IRR

Free facts

Low economic growth has real consequences

November 2024

Low economic growth has real consequences

South Africa has been stuck in a low growth environment for over a decade now.

The economy is simply stuck, which has all kinds of real world consequences, which affect real people.

This edition of FreeFACTS looks at South Africa's recent growth performance and shows what the consequences of low economic growth is.

South Africans are now poorer than they were a decade ago. In 2023 the average GDP per head (at constant 2015 prices) was R75 500 – ten years before that it had been R80 200. This reflects a decline of six percent, and it is not clear that there are any signs of reversal yet.

This low economic growth results in higher levels of poverty and unemployment. For example, 25% of all households in South Africa's eight metros were living in poverty. The two metros with the highest levels of poverty were Mangaung (Bloemfontein) and Buffalo City (East London), both of which had poverty rates of nearly 30%.

Unemployment is also eye-wateringly high, which is a consequence of low economic growth. In 2024 a third of all South Africans were without work. If discouraged workseekers – those who would work if a job was offered to them but have given up looking for employment – are included then the unemployment rate is 43%.

It must also be remembered that behind each of these numbers is a real person, who cannot provide for themselves or their family and is prevented from reaching their full potential.

The only way that South Africa can escape these twin evils of unemployment and poverty is through rapid economic growth.

While some forecasts say that South Africa could start seeing faster economic growth than it has been used to in the past, with some economists predicting that growth in 2025 could be around 1.5% this is still not enough. The country needs to grow at 5% or more.

However, the only way to achieve this is through scrapping existing and proposed policies which retard growth, such as BEE, NHI, and EWC. If this does not happen South Africa will remain in its current predicament.

— **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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Economic Growth

Subjective poverty indicators[a], by province, 2022

Province	SPWQ[b]	MIQ[c]	IEQ[d]
	—Proportion of households—		
Eastern Cape	29.1%	59.9%	55.6%
Free State	22.2%	47.4%	42.8%
Gauteng	21.3%	58.8%	47.7%
KwaZulu-Natal	31.1%	43.3%	36.9%
Limpopo	34.9%	43.9%	46.0%
Mpumalanga	22.6%	51.7%	58.2%
North West	44.3%	53.2%	49.9%
Northern Cape	21.6%	55.8%	50.4%
Western Cape	18.0%	44.7%	31.7%
South Africa	**26.5%**	**51.6%**	**45.4%**

Source: Stats SA, *Subjective poverty in South Africa: Findings from the General Household Surveys 2019 and 2022,* Figure 2.3, p6.

a The three principal indicators used by Stats SA to measure subjective poverty in this report, are the Self-perceived Wealth Question (SPWQ), the Minimum Income Question (MIQ) and the Income Evaluation Question (IEQ).

b SPWQ — "Would you say you and your household are at present wealthy, very comfortable, reasonably comfortable, just getting along, poor, very poor?" Households who responded 'poor' or 'very poor', are termed subjectively poor.

c MIQ — "Which net household income per month in Rand would be the absolute minimum for your household? That is to say, that you would not be able to make ends meet if you earned less." If reported per capita household consumption falls below this minimum income level, then the household (and all individuals living in it) is identified as poor.

d "Is the total monthly income of your household higher, lower or more or less the same as the minimum income given for MIQ?" A direct way to use the MIQ available in the *Living Conditions Survey* is to ask respondents whether their household's actual level of income is above or below the minimum level reported in the previous question. In this way, respondents evaluate their own perception on whether they receive more than their reported minimum level (IEQ).

Subjective poverty indicators[a], by race, 2022

Race	SPWQ	MIQ	IEQ
	—Proportion of households—		
Black	30.1%	53.3%	48.9%
Coloured	17.3%	49.4%	42.4%
Indian/Asian	6.8%	40.9%	20.8%
White	3.7%	39.8%	20.1%
South Africa	**26.5%**	**51.6%**	**45.4%**

Source: Stats SA, *Subjective poverty in South Africa: Findings from the General Household Surveys 2019 and 2022,* Figure 2.3, p6.

Economic Growth

Subjective poverty indicators[a], by level of education, 2022			
	SPWQ	MIQ	IEQ
Education level	—Proportion of households—		
No schooling	40.8%	50.8%	55.5%
Some primary	41.3%	52.8%	53.1%
Completed primary	39.5%	51.0%	50.2%
Lower secondary	37.9%	55.6%	53.5%
Upper secondary	33.6%	55.5%	51.8%
NSC/Grade 12	19.2%	52.7%	42.6%
Post school	5.6%	41.9%	27.8%
Other	24.1%	55.7%	51.2%
South Africa	26.5%	51.6%	45.4%

Source: Stats SA, Subjective poverty in South Africa: *Findings from the General Household Surveys 2019 and 2022,* Figure 2.3, p6.

Real growth and income levels and trends[b], 2013–2023						
Year	Real total GDP[a] 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
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	4 572	1.6%	79 017	0.0%	51 236	1.4%
2019	4 584	0.3%	78 061	-1.2%	50 999	-0.5%
2020	4 301	-6.2%	72 269	-7.4%	47 917	-6.0%
2021	4 514	5.0%	75 069	3.9%	50 505	5.4%
2022	4 600	1.9%	75 743	0.9%	50 696	0.4%
2023	4 632	0.7%	75 548	-0.3%	50 152	-1.1%

Source: SARB, time series data, www.resbank.co.za, accessed 3 July 2024
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.

Economic Growth

Households classified as poorᵃ by metropolitan municipality, 2023

Metropolitan area	Total households	Poor households	As a proportion of total households
Buffalo City	256 000	75 000	29.3%
Cape Town	1 400 000	335 000	23.9%
Ekurhuleni	1 459 000	366 000	25.1%
eThekwini	1 308 000	328 000	25.1%
Johannesburg	2 280 000	629 000	27.6%
Mangaung	306 000	89 000	29.1%
Nelson Mandela Bay	377 000	56 000	14.9%
Tshwane	1 332 000	297 000	22.3%
All metros	8 718 000	2 175 000	24.9%

Source: Stats SA, *Selected Development Indicators, Metros 2022,* Statistical release P03-18-20, 23 May 2024, Table 2.6, p11
a Those with a monthly expenditure below R2 500.

Unemployment trends, 1994-2024

	—Official definition—		—Expanded definition—	
Year	Number	Rate	Number	Rate
2013	4 972 000	25.3%	8 289 000	36.1%
2014	5 154 000	25.5%	8 332 000	35.6%
2015	5 230 000	25.0%	8 378 000	34.9%
2016	5 634 000	26.6%	8 880 000	36.4%
2017	6 177 000	27.7%	9 304 000	36.6%
2018	6 083 000	27.2%	9 634 000	37.2%
2019	6 655 000	29.0%	10 226 000	38.5%
2020	4 295 000	23.3%	10 259 000	42.0%
2021	7 826 000	34.4%	11 923 000	44.4%
2022	7 994 000	33.9%	12 282 000	44.1%
2023	7 921 000	32.6%	11 872 000	42.1%
2024	8 384 000	33.5%	12 383 000	42.6%
2013-2024	68.6%	—	49.4%	—

Source: Stats SA, *QLFS Trends 2008-2024Q2,* accessed 27 September 2024; *Socio-Economic Survey of South Africa 2023,* p264