

FreeFACTS

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South Africans continue to get poorer

The economic chickens of the past few years are starting to come home to roost. This is reflected in the very low (sometimes negative) rates of economic growth which South Africa has had over the last few years, with the average South African poorer in 2020 than they were in 2005. In addition, the overall size of the South African economy was smaller in than it was in 2013.

In 2005 all nine provinces, bar one, had economic growth rates of above 4%. In 2019 the highest rate of economic growth was in Gauteng – at 0.6%.

While 2020 was a unique year, with the economic shock of the Covid-19 pandemic coupled with the resultant economic catastrophe of lockdowns South Africans had been getting poorer, on average, since the early part of the 2010s. This was after a long period of economic growth.

The cause for this can be directly linked to ANC economic policies. After it came to power economic policy followed by the ANC was pragmatic. It focused on encouraging inward investment and resisted the urge to spend more money than the government earned in revenue. This soon paid off – in the first decade of this century economic growth was averaging around 5%. This economic boom saw unemployment decline and South Africans, on average, were becoming more prosperous.

However, in 2008 Thabo Mbeki was voted out as ANC leader, and Jacob Zuma became head of the party, and president of the country the following year. The relatively pragmatic economic policy programme of Mbeki and others, such as Trevor Manuel, was jettisoned, in favour of high government spending and policies unfriendly to business, investment, and job creation.

The results of these policies are now becoming apparent. South Africans are poorer with many of those who have the means seeking to move abroad. At the same time, frustration is mounting with social unrest, often violent, becoming increasingly commonplace.

Unfortunately, without an immediate U-turn or change in government this is unlikely to change. The country and its citizens will continue to become poorer.

— **Marius Roodt**

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The IRR is an advocacy group that fights for your right to make decisions about your life, family and business, free from unnecessary government, political, and bureaucratic interference. FreeFACTS publishes evidence that communities are better off when individuals are free to make decisions about how they want to live, be educated, work, access healthcare, think, speak, own property, and protect their communities. If you agree with the issues we stand for, welcome to the team. There are millions of people just like you who are tired of South African politicians, activists, and commentators attempting to rein in your freedom to decide. Take control and make sure your voice is heard by becoming a friend of the IRR.

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Ts and Cs apply.**

Economy

Real growth and income levels and trends ^b , 1961-2020						
Year	Real total GDP Rbn	Year-on-year change	Real GDP per head ^c R	Year-on-year change	Real disposable income per capita of households ^d R	Year-on-year change
1961	869	3,8%	49 427	1,1%	26 850	5,1%
1962	923	6,2%	51 092	3,4%	27 682	3,1%
1963	991	7,4%	53 406	4,5%	27 919	0,9%
1964	1070	7,9%	56 087	5,0%	28 219	1,1%
1965	1135	6,1%	57 897	3,2%	28 520	1,1%
1966	1186	4,4%	58 806	1,6%	29 635	3,9%
1967	1271	7,2%	61 327	4,3%	30 208	1,9%
1968	1324	4,2%	62 167	1,4%	31 950	5,8%
1969	1386	4,7%	63349	1,9%	32 079	0,4%
1970	1 459	5,2%	64 906	2,5%	32 772	2,2%
1971	1 521	4,3%	66 033	1,7%	35 055	7,0%
1972	1 547	1,7%	65 513	-0,8%	35 902	2,4%
1973	1 617	4,6%	66 880	2,1%	35 745	-0,4%
1974	1 716	6,1%	69 340	3,7%	36 881	3,2%
1975	1 745	1,7%	68 935	-0,6%	37 718	2,3%
1976	1 784	2,2%	68 893	-0,1%	36 288	-3,8%
1977	1 783	-0,1%	67 206	-2,4%	37 532	3,4%
1978	1 837	3,0%	67 570	0,5%	35 745	-4,8%
1979	1 906	3,8%	68 530	1,4%	37 090	3,8%
1980	2 032	6,6%	71 428	4,2%	39 422	6,3%
1981	2 141	5,4%	73 509	2,9%	37 515	-4,8%
1982	2 133	-0,4%	71 555	-2,7%	37 426	-0,2%
1983	2 094	-1,8%	68 649	-4,1%	37 939	1,4%
1984	2 200	5,1%	70 547	2,8%	39 359	3,7%
1985	2 174	-1,2%	68 171	-3,4%	38 306	-2,7%
1986	2 174	0,0%	66 705	-2,2%	36 512	-4,7%
1987	2 220	2,1%	66 662	-0,1%	37 870	3,7%
1988	2 313	4,2%	68 020	2,0%	38 779	2,4%
1989	2 368	2,4%	68 198	0,3%	38 866	0,2%
1990	2 361	-0,3%	66 572	-2,4%	38 098	-2,0%
1991	2 337	-1,0%	64 532	-3,1%	37 124	-2,6%
1992	2 287	-2,1%	61 848	-4,2%	37 156	0,1%
1993	2 315	1,2%	61 314	-0,9%	36 496	-1,8%
1994	2 389	3,2%	61 965	1,1%	36 579	0,2%
1995	2 463	3,1%	62 560	1,0%	37 540	2,6%
1996	2 569	4,3%	63 894	2,1%	38 531	2,6%
1997	2 636	2,6%	64 193	0,5%	38 976	1,2%
1998	2 649	0,5%	63 171	-1,6%	38 620	-0,9%
1999	2 713	2,4%	63 350	0,3%	38 394	-0,6%
2000	2 827	4,2%	64 696	2,1%	39 098	1,8%

Economy

Real growth and income levels and trends ^b , 1961-2020						
Year	Real total GDP Rbn	Year-on-year change	Real GDP per head ^c R	Year-on-year change	Real disposable income per capita of households ^d R	Year-on-year change
2001	2 903	2,7%	64 984 ^{Economy}	0,4%	39 324	0,6%
2002	3 010	3,7%	65 118	0,2%	39 374	0,1%
2003	3 099	2,9%	66 121	1,5%	39 859	1,2%
2004	3 240	4,6%	68 391	3,4%	41 789	4,8%
2005	3 411	5,3%	71 186	4,1%	43 714	4,6%
2006	3 603	5,6%	74 292	4,4%	46 528	6,4%
2007	3 796	5,4%	77 299	4,0%	48 694	4,7%
2008	3 917	3,2%	78 709	1,8%	49 163	1,0%
2009	3 857	-1,5%	76 407	-2,9%	47 457	-3,5%
2010	3 974	3,0%	77 568	1,5%	48 289	1,8%
2011	4 100	3,2%	78 811	1,6%	49 365	2,2%
2012	4 198	2,4%	79 464	0,8%	49 895	1,1%
2013	4 302	2,5%	80 191	0,9%	49 800	-0,2%
2014	4 363	1,4%	80 077	-0,1%	49 622	-0,4%
2015	4 421	1,3%	79 917	-0,2%	50 353	1,5%
2016	4 450	0,7%	79 264	-0,8%	50 008	-0,7%
2017	4 502	1,2%	78 988	-0,3%	50 527	1,0%
2018	4 569	1,5%	78 963	0,0%	50 840	0,6%
2019	4 574	0,1%	77 894	-1,4%	50 501	-0,7%
2020	4 280	-6,4%	71 912	-7,7%	47 190	-6,6%

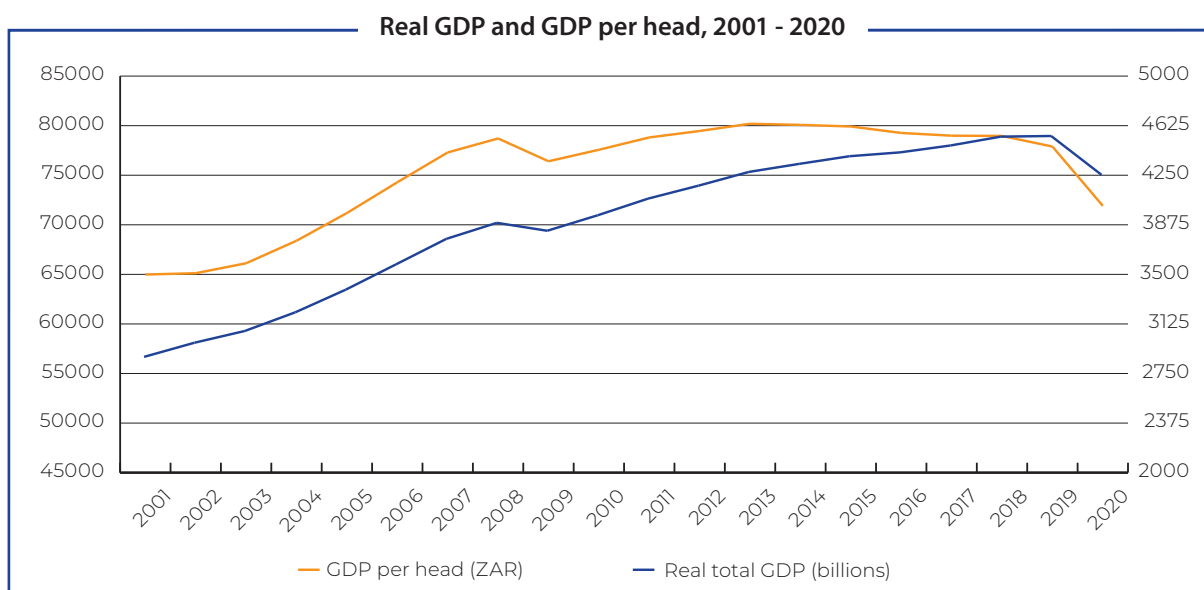
Source: SARB, time series data, www.resbank.co.za, accessed 23 January 2022

a The gross domestic product (GDP) is the total value of all 'final' goods and services, that were produced within the borders of the country, during a year.

b At constant 2015 prices.

c GDP per head is total GDP divided by the total population.

d Real disposable income per capita is total personal income minus direct personal tax plus subsidies.



Economy

Key economic indicators and forecasts, selected countries

Country	GDP growth 2022 ^a	CPI ^b 2022 ^a	Unemployment rate: latest	Current account balance as a % of GDP 2020 ^a	Budget balance as a proportion of GDP ^a	10-year government bonds interest rate latest
Argentina	2,3%	51,6%	8,2%	N/A	N/A	N/A
Australia	3,3%	2,6%	4,2%	1,6%	-4,6%	2,0%
Belgium	3,3%	2,2%	5,9%	0,6%	-4,3%	0,3%
Brazil	0,7%	7,7%	12,1%	N/A	N/A	N/A
Canada	3,5%	2,8%	5,9%	-0,4%	-7,5%	1,9%
Chile	3,0%	6,2%	7,5%	-2,2%	-4,5%	6,1%
China	5,3%	2,3%	5,1%	2,3%	-4,7%	2,4%
Colombia	5,0%	4,2%	10,8%	-4,9%	-6,5%	9,1%
Czech Republic	4,3%	4,6%	2,3%	2,1%	-5,1%	3,3%
Denmark	3,0%	1,6%	2,8%	8,5%	-0,2%	0,2%
Egypt	5,0%	6,3%	7,5%	-4,2%	-6,9%	N/A
Euro area	3,9%	2,7%	7,2%	3,2%	-4,1%	0,0%
France	3,9%	2,3%	7,5%	-1,2%	-5,0%	0,4%
Germany	3,3%	3,5%	3,2%	6,5%	-2,7%	0,0%
Greece	4,5%	3,2%	13,4%	-4,0%	-4,3%	1,7%
Hong Kong	3,0%	2,0%	3,9%	1,2%	-1,0%	1,7%
India	7,0%	4,6%	7,9%	-1,6%	-5,9%	6,6%
Indonesia	5,3%	2,8%	3,5%	-0,5%	-4,9%	6,4%
Israel	4,3%	2,8%	4,5%	4,8%	-3,2%	1,3%
Italy	4,4%	1,8%	9,2%	3,5%	-5,7%	1,4%
Japan	3,2%	1,3%	2,8%	3,1%	-7,0%	0,0%
Malaysia	4,5%	2,8%	4,3%	3,3%	-6,2%	3,7%
Mexico	2,6%	5,3%	3,8%	-1,4%	-3,5%	7,7%
Netherlands	2,8%	3,8%	2,7%	9,0%	-4,1%	-0,2%
Norway	3,4%	3,0%	3,6%	8,5%	0,2%	1,4%
Pakistan	3,0%	8,0%	6,9%	-5,5%	-6,4%	11,5%
Philippines	5,3%	3,8%	7,4%	-2,7%	-7,2%	4,8%
Poland	4,9%	4,8%	5,4%	0,8%	-3,1%	4,1%
Russia	2,4%	5,0%	4,3%	7,1%	0,7%	9,2%
Saudi Arabia	4,5%	2,0%	6,6%	4,5%	1,4%	N/A
Singapore	3,8%	2,2%	2,6%	17,6%	-2,0%	1,9%
South Africa	2,1%	4,7%	34,9%	-0,3%	-6,3%	9,4%
South Korea	2,8%	1,9%	3,5%	4,2%	-2,7%	2,5%
Spain	5,1%	2,4%	14,1%	1,4%	-5,2%	0,7%
Sweden	3,0%	2,4%	7,5%	3,7%	-0,3%	0,4%
Switzerland	3,0%	0,9%	2,4%	5,6%	0,1%	0,1%
Taiwan	3,2%	2,4%	3,7%	14,6%	-0,7%	0,8%
Thailand	2,8%	1,8%	1,5%	1,8%	-6,9%	2,1%
Turkey	3,4%	31,4%	10,9%	-1,7%	-3,6%	21,8%
United Kingdom	4,3%	3,7%	4,1%	-2,6%	-6,5%	1,2%
United States	3,8%	4,3%	3,9%	-3,7%	-7,8%	1,8%

Source: *The Economist*, 22 January 2022, accessed 23 January 2022

a Forecast.

b Consumer Price Index.

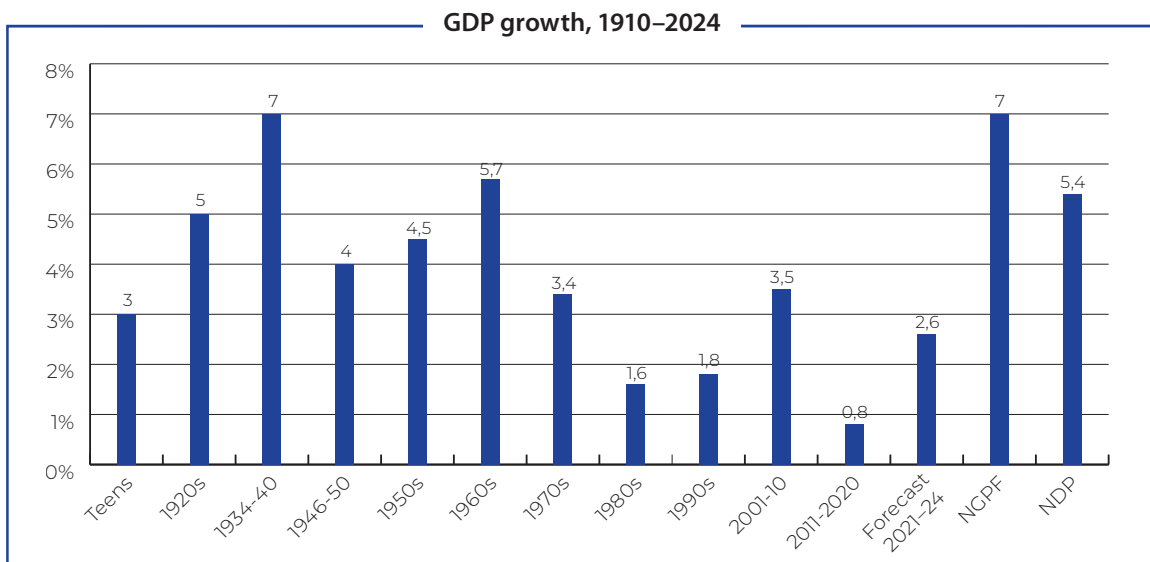
N/A — Not available.

Economy

GDP growth, 1910–2024	
Teens	3,0%
1920s	5,0%
1934-40	7,0%
1946-50	4,0%
1950s	4,5%
1960s	5,7%
1970s	3,4%
1980s	1,6%
1990s	1,8%
2001-10	3,5%
2011-2020	0,8%
Forecast 2021–24	2,6%
NGPF	7,0%
NDP	5,4%

Source: This chart compares historical GDP growth figures with growth estimates needed to achieve job creation targets set in the most recent policy documents:

- The New Growth Path Framework (2010) sets a target of 5 million additional jobs by the year 2020 requiring annual GDP growth of 7%.



Source: This chart compares historical GDP growth figures with growth estimates needed to achieve job creation targets set in the most recent policy documents:

- The New Growth Path Framework (2010) sets a target of 5 million additional jobs by the year 2020 requiring annual GDP growth of 7%.
- The National Development Plan (2011) set a target of 11 million additional jobs by 2030 requiring annual GDP growth of 5.4%.

Included in the graph is the National Treasury's GDP forecast for the period 2021-2024, released in November 2021 .ppp

Economy

Relative size of formal and non-observed economies ^a , 2013-18						
Sector	2013	2014	2015	2016	2017	2018
Formal	92,1%	92,1%	92,0%	91,9%	92,0%	91,9%
Informal	4,9%	5,0%	5,0%	5,1%	5,1%	5,2%
Own final use	2,4%	2,4%	2,5%	2,4%	2,5%	2,5%
Other non-observed	0,5%	0,5%	0,5%	0,5%	0,5%	0,5%
Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Source: Stats SA, email communication 28 January 2022

^a The production boundary (the range of goods and services included in the estimates of value added) divided according to the formal and non-observed economies. The non-observed economy is the extent of the economic activity missing from statistical data collections and from administrative sources.

Provincial GDP and GDP growth trends, 1995-2019									
Province	GDP 2019 Rbn ^a	— Provincial GDP contribution to the economy of South Africa —				Real growth rate ^b			
		1995	2005	2015	2019	1996	2005	2015	2019
Eastern Cape	236,2	8,2%	7,7%	7,8%	7,6%	3,5%	5,0%	0,8%	0,0%
Free State	161,1	5,6%	5,2%	5,0%	5,0%	4,6%	4,2%	-0,3%	-0,4%
Gauteng	1 104,7	34,2%	34,4%	34,1%	34,5%	2,6%	5,5%	1,2%	0,6%
KwaZulu-Natal	504,9	16,7%	16,5%	16,1%	15,9%	5,6%	5,7%	0,9%	0,1%
Limpopo	225,4	5,6%	6,6%	7,1%	7,4%	0,8%	4,0%	1,8%	-0,2%
Mpumalanga	226,7	6,8%	6,6%	7,5%	7,5%	6,2%	4,4%	-0,2%	-0,4%
North West	184,3	6,2%	6,5%	6,5%	6,5%	5,2%	4,5%	4,4%	-0,5%
Northern Cape	68,4	2,3%	2,1%	2,1%	2,0%	2,9%	3,3%	1,1%	-0,6%
Western Cape	437,5	14,4%	14,5%	13,6%	13,6%	3,6%	6,0%	1,4%	0,4%
South Africa	3 149,3	100,0%	100,0%	100,0%	100,0%	4,3%	5,3%	1,2%	0,2%

Source: Stats SA, www.statssa.gov.za, GDP annual and regional tables 2019, accessed 20 April 2021

^a At constant 2010 prices.

^b The percentage change from the previous year.

