



EFF STATEMENT ON NEGATIVE ECONOMIC GROWTH UNDER RAMAPHOSA LEADERSHIP

Tuesday, 4 June, 2019

The Economic Freedom Fighters notes that South Africa's economy experienced a 3,2% negative growth in the 1st Quarter of 2019. This negative growth is the highest form of economic decline since the global financial crisis.

What these numbers reveal is that President Ramaphosa's approach to economic growth is fundamentally flawed and will lead South Africa to recession.

When he became President, Ramaphosa committed to grow the economy through Foreign Direct Investments, and altogether neglected a clearer and cogent focus on the primary sectors of the economy, mainly agriculture and mining.

What Ramaphosa refuses to accept is that higher levels of foreign investments into any economy are almost always in response to domestic productive investments. President Ramaphosa should appreciate that globetrotting and appointing special envoys to globe trot will never lead to economic growth. There has to be a clearer micro focus on the domestic economy to boost industrialization at all levels.

The EFF believes that some of the immediate interventions to spur economic growth should include:

- a) Gearing the State and State Owned Companies to spend a minimum of 80% of their budgets on locally manufactured goods and products.
- b) Passing legislation to encourage Pension Funds to invest a minimum of 30% of their assets in productive domestic economic activities.

- c) Stabilise energy supply, particularly electricity supply, through the qualitative and quantitative expansion of Eskom's capacity to provide environmentally friendly electricity from coal, nuclear and renewable sources.
- d) Create a Sovereign Wealth Fund which will strategically invest in the productive sectors of the economy.
- e) Expropriate Land without Compensation and avail it to the people for industrial and agricultural purposes.
- f) Decisively deal with illicit financial flows, tax avoidance and base erosion in order to safeguard the revenue generated in South Africa for developmental purposes.
- g) Create a capable State Bank and also empower developmental financial institutions to drive economic growth and expansion.
- h) Designate and support special economic zones in areas that have no meaningful economic activities.

All these and other measures mentioned and outlined in the EFF Elections Manifesto are the only interventions that will generate higher economic activity in South Africa.

The EFF specifically cautioned against selling of State Owned Companies as this would weaken the role of the State in driving economic growth. Reality is that the private sector has dismally failed to drive economic growth and development, as they are always obsessed with quick profits.

Leaving the economy in the ownership and control of private capitalist conglomerates has proven to be a total failure and disaster when it comes to driving economic growth and development.

The EFF will make substantial policy inputs to all the relevant Ministries and Departments and it will be foolhardy of Government to ignore the EFF's quality and better alternatives.

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