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**AN INTERNAL COPE DISCUSSION ESSAY SERIES.**

**The Impact of Austerity Budgets on South Africa and COPE’s Strategic Response**

This essay examines these impacts and proposes an urgent strategic response for the Congress of the People (COPE), as an opposition party, to address voter concerns and build electoral support.

Over the past decade, South Africa’s adoption of austerity budgets has significantly shaped its economic and social landscape, with profound implications for the nation’s development and its people. Austerity, characterised by reduced government spending and fiscal consolidation, has been pursued to address rising public debt and inspire confidence in financial markets. However, scholarly research highlights its detrimental effects on developing nations like South Africa, where structural inequalities and economic vulnerabilities amplify the consequences.

Austerity in South Africa has led to a marked decline in public service delivery, exacerbating poverty, unemployment, and inequality. Research from the Institute for Economic Justice (IEJ) demonstrates that cuts in public spending—such as the reduction of per capita spending on health and education from R30,000 in 2019 to R28,000 in 2023—have strained essential services. This aligns with broader findings in developing nations, where austerity often reduces access to healthcare, education, and social welfare, disproportionately affecting marginalised groups like women, children, and people with low incomes.

For instance, studies indicate that reduced funding for maternal and child health programs in sub-Saharan Africa, including South Africa, has compromised well-being. At the same time, declining infrastructure investment—down R82 billion since 2016—has hindered economic growth and job creation. With GDP growth averaging just 0.8% annually since 2012, austerity has failed to deliver fiscal stability, instead deepening a vicious cycle of economic stagnation and social unrest.

The human toll is stark. Rising unemployment, now entrenched due to cuts in public investment, limits economic opportunities, while diminished social grants and services erode the safety net for vulnerable populations. Scholars argue that austerity in developing contexts like South Africa stifles aggregate demand, undermining the Keynesian principle that public spending during slumps can stimulate recovery. Instead, debt service costs—projected at R412.4 billion annually over the next three years—crowd out human capital and infrastructure investments, locking the country into a low-growth trap. This mirrors experiences in other developing nations, where austerity has historically increased inequality and destabilised social cohesion.

This presents a strategic opportunity for COPE to differentiate itself from the ruling African National Congress (ANC) and other opposition parties like the Democratic Alliance (DA), which often align with fiscal conservatism. To win the hearts and minds of voters, COPE can adopt a platform centred on rejecting austerity in favour of targeted budgetary stimulus. It should advocate for increased public investment in key areas—healthcare, education, and job-creating infrastructure—drawing on evidence that spending 3% of GDP (R150 billion) could generate R250 billion in economic activity and 1.8 million jobs. This counters the ANC’s narrative of fiscal restraint with a vision of inclusive growth, appealing to the working class and unemployed youth, and underscores the crucial role COPE can play in shaping South Africa's future.

Second, COPE can position itself as a champion of the marginalised by highlighting austerity’s gendered and racial impacts—such as reduced access to land and healthcare for women—and proposing progressive taxation to fund social programs. This resonates with South Africa’s historical struggle against inequality, offering a narrative of empowerment over austerity-induced suffering. Third, COPE should critique the ANC’s failure to address supply-side constraints (e.g., energy insecurity) while pushing for structural reforms alongside spending, distancing itself from populist alternatives like the Economic Freedom Fighters (EFF).

COPE can build a compelling electoral strategy by framing austerity as a betrayal of South Africa’s constitutional mandate to prioritise citizens’ wellbeing. Public discontent with failing services and economic hardship provides fertile ground for a message of hope, investment, and equity. Through town halls, grassroots campaigns, and policy papers grounded in scholarly evidence, COPE can establish itself as a pragmatic yet compassionate alternative, poised to lead South Africa out of its austerity-induced slump and into a future of shared prosperity, instilling a sense of hope and optimism in the audience.

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