



**University of
East London**

Pioneering Futures since 1898

South Africa: 30 Years After

Easdale Foundation for Labour Research
28 June 2024

Dr Francis B Frimpong
Senior Lecturer
University of East London





Outline

- Introduction
- Democracy
- Economic challenges
- A way forward





Introduction

- South Africa has made significant progress in terms of political stability and economic growth over the last three decades.
- The historic transition in 1994, led by Nelson Mandela, dismantled institutionalised racial segregation and established a democratic government grounded in principles of equality and human rights
- Thirty years later, the country has faced numerous economic challenges that have impeded its development



Introduction

- Before the COVID-19 pandemic, South Africa's economy was growing slowly as unemployment continued to rise and the country's world-record inequality gap continued to widen (World Bank, 2023). The pandemic triggered a massive economic slowdown in 2020
- Severe lockdown measures intended to limit the spread of the virus resulted in reduced economic activity and job losses (Arndt & Robinson, 2020)
- The country's economic revival has been slow and bumpy: Gross domestic product growth was 1.9% in 2022 and only 0.6% in 2023 (Statistics South Africa, 2024). While the finance and transport industries have shown resilience and growth, most others continue to struggle



Introduction

- Underlying structural challenges hamper inclusive economic growth and exacerbate social and political pressures (Access Bank, 2022). These include poor-quality education, a persistent skills shortage, labour-market rigidity, deteriorating infrastructure, and escalating corruption and violence (Meyer, 2017). The Russia-Ukraine war has added higher costs of living, particularly for essentials such as energy and staple foods.
- “In those 25 years, the majority have not seen any startling improvement in their living standards, education, health and public services. Indeed, for many, particularly young blacks, things are even worse. Inequality of incomes, wealth and land is extreme; corruption in government and in the party of the black majority, the African National Congress (ANC), is rife.” (Michael Roberts, 2019)

Introduction

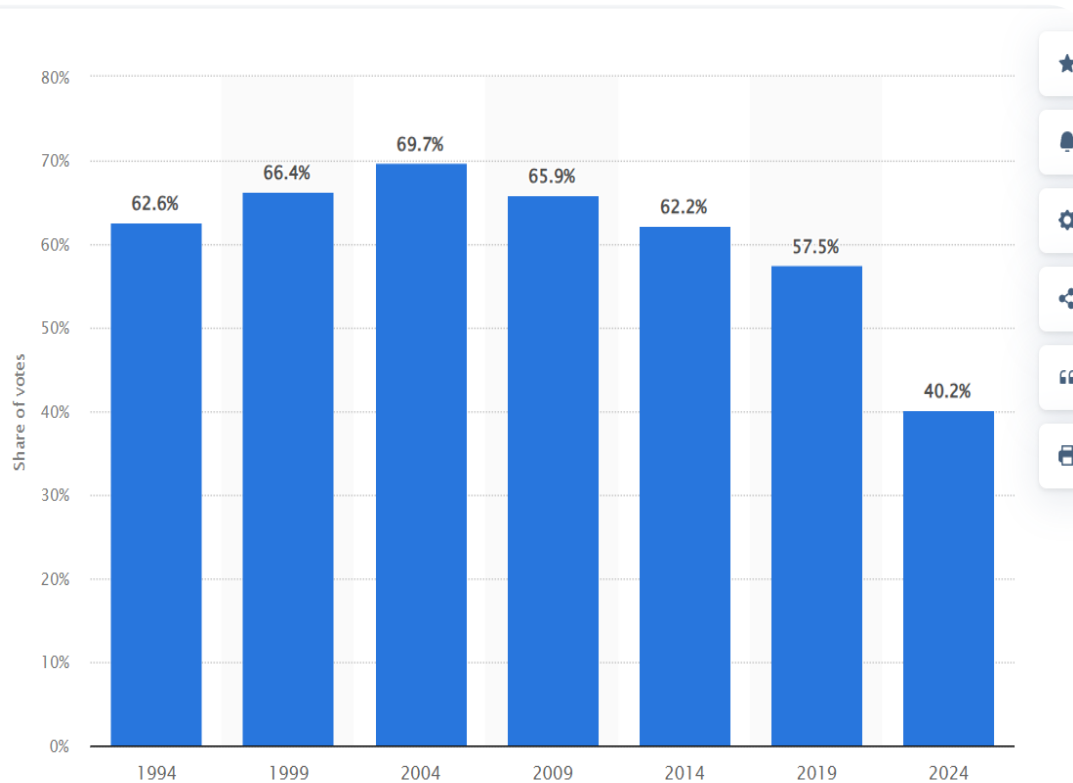
- Through a newly established unit, Operation Vulindlela (2022), the government embarked on a series of reforms to open key markets to greater private-sector participation, including in energy, logistics, and other network industries. Whether these reforms will be stalled or sped up under the new coalition government remains to be seen.
- Findings from Afrobarometer's 2022 survey show that South Africans overwhelmingly think their country is heading in the wrong direction. Fewer than two in 10 citizens say the country's economic condition is good, and only about one in four expect things to improve in the near future. Large majorities give the government failing marks on key economic issues
- <https://dashboards.sdgindex.org/profiles/south-africa>



Democracy

- For its part, in an attempt to reduce voter support for the radical parties, the ANC promised to introduce state health insurance for all citizens and a ‘basic income’ grant for the unemployed. This would cost \$17bn a year, which the ANC says will be funded by higher taxes
- According to the Alternative Information & Development Centre (AIDC), a progressive net wealth tax of between 3% and 7% on the top 1% of the richest people in the country could raise more than R143 billion in revenue each year, which would cover most of the cost for a universal basic income grant

The ANC General Election Results



© Statista 2024

- Since the end of the apartheid regime three decades ago, the African National Congress (ANC) has won all the elections with substantial majorities
- The ANC lost its outright majority for the first time this year and sealed a power-sharing agreement with the Democratic Alliance (DA) – Government of National Unity

Growing challenges affecting the ANC's popularity

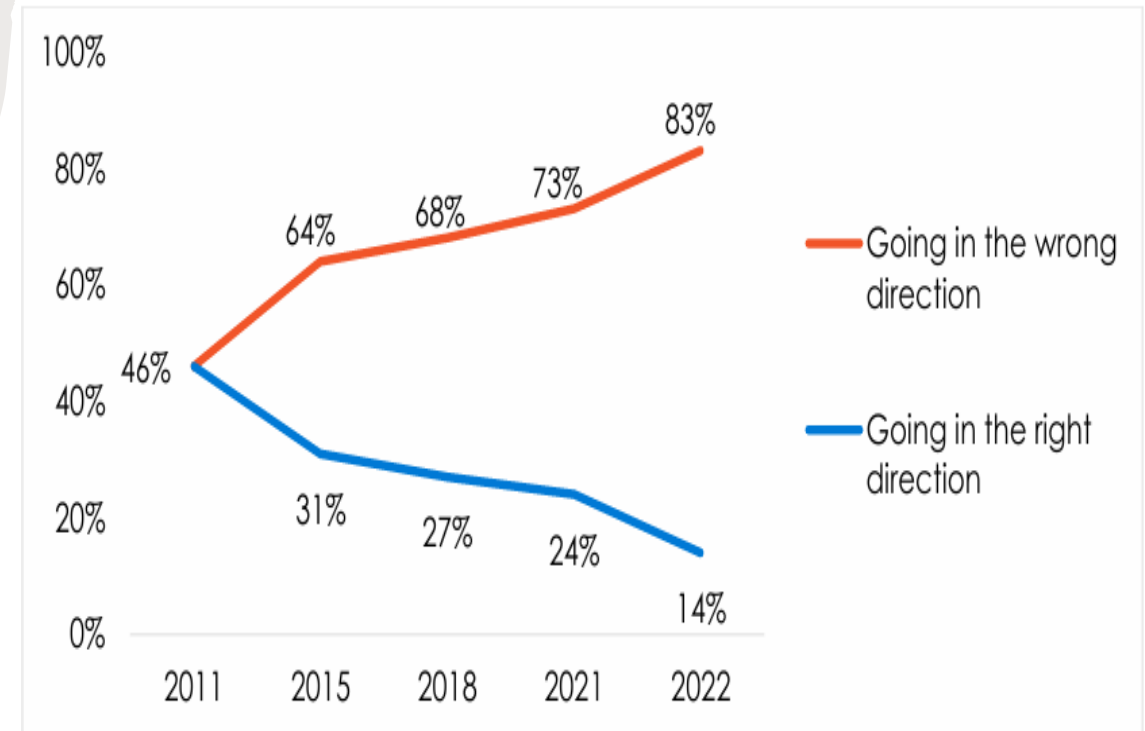
- South Africans are battling various issues concurrently. One of their main concerns is unemployment and job security. In May 2024, a survey conducted in 29 countries worldwide found that South Africa had the highest share of citizens who were worried about unemployment, with 67%. Excessive power outages have exacerbated unemployment as it disrupts production, prevents businesses from growing, and weakens investment. The reduction in the ANC party's support can be attributed to unresolved serious issues (Statista, 2024).
- Now in 2024, the situation for most South Africans is even worse than in 2019. Since 2019, there has been the brutal experience of the COVID pandemic, the ensuing economic slump and a feeble recovery. Economic growth has continued to slow almost to a stop. Indeed, real GDP per person is now lower than in 2012

- Afrobarometer is a pan-African, non-partisan survey research network that provides reliable data on African experiences and evaluations of democracy, governance, and quality of life. Nine survey rounds in up to 42 countries have been completed since 1999. Round 9 surveys (2021/2023) cover 39 countries. Afrobarometer's national partners conduct face-to-face interviews in the language of the respondent's choice.

Overall Direction of the Country

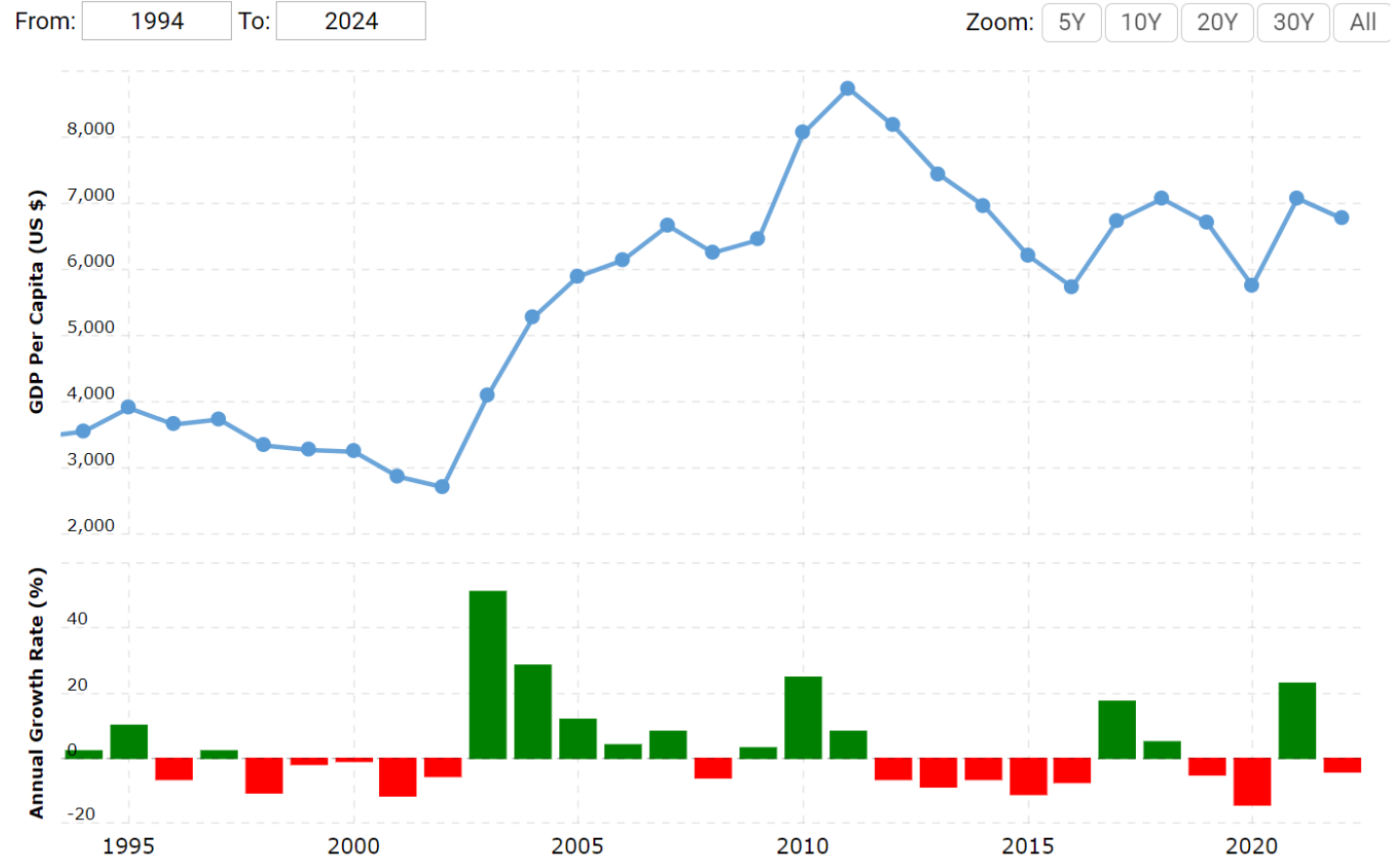
- Over the past decade, South Africans have become steadily more pessimistic in their assessments of the country's overall orientation. As of 2022, more than eight in 10 (83%) say the country is heading in the wrong direction, while only 14% see it as heading in the right direction. This marks a significant departure from 2011 when optimists and pessimists could be found in equal measure (46%).

Figure 1: Overall direction of the country | South Africa | 2011-2022



GDP per capita

- South Africa's GDP per capita for 2022 was \$6,766, a 4.34% decline from 2021. The GDP per capita for 2021 was \$7,074, a 22.95% increase from 2020. The GDP per capita for 2020 was \$5,753, a 14.17% decline from 2019. The GDP per capita for 2019 was \$6,703, a 5.17% decline from 2018



(Macrotrends, 2024)

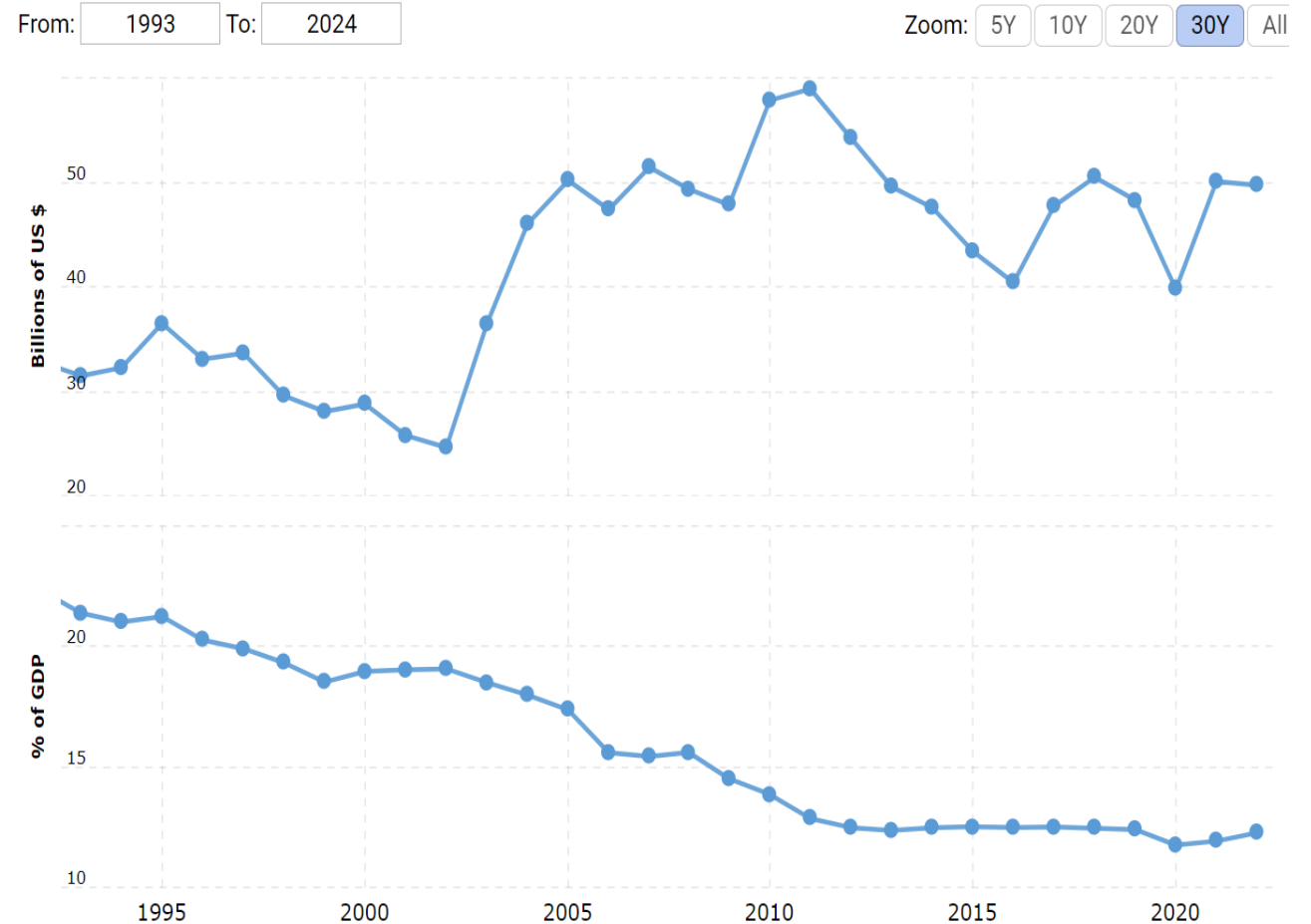
High Unemployment Rates

- South Africa has consistently struggled with high unemployment rates, particularly among the youth. Structural unemployment remains a major challenge, with a significant portion of the population lacking the skills required for available jobs.



Manufacturing output

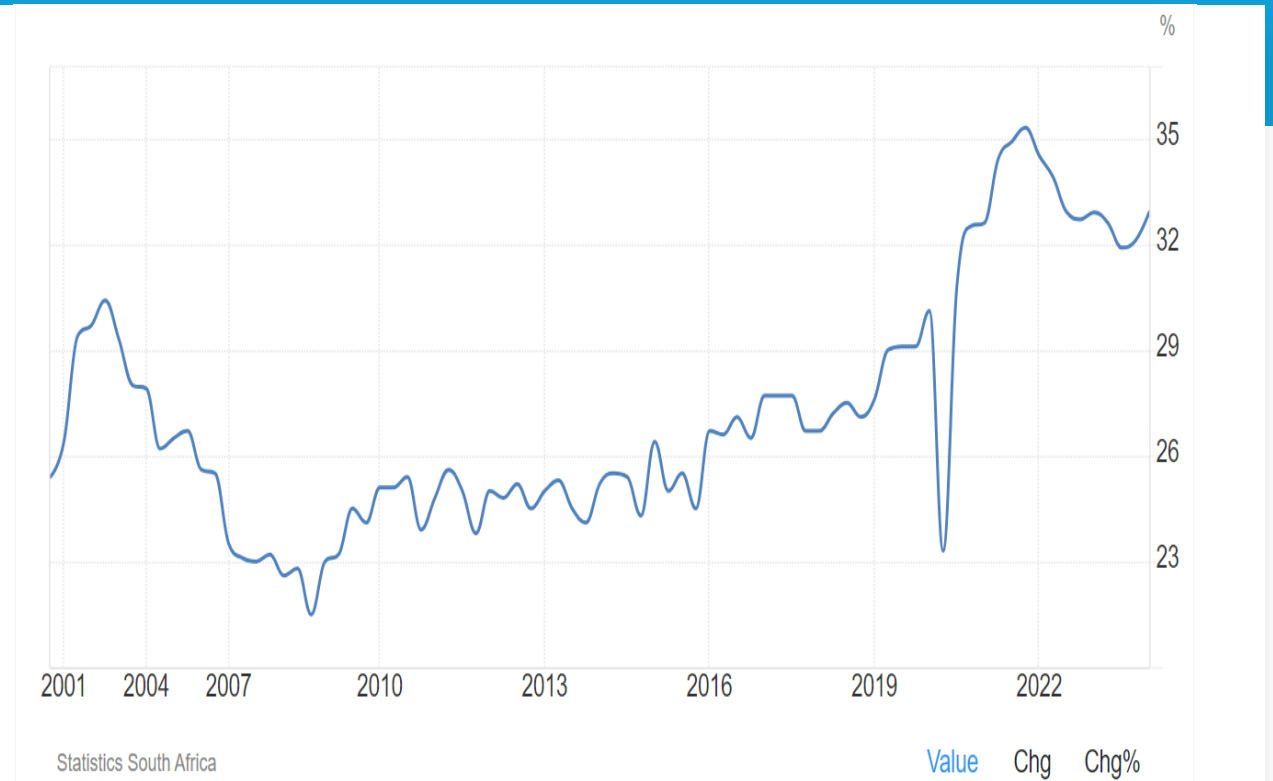
- Manufacturing output is contracting and the deficit on international trade is widening
- Manufacturing share of GDP has declined from 21% in 1994 to 12% in 2022
- Government debt to GDP after the experience of COVID-19 has reached a record near 70% of GDP



(Macrotrends, 2024)

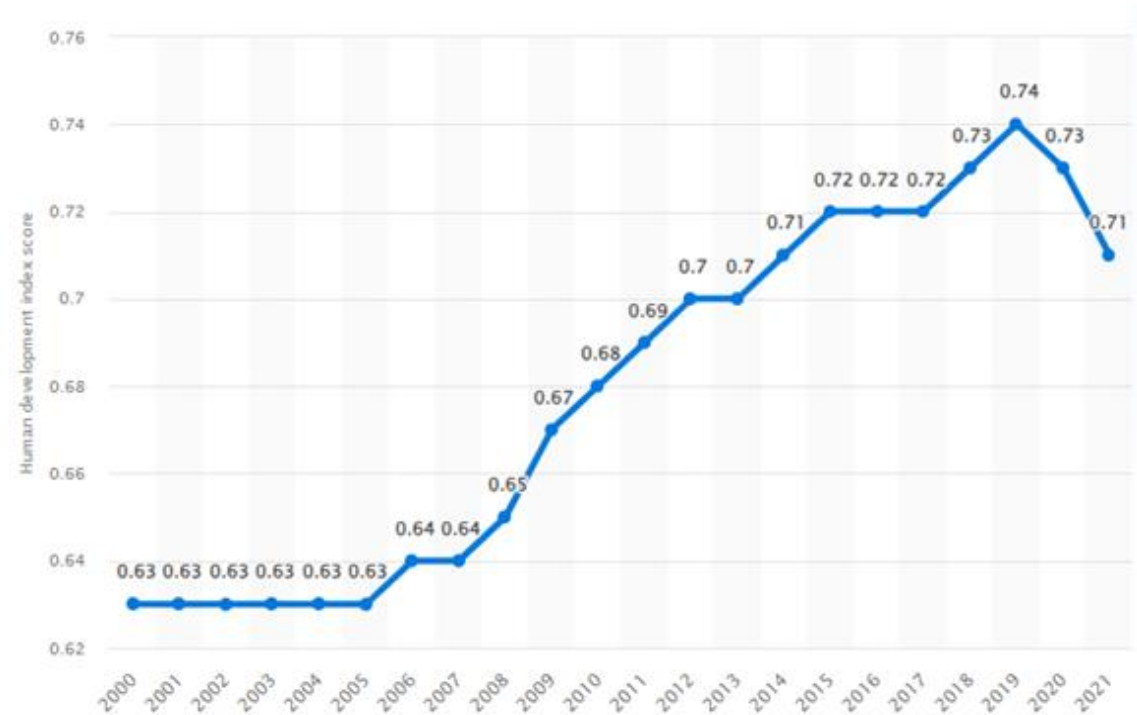
• High Unemployment Rates

- The latest jobless figures ticking up slightly to 33% - ranked by the World Bank as the worst of any nation. Among young people, it is even higher at 46%. This may also explain why not everyone had much enthusiasm for last month's election (Statistics SA, 2024)



Human Development Index

- In general, life for the majority of South Africans has worsened since 2019. The World Bank Human Development Index (HDI) which measures key factors like life expectancy, health, education etc. South Africa's HDI has dropped sharply since 2019.



Economic disparity

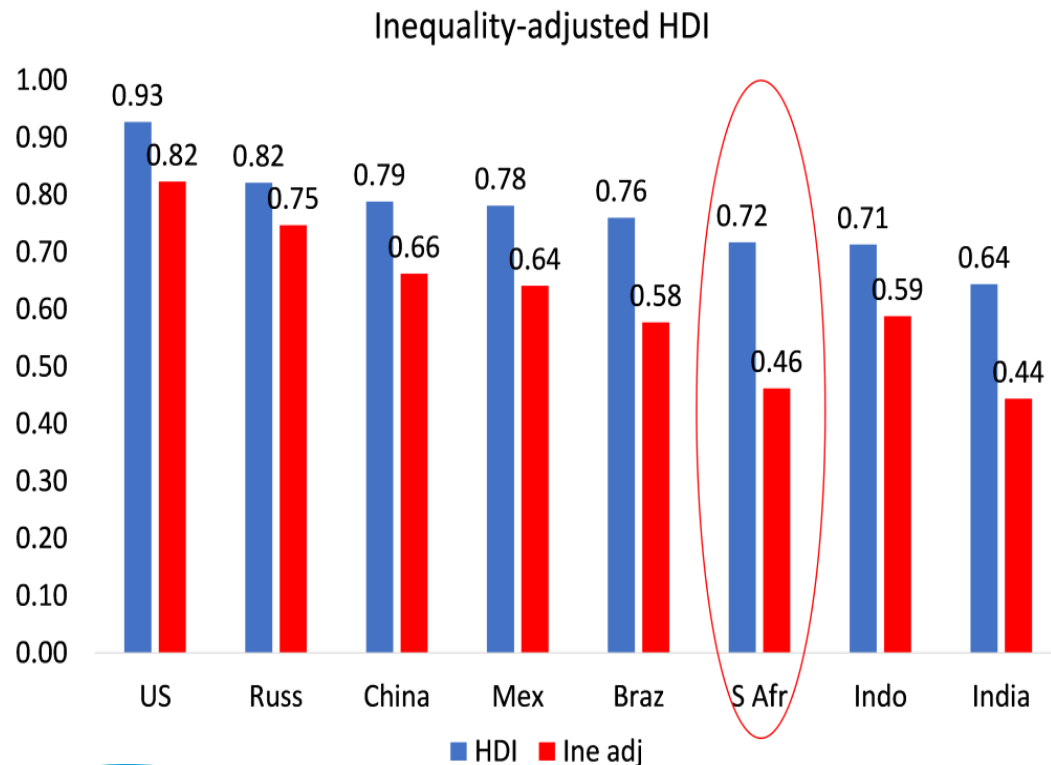
- Although apartheid officially ended, the economic disparities between different racial groups persist. Wealth distribution remains skewed, with a small percentage of the population holding the majority of the country's wealth.



Poverty and Inequality

- According to the World Bank, some 62.7% of citizens were living in poverty in 2023 when using the upper-middle-income poverty line. Progress on extending access to basic services (such as water, electricity, and refuse collection) has stalled. Vulnerability to hunger has increased since the COVID-19 pandemic. An estimated 12.9% of the population was at risk of hunger in 2022, despite the expansion of social grants.
- Wealth inequality is higher than income inequality, with estimates showing that the top 10% of the population holds 71% of its wealth, whereas the bottom 60% holds only 7%. This compares with 50% and 13% respectively for the OECD. No other country in the world can compete with South Africa's inequality of income and wealth.

Poverty and Inequality

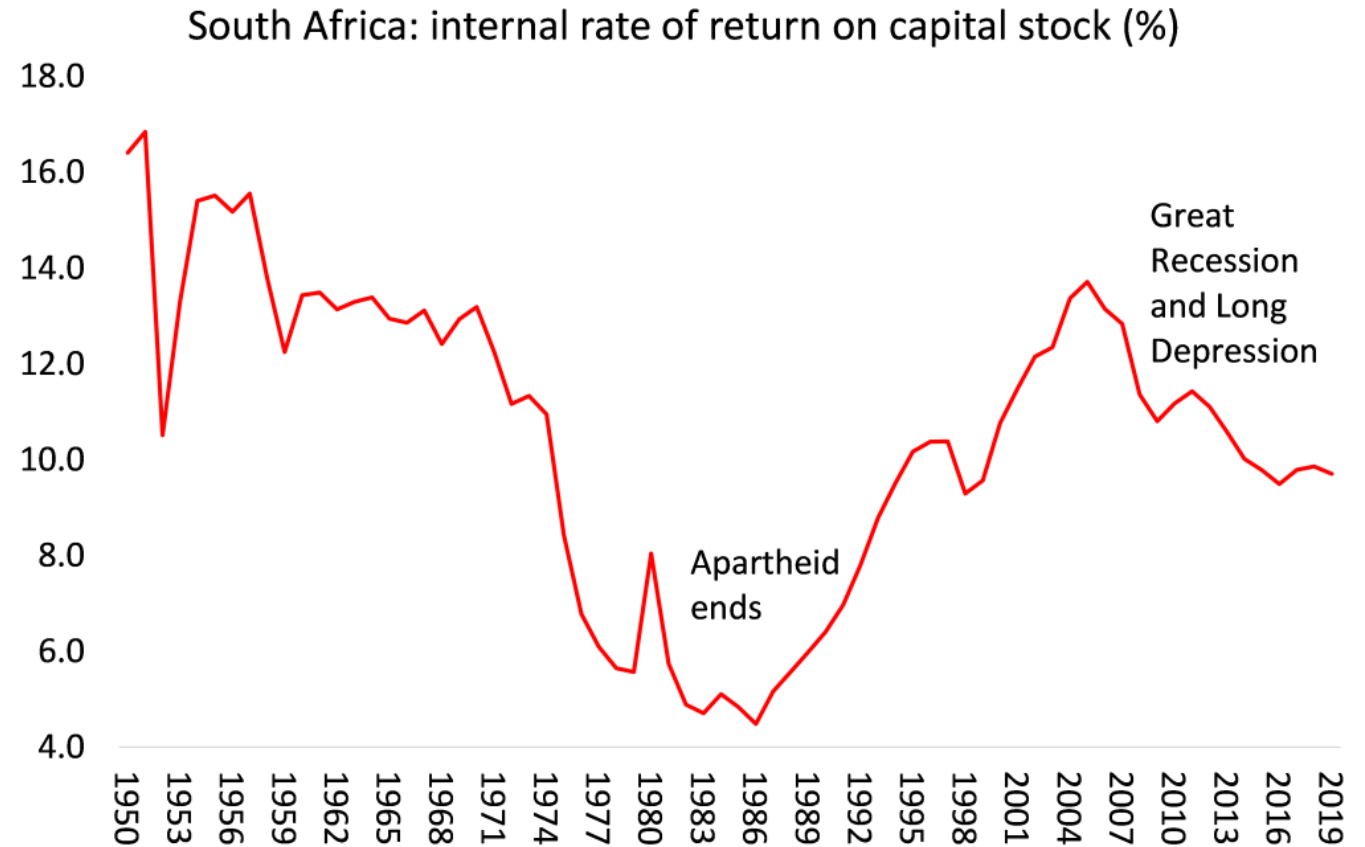


World Bank

- Inequality isn't only seen in income and wealth distribution; it also manifests itself in unequal access to opportunities—education, health, and jobs—and regional disparities. When the HDI is adjusted for inequality of income and wealth, South Africa looks even worse. The World Bank's HDI reduces South Africa to the level of India!

Internal Rate of Return

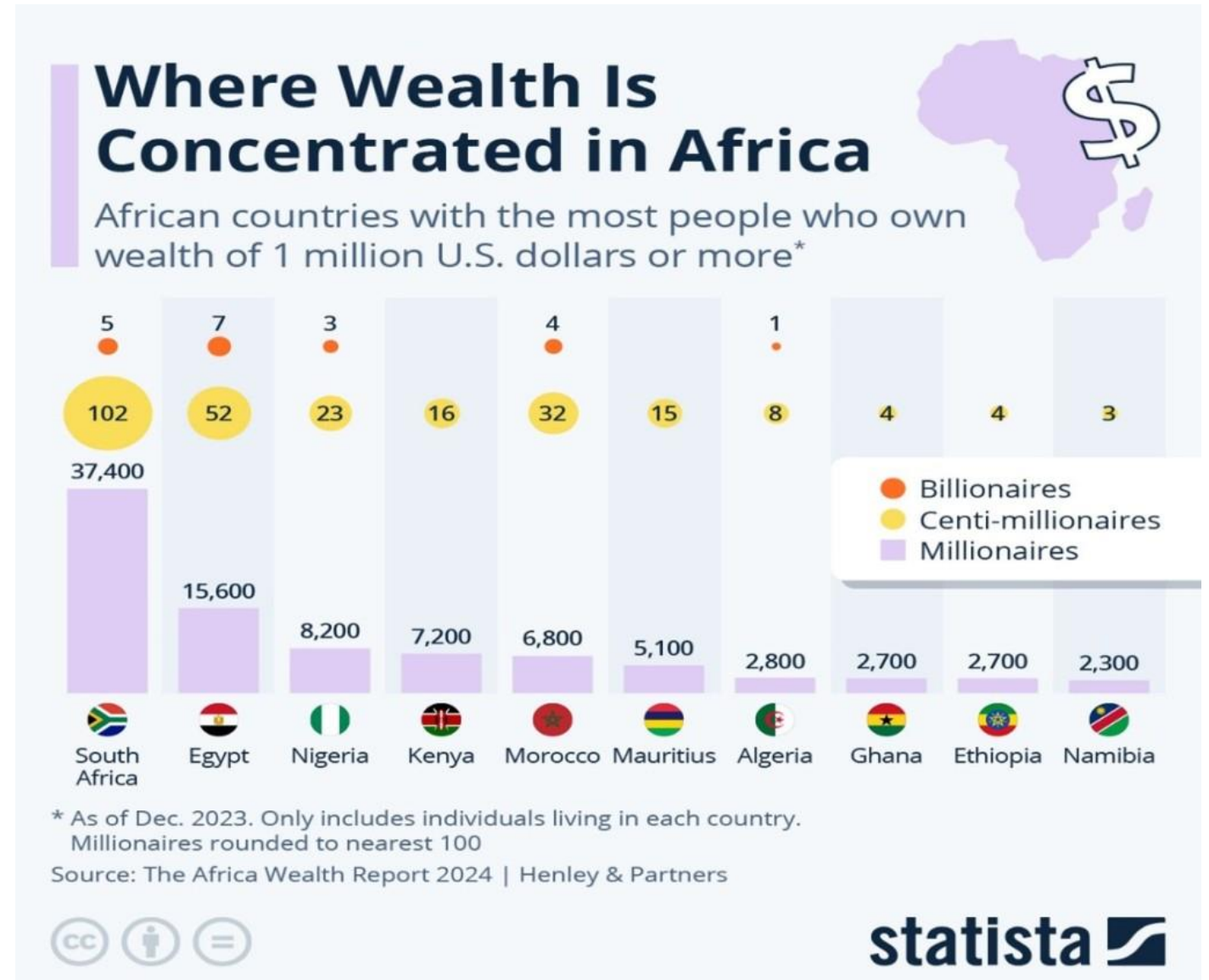
- The bottom line is that South African capitalism presided over by the ANC has failed. It is falling apart and corrupt, generating power shortages and widespread crime.
- South African capital may have some large mining companies that make good profits, but the overall profitability of capital is low and falling. The big gains in profitability that arose after the end of apartheid have faded since the Great Recession of 2008. South African capital is heavily dependent on world economic growth and trade and is being strangled accordingly.



Penn World Tables 10.1

Concentration of Wealth

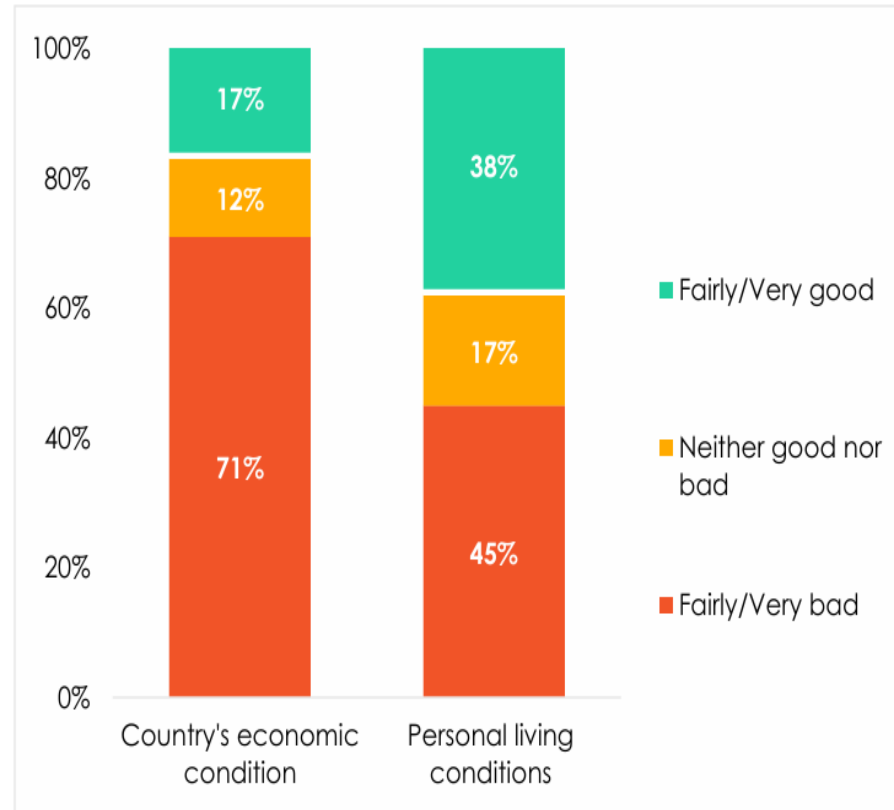
- There is certainly room to raise taxes on the wealthy. An individual with a taxable income of ZAR100 000 used to pay tax at an effective rate of 33.8% in 1995; they paid tax at 19.8% in 2011 and 18% in 2022, on what the Alternative Information & Development Centre (AIDC) calls “*the corporate income tax race to the bottom*”.



Personal conditions

- Fewer than two in 10 South Africans (17%) describe the country's economic condition as "fairly good" or "very good," while 71% characterise it as bad. Concerning their personal living conditions, citizens are slightly less negative. Almost four in 10 (38%) find their living situation agreeable, although a larger proportion (45%) say their living conditions are "fairly bad" or "very bad."

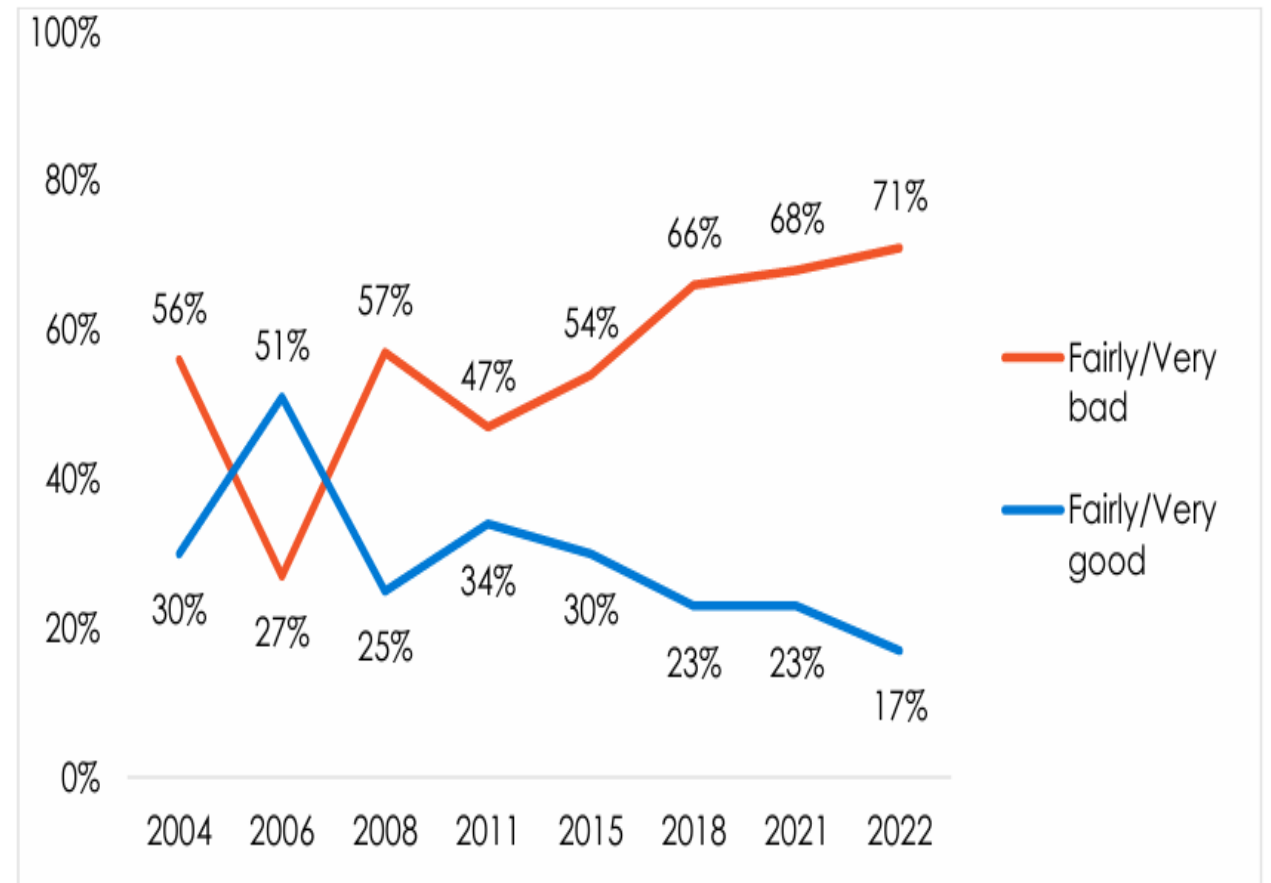
Figure 3: Country's economic condition and personal living conditions | South Africa | 2022



Current economic condition

- The proportion of South Africans who describe the country's economic condition as "fairly bad" or "very bad" has increased by 24 percentage points over the past decade, from 47% in 2011 to 71%. Only one in seven South Africans (14%) believe that economic conditions improved during the year preceding the survey, while 63% say things got worse. Looking ahead, half (49%) of respondents indicate that they think things will worsen during the coming year, while 27% expect the situation to improve.

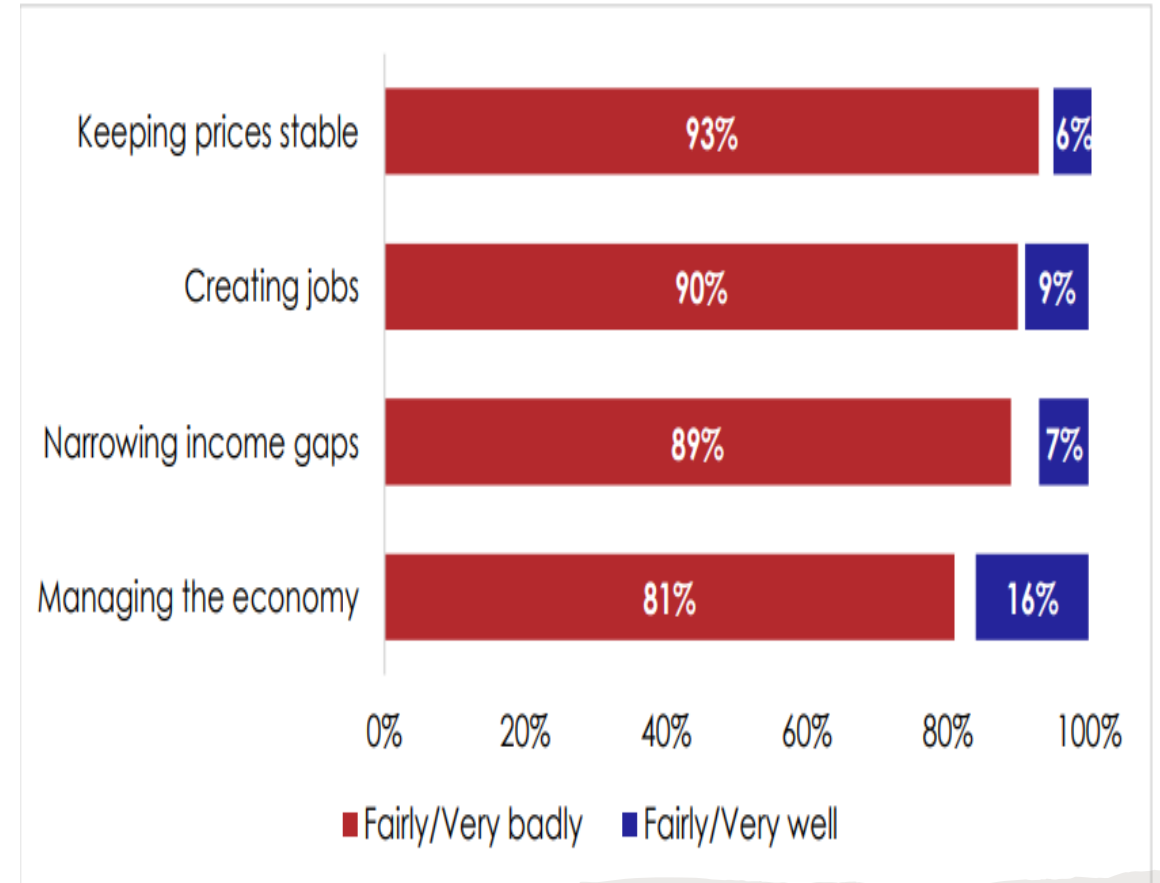
Figure 5: Country's economic condition | South Africa | 2004-2022



Government performance on key economic issues.

- South Africans are largely dissatisfied with government performance on key economic issues: Most lament its failure to control inflation (93%), create jobs (90%), address income inequality (89%), and manage the economy effectively (81%).
- While negative assessments of the government's handling of the economy are widespread across various demographic groups, they are especially pronounced among the middle-aged (84%) and the poorest respondents (85%). Residents of the Eastern Cape (91%) are more critical of the government's economic management than their counterparts in other provinces.

Figure 8: Government performance on key economic issues | South Africa | 2022



What South Africa need

- If South Africans are ever to get their economy working off the ground, they need to move away from the neoliberal financialised capitalist arrangements and use industrial policies such as:
 - Publicly supported R&D with technology and innovation policies
 - Subsidised credit
 - Temporary trade protection



A way forward

- South Africa's macroeconomic policy framework must ensure that it can respond to short-term shocks and longer-term trends in a dynamic and uncertain global economy while managing the deep social and economic consequences of the country's core challenges of unemployment, poverty and inequality
- Let us remember the words of Nelson Mandela: “It always seems impossible until it’s done.” The journey of the past thirty years has shown that progress is possible, even in the face of immense challenges. South Africa should move forward with hope, courage, and a steadfast commitment to the principles of freedom and democracy.

Thank
you



Further reading

- Afrobarometer 2024 Report on South Africa
- Michael Roberts (2024) [South Africa: hanging on – Michael Roberts Blog \(wordpress.com\)](#)
- The World Bank Report 2023