

Press Release

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South African Institute of Race Relations

The power of ideas

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South Africans at risk of unfolding ‘act of plunder’ – IRR

Minister of Trade and Industry Ebrahim Patel said yesterday that pension funds ‘have a role to play in the development of South Africa through investment in real assets’.

His comments come after the African National Congress (ANC) made a commitment earlier this year to investigate introducing ‘prescribed assets’ or a programme that would force pension funds to invest some of their holdings in government-approved projects.

The IRR has long warned that the government intends seizing private pension funds to plug government spending gaps.

Patel’s remarks follow statements last week by the ANC and the South African Communist Party that the South African Reserve Bank should be nationalized to enable the government to introduce a programme of quantitative easing, which translates loosely into printing money to finance government expenditure.

The result would be massive inflation that would erode the value of Rand-denominated savings in South Africa.

The sentiments of the ANC and the Department of Trade and Industry are in line with the government's commitment to begin seizing land and other assets without compensation.

Yesterday, a panel created to brief President Cyril Ramaphosa on land reform handed its recommendations to the Presidency. The IRR believes that the recommendations include encouraging the government to pursue an aggressive policy of expropriation without compensation.

The government is also set to proceed with an amendment to the Constitution to dilute property rights protections, which, with the Expropriation Bill, will allow it to seize virtually any assets without compensation.

IRR CEO Frans Cronje said: 'The common thread running through all these actions is that the government is preparing to seize private wealth and assets without compensation. Its fiscal position is dire, debt levels have doubled over a decade, and the budget deficit is back where it was at the end of apartheid.

'Put plainly, it is running out of money and is desperate. Further tax hikes are nearly impossible. Yet, even at this dire point, the government refuses to introduce the liberalising reforms necessary to grow the economy. It is also reluctant to accept foreign bailouts because of the conditions that would be attached.

'It is therefore preparing to turn on South Africans and the assets they hold in order to use these to finance government programmes and policies, bail out parastatals and Eskom, pay salaries, and finance tenders and BEE deals.'

Cronje said the proposed amendment to the Constitution and the Expropriation Bill 'will severely reduce the legal protection on offer to investors, businesses, families, and individuals should their assets be taken'.

He warned: 'Unfolding before our eyes is an act of plunder of private savings, wealth, investments and property, the consequences of which will be devastating if the government proceeds.'

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