



IRR

South African Institute of Race Relations

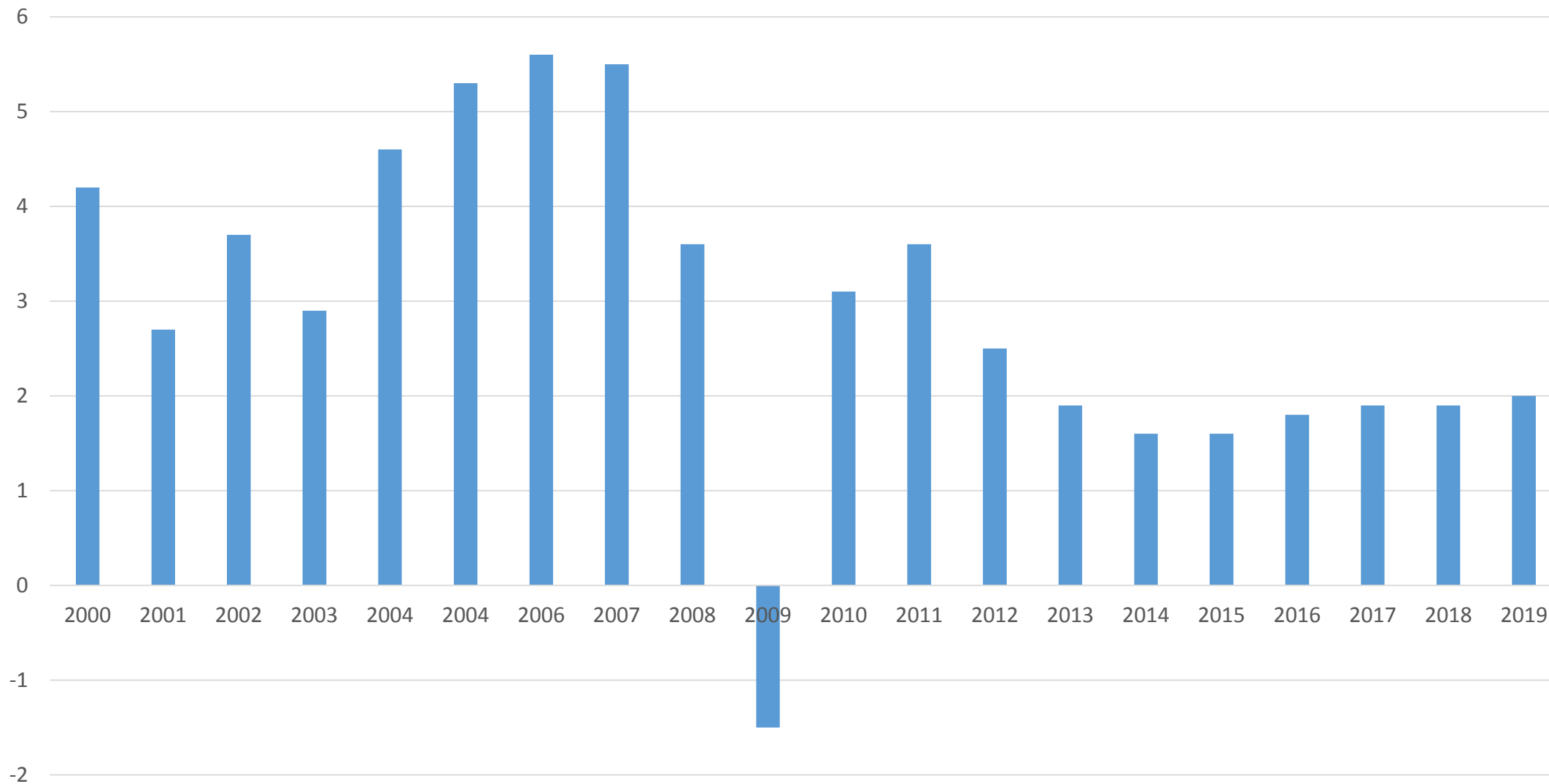
The power of ideas

The Time Traveller Scenarios: SOUTH AFRICA'S NEXT 10 YEARS

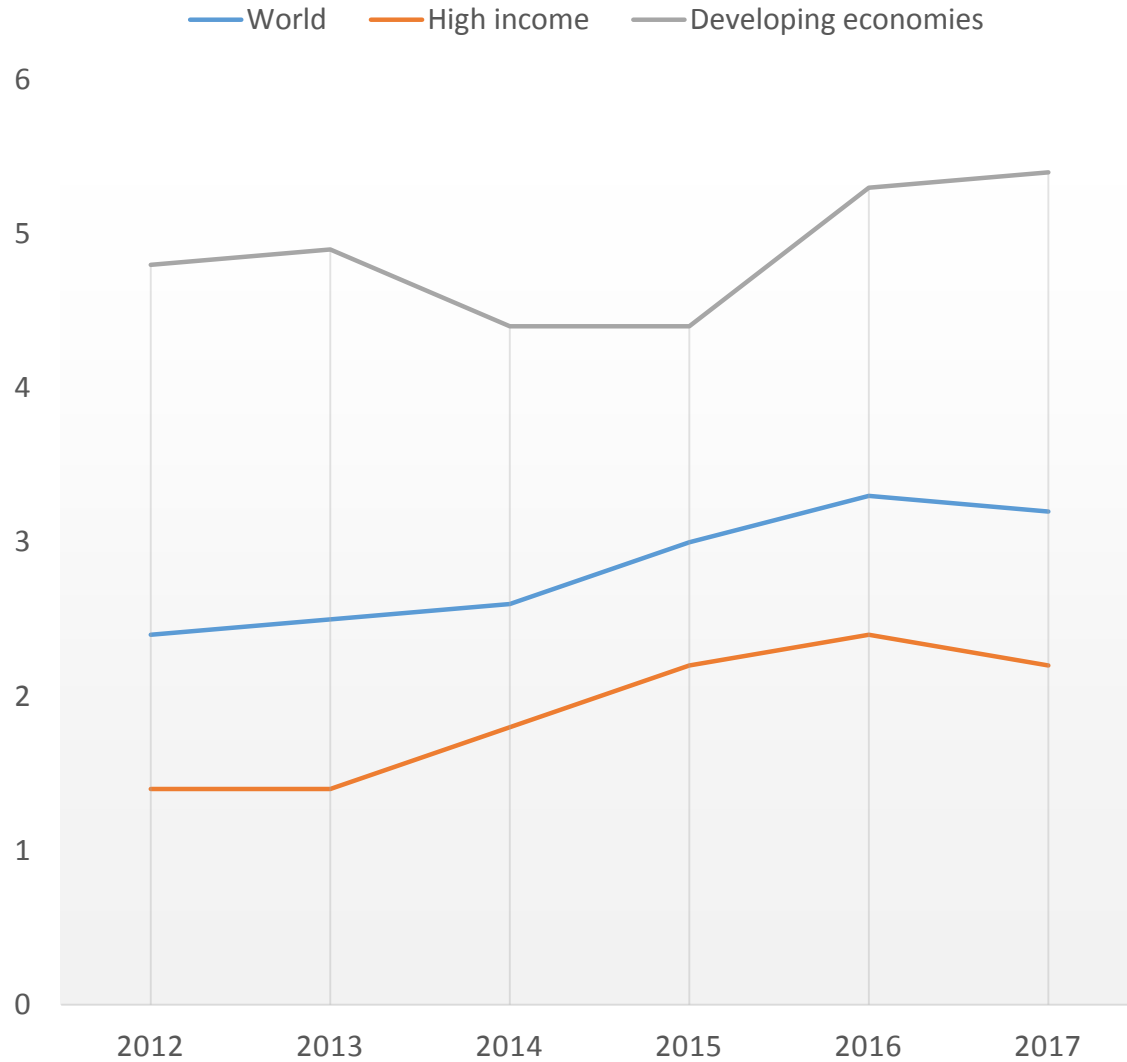
Produced by the

CRA 
Centre For Risk Analysis

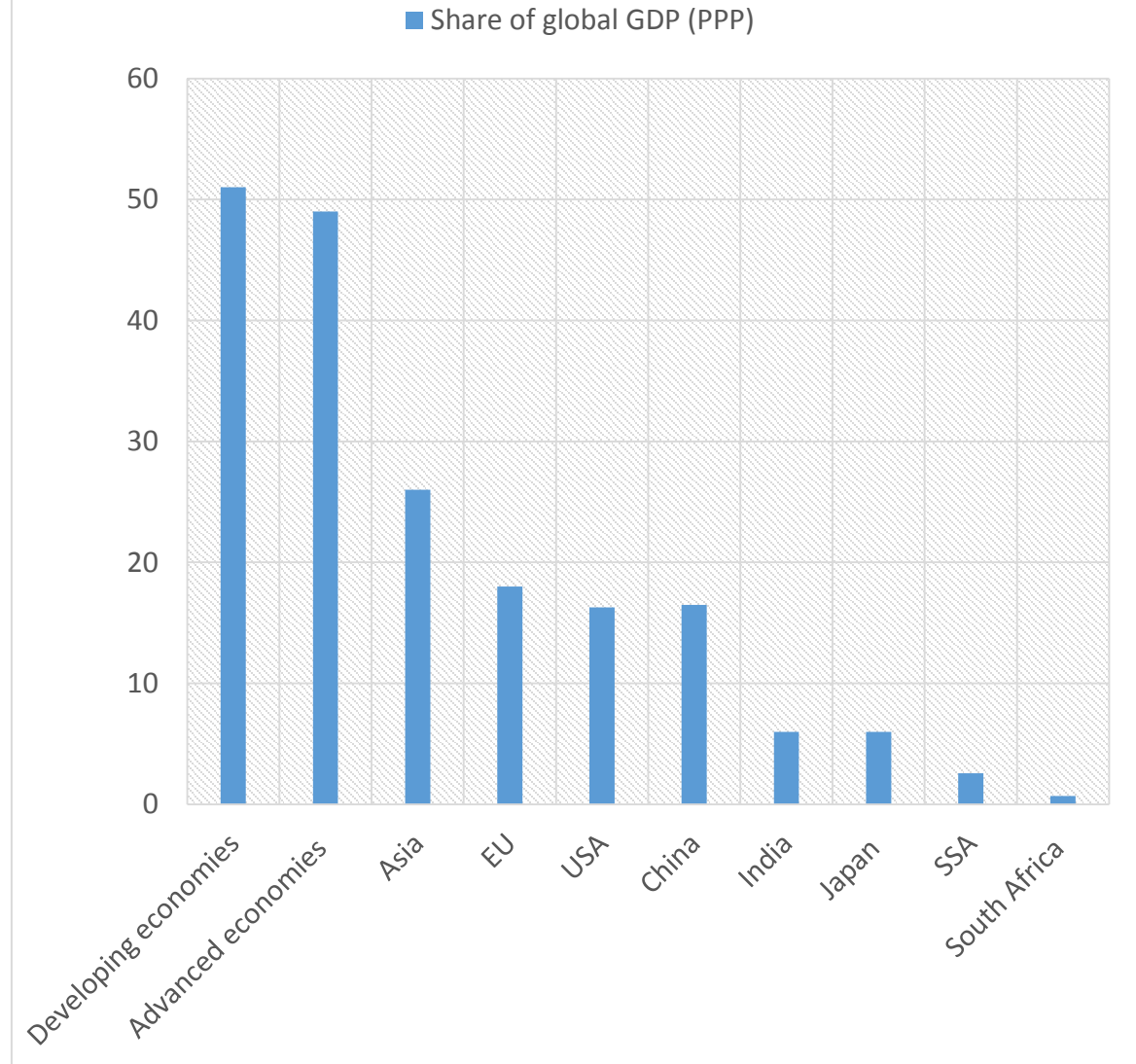
South Africa's GDP growth



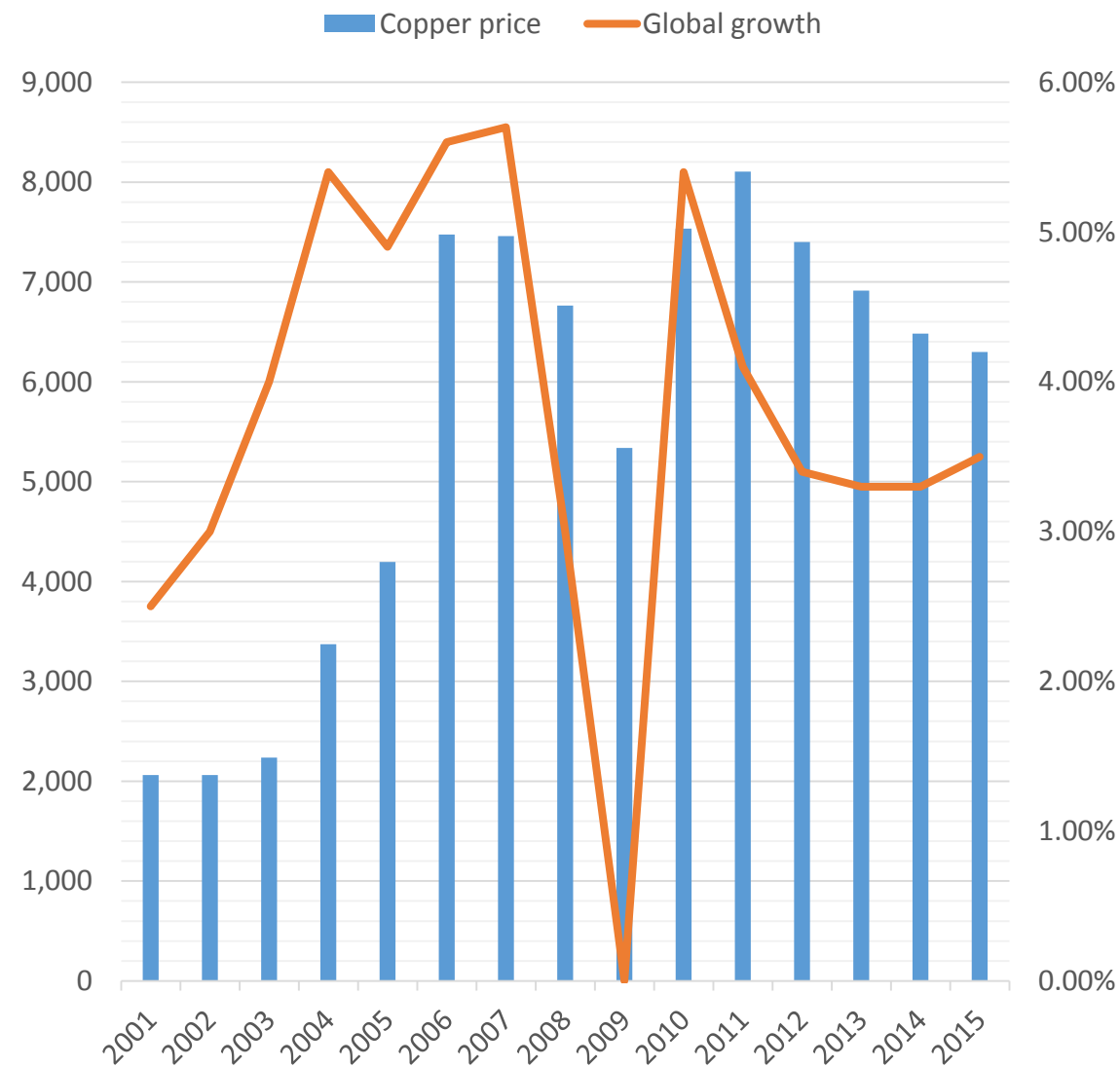
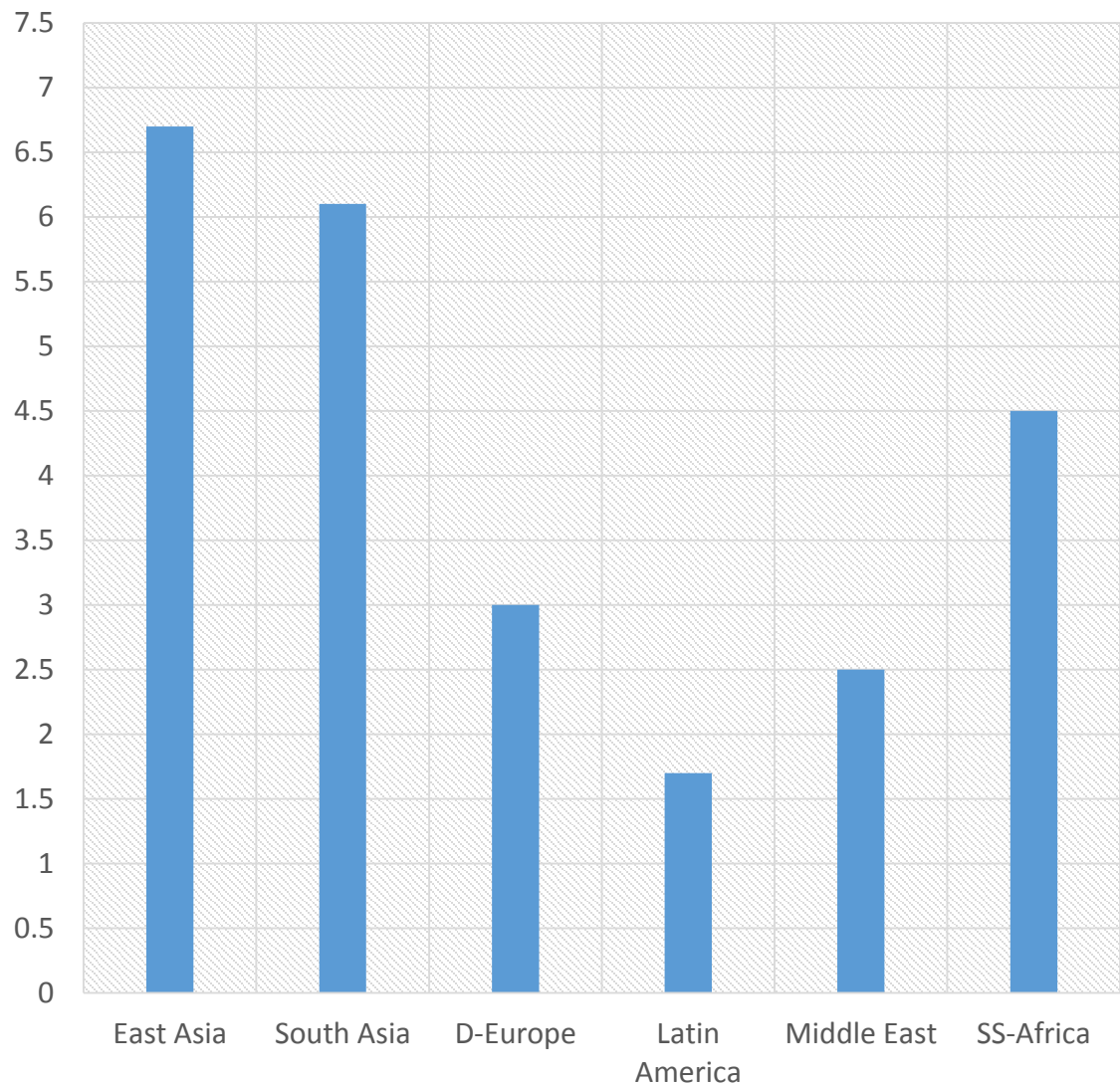
Global economic outlook



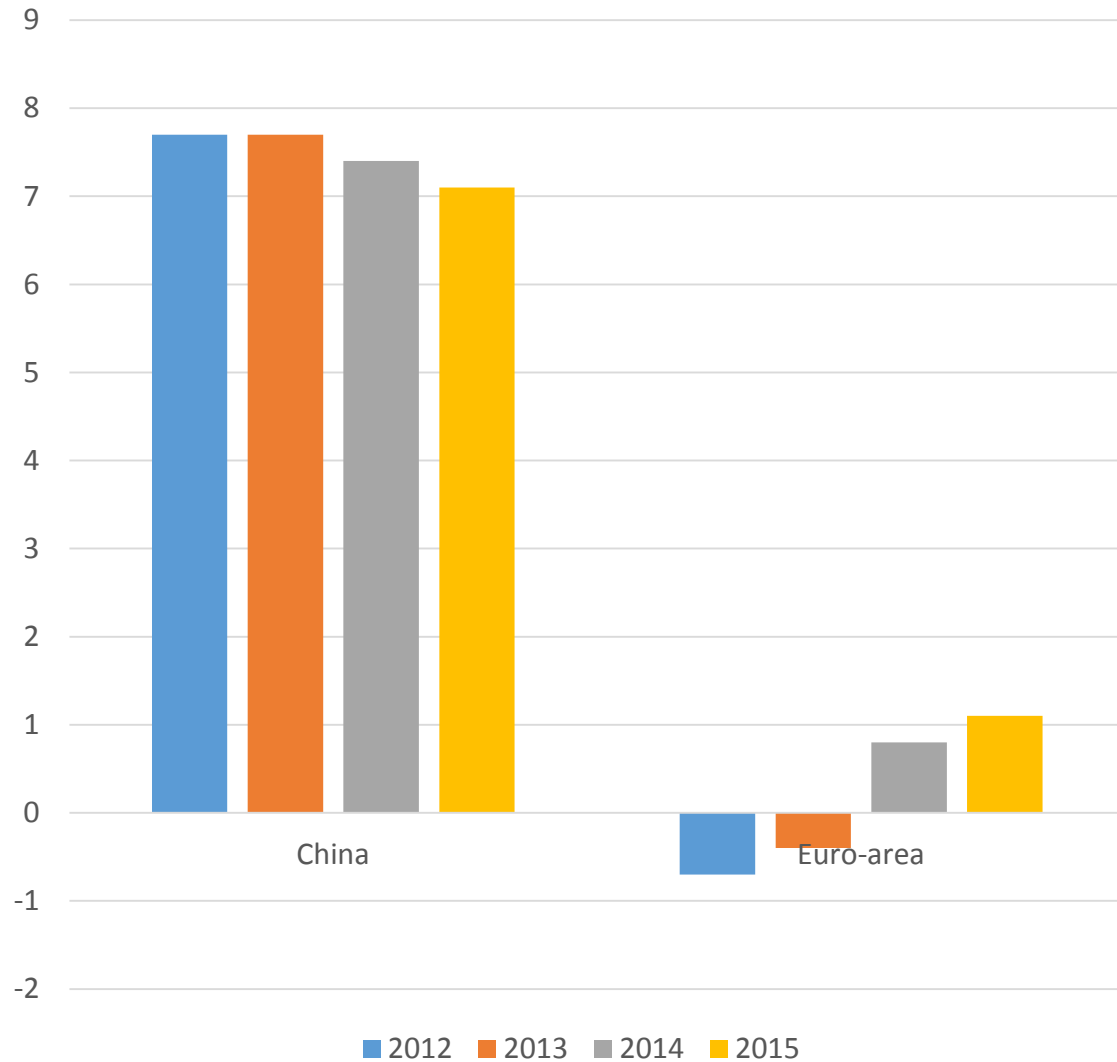
Share of global PP adj GDP by region



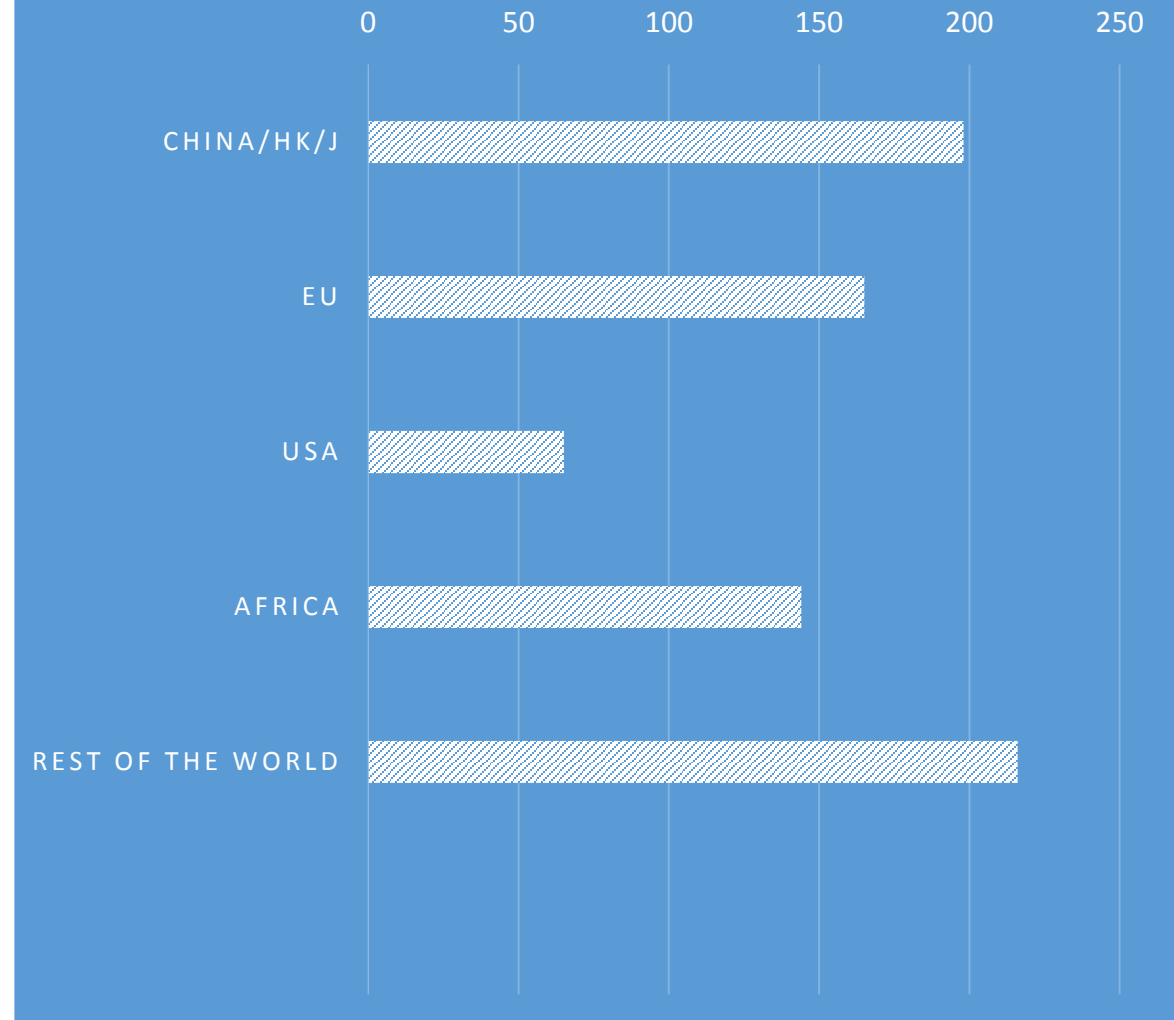
Developing regions



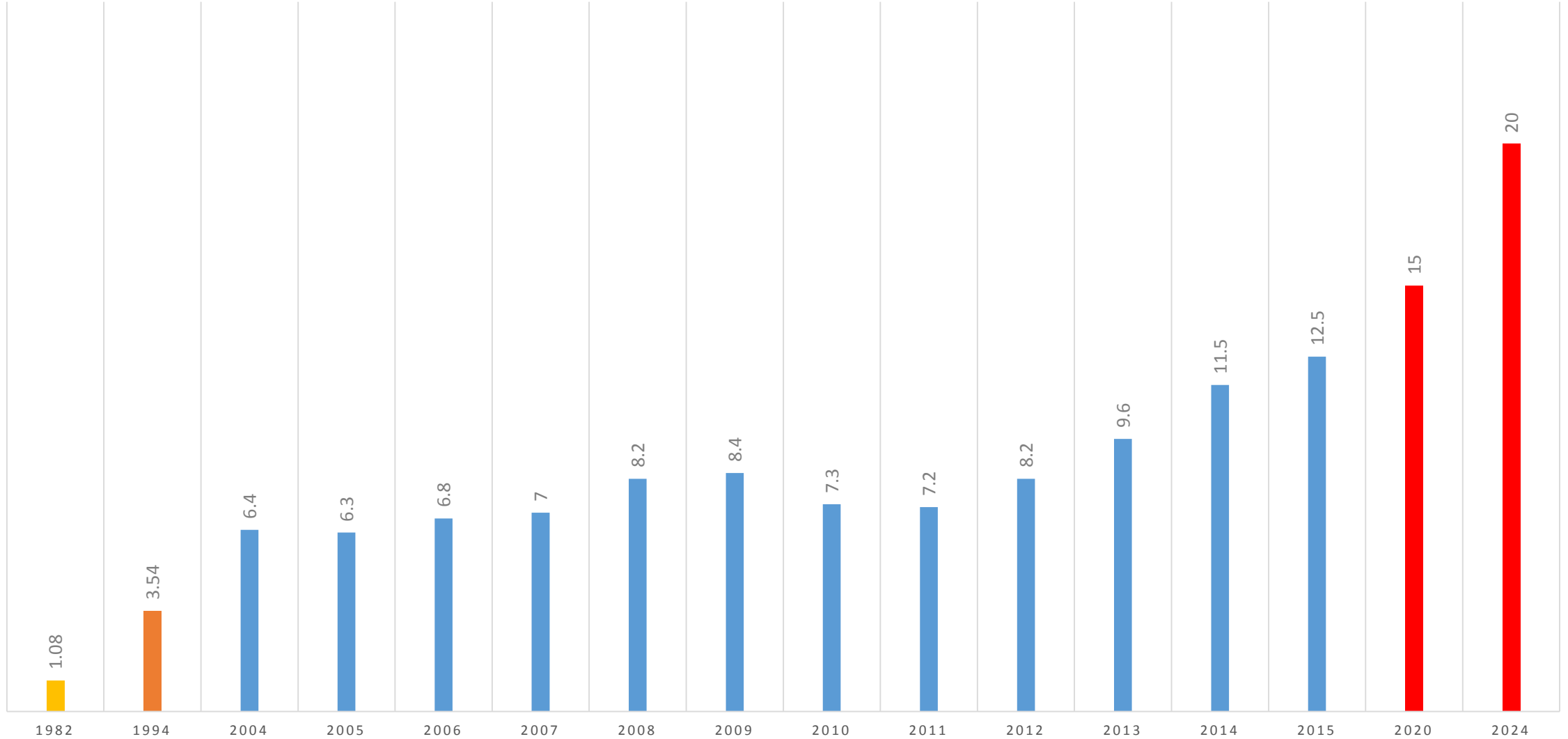
Growth rates key economies



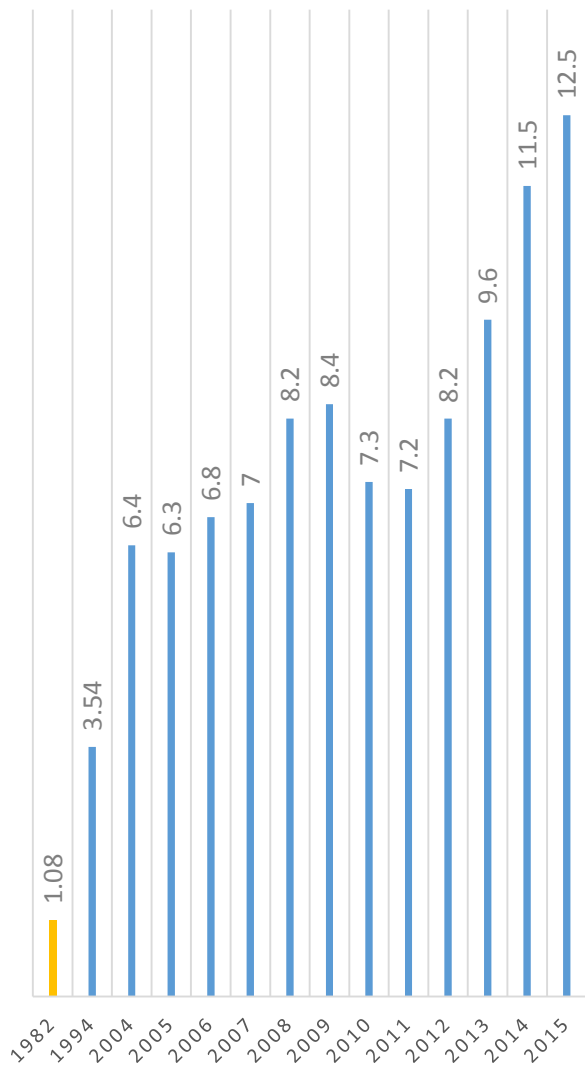
SOUTH AFRICA'S EXPORT PARTNERS (RBN)



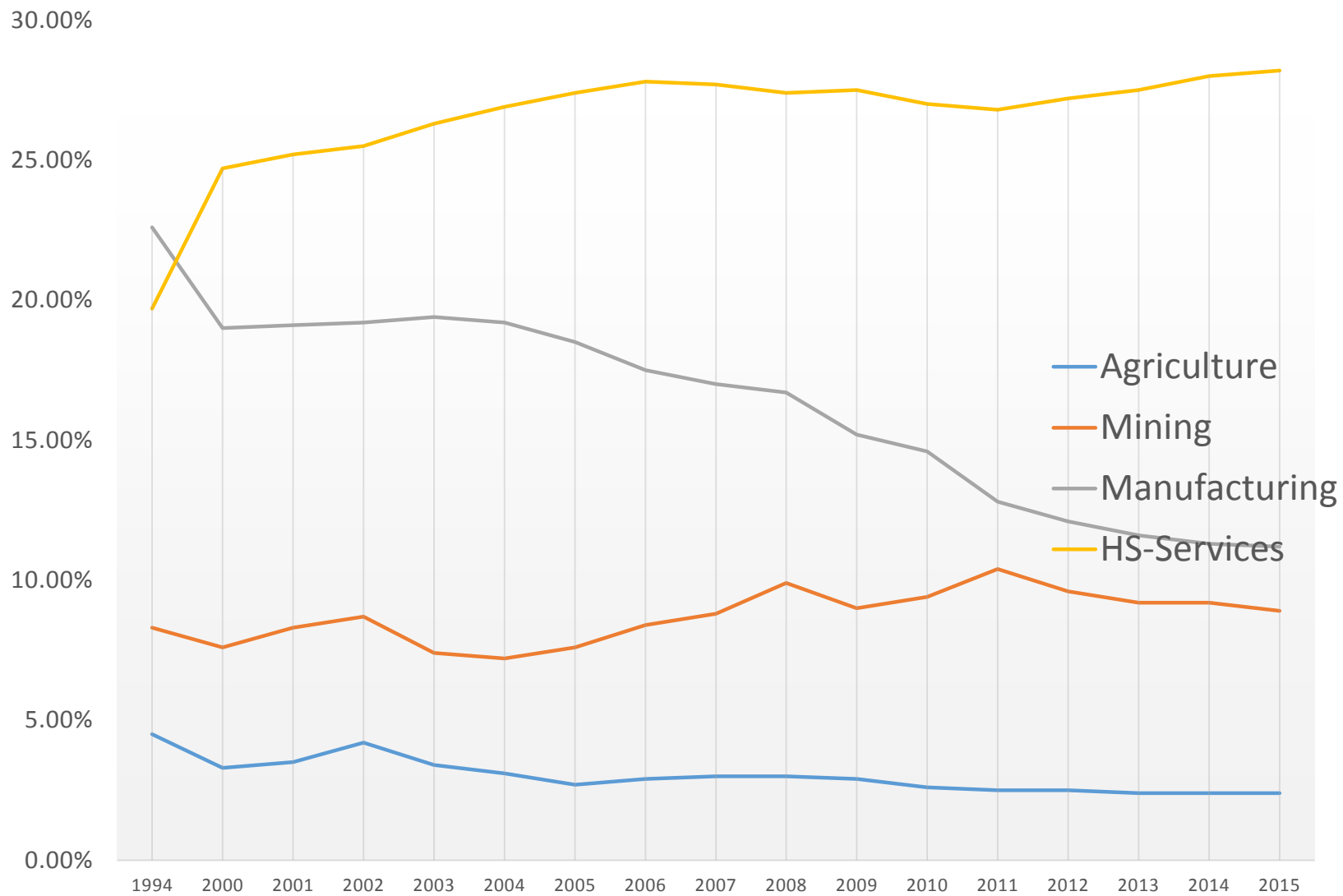
THE RAND



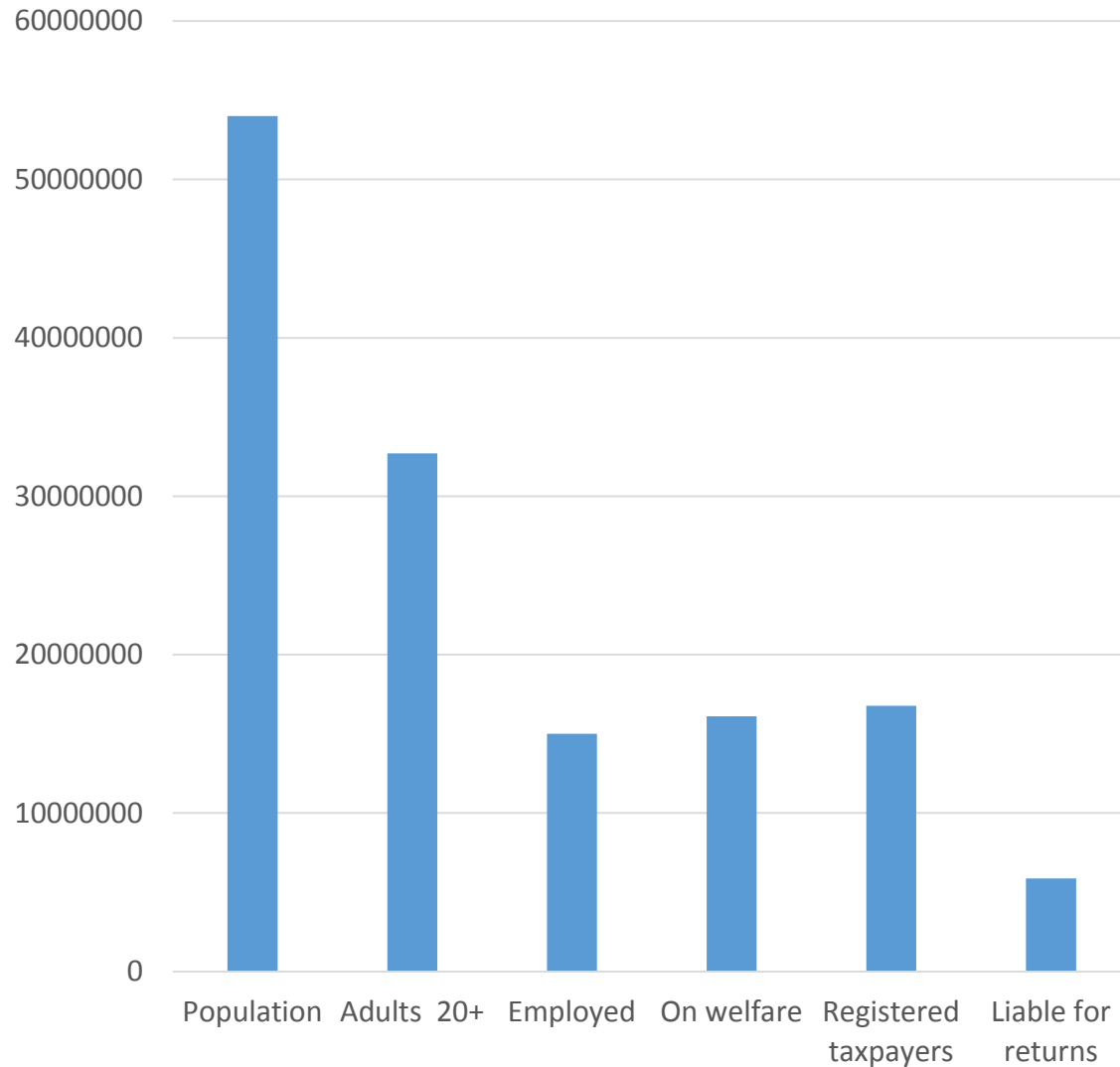
THE RAND



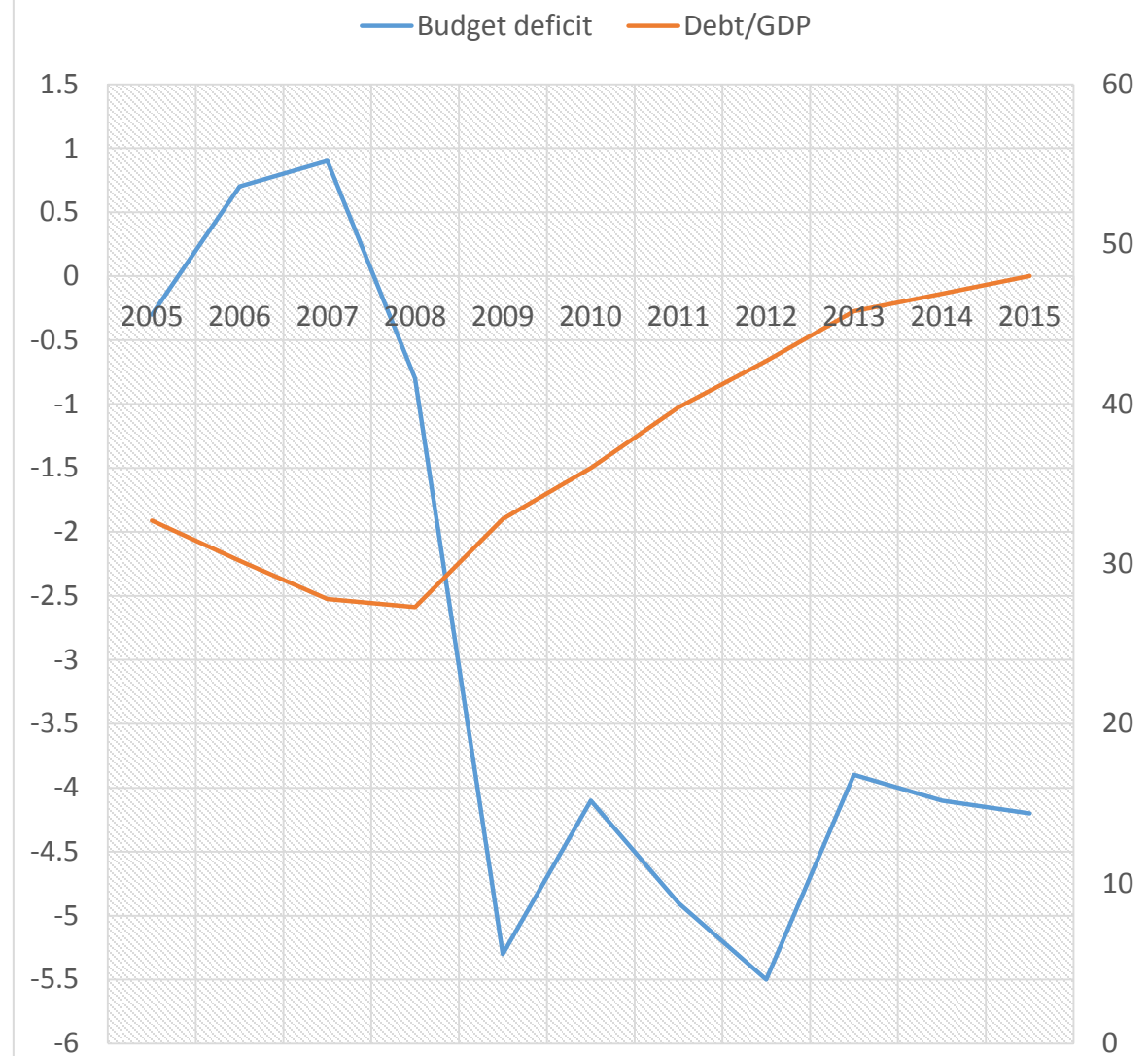
Structure of GDP

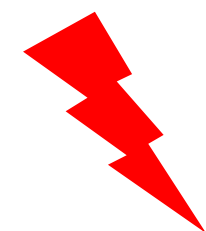
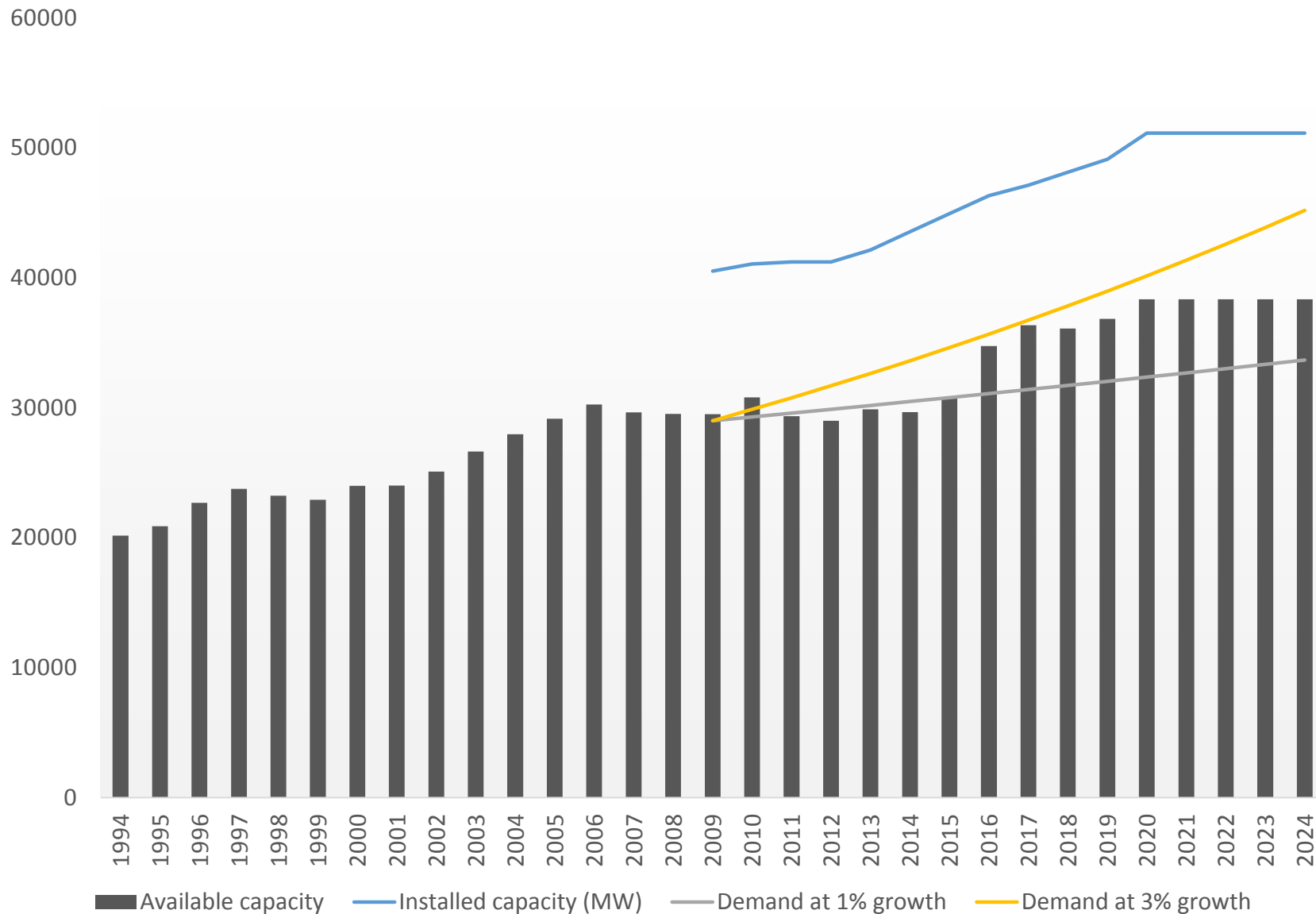


Taxpayers



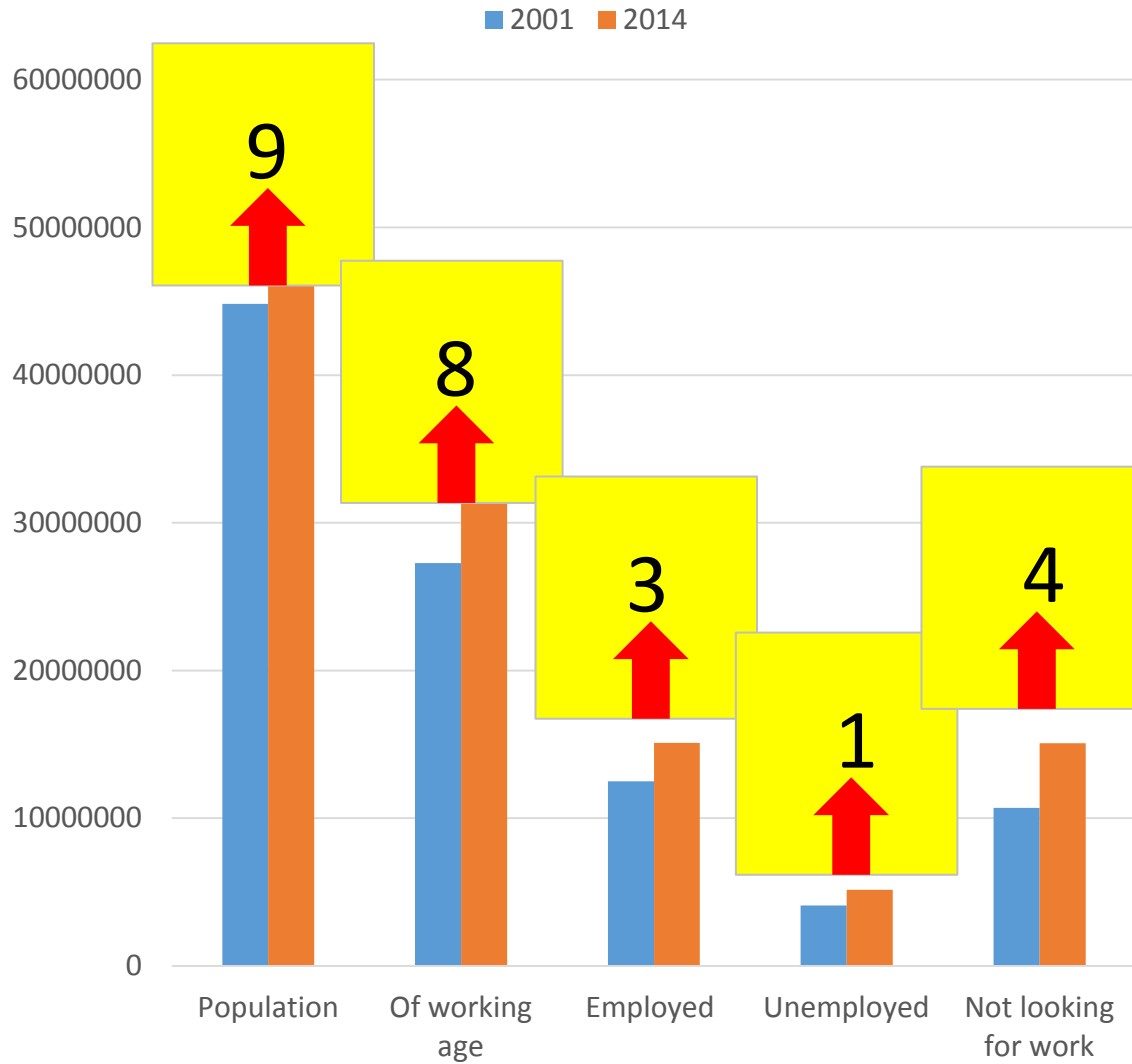
Budget deficit and government debt



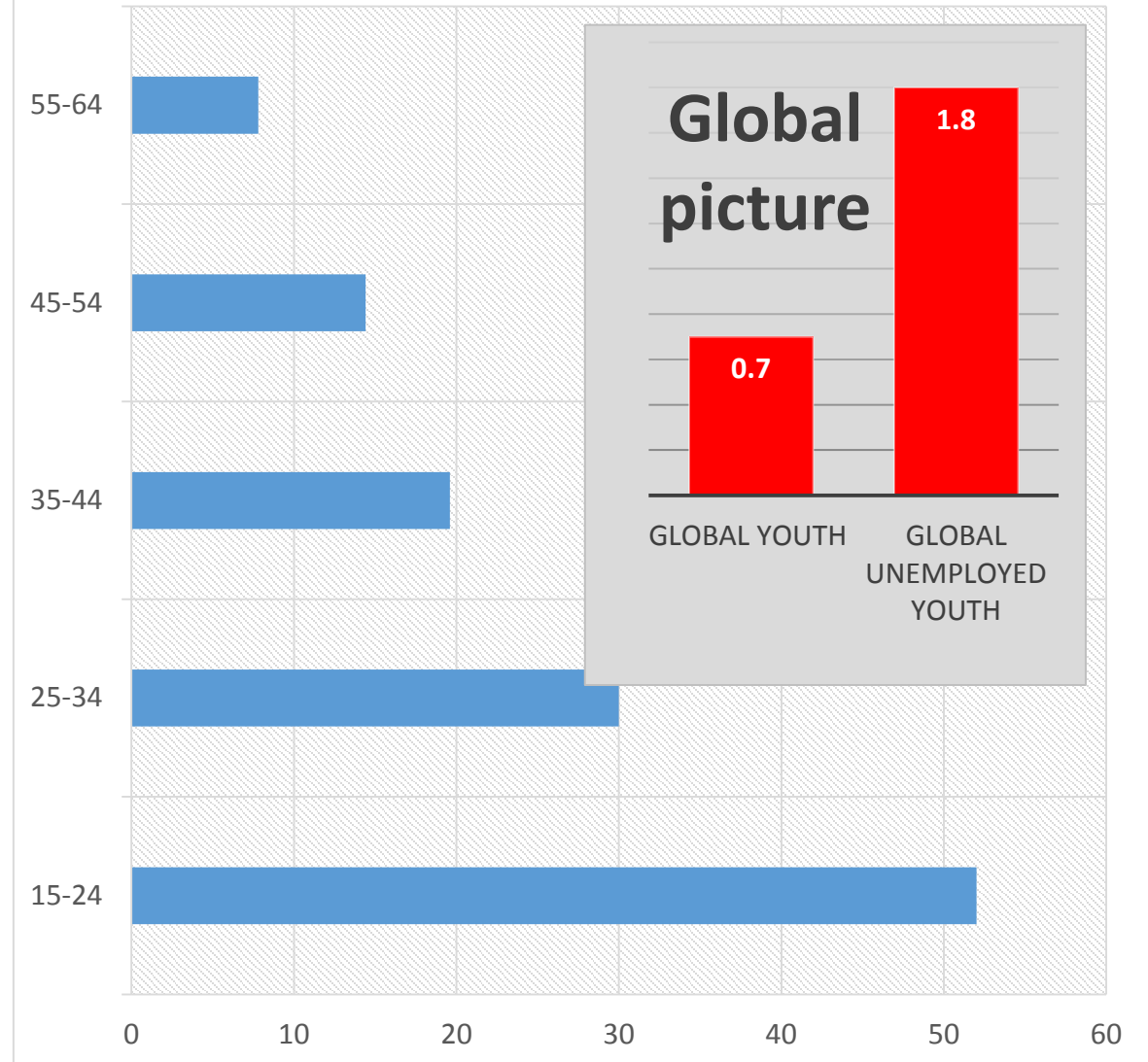


and...
any significant
further
breakdown in
existing power
infrastructure will
force growth
forecasts to be
revised
downwards

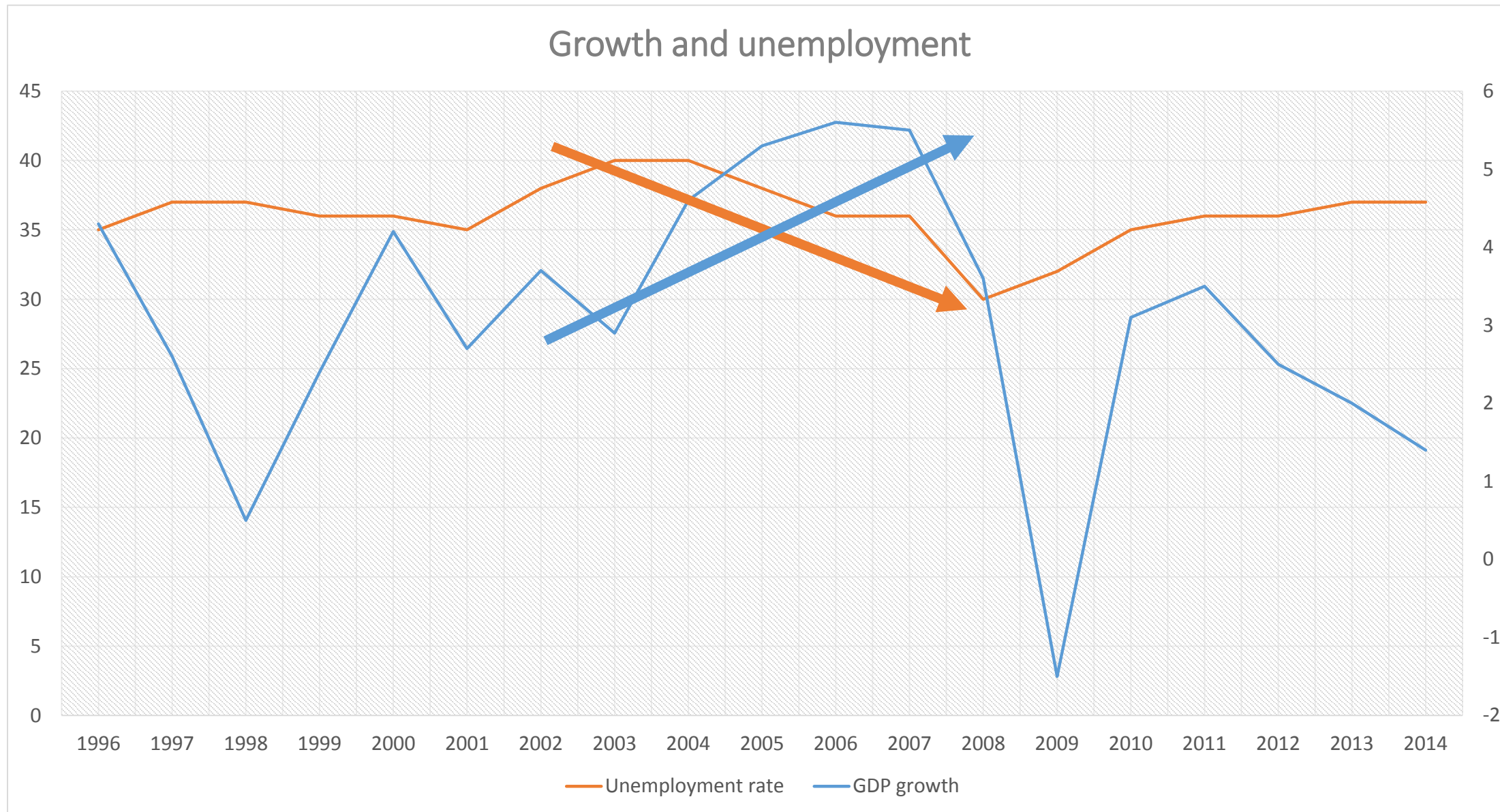
Jobs and unemployment



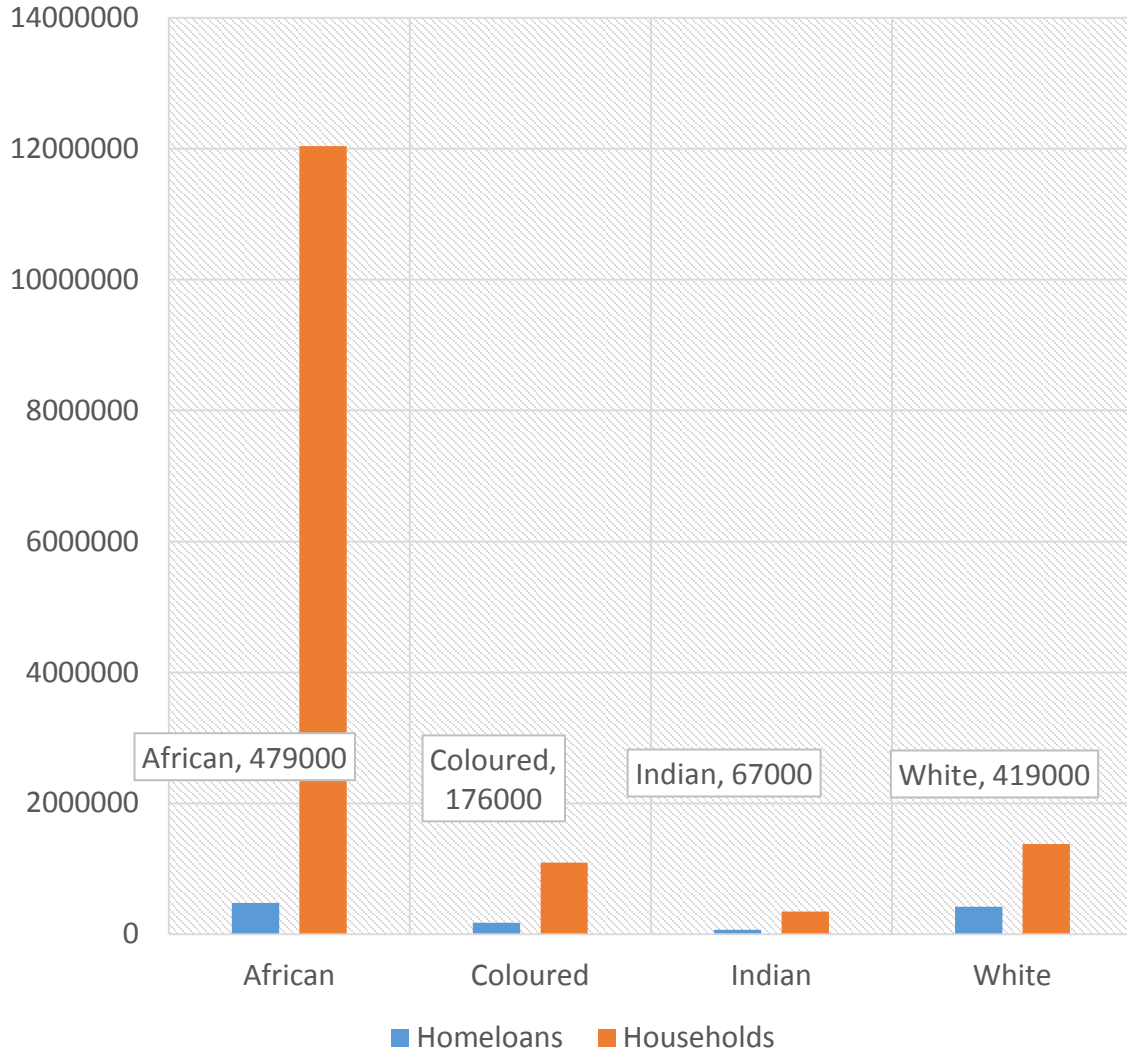
Official unemployment rate by age group



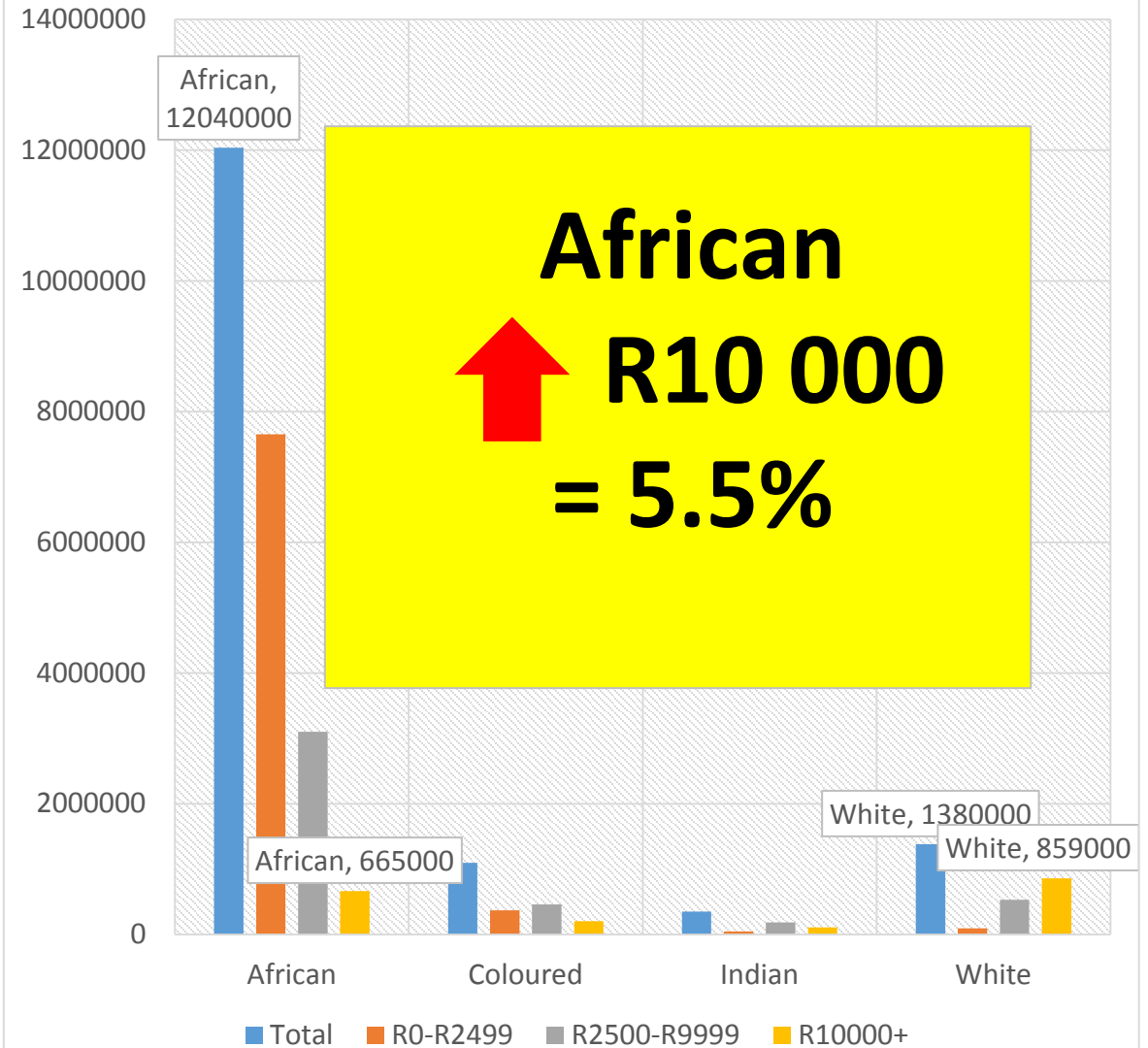
We expect GDP growth to remain key determinant of broader joblessness rate



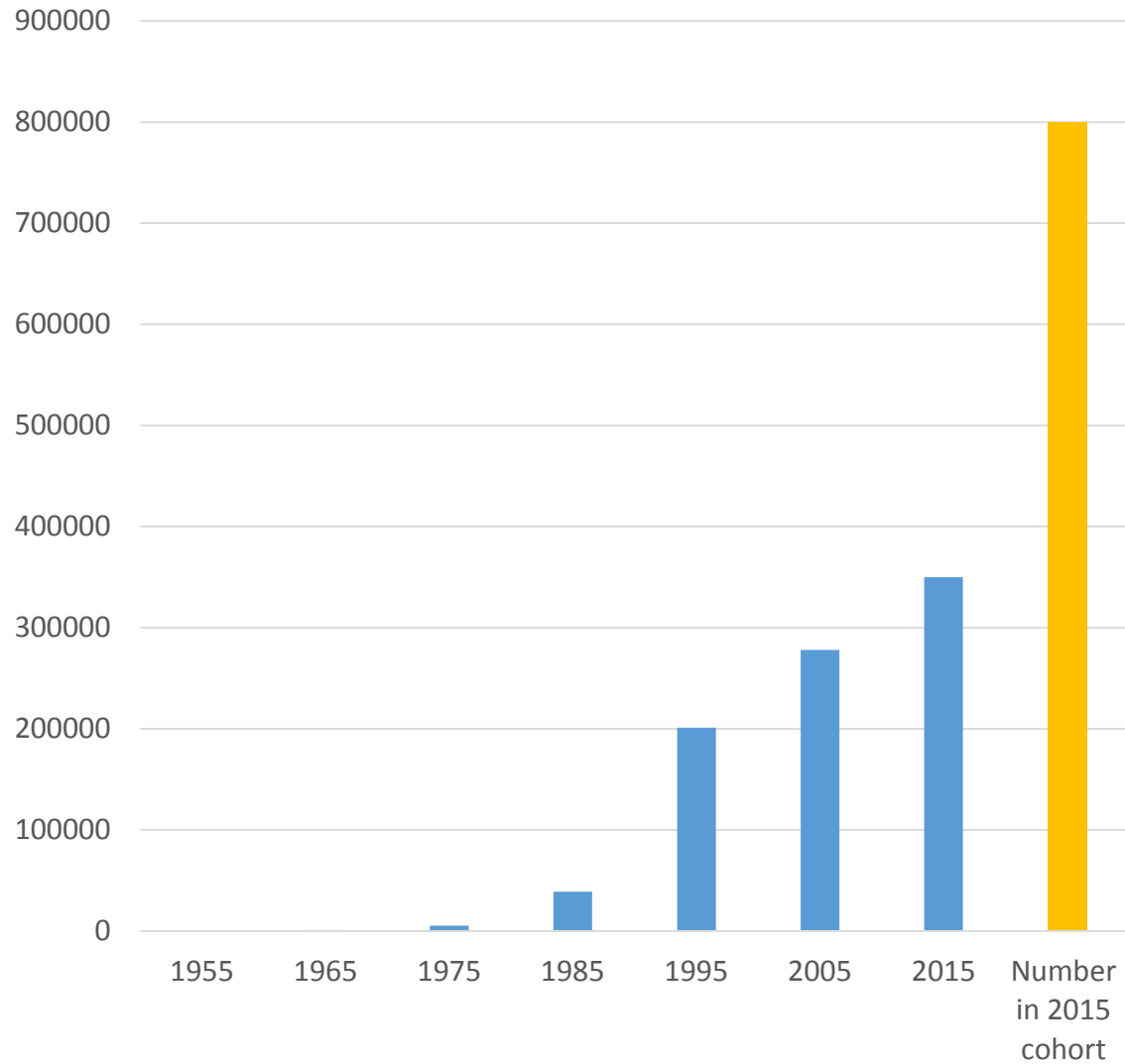
Households and home loans



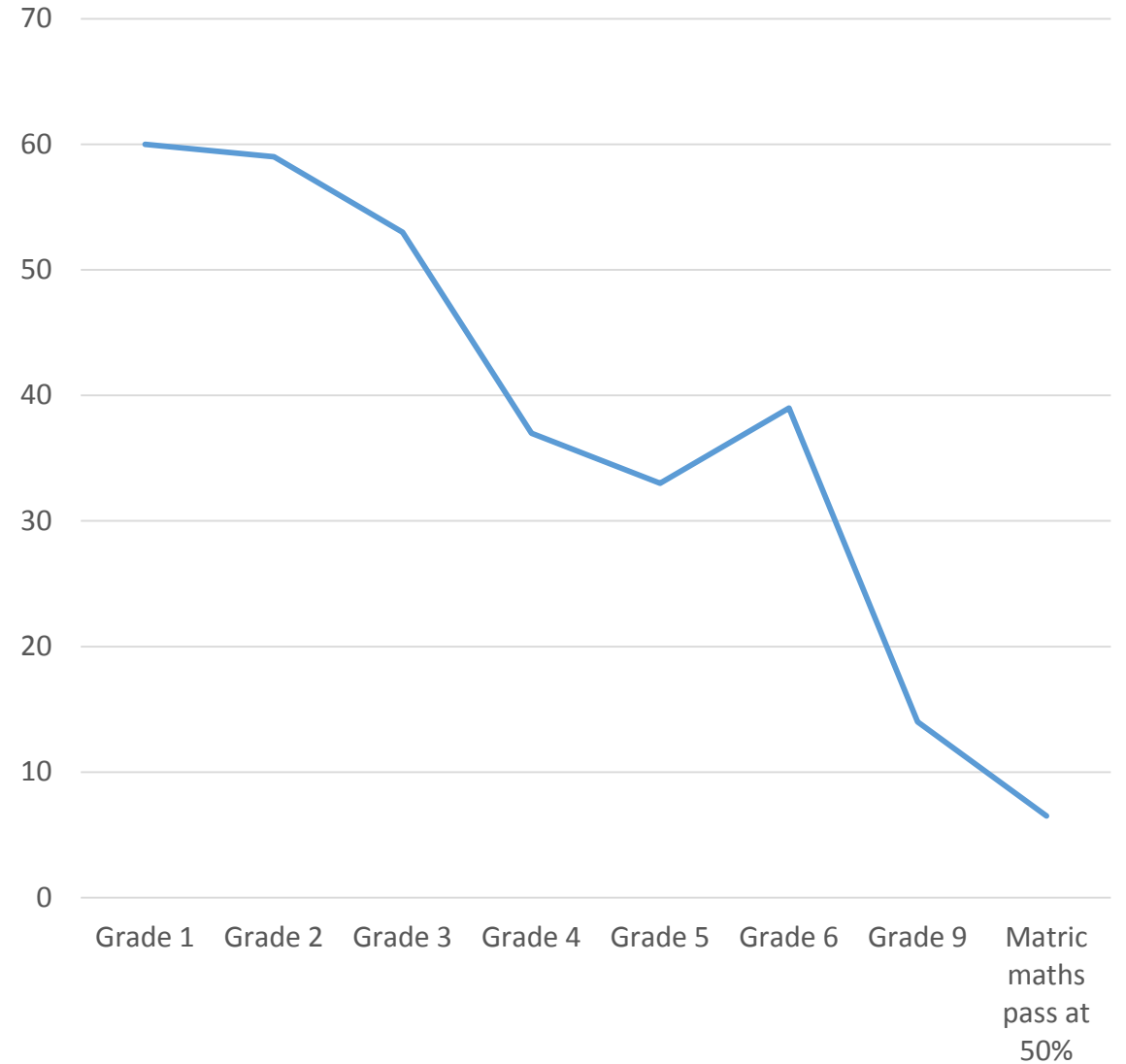
Household monthly expenditure



Black African matric passes

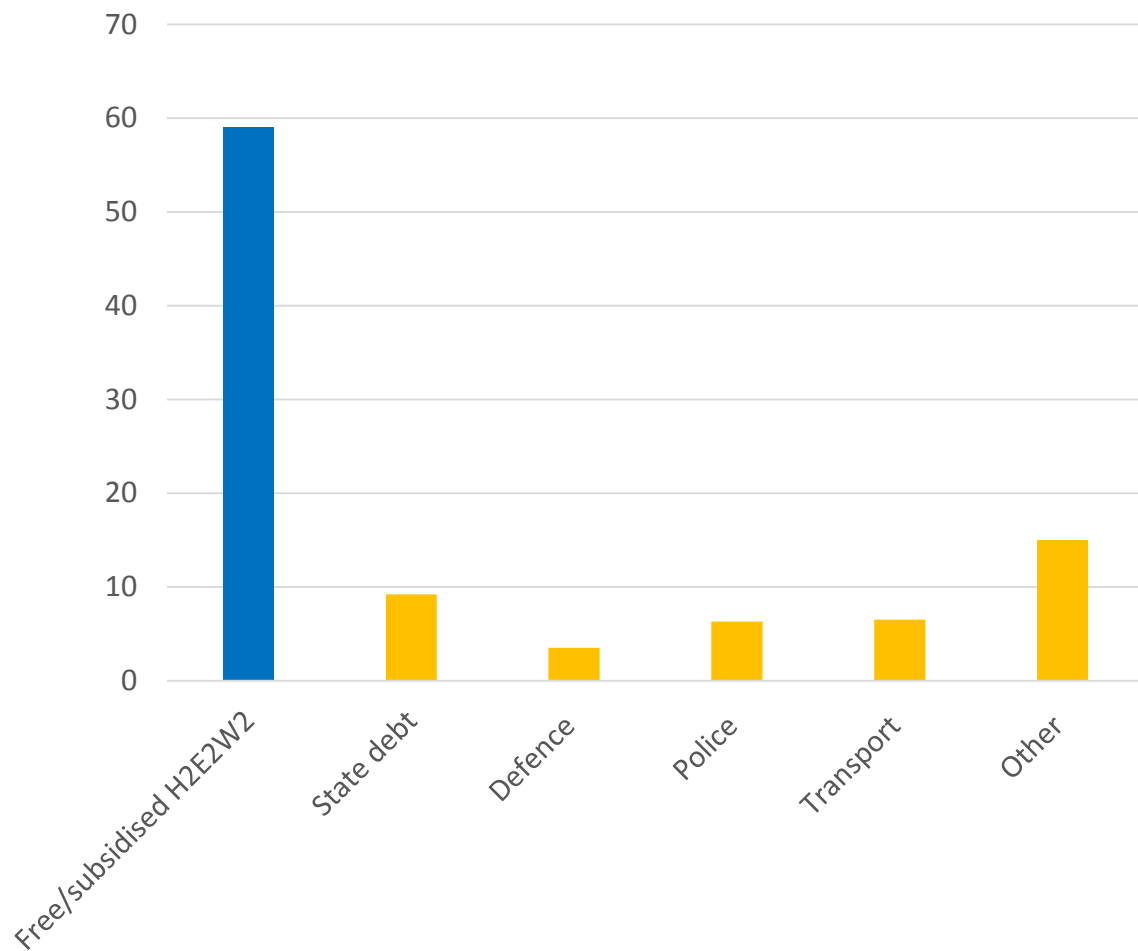


Numeracy rates and matric maths

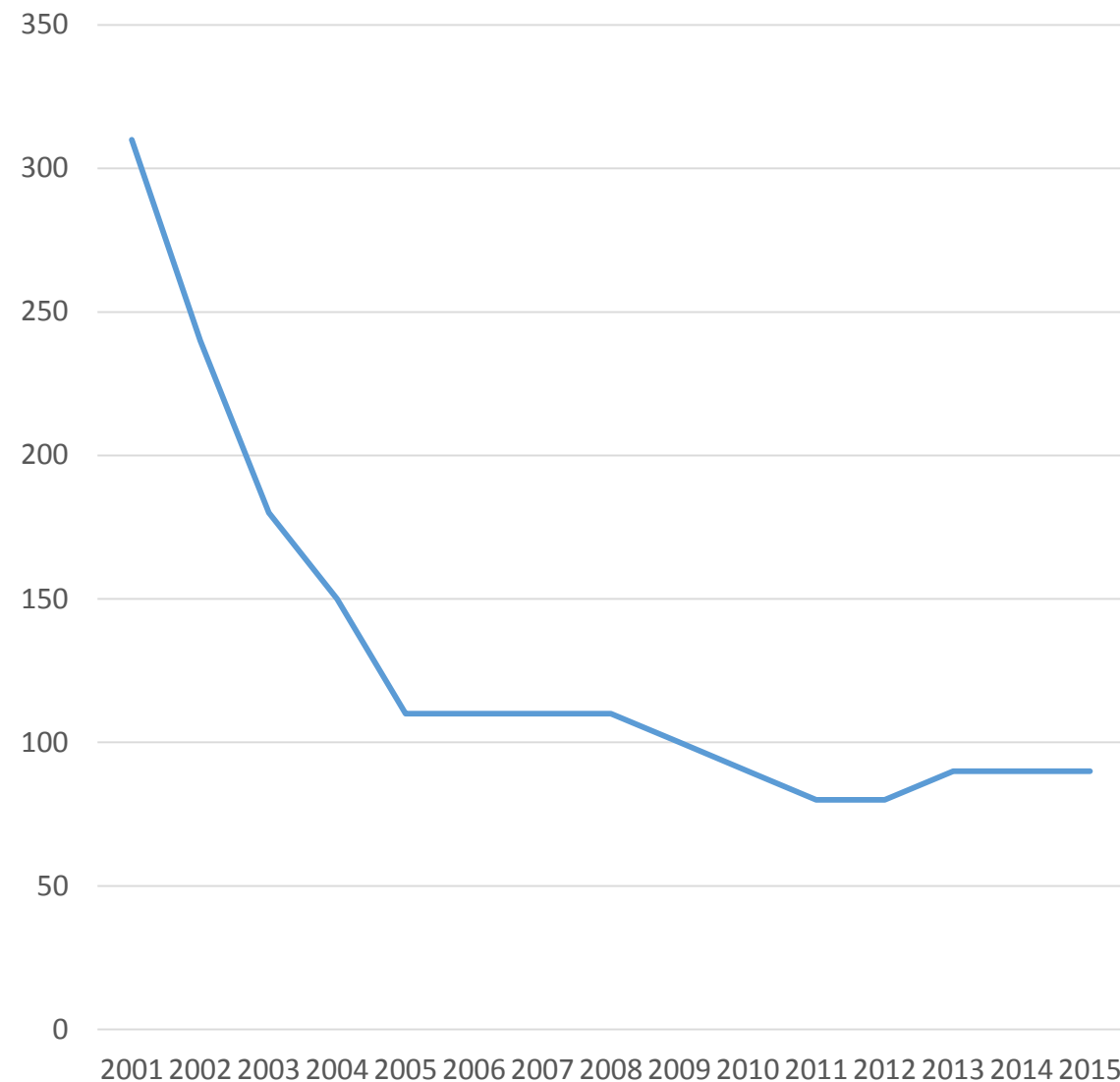


Almost 60% of government expenditure takes the form of income redistribution to poor people

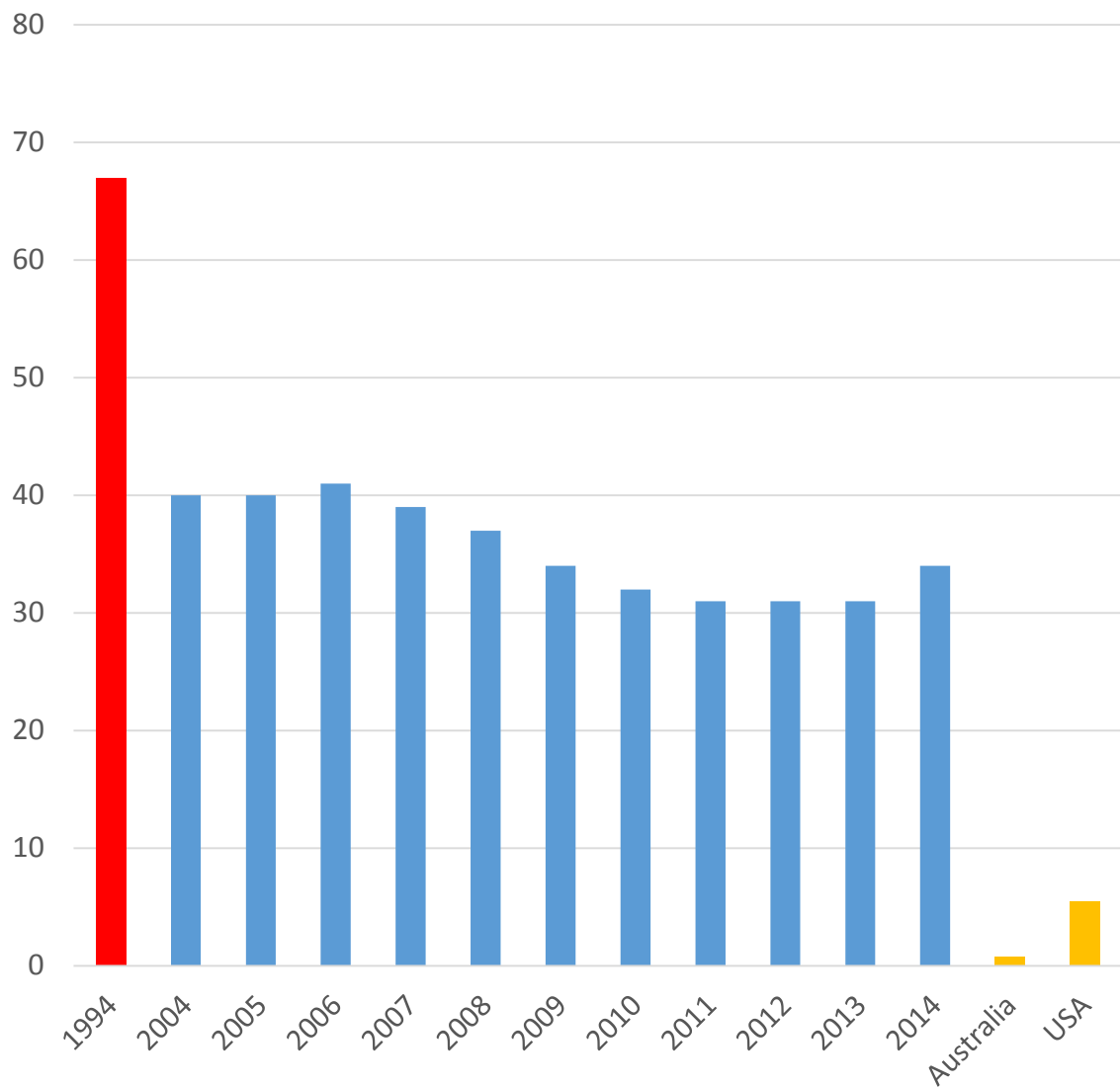
Social wage and government expenditure
(housing, health, education, elec, welfare,
water)



Employed people/100 welfare recipients



Murder rate



Robbers and convicts

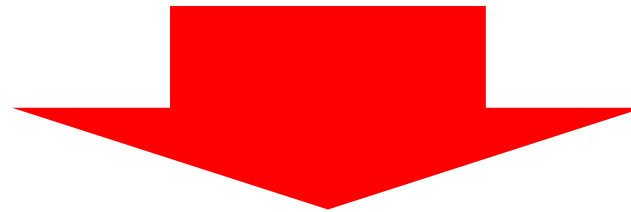


Government performs well?

72%

YES

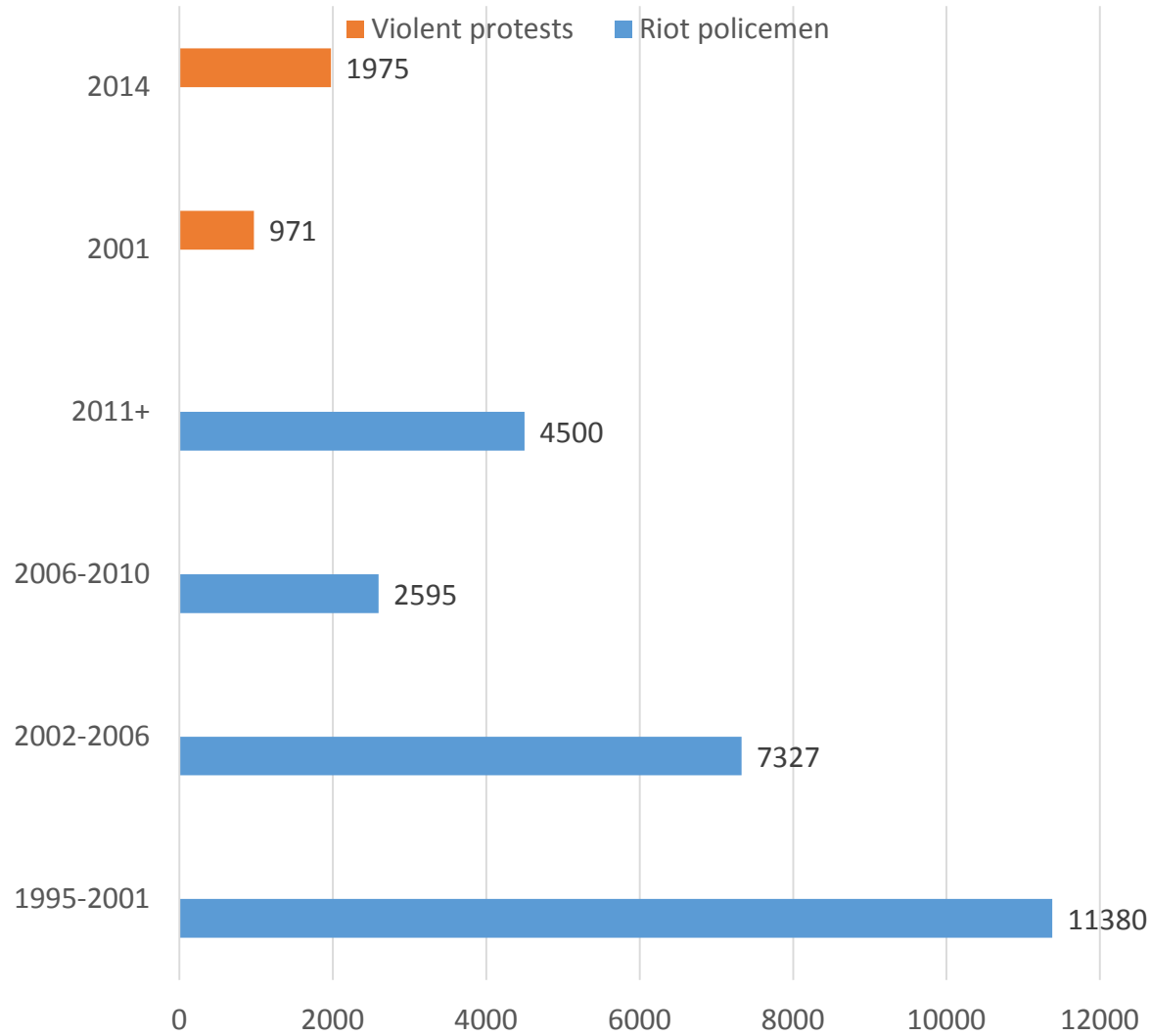
2000



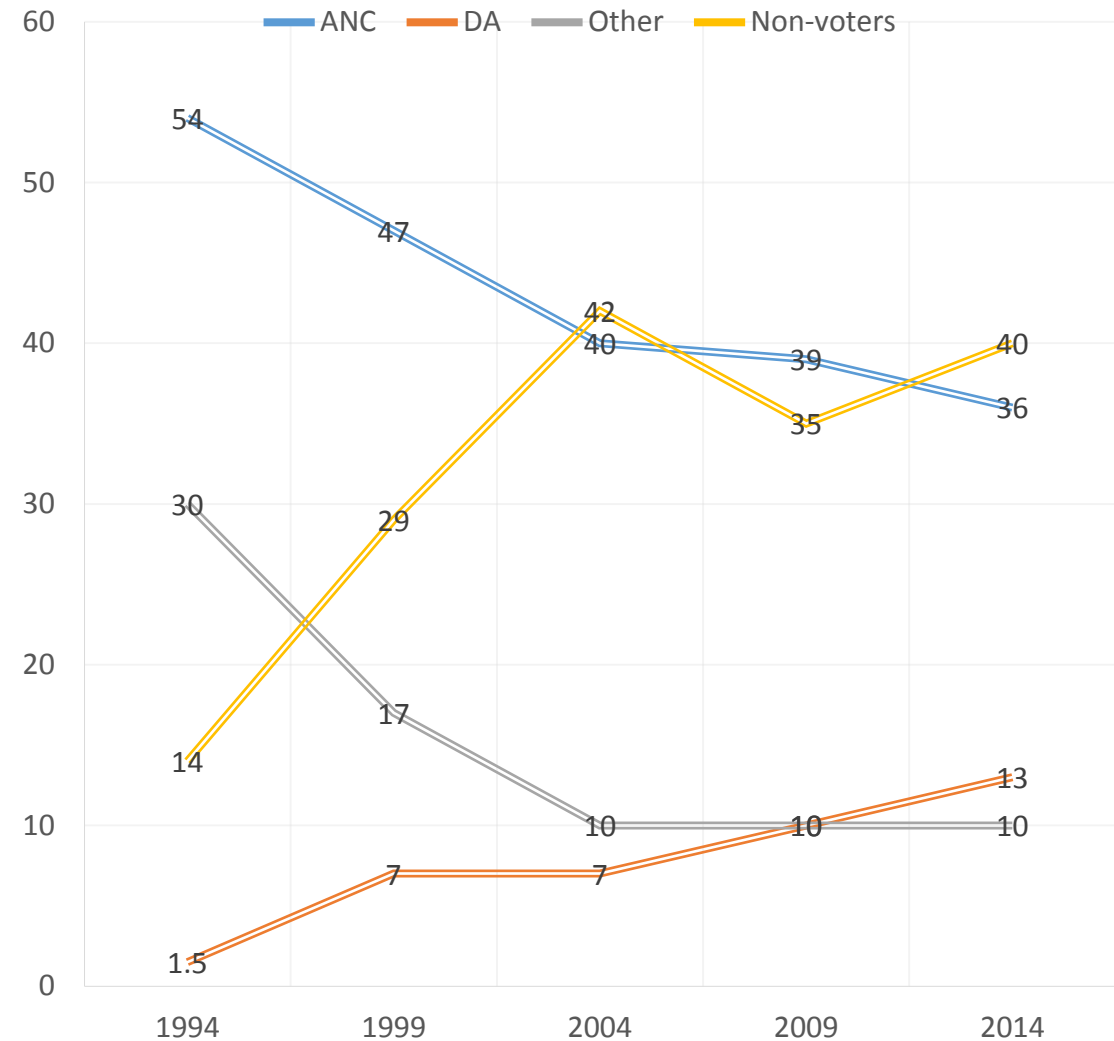
54%

2014

As protest levels pick up confidence in democratic institutions falls



VOTES CAST AS % OF VOTING AGE POPULATION



On current trends a Toll Road/Rocky Road hybrid is the scenario of greatest probability

**Market driven
economic reform**

NARROW ROAD

*forced market
friendly reforms*

WIDE ROAD

*popular mandate for
market reforms*

**Erosion of democratic
institutions**

**Free open society under
rule of law**

ROCKY ROAD

*socialism amidst
crumbling democratic
institutions*

TOLL ROAD

*policy confusion
amidst vibrant
institutions*

**Socialist “development
state”**



The following leading indicators will cause us to consider upgrading to 'most probable' of any of the other three scenarios

- **Economic upsurge of South Africa's major export partners coinciding with sustained long term uptick in global commodity demand**
- Increases in foreign interest rates coinciding with high levels of sustained capital outflows out of South Africa
- **Evidence of reckless short term borrowing on the part of the South African government**
- A period of sharp rand weakening – especially in an environment of rising oil prices
- **Fundamental reforms on labour and then empowerment policy by the South African government**
- Evidence of the likely significant loss of autonomy of key democratic institutions including the media, civil society, the judiciary and quasi-state democratic institutions such as the Public Protector and the Independent Electoral Commission
- **Likely successful attempts to vest property rights in the State**
- Evidence of large scale institutional instability within the African National Congress
- **Sustained sharp increases in violent anti-government protest actions**

FRANS
CRONJE

A TIME TRAVELLER'S GUIDE TO

OUR NEXT

**TEN
YEARS**

'THRILLING
AND TIMELY'
- CLEM SUNTER



Frans Cronje:

ceo@sairr.org.za

Media desk:

Mienke@sairr.org.za

Web:

www.irr.org.za