

# FreeFACTS

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## South Africa's spluttering economy

**South Africa's economy is in trouble. Economic growth remains slow and is barely keeping up with the population growth rate, there will be dire consequences for the country if this continues to be the case.**

We at the IRR have predicted annual economic growth rate from 2019 to 2021 is likely to be just over 1.5%, after having averaged 1.9% between 2011 and 2016. This is compared to an average economic growth rate of 3.5% in the first decade of the 20th century.

The country needs to grow at about 6% a year in order to make a real dent in the country's very high rates of poverty and unemployment.

Despite many positive developments in the initial post-apartheid period, the country's economic indicators tell a worrying tale. For example, while South Africans are richer than they were at the end of apartheid, average incomes have been on the decline in recent years. South Africans in 2018 are now as rich as they were in 2012.

Generally we are also poorer than the average global citizen. In 1990 the average South African's income was about \$10 000 a year, compared to a global average of \$9 000. By 2017, the average global citizen had an income of nearly \$16 000 compared to about \$12 000 for South Africans. This is due to a number of factors, primarily South African economic stagnation and the rise of the middle class in India and China, for example.

And South Africa is now in its longest-ever downward business cycle (it has lasted 66 months, the previous record being 51 months).

Unfortunately it is unlikely that there will be any positive change in the near future. There may be cosmetic tinkering in some areas, but real structural reform is unlikely to occur, which means South Africa's economic outcomes will remain poor for the foreseeable future. — **Marius Roodt**

## JOIN US

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.**

# The Economy

The global economy by GDP

## BY THE NUMBERS

### The global economy by GDP

**\$74 trillion**

is the size of the global economy, according to World Bank data

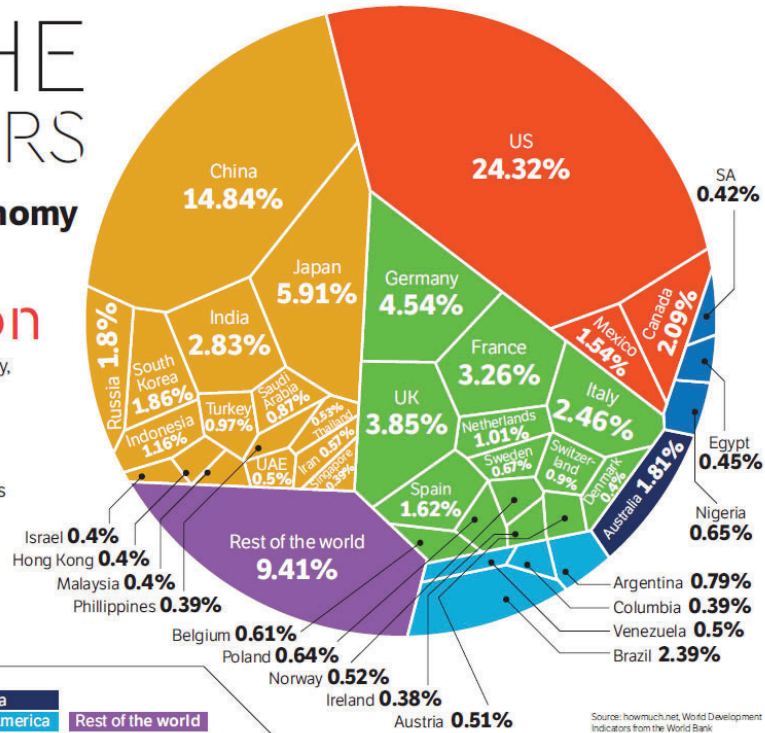
**40**

of the world's largest economies are plotted here

**155**

countries make up the "rest of the world" section of this chart

#### Continents



Source: howmuch.net, World Development Indicators from the World Bank

Source: Financial Mail

Population of selected world economies, 2018

Country	Millions	Country	Millions	Country	Millions
Argentina	44.6	Indonesia	264.2	Russia	144.0
Australia	25.2	Iran	82.4	Saudi Arabia	33.2
Austria	8.9	Ireland	4.9	Singapore	5.6
Belgium	11.4	Israel	8.9	South Africa	57.7
Brazil	208.3	Italy	60.5	Spain	46.4
Canada	37.0	Japan	126.5	Sweden	10.2
China	1 395.4	South Korea	51.7	Switzerland	8.5
Colombia	49.8	Malaysia	32.4	Thailand	67.8
Denmark	5.8	Mexico	124.7	Turkey	82.0
Egypt	97.0	Netherlands	17.2	United Arab Emirates	10.4
France	64.7	Nigeria	193.9	United Kingdom	66.5
Germany	82.9	Norway	5.3	United States	327.4
Hong Kong	7.5	Philippines	106.6	Venezuela	29.2
India	1 334.2	Poland	38.0		

Source: International Monetary Fund, World Economic Outlook Database

# The Economy

## Major indicators, 1980-2018

Year	Real GDP growth	GDP per head <sup>a</sup> R	GFCF <sup>b</sup> to GDP	Headline inflation	Prime overdraft rate (average)	Current account surplus/deficit % of GDP	R/\$
1980	6.6%	49 377	27.8%	13.8%	9.5%	4.0%	0.779
1981	5.4%	50 815	29.1%	15.2%	14.0%	-6.0%	0.878
1982	-0.4%	49 465	29.0%	14.7%	19.3%	-4.4%	1.086
1983	-1.8%	47 456	27.9%	12.4%	16.7%	-0.5%	1.114
1984	5.1%	48 768	25.4%	11.6%	22.3%	-2.4%	1.476
1985	-1.2%	47 126	24.6%	16.1%	21.5%	3.9%	2.228
1986	0.0%	46 112	21.7%	18.7%	14.3%	4.1%	2.284
1987	2.1%	46 082	19.6%	16.1%	12.5%	5.8%	2.036
1988	4.2%	47 021	20.9%	12.9%	15.3%	2.7%	2.273
1989	2.4%	47 144	22.3%	14.7%	19.8%	1.5%	2.622
1990	-0.3%	46 020	20.9%	14.4%	21.0%	1.3%	2.588
1991	-1.0%	44 610	19.1%	15.3%	20.3%	1.1%	2.761
1992	-2.1%	42 754	17.5%	13.9%	18.8%	1.5%	2.852
1993	1.2%	42 386	15.8%	9.7%	16.2%	2.1%	3.267
1994	3.2%	42 849	16.1%	9.0%	15.8%	0.0%	3.550
1995	3.1%	43 267	17.0%	8.7%	17.9%	-1.6%	3.627
1996	4.3%	44 193	17.2%	7.4%	19.5%	-1.1%	4.296
1997	2.6%	44 420	17.6%	8.6%	20.0%	-1.5%	4.607
1998	0.5%	43 720	18.1%	6.9%	21.8%	-1.7%	5.532
1999	2.4%	43 826	16.1%	5.1%	18.0%	-0.5%	6.113
2000	4.2%	44 735	15.6%	5.3%	14.5%	-0.1%	6.935
2001	2.7%	45 075	15.5%	5.7%	13.8%	0.3%	8.603
2002	3.7%	45 798	15.2%	9.2%	15.8%	0.9%	10.517
2003	2.9%	46 287	16.0%	5.8%	15.0%	-0.8%	7.565
2004	4.6%	47 605	16.5%	1.4%	11.3%	-2.8%	6.450
2005	5.3%	49 335	17.2%	3.4%	10.6%	-3.1%	6.362
2006	5.6%	51 331	18.9%	4.7%	11.1%	-4.5%	6.767
2007	5.4%	53 334	20.6%	7.1%	13.1%	-5.4%	7.054
2008	3.2%	54 322	23.5%	11.5%	15.1%	-5.5%	8.252
2009	-1.5%	52 838	21.5%	7.1%	11.9%	-2.7%	8.437
2010	3.0%	53 823	19.3%	4.3%	9.9%	-1.5%	7.322
2011	3.3%	54 968	19.1%	5.0%	9.0%	-2.2%	7.253
2012	2.2%	55 543	19.2%	5.7%	8.8%	-5.1%	8.210
2013	2.5%	56 232	20.4%	5.7%	8.5%	-5.8%	9.650
2014	1.8%	56 469	20.4%	6.1%	9.1%	-5.1%	10.844
2015	1.3%	56 549	20.4%	4.6%	9.4%	-4.6%	12.751
2016	0.6%	56 518	19.5%	6.4%	10.4%	-2.8%	14.709
2017	1.3%	56 054	18.7%	5.3%	10.4%	-2.5%	13.313
2018	0.8%	55 595	18.2%	4.7%	10.1%	-3.5%	13.234

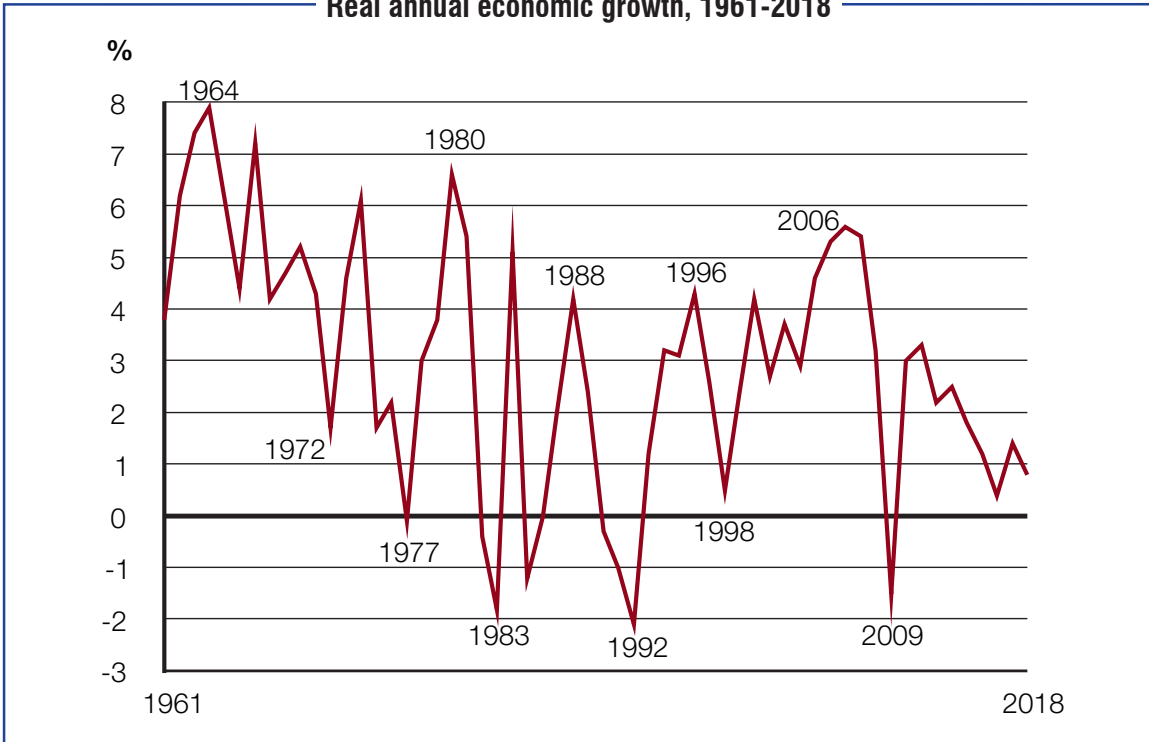
Source: South African Reserve Bank (SARB), Statistics South Africa (Stats SA)

a At constant 2005 prices. 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.

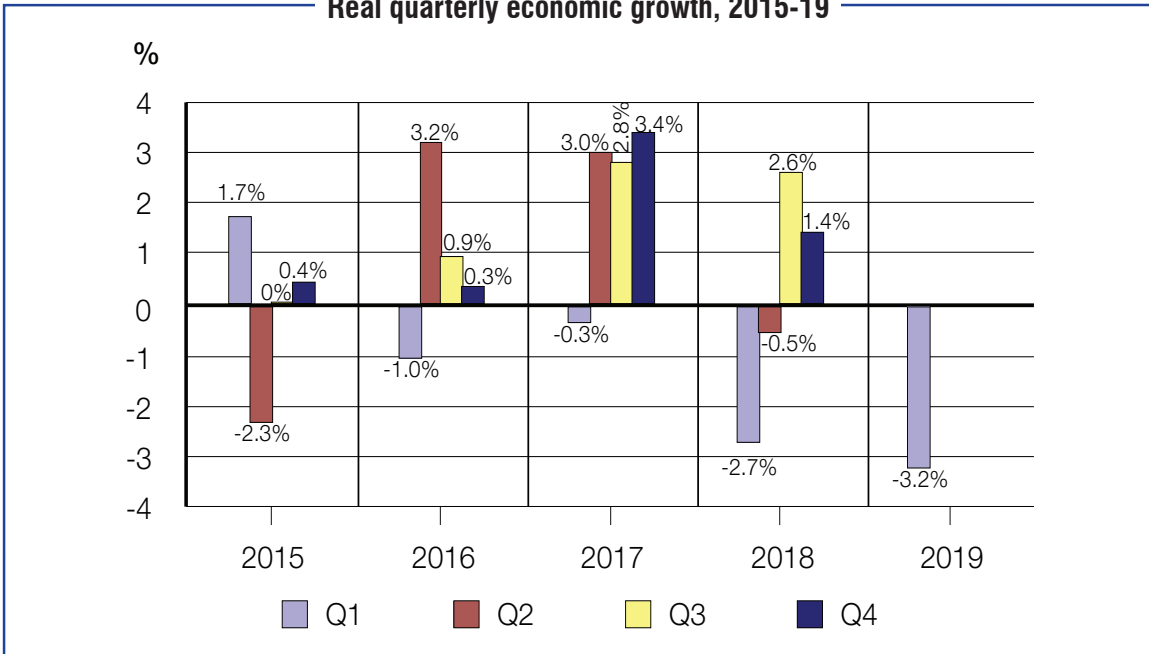
b GFCF = Gross Fixed Capital Formation (also known as Gross Domestic Fixed Investment).

# The Economy

Real annual economic growth, 1961-2018



Real quarterly economic growth, 2015-19



# The Economy

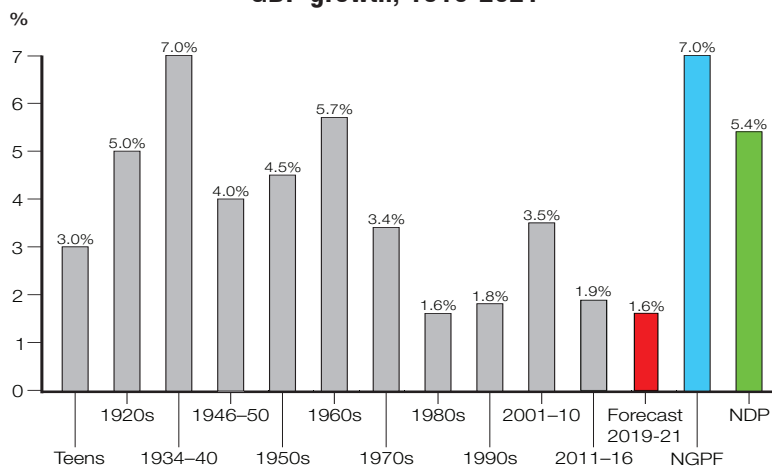
## Real growth and income levels, 1980-2018

Year	Real total GDP <sup>ab</sup>		Real GDP <sup>b</sup> per head <sup>c</sup>		Real disposable income per capita of households <sup>bd</sup>	
	Rbn	Year-on-year change	R	Year-on-year change	R	Year-on-year change
1980	1 405	6.6%	49 377	4.2%	25 527	6.3%
1981	1 480	5.4%	50 815	2.9%	24 292	-4.8%
1982	1 475	-0.4%	49 465	-2.7%	24 234	-0.2%
1983	1 447	-1.8%	47 456	-4.1%	24 567	1.4%
1984	1 521	5.1%	48 768	2.8%	25 487	3.7%
1985	1 503	-1.2%	47 126	-3.4%	24 804	-2.7%
1986	1 503	0.0%	46 112	-2.2%	23 643	-4.7%
1987	1 535	2.1%	46 082	-0.1%	24 522	3.7%
1988	1 599	4.2%	47 021	2.0%	25 111	2.4%
1989	1 637	2.4%	47 144	0.3%	25 167	0.2%
1990	1 632	-0.3%	46 020	-2.4%	24 670	-2.0%
1991	1 615	-1.0%	44 610	-3.1%	24 039	-2.6%
1992	1 581	-2.1%	42 754	-4.2%	24 060	0.1%
1993	1 600	1.2%	42 386	-0.9%	23 633	-1.8%
1994	1 652	3.2%	42 849	1.1%	23 686	0.2%
1995	1 704	3.1%	43 267	1.0%	24 308	2.6%
1996	1 777	4.3%	44 193	2.1%	24 950	2.6%
1997	1 824	2.6%	44 420	0.5%	25 239	1.2%
1998	1 834	0.5%	43 720	-1.6%	25 008	-0.9%
1999	1 877	2.4%	43 826	0.2%	24 862	-0.6%
2000	1 955	4.2%	44 735	2.1%	25 315	1.8%
2001	2 008	2.7%	45 075	0.8%	25 533	0.9%
2002	2 082	3.7%	45 798	1.6%	25 930	1.6%
2003	2 143	2.9%	46 287	1.1%	26 128	0.8%
2004	2 241	4.6%	47 605	2.8%	27 238	4.2%
2005	2 359	5.3%	49 335	3.6%	28 368	4.2%
2006	2 491	5.6%	51 331	4.0%	30 103	6.1%
2007	2 625	5.4%	53 334	3.9%	31 460	4.5%
2008	2 709	3.2%	54 322	1.9%	31 772	1.0%
2009	2 667	-1.5%	52 838	-2.7%	30 730	-3.3%
2010	2 748	3.0%	53 823	1.9%	31 503	2.5%
2011	2 838	3.3%	54 968	2.1%	32 592	3.5%
2012	2 901	2.2%	55 543	1.0%	33 183	1.8%
2013	2 973	2.5%	56 232	1.2%	33 324	0.4%
2014	3 028	1.8%	56 549	0.6%	33 265	-0.2%
2015	3 067	1.3%	56 518	-0.1%	33 633	1.1%
2016	3 084	0.6%	56 054	-0.8%	33 793	0.5%
2017	3 125	1.3%	56 020	-0.1%	34 250	1.4%
2018	3 145	0.8%	55 595	-0.6%	34 207	0.1%

Source: SARB

- a 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 2010 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.

## GDP growth, 1910-2021



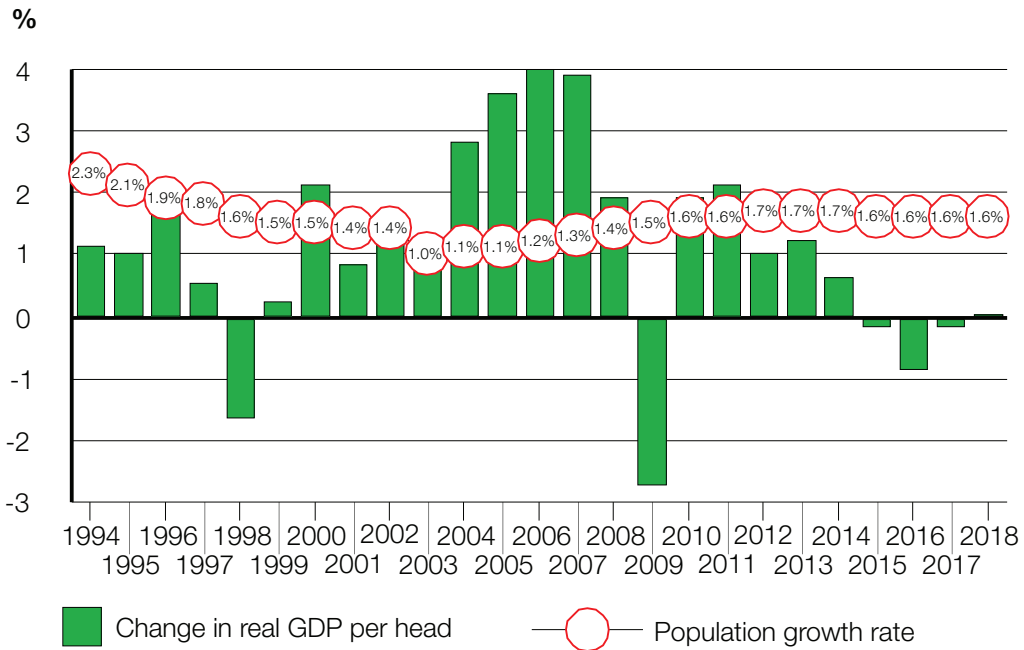
This chart compares historical GDP growth figures with growth estimates needed to achieve job creation targets set in the two most recent policy documents:

- The New Growth Path Framework (2010) set 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%.

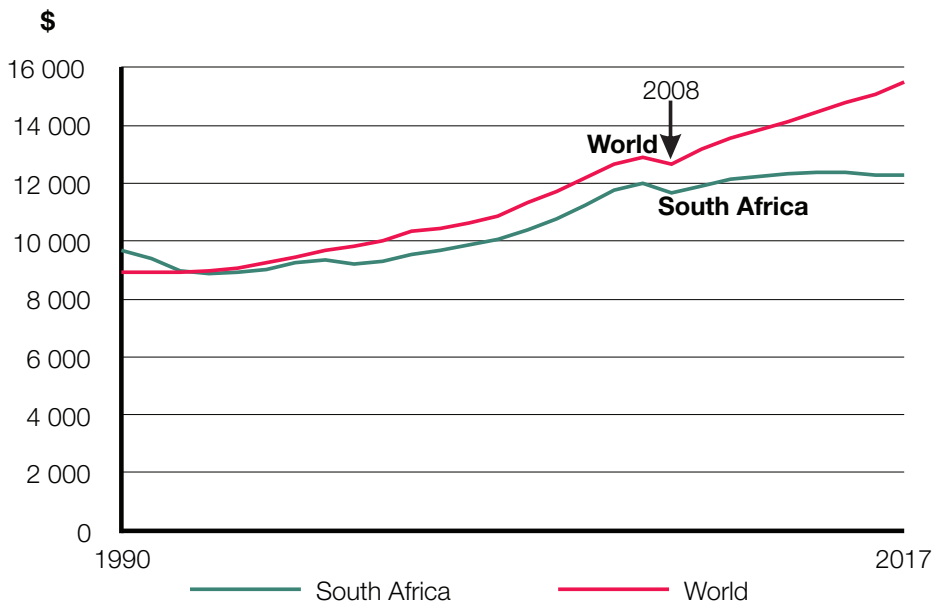
Included in the graph is the latest SARF GDP forecast for the period 2018-2021.

# The Economy

Change in real GDP per head and the population growth rate, 1994-2018



GDP per capita<sup>a</sup>, South Africa and the World, 1990-2017



a Constant PPP terms in 2011 international \$.

# The Economy

**South Africa's business cycle phases<sup>a</sup> since 1945**

Upward phase	Duration in months	Downward phase	Duration in months
Post war – Jul 1946	7	Aug 1946 – Apr 1947	9
May 1947 – Nov 1948	19	Dec 1948 – Feb 1950	15
Mar 1950 – Dec 1951	22	Jan 1952 – Mar 1953	15
Apr 1953 – Apr 1955	25	May 1955 – Sep 1956	17
Oct 1956 – Jan 1958	16	Feb 1958 – Mar 1959	14
Apr 1959 – Apr 1960	13	May 1960 – Aug 1961	16
Sep 1961 – Apr 1965	44	May 1965 – Dec 1965	8
Jan 1966 – May 1967	17	Jun 1967 – Dec 1967	7
Jan 1968 – Dec 1970	36	Jan 1971 – Aug 1972	20
Sep 1972 – Aug 1974	24	Sep 1974 – Dec 1977	40
Jan 1978 – Aug 1981	44	Sep 1981 – Mar 1983	19
Apr 1983 – Jun 1984	15	July 1984 – Mar 1986	21
Apr 1986 – Feb 1989	35	Mar 1989 – May 1993	51
Jun 1993 – Nov 1996	44	Dec 1996 – Aug 1999	33
Sep 1999 – Nov 2007	99	Dec 2007 – Aug 2009	21
Sep 2009 – Nov 2013	51	Dec 2013 <sup>b</sup>	–

Source: SARB

a Growth cycles represent fluctuations around the long-term growth trend of aggregate economic activity — the so-called trend-adjusted business cycles. The Reserve Bank determines reference upper (peaks) and lower (troughs) turning points in the business cycle in terms of the growth cycle definition of business cycles and not the classical definition. Classical business cycles refer to periods of absolute increase in aggregate economic activity, followed by periods of absolute decrease, recessions. The Reserve Bank employs several statistical tools to establish whether a reference turning point in the South African business cycle has occurred. The Bank's three composite business cycle indicators — leading, coincident and lagging — are continuously monitored.

b The duration of the downward phase from December 2013 to May 2019 was 66 months.

**South Africa's business cycle phases since 1945**

