and township clinics throughout the country.

This should be the moment for us to unite, instead of fragmenting into old predictable tribal ideologies.

Unfortunately, we are still stuck in the old politics, in which mainstream political parties have increasingly lost legitimacy and relevance.

The danger is that more militant tendencies will move into the vacuum – especially if there is an exponential increase in poverty and desperation without a workable plan to come out the other side.

The challenge is to give real meaning to democracy by opening up the space for all the critical voices in our society to contribute, especially the youth.

We need to build on the promise of that moment when we stood together as a society to face the immense challenge of a global pandemic bearing down on us and find hope that we can emerge stronger and more ready.

Neither ruling party factionalism nor opposition opportunism, hoping to make short-term gains by scratching away at the wounds of our past, are going to serve us in this new reality.

If we don't get the politics right, there is no pathway to prosperity.