

in depth economy

COVID-19

LOCKDOWN
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SOUTH AFRICANS' GOOD OF LOCKDOWN REGULA

While private citizens and businesses initially bought into government's decisive response to the Covid

Support for South Africa's lockdown, one of the world's most stringent, has waned dramatically since it was imposed on 27 March, with business and the public urging government to ease restrictions quickly in the face of mounting evidence of the magnitude of its impact on the economy and people's livelihoods.

President Cyril Ramaphosa's decision to take the step to protect South Africans from the spread of Covid-19, following the example of a growing number of countries, was initially met with goodwill.

But this was undermined by the complex, often irrational web of regulations which accompanied the move to a less onerous level of lockdown on 1 May and the heavy-handed tactics adopted by police and the military to enforce them.

Because SA's lockdown was imposed so soon after the first cases of the virus were detected in the country, it curbed the pace at which the disease normally spreads, and gave the health system time to prepare hospitals and staff for an expected flood of patients.

But the onslaught has yet to emerge, giving the public a false sense of security and fanning perceptions that the severity of the disease has been overstated and the response overdone. This suggests that people will be careless as restrictions are eased further, and less likely to stick to the responsible behaviour and social distancing that are intended to replace the regulations.

Perceptions have also been growing among South Africans that the disease will only seriously affect older people and those with underlying health conditions, known as co-morbidities. Until loved ones become gravely ill and there is a large number of fatalities, it is unlikely to change.

"As someone who has experienced the virus, I get extremely frustrated and exasperated by people who have this idea that it's just a light flu – they have no right to do that unless they've actually gone through it themselves," says political analyst and former ambassador Melanie Verwoerd.

Verwoerd and her entire family were infected with Covid-19 after spending time with overseas visitors in early March. They all got sick, but it was her healthy



Edward Kieswetter
Commissioner of the
SA Revenue Service

29-year-old daughter who became severely ill and eventually went to hospital. Her 27-year-old asthmatic son had the lightest symptoms of the four of them.

"From personal experience I have now seen how possible it is even for someone with no underlying conditions, good nutrition, and a good immune system to get really sick, extremely sick," she says.

"When all of a sudden you have to drop your child off at Mediclinic and can't even go in with them – when they are collected by people in space suits and you don't know if you're ever going to see them again, it's a very unpleasant feeling. You see also the panic in your child's eyes and their struggle to breathe – it's a horrible thing."

Verwoerd's daughter and the rest of the family have recovered, but she says that two months later, they are both still feeling the effects of the virus.

Lockdowns have become controversial globally, although two of the most sceptical leaders – US President Donald Trump and UK Prime Minister Boris Johnson – both changed their tune when thousands of their citizens started dying and Johnson himself became gravely ill with the virus.

The consequences of shutting down economies, particularly in developing countries with limited finances to address the fallout, are undeniably catastrophic.

South African corporates have already begun to fold, including large entities like Comair, Edcon and Associated Media Publishing.

But all reflect the uncertain futures of their industries globally because of the coronavirus – clothing retailers, airlines, and print media. Restaurants and hotels in SA and in other locked-down countries have been forced to shut, and the closures are likely to be permanent for many as their sectors are prime infection sources and will be the last to reopen.

Edward Kieswetter, the commissioner of the SA Revenue Service (Sars), sounded alarm bells on 5 May with a warning that the combined impact of an already faltering economy and the lockdown could lead to R285bn in tax revenue losses during the 2020-2021 financial year.

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COVID-19 SUPPORT WILL WANES IN WEB TIONS

By Mariam Isa

As the Covid-19 threat, this support is dwindling as restrictions seem to be increasingly complex and irrational.

activities, but a loss of economic capacity due to businesses closing and job losses. The full impact of this will manifest over the next few months, and also depend on how government manages the phasing-in of economic activities," he said.

Attention has turned to opening up the economy, with business leaders urging government to shift its strategy from one of drawing up complicated lists of what is allowed to occur, to clearly defining what should not occur, and allowing businesses themselves to decide on how to implement social distancing.

Forcing companies to operate with only half their staff and requiring many businesses and individuals to apply for permits to work were also unhelpful, Busisiwe Mavuso, CEO of Business Leadership SA, said in a weekly newsletter on 11 May.

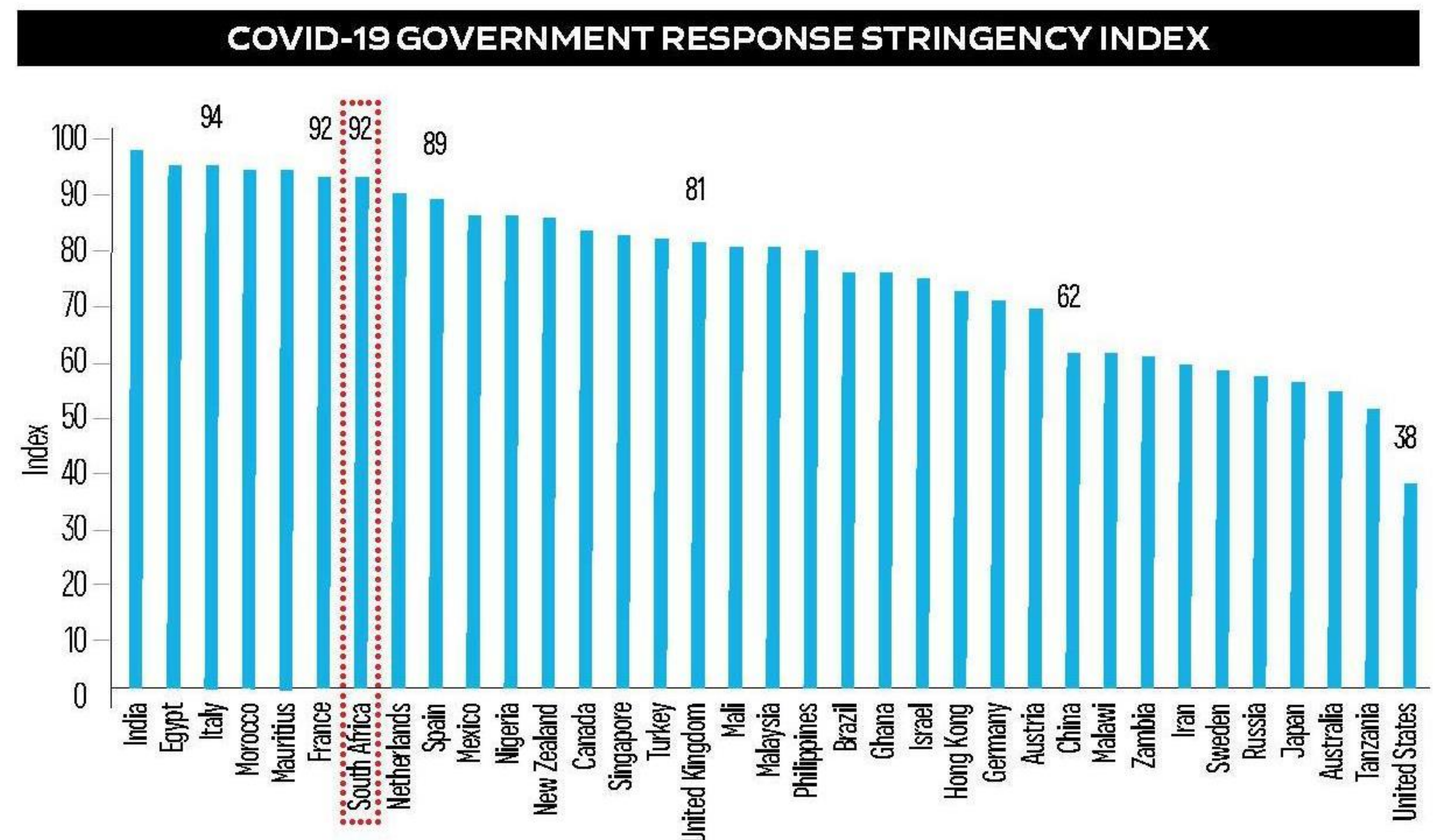
"Red tape is bad for business at the best of times, but right now is yet another source of pressure in the crisis. It need not be done this way," she said.

A ban on the sale of cigarettes and tobacco, which brought in R15bn in excise taxes for Sars last year, has become emblematic of restrictions that are difficult to understand, especially given that Professor Salim Abdool-Karim, an epidemiologist and the chair of the Covid-19 Ministerial Advisory Committee, told journalists on 6 May that it had had no input or given any advice on the decision.

The fact that the tobacco ban was lifted and then reinstated without a clear explanation has fuelled public anger, as has the ban on alcohol – although this has some logic as it led to a sharp fall in trauma cases at hospitals, which will in theory free up hospital beds and staff to attend to Covid-19 patients.

A decision to open schools, which was later reversed, reinforced perceptions that policy was not being thought through. The ban on e-commerce has probably inflicted the most unnecessary damage as it was imposed out of stated concern that it would be unfair to companies which are not online – despite the fact that the trend was rapidly gaining momentum even before the pandemic.

Neva Makgetla, senior researcher at the Trade and Industrial Policy Strategies think tank, suggested that SA open the economy using the model of countries



SOURCE: The Oxford Stringency Index

There is also concern that lockdowns may be tightened again as Covid-19 infections move closer to their peak, sometime between July and September.

that have successfully controlled Covid-19 infections and now just retain restrictions on public-facing businesses such as sports, concerts, nightclubs and gyms.

This would mean that the number of additional people who could in theory return to onsite work when the lockdown moves to level three would come to 4m, bringing the total back at work to two-thirds of those who were employed in December, she said in a recent research note.

One of the biggest issues at present is that it is unclear how and when the country – or separate metros that are Covid-19 hotspots – will move between the five lockdown levels.

There is also concern that lockdowns may be tightened again as Covid-19 infections move closer to their peak, sometime between July and September.

But once again, SA is not unique. The UK's Johnson introduced a policy of easing lockdown restrictions in the UK on 10 May, with a 50-page dossier which was sharply criticised for its complexity and lack of clarity. ■

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Mariam Isa is a freelance journalist who came to SA in 2000 as chief financial correspondent for Reuters news agency after working in the Middle East, the UK and Sweden, covering topics ranging from war to oil, as well as politics and economics. She joined *Business Day* as economics editor in 2007 and left in 2014 to write on a wider range of subjects for several publications in SA and in the UK.