

Social Strife of South Africa in 2021 Fueled by Economic Issue than Political Instability

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Abstract: Massive violence erupted in July 2021 across various places in South Africa. The widespread protest and looting were triggered by arrest and imprisonment of former president Jacob Zuma who received 15 months jail term for corruption charges during his tenure. Supporters of Zuma went on a rampage and caused serious damage to private and govt. properties. Several people died and injured due to clashes between rioters and military forces. This social turmoil is outcome of economic collapse in South Africa. Economy faced a massive setback due to pandemic crisis and incompetent handling of economic affair. Supply chain for businesses was severely disrupted and people faced acute food and fuel shortage. Inflation went spiralling high amidst social tension. In recent time, economic performance deteriorated and contraction in every sector led to high level of unemployment and poverty. Desperate people indulged in looting and vandalism which clarified level of frustration in social life. There was massive deployment of troops to quell the unrest. President Ramaphosa addressed the nation to maintain calm but real challenge remained unaddressed. Youth unemployment, wage rate stagnation, income inequality, unaffordable education, soaring inflation, govt. inability to disburse fund to support poor people worst hit by pandemic and economic deceleration stoked the fire of social unrest.

Keywords: Economic downturn, Unemployment, Income inequality, Pandemic trouble, Public wretchedness, Social unrest, Riot and Vandalism.

1. Introduction

South Africa is 9th largest country and 3rd highest economy of Africa. It is one of the prominent emerging nations which is member nation of Group of 20s (G20), BRICS, African Union and South African Development Community (SADC). The nation has century old checkered history replete with rising power of Zulu community, defeat of Zulu in the hands of British, colonial rule, diamond discovery in Kimberly, gold rush in Transvaal, Anglo-Boer War, independence, formidable apartheid, rise of African National Congress (ANC), black people protest, end of apartheid etc. Native National Congress was formed in 1912 and later the name was changed to African National Congress. Policy of apartheid was enacted by National Party (NP) when it took charge in 1948. Communist party was banned in 1950 and Group Areas Act was adopted to segregate people on the basis of race mostly divided into Black and White. ANC started civil disobedience movement under the guidance

of charismatic leader Nelson Mandela. South Africa was declared republic in 1961 and it was detached from commonwealth in the same year. There was huge demonstration in 1960 and sabotage drive by military wing in 1961 was led by Nelson Mandela. He was sent to life imprisonment in 1964 but it could not stop anti-apartheid movement. Several clashes occurred from time to time between black crusaders and security forces. Township revolt took a diabolical turn and state of emergency was imposed from 1984-89. ANC was allowed to operate in 1990 and Mandela was emancipated in the same year after 27 years of imprisonment. Namibia which came under South African rule in 1919 attained freedom in 1990. Apartheid came to an end in 1991 and international sanction was withdrawn in the same year. Interim constitution was agreed upon in 1993 and ANC won the non-racial election for the first time in April 1994. Mandela as towering leader of ANC took presidency, Commonwealth membership was renewed and South Africa made its presence felt at UN General Assembly after a hiatus of 20 long years. Hearing of human right crime during former govt. and apartheid practice was led by Archbishop Desmond Tutu in 1996 as per guidance from Truth and Reconciliation Commission. New constitution received parliament approval in 1996. The success of ANC continued in 1999 general election and Thabo Mbeki ascended to presidency after emphatic victory. Corruption in arm deal sanction by ruling govt. came to surface in May 2001. AIDS had always been a major concern in South Africa and availability of subsidized anti-retroviral drug for poor natives was an obligation for govt. There was enormous protest in 2001 by 39 multi-national pharmaceutical companies which was caught in legal battle as cheap import of generic anti- AIDS drugs affected their business drastically. Chinese Premier Wen Jiabao made a trip to South Africa in June 2006, showed sympathy towards dwindling textile industry of South Africa and promised about reducing cheap textile export. Corruption, rape, drug dealing became rampant and Mbeki govt. faced criticism for its inability to control evil practices and bring immoral officials to justice. Jacob Zuma who faced corruption charges and rape accusation was acquitted afterwards and he became chairman of ANC in December 2007. Xenophobia is another evil prevailed for years in South Africa and it was

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reported broadly in May 2008 when foreigners were attacked across the country, dozens lost their lives and hordes of Zimbabweans, Malawians and Mozambicans had to flee to their home country. Ruling govt. was inept to handle and indifferent to eradicate this heinous offence. In April 2009, ANC emerged triumphant in general election and Jacob Zuma took oath in parliament as president in May 2009. Economy receded into recession in 2009 after a gap of about 17 years. Contraction in several sectors stifled normal life. Poor living status led to violent protests by civic residents in July 2009. South Africa found it difficult to revive from global meltdown of 2008. Organizing World Cup football tournament in June 2010 was a real challenge for South Africa but timely preparation saved the grace. Trouble started brewing within ANC when some faction of party indulged in corruption and money laundering activities. President Zuma was severely condemned anti-corruption ombudsman in March 2013 on embezzlement of fund for personal benefit. Economy went into tailspin and its local and foreign currency debt received junk status by two world acclaimed credit rating agencies such as S&P Global and Fitch in April 2017. Banking sector weakness reflected in high non-performing loan was due to regulatory slackness. Veteran anti-apartheid crusader, trade union frontrunner and business magnate Cyril Ramaphosa came to power in February 2018. South Africa descended into recession in last quarter of 2019 when fiscal position weakened, electricity transmission became inconsistent, business confidence and investment scenario turned dismal and deep-seated labour market rigidities persisted. COVID outbreak of 2020 further deteriorated economic condition and suffering of people aggravated. Country went through devastating two phases of pandemic which overwhelmed ill prepared healthcare facility. The possibility of third wave remained high as vaccination was slow and herd immunity was inept to withstand formidable new variant.

2. Case Presentation

Although South African national treasury predicted about economic rebound and prospect of GDP growth rate was estimated to be 3.1 percent in 2021, social unrest has jeopardized this anticipation. Unemployment rate went beyond 32 percent and social inequality remained at its worst as per world estimation. Gini coefficient reached at 63 and half of the people live in poverty as per latest statistics. Poor people were badly hit due to COVID outbreak and govt. finances didn't reach the targeted poor adequately. Struggle for existence became intense for common people during pandemic restriction. Jailing of former president opened the sluice gate of pent-up public anger and frustration. There was week-long violence, arson and looting across several places which caused numerous casualties, massive loss of business, destruction of private and public properties. Despondent deprived people showed desperation and indulged in looting stores and showrooms at biggest city Johannesburg, capital city Pretoria, coastal city Durban, Zuma's native province KwaZulu-Natal and in other places. In some cases, looters accessed stores while police were around. There were stampede incidents occurred

when thousands of unruly people went stealing food, electric equipment, bottles of alcohol and dress materials from stores. Arson by mob burned down lorries moving along key motorway.

Industrial warehouse and numerous telecommunication towers were vandalized. Situation forced to shut down nation's chief oil refinery. Roadblock created by rioters disallowed nurses and doctors to visit hospital and it resulted in third wave of coronavirus. Merciless rioters even didn't spare ambulance and violence forced vaccination centers to keep shut. There were explosions at bank ATMs by cash strapped people. Ruling president referred it as 'opportunistic acts of criminality'. Police used tear gas and fired rubber bullets to disperse the mob when they faced hostile attack from them. There was tendency to call state of emergency by ruling president to tackle deteriorating law and order situation which left several dead. The loss of business and property estimated to worth billion in local currency Rand. There was acute shortage felt for food, medicine and petroleum products. The crisis of South Africa is more economic than political. As per World Bank estimation, economy contracted by about 7 percent in 2020. Govt. resorted to lockdown and imposed restriction on movement to contain contagious COVID virus. This was a mortal blow for economy which was beleaguered by several years of receded growth. In the year 2019, the GDP growth rate was slimmed down to meagre 0.2 % and about a year before in 2018 it was 0.8%. There was reduction in external market demand during global pandemic. So export driven growth was thwarted massively. There was decline in purchasing power high level of unemployment. The lockdown restriction hampered normal business activities and daily wage earners went to inexplicable hardships. Insignificant number of populations managed to maintain reasonable or good standard of living in South Africa. Corruption corroded away trust of people on public services. There are locations across the nation which witnessed power supply disruption and water crisis almost on regular basis. The following diagram illustrates about economic deceleration.

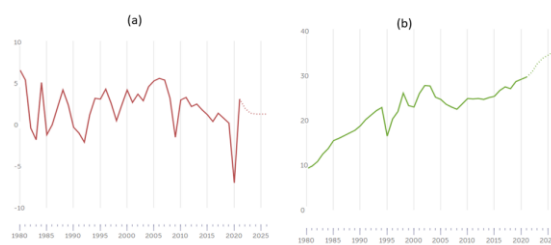


Fig. 1. (a, b): Real GDP growth rate in percentage change and unemployment rate in percentage, Source: IMF DataMapper, April 2021

In the fig. 1a, economic downfall at the backdrop of COVID disaster remained evident. Real GDP growth rate turned -7 percent in 2020. Unlocking of economy and resumption of business and other activities created rebound prospect and as per IMF estimate economy has potentiality to register 3.1 percent real GDP growth rate in 2021. South Africa has population of 59.622 million (IMF, July 2021). In the fig. 1b, upward rise of unemployment rate was made clear. Downsize

and retrenchment in every sector wreaked havoc for labour market. Small and medium scale business were worst hit. Travel, tourism and hospitality sector was ravaged by COVID restrictions. Joblessness in South Africa escalated unemployment level to whopping 29.2 percent and as per IMF prediction, third wave of deadly virus spread and political instability can take it further to 29.7 percent. Unemployment remained maximum at 63 percentage among youth in the age bracket 15 to 24. Since 2010, more than 50 percent of populace stayed below poverty line. Fresh crisis of pandemic, structural imbalance and fragile economy undermined any improvement in social setting and dragged about 60 percent of citizens below the poverty line. South Africa has arguably most divided society lingered by erroneous legacy of exclusion. Economic measure is not pro poor type and sluggishness in job growth enhanced backwardness. Inequality of wealth distribution continued and intergenerational mobility thinned down which made inequality in society to sustain for generations. Current account deficit went high and country's foreign currency debt burden became unserviceable in recent time.

3. Discussion and Conclusion

Destitution and deprivation drive people insane and compels people to take immoral route for survival. This happened in reality for South Africa in recent time and nation suffered economic loss and pervasive lawlessness. Violence and riot of July 2021 which left many injured and dead was outcome of outpouring frustration over persistent impoverishment and income disparity perceptible deeply after 27 years since apartheid was culminated. The arrest of Jacob Zuma in contempt of court and imprisonment for 15 months due to his alleged corruption was merely a pretext for disgruntled South Africans. The prosecution and pronouncement of sentence to highest office holder was unprecedented in South Africa and clarified upholding of rule of law unambiguously. The riot across nation following court verdict was repercussion of bottled-up anger of people who underwent agonizing experience due to life threatening malignant virus, COVID restriction, economic downturn, crisis of bare necessities and discrimination in healthcare services. Vaccination in snail's pace made people jittery and inadequacy in economic revival plan caused tension in the society. There were no symptom of economic reform and prolonged slowdown compelled people to take desperate move. Looming uncertainty of third wave fueled the urge of people to disregard law, ransacked shopping centers, vandalize shops of foreign business owners and fight against

security forces. Timely deployment of troops has controlled much of riot, violence, arson and anarchy. Reconstruction and restoration of damaged property and infrastructure would take years as public finance is dire straits. Businessmen who lost heavily contemplating on leaving South Africa and invest elsewhere. This riot would have adverse impact on future foreign investment. Simmering challenges are hanging heavily over Ramaphosa administration who took over in 2018. Incumbent president didn't live up to his promise. There was much needed removal of red tapism to provide permission to businesses to generate their own non-conventional energy. There was delay in finding of private purchaser for debt ridden state-run airline. Handling of upcoming waves of COVID, economic revival, welfare measure for poor, job creation and disbursement of funds for better access to education are pressing issues for ruling govt. The failing to work on much needed priorities would lead to loss of credibility for govt. and possible escalation of social uprising in future.

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