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COVID-19 RESPONSE POLICY BRIEF #2

TOWARDS A SAFER, MORE EQUITABLE OPENING OF THE ECONOMY

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SUMMARY

The approach adopted

- South Africa needs a safer and more equitable reopening of the economy complemented by an upscaling of state support mechanisms to workers, the unemployed, and vulnerable businesses.
- Securing health and expanding economic activity must be viewed as a single objective aimed at the realisation of rights in order to maximise the well-being of all.
- Social comorbidities rooted in South Africa's vast levels of inequality, must be accounted for in the return to work and reopening of the economy.
- COVID 19 is a social problem demanding ambitious social interventions. It is not a personal responsibility issue.
- The immediate burdens of reopening the economy, without mitigation measures, will be disproportionately felt by workers.

Proposals

1. **Democratise the return to work** through worker oversight of health and safety measures and appointment of compliance officers; regular inspection of businesses and issuing of compliance certification; strengthening the right to refuse to work in unsafe conditions; and stringent sanctions on employers for failure to comply.
2. **Democratise the costs and burdens of reopening the economy by providing:** a wage premium for high-risk occupations; wages for furloughed

workers; income support for quarantined workers; and unemployment insurance and business support for the informal sector. Short-time work should be adopted to prevent retrenchments together with a strategy to move towards a shorter working week. Changes to the wage structure to reduce executive and management pay and make it more equitable will assist in funding some of these measures. The CCMA requires additional funding rather than the proposed cuts. Finally, workers requiring COVID-19 testing in private health facilities should have these costs covered by their employers.

3. **Mitigate health vulnerability** through protecting the safety of vulnerable and quarantined workers, preferably through fully paid leave and cash allowance; elderly and vulnerable persons within communities receive targeted and sufficient income, food, and healthcare services; deployment of community healthcare workers is increased; and that there is no shortfall in treatment for individuals with other chronic diseases, such as, HIV, TB and mental health needs.
4. **Mitigate social vulnerability** to facilitate a reopening of the economy through:
 - a. **Income support:** increase and expand access to COVID-19 grant or replace it with a 3-month universal grant, and when it expires replace it with a universal Basic Income Guarantee; increase the Child Support Grant and allocate per child; and expand and extend the TERS scheme.
 - b. **Human settlements:** ensure: unrestricted water access; the mass provision of ablution facilities

in townships; and free mass provision of masks, sanitiser, and gloves. Expand and extend food programme beyond the COVID-19 peak. Increase the number of quarantine centers. Engage in community driven health, education, and food distribution initiatives.

- c. **Public health:** Increase budget allocation, including for PPE, staff, testing (including antibody testing), and other resource shortages in public sector, while supporting the local manufacturing of testing kits. The arrangements for resource sharing with the private sector at a reasonable cost must be clarified, including putting private facilities into public management. Health and safety protocols should be consistently reviewed and regularly updated.
- d. **Education:** Increase budget line-item devoted to school infrastructure and improve access to PPE and water and sanitation facilities; re-implement the school feeding scheme; provide safe and reliable scholar transport; ensure free menstruation products for girls returning to schools. Teachers and learners should be given the right to refuse to attend schools if they feel their safety is at risk.

- e. **Transport:** Ensure trains can resume effective operations through increased funding for railway infrastructure and security services to prevent theft and vandalism to. Increase government allocation to taxi industry, with strict conditionalities to transform industry in interests of drivers and commuters, in order to reimplement evidence-based occupancy limits.
- f. **Women:** Relieve the burden of care through increased pay for frontline workers, income support, and the CSG, and expand safe community childcare and early childhood development centres. Support programmes and facilities confronting gender-based violence should be prioritised and streamlined.

7. **Ensure a transformative role of the state** by following through on commitments to a genuine and proportionate rescue package while reversing austerity measures; investigating corruption and prosecuting guilty parties; implement regulations and conditionalities for government support in the public interest; and improving state communication to build public trust and inspire necessary behavioural change and diligence.

1. INTRODUCTION

On Monday 1 June 2020, South Africa officially moved to Lockdown Level 3. Later in June 2020, we moved to 'advanced' Level 3, opening up even more sectors of the economy, including restaurants, casinos, hair salons and cinemas. This means that 95% of the workforce are currently expected to be back at work. This received a largely supportive response from business groups, with labour unions and opposition parties raising concerns about the threats posed and the scanty benefits that most working people will receive by doing so.

Contrary to World Health Organization (WHO) guidelines, South Africa's opening of the economy is occurring before the epidemic has peaked. It has also become clear that the government failed to sufficiently utilise the hard lockdown for its stated purpose, with President Ramaphosa admitting that the country has not established the testing and tracing capacity needed. South Africans is now experiencing a rapid increase in the number of infections. Between 26 May and 26 June 2020 national infections increased fivefold. As of 19 July 2020, the disease has claimed 5 033 South African lives, with over 360 000 infections. In the week of 22 June Gauteng's infections doubled and the province has now become the new national hotspot.

Because there is a lag between infection and reporting, we are only now witnessing the impact of the more relaxed restrictions. We should expect even more dramatic numbers into late July and August. Despite this, on 12 July the President announced that the relaxed Level 3 restrictions were being maintained, with further relaxation on taxi occupancy rates (although

sale of alcohol has again been banned, and a curfew reintroduced).

The state's argument is that a rapid relaxation of restrictions is needed to weather the economic storm. South Africa is now in a deep recession, its longest since the global financial crisis, and the National Treasury predicts the country faces a 7.2% contraction in 2020. If the wheels of the economy are not set in motion, it is argued, catastrophic levels of job losses and business closures will follow.

The state's position on the opening up of the economy is supported by a number of experts who maintain that the government's overall framing of a 'risk-adjusted' strategy – which involves easing economic restrictions while targeting various risk factors to spread, that can be ameliorated by individual and institutional behavioural change – is appropriate given the dire need to reboot the economy and the state's failure to ramp up its testing and tracing capacities during the hard lockdown (see for example Van der Heever et al., 2020).

We propose an alternative approach and policy recommendations to advance a better managed strategy for economic opening.

2. REFRAMING OF THE DEBATE: A WELL-BEING AND SOCIAL COMORBIDITY FRAMEWORK

There can be no doubt that an indefinite closure of the economy is unsustainable. Yet the reasoning that informs the current relatively rapid opening up of the economy is based on a framework that: 1. Fails to appreciate the relationship between human well-being and the economy; and 2. Discounts the unequal burdens that this opening up imposes on our population¹.

Integrating human well-being

The fundamental problem with the government's approach is rooted in its conception of health and economic needs as constituting dual – and often competing – imperatives. The issue then becomes how to balance these complementary, yet relatively distinct, goals. While the hard lockdown can be argued to have been implemented in a manner that prioritised health needs, the state is now placing overwhelming emphasis on rebooting economic activity irrespective of the health risks within and outside of the workplace. This approach risks making the lives of workers instrumental to the return to business and profitability, despite rhetorical statements otherwise. It is also inattentive to international experience: countries that engaged on a similar programme of rapid relaxation of lockdown restrictions have not experienced positive health or economic outcomes.

A better approach would be to view socio-economic performance and outcomes as *including workers' health and safety*. In doing so, we do not run the risk of inappropriately balancing between health and economic imperatives. Economic performance and human well-being are *fundamentally intertwined*.

The OECD's *The Economy of Well-being* report defines a 'well-being economy' as one in which a capacity exists to create a "virtuous circle in which citizens well-being drives economic prosperity, stability and resilience, and vice-versa those good macroeconomic outcomes allow to sustain well-being investments over time" (Nozel and Martin, 2019). While the COVID-19 outbreak presents policymakers with unique and difficult challenges, the South African return to work should be guided by this holistic and moral framing of the economy as a domain in which human rights should be protected and advanced. This approach acknowledges that a healthy and thriving economy demands a healthy and thriving population, where no one should be required to make trade-offs between safety, health, and employment.

Economic evidence supports this. Recent research confirms a strong positive correlation between employee well-being and productivity, as well as firm performance (Krekel, Ward and De Neve, 2019). If workers feel safe, motivated, and materially and emotionally secure, their performance improves. This fuels growth, productivity, and earnings within an economy (Nozel and Martin, 2019).² Increased human well-being (seen through, for example, health and education, outcomes) all correlate positively with greater economic activity and healthier and happier societies.

There are indications that such an approach works in fighting COVID-19 and the consequent social crisis. New Zealand, who recently celebrated the 'elimination' of COVID-19 in early June, adopted a 'well-being' budget and approach to policy design in 2019 (New Zealand Treasury, 2019; Magnus-Johnston, 2020). New Zealand did not rush to rapidly open the economy and when it did, the state ensured that significant emphasis was put on worker safety. By contrast, countries and regions which decided to prioritise opening up economic activity in the short term, like Sweden and certain states in the United States, have not only struggled to combat the outbreak of the disease but have also not experienced a positive improvement in the narrow economic outcomes desired. Sweden is currently facing a 7% GDP slump in 2020, its worst economic crisis since World War II (Lindeberg, 2020). This figure is not dissimilar from EU countries which had hard lockdowns.³

Social comorbidities and inequality

We can better understand the totality of the COVID-19 challenge as involving a series of 'social comorbidities' rooted in our country's wide levels of income, spatial, gender, racial and wealth inequality. These inequalities have been significantly exacerbated due to the COVID-19 shock.⁴

1. For further discussion see Neva Makgetla Op-Ed contribution on how deep inequities in our society influences expert advice: <https://www.businesslive.co.za/bd/opinion/columnists/2020-07-20-neva-makgetla-out-of-control-covid-19-harms-economy-more-than-restrictions/>
2. See also Financial Times article calling for higher wages in the context of the COVID crisis: <https://on.ft.com/2DxH35J>
3. Research on the 1918 flu pandemic in the United States further indicates that cities which held onto restrictions for longer in fact experienced a quicker return to economic health than those that decided to open up quickly (see Friedman, 2020 for a discussion).
4. See Overview and Findings of NIDS-Cram Synthesis Report Wave 1 here: <https://cramsurvey.org/wp-content/uploads/2020/07/Spaull-et-al.-NIDS-CRAM-Wave-1-Synthesis-Report-Overview-and-Findings-1.pdf> . The study finds up to three million job losses induced by the COVID, disproportionately borne by lower-income and lesser-skilled workers and women.

People are ultimately not only vulnerable due to health burdens like diabetes and high-blood pressure, but because they live in dense neighborhoods, go without running water, use overcrowded transport, or work for businesses that do not adhere to necessary health and safety regulations. This toxic mix is visible, for instance, in the COVID-19 outbreaks in dense informal settlements and workplaces with lower-income workers in mining, manufacturing, retail, and services, sometimes due to poor implementation of health and safety protocols. By contrast, higher-income earners and managers can avoid risk by working from home. The various intersecting 'social comorbidities' include:

- Limited access to healthcare services and reliance on an overstretched and under-resourced public health service.⁵
- Exposure - as a teacher, learner, or family member - to schools that lack basic infrastructure needed to safely mitigate against the disease.
- Living in dense, overpopulated communities with limited access to basic sanitation and low likelihood of being able to physically distance.
- Reliance on overcrowded and unsafe public transport to access work or other necessities such as food.
- Exposure to workplaces that are often dangerous, run in an autocratic fashion, and do not abide by necessary health and safety protocols.

Strategic thinking guiding the opening of the economy must take cognisance of this. In the immediate term, policy measures should be devised and implemented to radically attenuate these social comorbidities. There is no viability in rapidly opening the economy if our hospitals, schools, and transport infrastructural systems are unable to provide for the well-being of the workforce. Of course, wholly dilapidated infrastructure will take time to mend, yet significant improvements can be made in the short term. The experience of the education sector- where government was initially forced to extend the date on school opening, due to the clear unpreparedness of the

educational infrastructure and introduce extensive safety measures - is instructive in terms of what can be achieved by a combination of political will and social pressure.

A safer and more equitable reopening of the economy

It is concerning that the state appears to be seeing a return to economic activity as a substitute for its obligation to provide appropriate economic and social support. Government has begun to frame fighting the COVID-19 outbreak as a personal responsibility issue.⁶ This also works to obscure the responsibility of business to prioritise the public interest over narrow concerns for profitability.⁷ Rather, a reopening of the economy

must centre the well-being and human rights of workers and the public and should be combined with a renewed focus on extending support mechanisms to businesses, workers, and the most vulnerable. We should aim to agree on a platform for a safer, and more equitable reopening of the economy that would benefit workers and communities in the short term and not force impossible trade-offs between lives and livelihoods.

Equally any tightening up of regulation must be managed in a way which prioritises concern for the vulnerable. There have been calls to implement localised lockdowns, as infections surge and peak, as has been done in several other countries. If this has to happen, economic measures to mitigate hardship recommended in this brief, could help ensure that measures to contain the pandemic do not have the devastating impact seen with previous lockdown regulations.

A safer and more equitable management of the economic responses to Covid 19 can be achieved, if policies are implemented that: democratise the return to work and maximise and target support toward health and social vulnerability. This will require more transformative and capable state leadership, as well as greater civic activism.

3. DEMOCRATISE THE RETURN TO WORK

The President is fond of the idea of 'social compacting'. Yet 'social compacting' must deliver results for the powerless and ensure that there is an equitable sharing of the costs and burdens of fighting the disease. Cooperation between business, labour, the state, and civil society must take cognisance of this.

The immediate burdens of economic re-opening, without mitigation measures, will be disproportionately felt by workers. The experience of the mining industry illustrates this. Declared an essential service, due to its importance for exports and foreign currency earnings, the sector

was allowed to continue (albeit with reduced capacity) throughout the hard lockdown. Workers soon experienced the burdens of this decision. AngloGold Ashanti's Mponeng mine, for example, was forced to close after some 200 COVID-19 cases were detected. Impala Platinum's Marula

5. See recently released Oxfam report: The Right to Dignified Healthcare work is a right to dignified health care for all: <https://www.oxfam.org.za/research-report/>

6. President Ramaphosa has concluded his last three public statements by suggesting that it is up to the general public to now take on the burden of fighting the COVID-19 disease. While the element of personal responsibility is important, it is not sufficient.

7. We acknowledge those within business who have committed to adopting a socially conscious calculus in the future but maintain that there are significant opportunities to realise this rhetorical commitment in the immediate term.

operation was also temporarily closed. Mining unions have generally opposed the reopening of the mining sector unless proper support structures, including mass testing, are in place. However, government has failed to act decisively to protect these workers. Mining in the North West is now considered to be a new COVID-19 hotspot.

We can expect similar outbreaks, particularly in labour-intensive manufacturing, in retail, hospitals, and workplaces with significant public interface, like casinos. Even without COVID-19, workplace health and safety is inadequate. Before the announcement of lockdown Level 3, for example, a study by the Department of Employment and Labour's Inspection and Enforcement unit found that two of every five inspected organisations were not complying with the Occupational Health and Safety Act (OHSA).

The COVID-19 pandemic has heightened the need for a democratic reorganisation of workplaces to allow for greater worker say over investment, production, and innovation (Rodrik and Stantcheva, 2020)⁸. Although workers are the principle stakeholder of firms, they are generally excluded from core business decision making. Corporate and workplace democratisation has been shown to improve corporate governance efficiency and does not undermine competitiveness (Staples and Linden, 2020). Workers having a greater say in managing COVID-19 in the workplace can help mitigate outbreaks and ease social tensions. This must involve the sharing of both decision-making and financial costs of returning to work.

In the immediate term employers in South Africa should be required to enter into agreements with unions and worker representatives on how the workplace will be transformed to deal with the new COVID-19 induced realities and health risks. The state should play a key role in facilitating this process. The current regulations governing lockdown Level 3 do not adequately specify and compel employers to involve workers in such decisions. This does not portend well for mitigating health risk.

Democratising return to work proposals

Democratise workplaces

- Health and safety agreements must be signed off with union/worker representative approval, and compliance certificates should be required by government.
 - Where a majority union does not exist, this should be performed by democratically elected worker representatives.
 - Industry bodies are tasked with drawing up health and safety protocols in consultation with the Department of Health. This consultation should include worker representatives.
- Workers should have a voice in the appointment of

workplace compliance officers and should be part of an oversight mechanism to monitor the operations of this office. Under current regulations, it is unclear how these appointments will be made.

- Workers' rights to refuse to work if health and safety standards are not being respected by business must be strengthened and enforced.
- Regular public inspections of business premises should occur. In order for this to happen:
 - A mass increase in the labour inspectorate is needed,⁹ and
 - Inspections should also be undertaken by industry associations, collective bargaining inspectors, local NGOs and municipalities, and unions.
- It should be noted that smaller businesses might struggle to meet appropriate health and safety standards and should be given extra government funding to do so. This must be governed strictly on need and funds should be specifically allocated towards accessing basic PPE equipment, assisting business to arrange transport for workers, and to care for the vulnerable members of the workforce.
- Failure to implement health and safety measures by business owners should be punishable as a criminal offense.

Democratise costs and burdens

- Any arrangements regarding shift sharing, working hours, protection of vulnerable workers with comorbidities, and other necessities imposed on the workplace in relation to health and safety requirements should come with no income loss to workers, particularly the low paid.
 - This will require an increase in government support to businesses and workers and/or a change to the wage structure.
- Changes to the wage structure within firms can assist workers with lower incomes and avoid retrenchments.
 - The precedent of management taking wage cuts/freezes, should be institutionalised across the board.
 - There should be an institution of a maximum wage ratio, for example, between the top 5% and bottom 10% of the workforce.
- In order to avoid retrenchments, a short-time work mechanism can be adopted during the crisis period. This would involve financially distressed employers reducing work times of certain employees. The government could compensate for lost wages due to short-time work. This is a model that has been successfully implemented in Germany (the *Kurzarbeit*) and has proven to be effective in preserving jobs and aiding economic recovery during the COVID-19 outbreak (Seervai, 2020). It is concerning to note that the net employment loss experienced in South Africa as a result

8. See also the Democratize Work campaign launched by progressive economists and academics: <https://democratizingwork.org/>

9. This was a proposal made by the United Nations Committee on Social Economic and Cultural Rights (UNCESCR) in their Concluding Observation on South Africa. The committee raised concern regarding the insufficient level of funding for the Directorate of Inspection and Enforcement Services and the "chronic shortage" of inspectors. The report recommends an increase in funding, the securing of a sufficient number of qualified labour inspectors with adequate compensation to ensure retention as well as stricter implementation of compliance orders. See <http://www.un.org.za/committee-on-economic-social-and-cultural-rights-concluding-observations-on-the-initial-report-of-south-africa/>

of the COVID-19 shock is made up of a large proportion of *permanent* not temporary employment loss (see Jain, et al 2020).

- Further a strategy to move towards a shorter working week needs to be developed. South African workers work amongst the longest hours in the world, against official policy of moving towards a 40 hour week. Internationally, there is growing discussion about the value of work-sharing, and support for the idea of a four day week.¹⁰
- Frontline workers dealing with the public, and workers made particularly vulnerable to infection by the nature of their work, like health care workers, should be paid a wage *premium*. This could be financed by wage cuts at the top of the wage structure.
- Support for furloughed workers, either directly by the company or through state assistance, should be guaranteed. The government can incentivise businesses to bring back furloughed workers by awarding employers bonuses for doing so. This policy has been launched by the United Kingdom government in July 2020.
- The proposed cuts to the CCMA should be reversed. To manage impending workplace disputes and retrenchments the institutions should receive *more* not less funding.
- Workers requiring COVID-19 testing, and who are in need of private health facilities to receive this, should have these costs covered by their employers.
- Workers in the informal sector, where the impact of COVID 19 outbreak has been particularly damaging, need to be targeted for special support.¹¹ This support should include:
 - Extension of unemployment insurance to informal workers. The UIF should work with informal worker organisations to register informal workers and ensure they are not lost to the unemployment insurance scheme. Relaxation of restrictions to access the Department of Small Business Development (DBSD) small business support and more effective targeting to informal sector activities
 - The extension and expansion of various grants that aid the unemployed and income strained.
 - The removal of all exclusions to immigrants and foreign nationals from access to work and DBSD support (Rogan and Skinner, 2020).

4. MAXIMISE AND TARGET SUPPORT TOWARD HEALTH AND SOCIAL VULNERABILITY

Our definition of vulnerability must be expanded to include the social comorbidities previously discussed. People, particularly women, who have become victims of the social crisis engendered by the COVID-19 outbreak, require enhanced support. This requires us to improve and scale up current programmes.

Health-related vulnerability

The elderly and those suffering from underlying health issues, like high blood pressure and diabetes, need more significant protection and support within and outside of the workplace. Those workers whose workplaces put them in a high-risk environment (e.g. workers in sectors with significant public interface or in the health sector) also need to be compensated for health and psychological burdens. Those who fall ill from the disease require more adequate protection.

Health proposals

- Businesses and other places of work need to identify workers with health risks and prioritise their safety.
- It is preferable that these workers are put on fully paid leave.
- Elderly and other vulnerable people within communities should be identified and adequate income, food and healthcare services should be targeted to this population.¹²
- Those who fall sick should not lose income.
 - Quarantined workers should receive cash allowances and extended paid leave.
- Deployment of more community healthcare workers.
- Existing treatment for individuals with other chronic diseases such as HIV and TB and mental health issues must not be undermined.

10. See <http://autonomy.work/portfolio/the-shorter-working-week-a-report-from-autonomy-in-collaboration-with-members-of-the-4-day-week-campaign/>

11. The recommendations here are in line with South Africa's international rights obligations. Precarious employment in the formal and informal economies was raised by the UNCESCR in the Concluding Observations. The introduction of a legislative framework to regulate the informal economy in order to protect workers was recommended, as was an extension of the coverage of social security and unemployment insurance.

12. There is international precedent for systematic targeting of the most vulnerable population. The Indian state of Kerala, which in May had the lowest rates of mortality in the country, implemented a policy of grassroots coordinated 'reverse' quarantine, which involved isolation of elderly and immune-compromised people and regular monitoring of their conditions. Monetary relief equivalent to \$112 per person was provided to 5.5 million people that make up the most vulnerable (Khlaid, 2020). Crucial to this effort was community buy-in and participation which flowed from authoritative, transparent, and consultative state leadership.

Social vulnerability

The Presidency has begun to frame the fight against COVID-19 as primarily an issue of personal responsibility. This is despite the limited autonomy available to the vast majority of the population who do not have the means to avoid risk. COVID-19 is a social problem, not an individual one. Part of the immediate fight against COVID-19 must involve significant effort to ameliorate the social comorbidities identified.

Income support proposals

- The special COVID-19 grant of R350 promised to all unemployed and persons without income should be increased, exclusion criteria dropped, and the application process streamlined and made more accessible.
 - A once off universal grant, of a significantly higher amount (the IEJ called for the implementation of a R4500 grant in April) should also be considered as an immediate alternative to the special COVID-19 grant, given complexities of targeting and accessibility (see Isaacs, 2020).
 - The COVID-19 grant should not be suspended after October as is currently envisioned, but should be replaced by a Universal Income Guarantee.
- The Child Support Grant should be increased and allocated per child, not caregiver as is currently the case.
- The TERS scheme should be expanded and extended beyond the planned August suspension.
 - Technical issues at the UIF need to be resolved to ensure the fund realises its mandate.

Human settlement proposals

- Expand water and sanitation infrastructure support.
 - Restricted water meters must be opened for public access.
 - There should be mass provision of ablution facilities in townships.
 - There should be free public provision of hand sanitiser, gloves and masks.
- Expand and extend a mass food programme into impoverished communities.
 - The NIDS-CRAM initiative finds that 47% of respondents reported being unable to buy food in April due to income loss.
 - This food programme should be extended beyond the COVID-19 period to fight the scourge of hunger in our communities. It should be driven by communities and sponsored by the state. It should support small and local farmers, and empower communities to build sustainable food supplies and achieve food sovereignty. It should be noted that health vulnerability to COVID-19 and other diseases is partly a consequence of failing to access quality and nutritious food.
 - It should be noted that the Solidarity Fund distribution of food parcels ended in May and the SASSA food parcel programme has not been able to meet the

needs of the hungry. 21% of households surveyed in the NIDS-CRAM study ran out of money in the previous year prior to the lockdown.

- Construct and expand temporary quarantine facilities using hotels and other accommodation and ensure those infected do not need to remain in dense living environments.
- Build partnerships and empower local communities to participate in design and implementation of support programmes. This was successfully achieved by the Kerala government in India which set up community kitchens, empowered community healthcare workers and embarked on mass grassroots education campaigns. This created public buy-in and trust and community empowerment.¹³

Public health proposals

- The government has embraced a sectoral approach to the design of health and safety protocols in workplaces, which has been international best practice (Makgetla et al, 2020). The health and safety best practice in public spaces in terms of hand sanitation, mask-wearing, and social distancing are fairly well understood. However, these protocols need to be constantly reviewed in light of workplace and public experience. The design and monitoring of health and safety protocols in workplaces should abide by the democratic principles outlined above.
- Significant funding is needed to eradicate shortfalls in personal protective equipment (PPE), staff, and beds in our public hospitals. In the latest supplementary Budget, only R2.9 billion of the health allocation is net additional funding (Budget Justice Coalition, 2020).
- Testing capacity needs to be ramped up and the backlog in public sector laboratories needs to be eradicated.
 - South Africa needs to manufacture our own test kits. A recent IMF working paper argues mass testing and isolation is the most viable pathway to fighting the disease. They state that the manufacturing of tests will need to be directed by governments who should coordinate production across value-chains and integrate this into the state's industrial policy (Cherif and Hasanov, 2020). The recently announced initiative by the Department of Science and Innovation to fund local testing and manufacturing is a welcome step in this direction.
 - South Africa needs to test for antibodies. These tests will allow the identification of people who can return to work safely and assist in intelligence gathering on the evolution of the epidemic in the population.
- The divide between private and public health needs to be bridged and an agreement should be struck with the private sector to ensure public access to resources and testing capacity at a reasonable cost.
 - The Supplementary Budget does not provide details as to how the state will utilise private sector resources. A tariff of R16 000 has been agreed with private providers for critical care beds per day. State spending could, therefore, rapidly increase as provinces' public health systems become overwhelmed. As of 28 June

13. For broader discussion see work by members of C-19 People's Coalition Health Working Group here: <https://www.dailymaverick.co.za/article/2020-07-14-what-a-people-centred-response-to-covid-19-would-look-like/>

2020, the City Press has reported that the Eastern Cape public health service has already been over-run. However, provinces have not been told if the national government will pay for patients to access private facilities and provinces are currently being expected to use existing funds.

- Private health facilities might need to be converted into public health facilities as has taken place in other countries. Spain effectively nationalised healthcare overnight in order to fight the COVID-19 outbreak (Payne, 2020).
- The COVID 19 experience should advance the implementation of the National Health Insurance scheme and the principle of universal basic coverage in South Africa.¹⁴

Education proposals¹⁵

- Many schools still need to be supplied with PPE, water, and adequate sanitation facilities despite the Department of Basic Education's plans to send more grades back to school.
- The school feeding scheme needs to be re-implemented after its suspension.
- Schools should be inspected regularly by state officials and community members and public associations.
- Teachers and learners should be given the right to refuse to attend schools if they feel their safety is at risk.
- Safe and reliable scholar transport should be provided for all learners.
- Free provision of menstruation products for girls returning to school.
- It is concerning that the recently tabled Supplementary Budget has proposed no additional funding to basic education and has made cuts to programmes related to school infrastructure. In addition, no extra funds have been allocated to the National School Nutrition Programme; instead funds have been reallocated from within the programme to service hygiene needs.

Public transport proposals

- Increase funding for railway infrastructure and security services is needed to prevent theft and vandalism to ensure trains can resume effective operations.
- Strict enforcement of distancing and sanitation rules for public transport facilities. This appears to be undermined by the 29 June 2020 announcement by SANTACO (South African National Taxi Council) of its intention to allow taxis to operate at 100% capacity in defiance of the law and due to a perceived lack of government support; followed by the President's announcement on 12 July 2020 that short distance trips at 100% capacity would be allowed.

- Rather than allowing this, government should subsidise the taxis to replace loss of income resulting from a 70% capacity requirement.
- Businesses should plan for private transport for their workforce where possible to assist with travel congestion.
 - This might require earmarked government support to that end.
- The current R1bn subsidy to the taxi industry may need to be expanded. This must come with conditionalities to ensure transformation of the industry including:
 - Formalisation of businesses.
 - Payment by taxi owners into Unemployment Insurance fund (UIF) and compliance with Compensation for Occupational Injuries and Diseases Act (COIDA).
 - Taxi drivers and other workers guaranteed the national minimum wage and labour rights, including paid leave.
- The government could mandate staggered office hours for retail and productive activities to reduce traffic congestion. For example, productive sectors could start work at 8 and end at 3, while retail could start at 10 and end at 5.

Targeted support for women

Women are particularly vulnerable to the impact of a COVID-19 induced social and economic crisis. Because of social norms that view care work as the responsibility of women, women take on extra burdens at home. Their care work essentially subsidises the lack of quality social infrastructure in schooling and healthcare (see Phalatse, 2020; Lester, 2020). A surge in gender-based violence has also accompanied the move to lockdown Level 3. Moreover, recent findings indicate that women have faced the greatest net employment losses between February and April 2020, seeing a 49% reduction in active employment over this period (Jain et al, 2020).

Women-centric proposals

- Targeted programmes and facilities which directly confront gender-based violence should be prioritised and streamlined. Safe platforms should be set up for women to communicate distress and access protection from police and other social institutions. Government should extend support to civil society organisations already providing these services.
- Alleviate the burden on women through expanding safe community childcare and early childhood development centres.

14. South Africa's inability to meet its Human Rights obligations with respect to healthcare provisioning as a result of budget cuts was a problem even before the pandemic. See the IEJ and SECTION27's factsheet on "Funding the Right to Health". In their Concluding Observations the UNCESCR also noted the large disparity between the public and private healthcare systems and called on government to address this by increasing the number of healthcare professionals in the public sector, improving access to medical equipment, and focusing on primary and community healthcare workers. See here: <http://section27.org.za/wp-content/uploads/2019/05/2019-IEJ-S27-Health-Fact-Sheet.pdf>

15. See C19 People's Coalition statement No! To Just Opening Schools. Yes! To Opening Schools Justly for further guidelines on the just opening of schools : <https://c19peoplescoalition.org.za/media-statement-no-to-just-opening-schools-yes-to-opening-schools-justly>

- Increase the child support grant and extend other avenues for income support as previously discussed.
- Increase pay for frontline care workers.
- At the regional, national, and community level strengthen the position of women in leadership and

- design of supportive policies and interventions.
- It is concerning that, despite rhetorical commitments by the Presidency, the recent supplementary budget does not mention allocations to address the specific burdens faced by women in our society.

5. TRANSFORMATIVE STATE LEADERSHIP

Navigating the reopening of the economy and the management of the health and social impacts of the disease requires decisive state action that is proportional to the size of the crisis created by the COVID-19 outbreak. That leadership should be rational, consultative, transparent, and prioritise the needs of the poor.

The government's initial action in the face of the outbreak of COVID-19 was praiseworthy. The state acted swiftly and ambitiously and received acknowledgement locally and from the international community. However, serious governance problems are indicated by police militarism and brutality; opaque governance structures and decision-making processes; inconsistent and seemingly irrational legislative decisions; and the inadequate and poorly administered economic relief measures, all of which have undermined government's leadership role and led to an erosion of public trust.

To turn this around, government must, in the short term, commit to scale up its economic and social support commitments and improve on its communication with the public.

Scaling up state support and conditionalities in the public interest

The government's original emergency rescue package was already woefully insufficient to meet the needs of the economic crisis induced by the COVID-19 outbreak (see Wilcox, 2020 and Isaacs, 2020). Now, the June 2020 emergency Supplementary Budget proposes to reduce the amount of new spending to R36 billion or less than 1% of GDP (see Budget Justice Coalition, 2020). This falls well below the expected contraction in the economy, which the National Treasury currently estimates at 7.2% and the IMF at 8%. Other estimates go as high as 20%. As of 29 June 2020, only one quarter of the government's package has been spent.

Compounding matters, as IEJ research indicates¹⁶, the rescue measures have not reached their intended recipients.

- The wage support funds (via the TERS UIF scheme) is backlogged. As of 29 June 2020 the value of unpaid claims to the scheme stood at R4.2 billion. Some 1 million workers who are entitled have not been paid as they were not picked up by the UIF system.
- SASSA has failed to administer the special COVID-19

grant to all people in need. As of 9 July 2020, 4 million out of 7 million applicants have been paid.

- The country's major banks have failed to extend the full scale of government's loan guarantee scheme to businesses in distress. As of 7 July 2020, only R10.6 billion out of an allocated R200 billion has been extended to distressed businesses.

The short-term measures outlined in this brief must be accompanied by a massive expansion of the government's current fiscal commitments. IEJ proposals from April 2020 offer a good starting point and further work is forthcoming.¹⁷

There have been concerns about rampant corruption hindering the state's various support mechanisms during the COVID 19 outbreak. Investigations into these allegations must occur swiftly and those found guilty should be prosecuted.

State communication and follow-through

Measured state communication would go some way in creating the sense of common purpose and behavioural change needed to fight the disease. This is particularly important as we relax restrictions.

The President should host more regular consultations with the public and engage in live conversations with the media. A weekly consistent public interface with the public would go some way to rebuilding public trust and buy-in. Effective public communication was a cornerstone of South Korea's response to the COVID-19 crisis and one reason for the country's relative success in mitigating the disease (Makgetla et al, 2020). This effort is undermined when government fails to communicate in a clear, consistent, and persuasive way, and does not follow through on providing necessary complementary support systems, especially financial. The state's approach to achieving this must consider that individual actions are constrained by social circumstances.

16. See IEJ Rescue Package Scorecard here: <https://iej.org.za/south-africas-covid-19-rescue-package-scorecard/>

17. See IEJ proposals on what should constitute an emergency rescue package here: <https://iej.org.za/wp-content/uploads/2020/04/IEJ-COVID-19-emergency-rescue-package-summary.pdf>

6. CONCLUSION: MOVING TOWARDS A TRANSFORMATIVE AGENDA AND 'JUST RECOVERY'

In this brief we have articulated an alternative approach to the government's current risk-adjusted strategy and commitment to rapidly open up the economy. We have advanced an approach that integrates health and economic objectives and accounts for social comorbidities that are rooted in South Africa's uniquely vast levels of inequality. Our approach demands a more cautious and managed opening up of the economy and a massive expansion of state and business support mechanisms.

Beyond this, measures implemented now must support the aim of building a 'new economy', as the President has called for. There is a common acceptance that the post-COVID-19 economy we are moving towards cannot resemble the one that the disease infiltrated. A 'new economy' must be democratic, equitable, and just¹⁸. In order to realise this vision, we will need to see the implementation of radical social reforms and conscious efforts at redistribution, a point accepted even by previous advocates of economic orthodoxy (see Financial Times, 2020; Schwab, 2020). A recent international survey conducted by NYU Center on International Cooperation indicates that such policy measures enjoy the support of the public (Zamore and Phillips, 2020).

In South Africa, the short and medium term are intertwined. Additional fiscal support measures now, for example, must be complemented by a significant stimulus package going forward. Similarly, measures to empower workers or expand social security in the short term, lay the basis for an economy premised on equality and the interests of the majority. The production of test kits, coordinated by the state, can also be leveraged to improve manufacturing capacity, enhance technological know-how and create jobs for the future (Cherif and

Hasanov, 2020). Immediate efforts can translate into long-term gains.

The National Treasury's radical reduction of state expenditure in the midst of a profound economic collapse however, runs in the opposite direction to the current need. The recently tabled Supplementary Budget proposes wide cut backs in the near term and intends to slash state spending to achieve a primary budget surplus by 2023/24. It reneges on the President's original rescue package.¹⁹The move to zero-based budgeting (see Coleman, 2020) indicates government's commitment to finding more areas for cutting and constitutes another nod towards austerity. Such an approach will result in economic ruin for the country (Sibeko, 2020, see also Botta, 2015; Breuer, 2019 and Alesina et al, 2018 for theoretical and empirical critiques on the logic of austerity).

It is for this reason that IEJ joined calls to Parliament to reject the Treasury's Supplementary Budget; calls for the President's R500 billion rescue package to be fully implemented; and for further relief measures to be introduced to address the shortfalls identified in this brief.

If progressive forces can find agreement and a common platform now, the reopening of economic activity could be leveraged to realise a transformative vision of a new economy based on equality and the right to health, well-being, and economic democratisation. This would require a collective effort to shift the strategic thinking guiding government's immediate efforts to rapidly open the economy in an unmanaged way, and challenge the programme of austerity promoted by the Treasury.

18. See recent report 'No going back to normal: Imagining a Just Recovery in South Africa': <https://350africa.org/just-recovery-report/>

19. See IEJ analysis of the supplementary budget here: <https://iej.org.za/wp-content/uploads/2020/07/IEJ-COVID-19-supplementary-budget-analysis-1.pdf>

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