



EFF STATEMENT ON THE SOUTH AFRICAN RESERVE BANK ANNOUNCEMENT OF REPO RATE

Thursday, 18 July 2024

The Economic Freedom Fighters (EFF) notes and rejects the decision by the South African Reserve Bank (SARB) to keep the repo rate at 8.25%. The SARB has kept the repo rate at 8.25% since May 2023, to date, based on some unscientific orthodox economic beliefs and claims of responding to inflation caused by import prices that have caused an increase in the prices of goods and services, particularly fuel prices, while punishing the working class

The failure by the government to put in place practical, believable, and effective economic measures has resulted in disastrous levels of unemployment, crime, poverty, hunger, and the collapse of local government. In the last 10 years, the governing party, together with the National Treasury and the SARB, has mismanaged economic policy due to incompetence and a narrow pursuit of the so-called international investors and austerity.

The economy has grown by less than 2 percent, except in 2021 during post-COVID recovery, and the outcome of this is a society on the brink of total collapse. The level of unemployment at 41.9% is a result of a deliberate decision to stifle domestic growth in favour of the few who continue to enjoy their returns from gambling at the Johannesburg Stock Exchange (JSE).

Many of the people, particularly young people, who are unemployed today cannot find work because the SARB has adopted an unemployment policy as the most effective way to deal with inflation that is not caused by domestic market conditions, but by consequences of the international balance of trade and supply issues.

These are caused by the genocide of the people of Palestine by racist apartheid Israel and its imperialist allies, the efforts by Russia to defend its sovereignty against NATO in Ukraine, and the slowing down of domestic consumption in the People's Republic of China, particularly in the property market, affecting demand for steel and other raw materials.

The EFF maintains that the SARB's blunt approach to monetary policy, even within the scope of current stokes, is extremely conservative and biased toward the financial sector. The claim that the SARB is data-driven is a smokescreen rather than the truth. This serves to legitimate the bias that has generously rewarded the banks and asset managers who, despite the sluggish and poor economic growth, continue to enjoy high-levels of profits and dividends, and the export of large sums of money out of the South African economy.

The working class in South Africa is under enormous pressure, and more and more people are now moving toward levels of poverty. Even those who had some savings pre-COVID and could afford to meet their financial obligations are now desperate to just feed their families. Many families are losing the few assets they had, particularly houses, as banks are repossessing everything.

Many people cannot afford to feed their families as the only thing they can afford is transport to work, and many wake up from the streets and go to work on empty stomachs. South Africa's economy is where it is because even the National Treasury has failed to meet its own targets and objectives on the 2024 Medium Term Strategic Framework as we demonstrated during the budget vote debate in the National Assembly.

The EFF has long called for the National Treasury to abandon policies that have been proven to be ineffective over the past 15 years, particularly austerity. While the global economy was growing at above 3%, South Africa's growth has remained near 0%. The government failed to manage debt, and we have nothing to show for all the money we borrowed, while de-industrialisation is continuing.

With the current Government of National Unity (GNU) continuing with business as usual, entrenching neoliberal policies and blind to the reality facing millions of our people who are getting more and more desperate by the day, it is the government that has now become a threat to the country's national economic security.

The EFF has consistently called on the government to prioritise industrialisation that is state-led, energy stability through increased maintenance of coal-fired power stations and the building of new power stations including nuclear facilities, and the use of public procurement to stimulate industries. Unless we do this, it is workers and young people who will continue to carry the brunt of harsh economic realities while a few, mainly beneficiaries of colonialism, continue to swim in the pool of opulence.

ISSUED BY THE ECONOMIC FREEDOM FIGHTERS

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