

Press Release



**South African
Institute of
Race Relations**

South Africa's Leading Research and Policy Organisation

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The South African Institute of Race Relations said this morning that reassurances by the ANC that economic policy would stay on track were unlikely to reassure investors while the ANC government was at the same time processing legislation that would allow the state to seize their assets.

The Institute said that contrary to common perceptions the Expropriation Bill was not exclusively aimed at land reform. The Institute said that a reading of the bill revealed that it would allow the state to seize any privately held assets in addition to farms. These could include private houses, business premises and other assets, cars, bank accounts, insurance policies, and the shares of private companies.

In addition the state was not obliged to pay market-related compensation, or compensation for any additional financial loss in the event of an expropriation taking place.

The Institute said that the consequences for confidence in the economy could be devastating. It was possible that post 2009 the ANC could use this legislation to seize private assets for redistribution. This was especially likely considering that dissatisfaction with service delivery would place increasing pressure on the ANC to win elections after 2009. The Institute said that this could see the party turn increasingly to socialist ideology in an attempt to buy favour from its support base. In the short term this legislation might aid the ANC in doing so. However, in the longer term, it would stunt the growth of South Africa's economy and worsen living conditions.

According to the Institute's deputy CEO, Frans Cronje, "If the ANC wishes to reassure investors that economic policy will not change then it needs to explain why it is at the same time supporting legislation that will allow it to seize those investors' assets. If the ANC claims that it does not intend to seize such assets then it needs to explain why it is giving itself the power to do so".

