

We have a year until our economy collapses –

Maimane – The Citizen 14 August

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The DA leader has evoked fears of an IMF bailout in a prophecy of doom for SA if we don't urgently fix things.

Democratic Alliance (DA) leader Mmusi Maimane has written a column in the form of a prophecy of doom for South Africa, a country he said was no longer just a “leaking boat” but now a “sinking” one.

Maimane writes in [The Daily Maverick](#) that discussions dominating our discourse, such as President Cyril Ramaphosa's leaked CR17 emails; the ANC's factional battles; the National Health Insurance (NHI) Bill; land expropriation without compensation; the National Minimum Wage (NMW); and the Reserve Bank are just “red herrings”.

“If we don't stem the bleeding right away, all those other conversations will simply become irrelevant because our economy will collapse,” the leader of the official opposition predicted.

“At the risk of sounding alarmist, I think we have a year to make meaningful reforms or resign ourselves to this looming disaster,” he added.

Maimane evoked his two often-cited examples of where he believes South Africa is heading – Zimbabwe and Venezuela, and added another to the mix.

Even more relevant to our situation than Zimbabwe and Venezuela, according to the DA leader, is Argentina, “where the largest IMF loan in history has forced spending cuts on to the country that are entirely beyond their control”.

“This is what happens when a popular, supposedly business-friendly president (does this sound familiar?) fails to revive a flagging economy. He ends up with no choice but to go hat in hand to the only source of a bailout and accept whatever conditions they impose. Argentina's currency has been smashed into the ground, and its crippled economy is being managed by remote control.”

In a column [in the same publication](#), economist and journalist Reg Rumney argues that the spectre of the IMF should not necessarily be evoked as some kind of bogeyman, meant to strike fear into the hearts of South Africans.

The column, titled “The IMF is neither our knight in shining armour nor a horseman of the apocalypse”, notes that South Africa has received a loan from the IMF before. He also notes that we may not need another one.

According to Rumney, missing from the debate surrounding a potential IMF loan was whether or not it “would simply be a temporary solution to a pressing economic problem or a continuing millstone around the neck of a struggling economy”.

“Largely missing, too, is what exactly would force the government to even think about an IMF loan in the first place. As [Reserve Bank governor Lesetja Kganyago](#) has pointed out forcefully,

there is no evidence that we need IMF aid at all. Loose talk about it is just more bad news that might help us talk ourselves into recession.”