



Economic Digest 11

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Looking Beyond COVID-19

It is clear that the world cannot go back to how things were before COVID-19, but it will have to be innovative in the way it moves forward. The challenge for policy-makers will be to create an environment for the emergence of a new world that cares as much about its poor citizens as about its GDP. The words of Robert Kennedy (in his first US Presidential run in 1968) ring true:

“GDP counts air pollution and cigarette advertising, and ambulances to clear our highways of carnage... It counts jails, napalm, nuclear warheads, and the loss of natural wonder in chaotic sprawl... Yet, it does not pay attention to the health of our children, the quality of their education or the joy of their play... It measures everything, in short — except that which makes life worthwhile.”

The following three articles explore what needs to be considered in a post-COVID-19 South Africa.

What the post-COVID-19 economic recovery models are getting wrong

As governments around the world work their way through the COVID-19 crisis, new models have emerged showcasing different scenarios for ‘recovery’ and a ‘return to normal’ from policy influencers such as the World Bank, the IMF, investment banks, etc. A common theme across all these models is that they contain some variation of the trade-off between the effectiveness of the health response on one axis, against the effectiveness of the economic response on the other. These models all get one thing wrong – they all use GDP as the yardstick for ‘return to normal.’

<https://tinyurl.com/yah7cmp3>

A post-COVID19 industrialisation growth for South Africa

For years South Africa has been promised that structural change to the economy, which can align constitutional promise with economic and social reality, is about to commence. But no tangible plan, let alone its implementation, has taken place of a kind which could power the sort of growth, in particular, which might reduce unemployment and address our profound levels of inequality. Any new industrial growth path has to be able to meet the need for productive investment; to stimulate industrial localisation (hence employment); to facilitate new forms of domestic demand; and to provide the necessary infrastructure. <https://tinyurl.com/ybpwyxk7>

Post-Covid-19 crisis pathways: Choices for Africa's enduring economic recovery

Africa is poised to lose 30 million jobs, while a third of the continent's countries are at risk of debt distress. The United Nations Economic Commission for Africa (Uneca) estimates that the continent could lose half of its GDP growth, down to 1.8% from 3.2%, as a consequence of disrupted value chains, stagnant exports and shrinking investment. This estimate embraces the immediate impact of the Covid-19 crisis, even before the continent faces the exponential curve of infections.

<https://tinyurl.com/y8et6utc>

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