

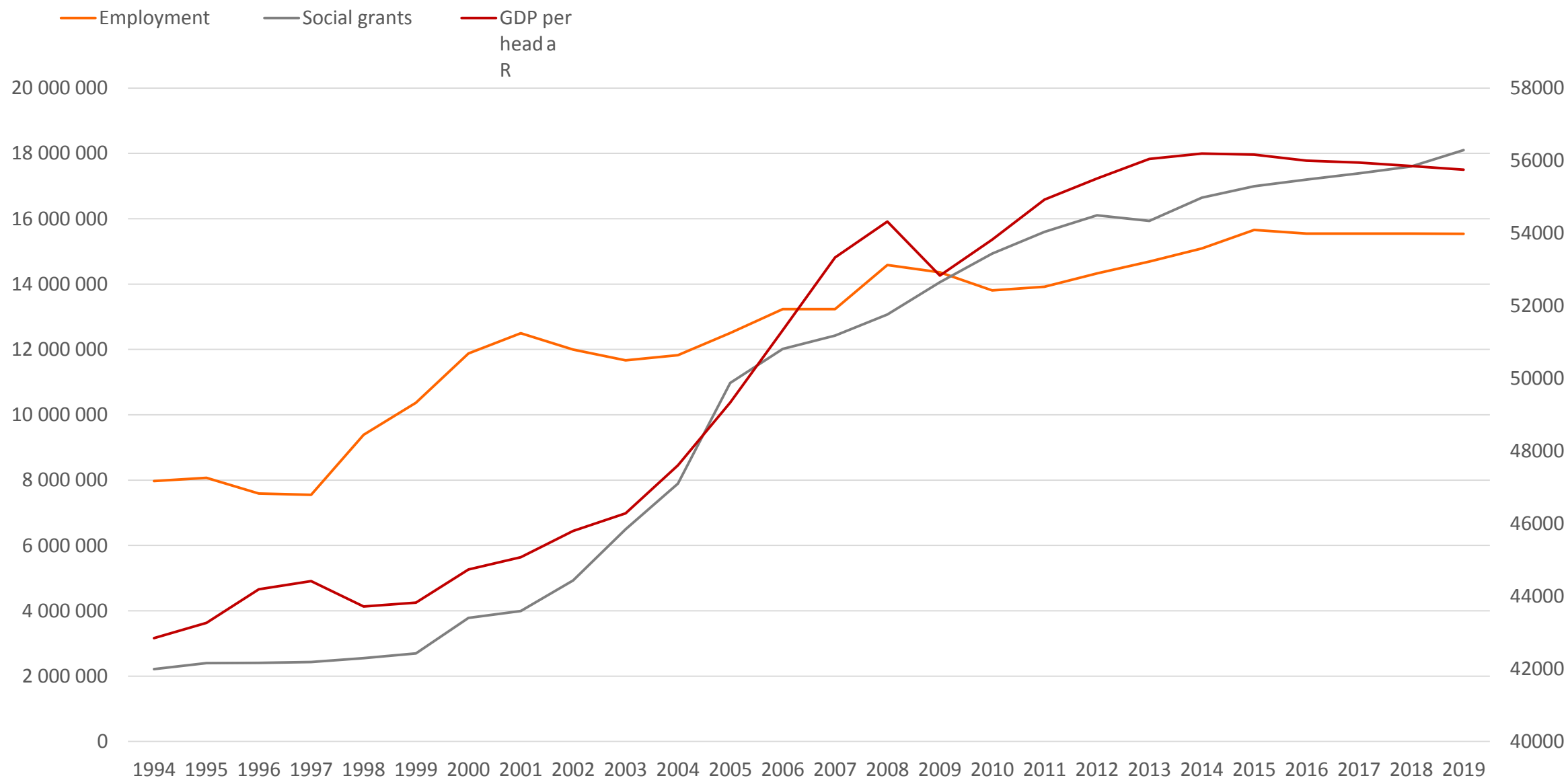
# South Africa to 2030

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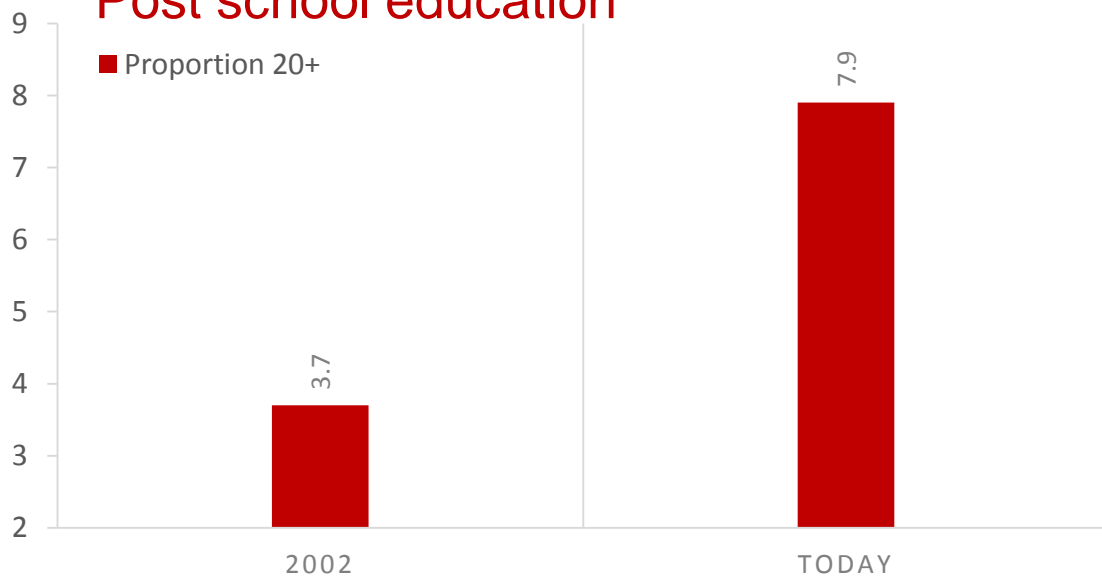
A strategic intelligence briefing

Frans Cronje – March 2018

# Employment, welfare, and per capita GDP 1994-2019

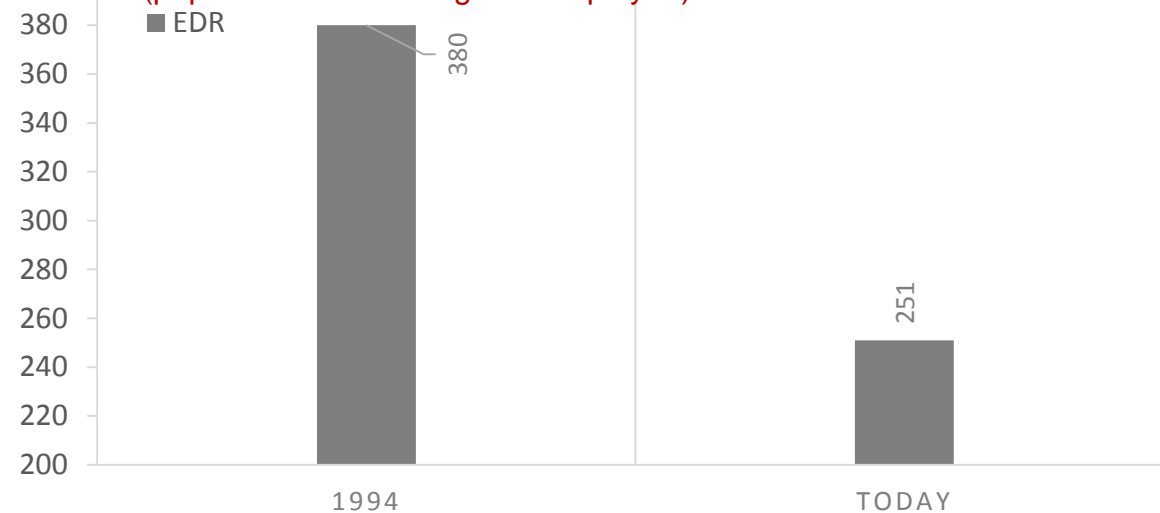


## Post school education

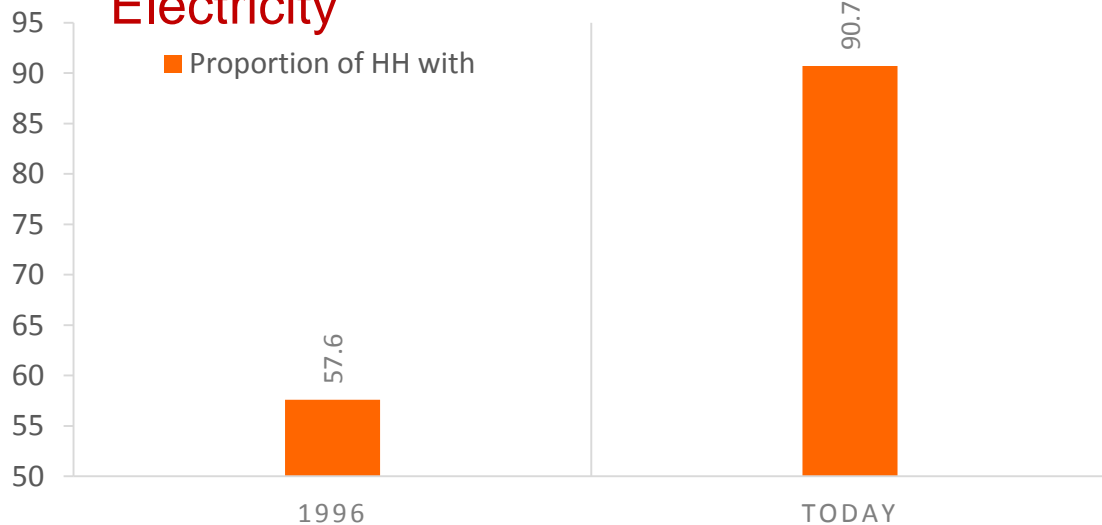


## Employment dependency

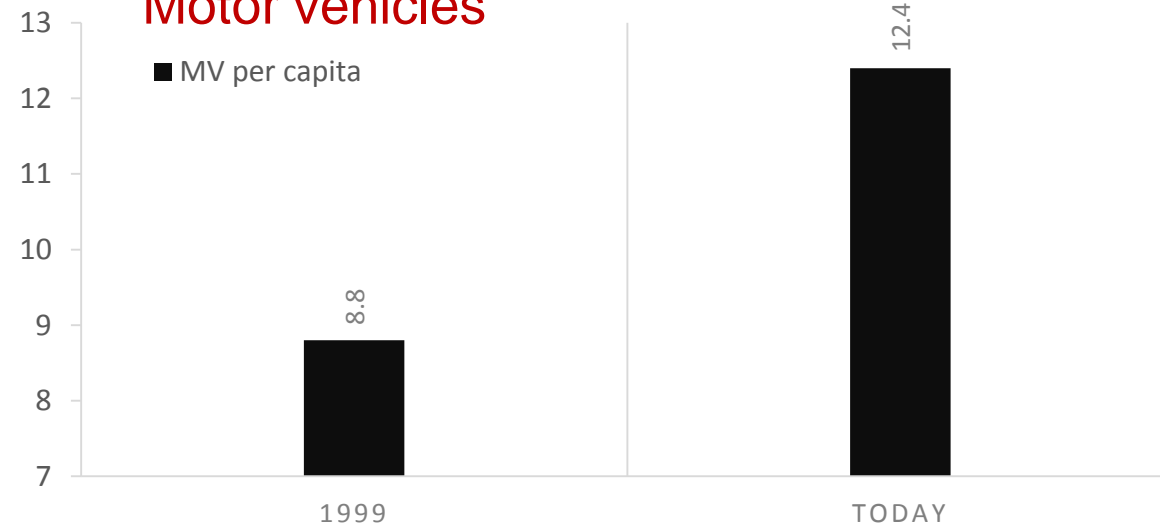
(population not working/100 employed)



## Electricity

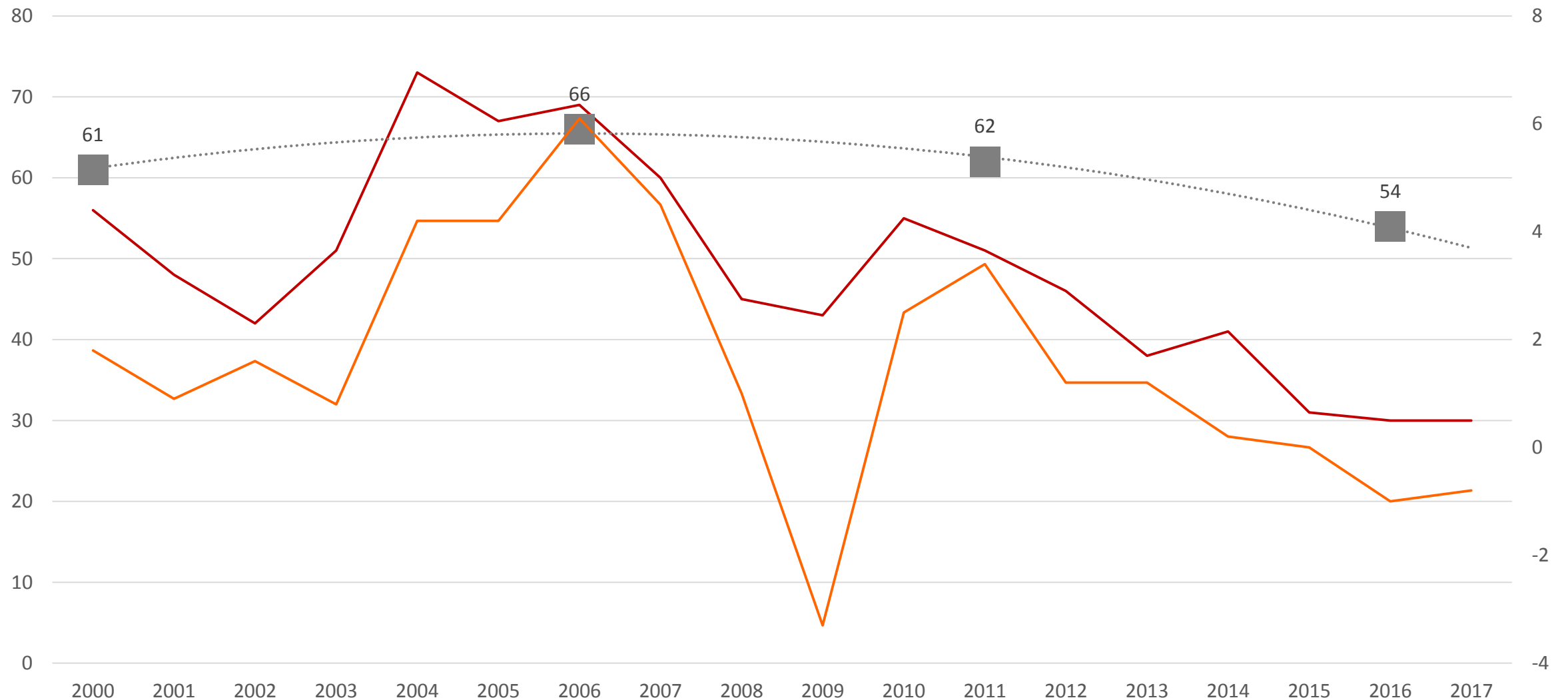


## Motor vehicles

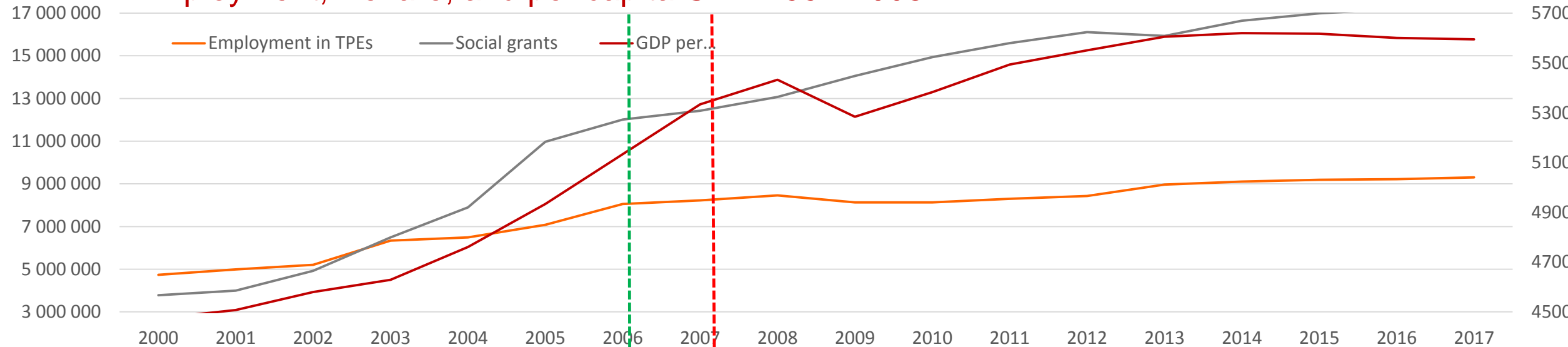


# Popular confidence, ANC support, and RDI 2000-2017

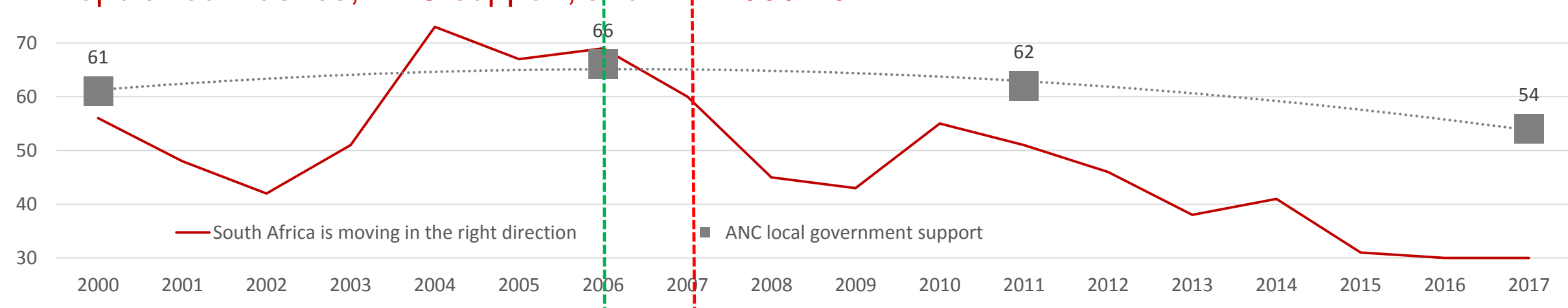
— South Africa is moving in the right direction   ■ ANC local government support   — Change in RDI of HH



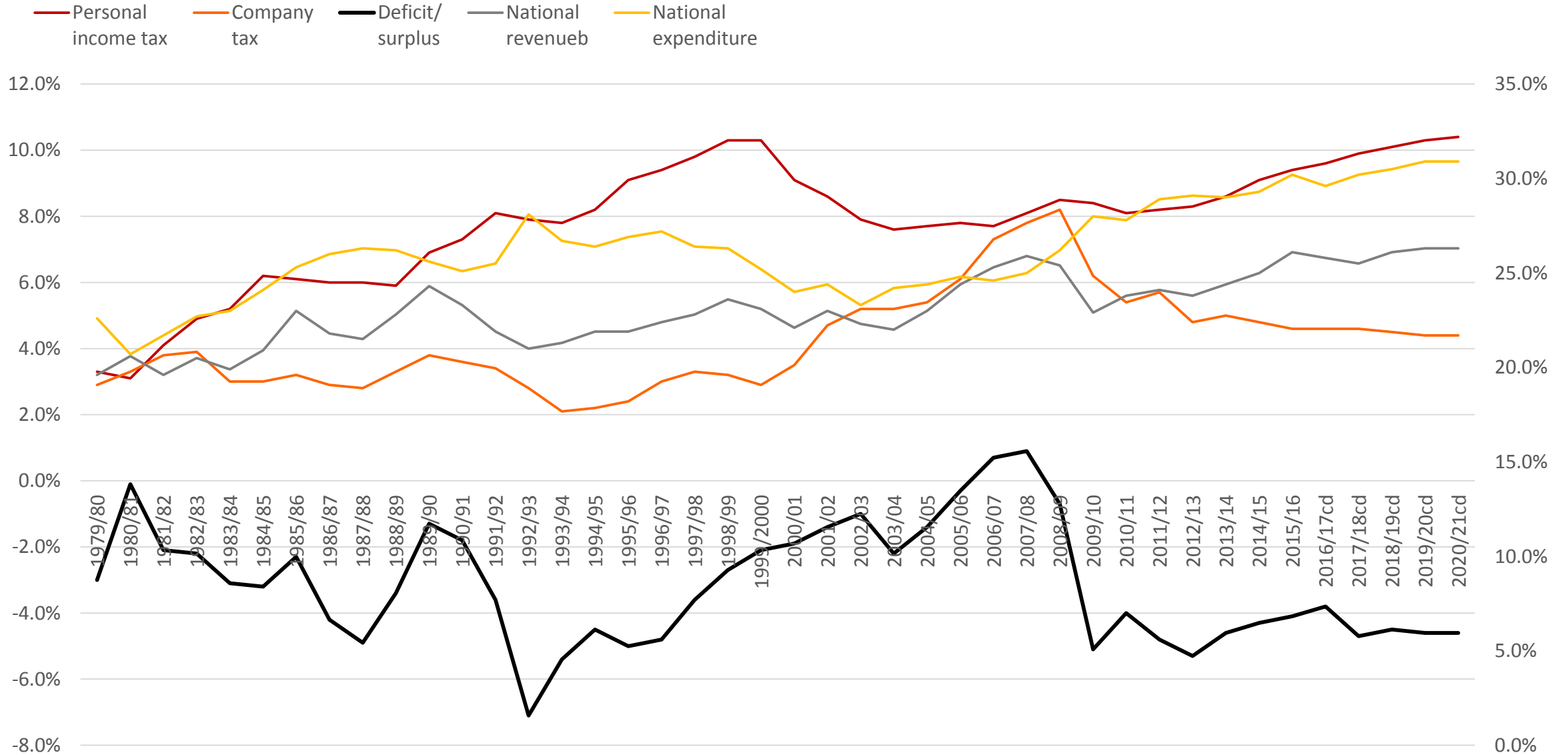
# Employment, welfare, and per capita GDP 1994-2008



# Popular confidence, ANC support, and RDI 2000-2017

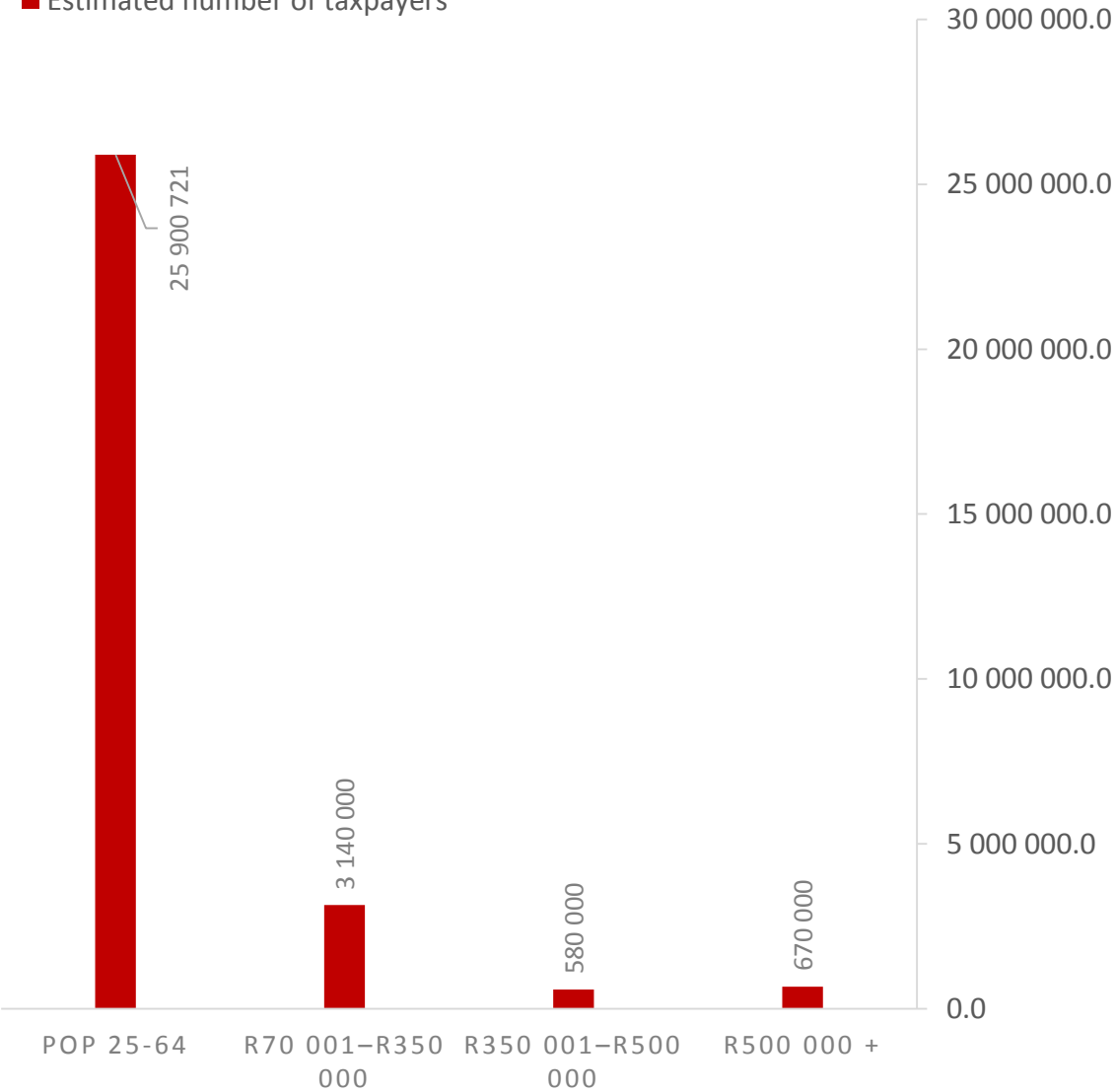


# Government finances 1979 projected to 2021



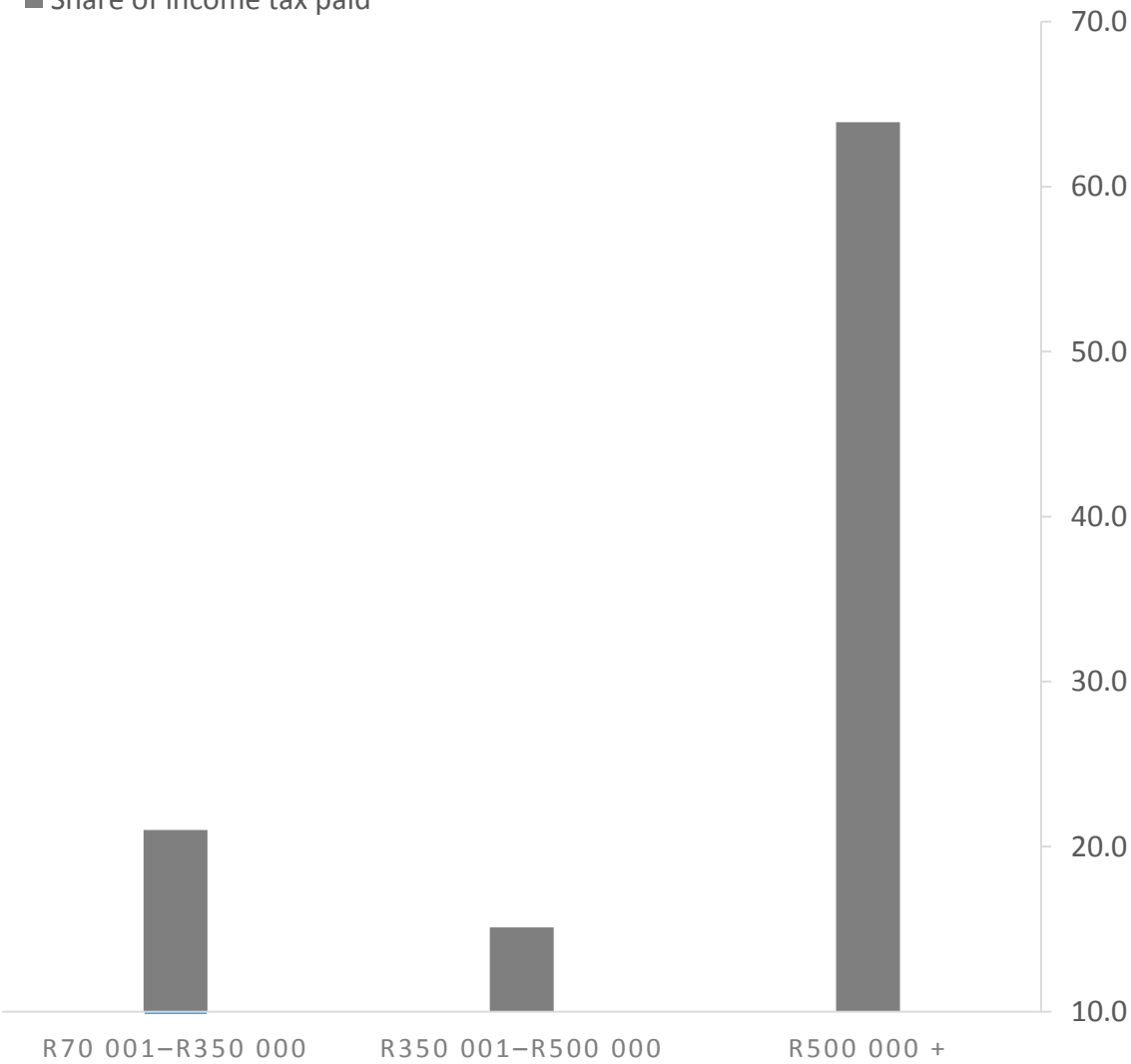
# Income taxpayers

■ Estimated number of taxpayers



# Share of IC paid

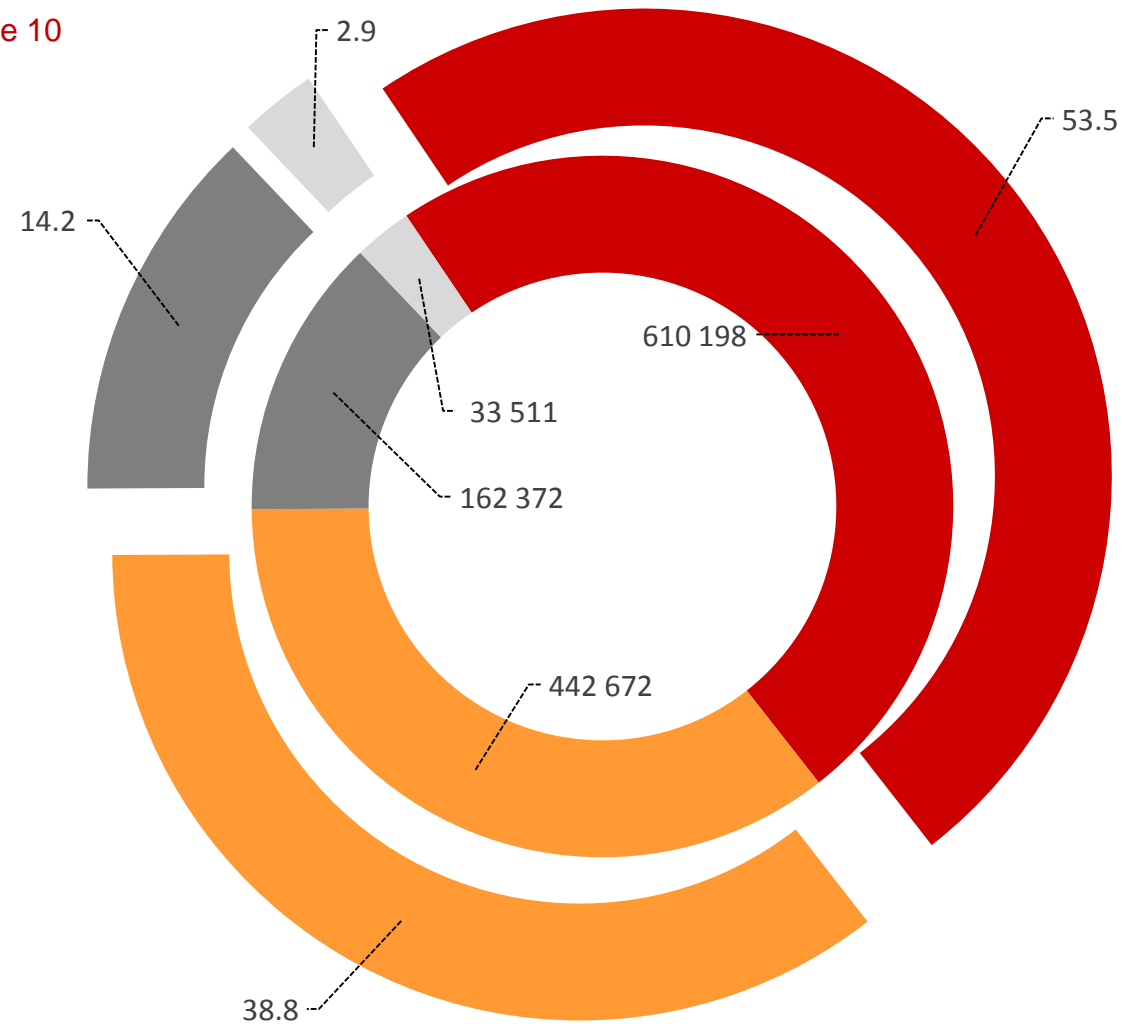
■ Share of income tax paid



# School performance based on 2014 grade 10 class\*

■ Matric candidates 2016 ■ Passes 2016 ■ Bachelors passes ■ Maths passes 60%+

\*there were 1 139 872 pupils in the grade 10 class of 2014

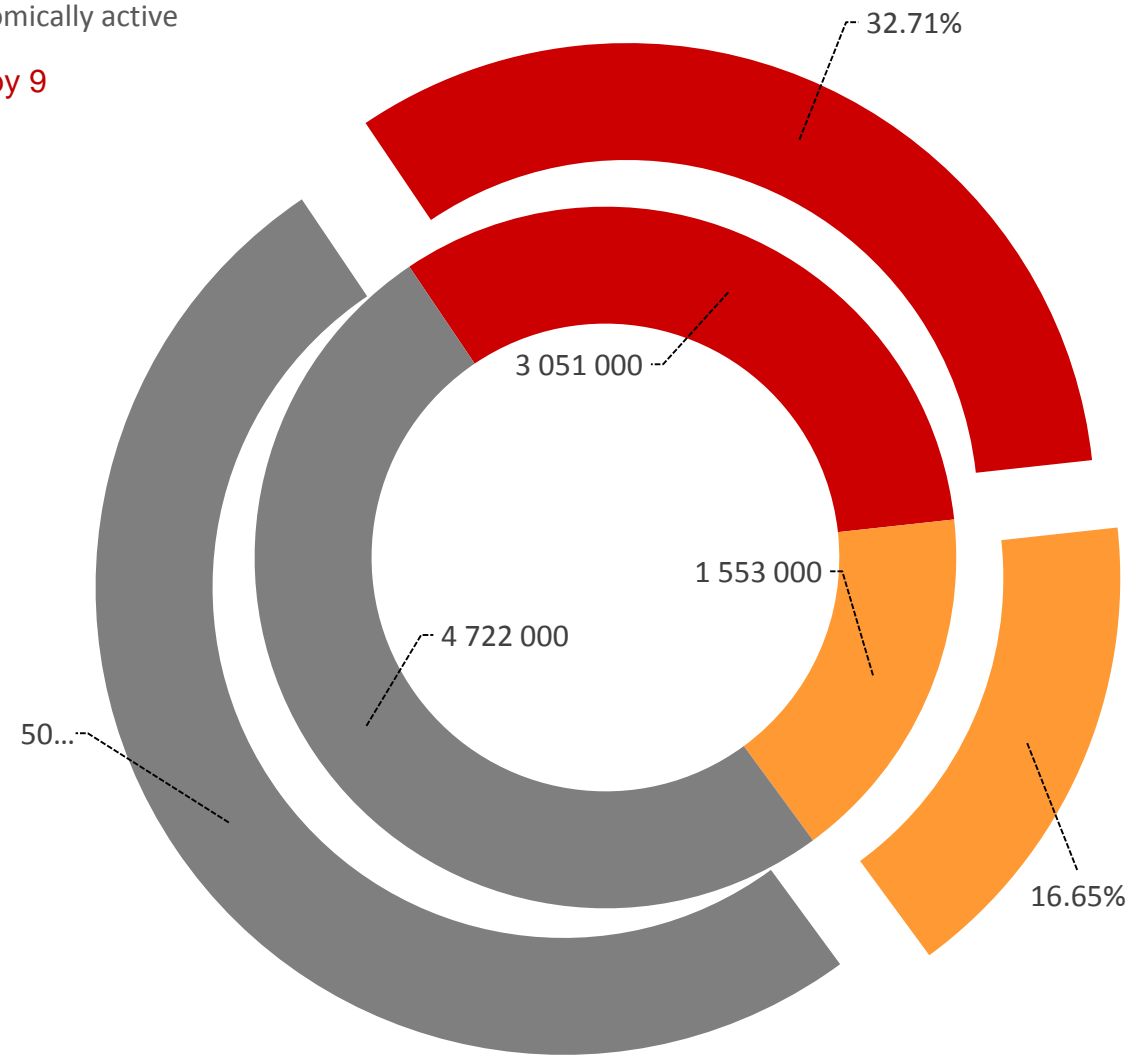




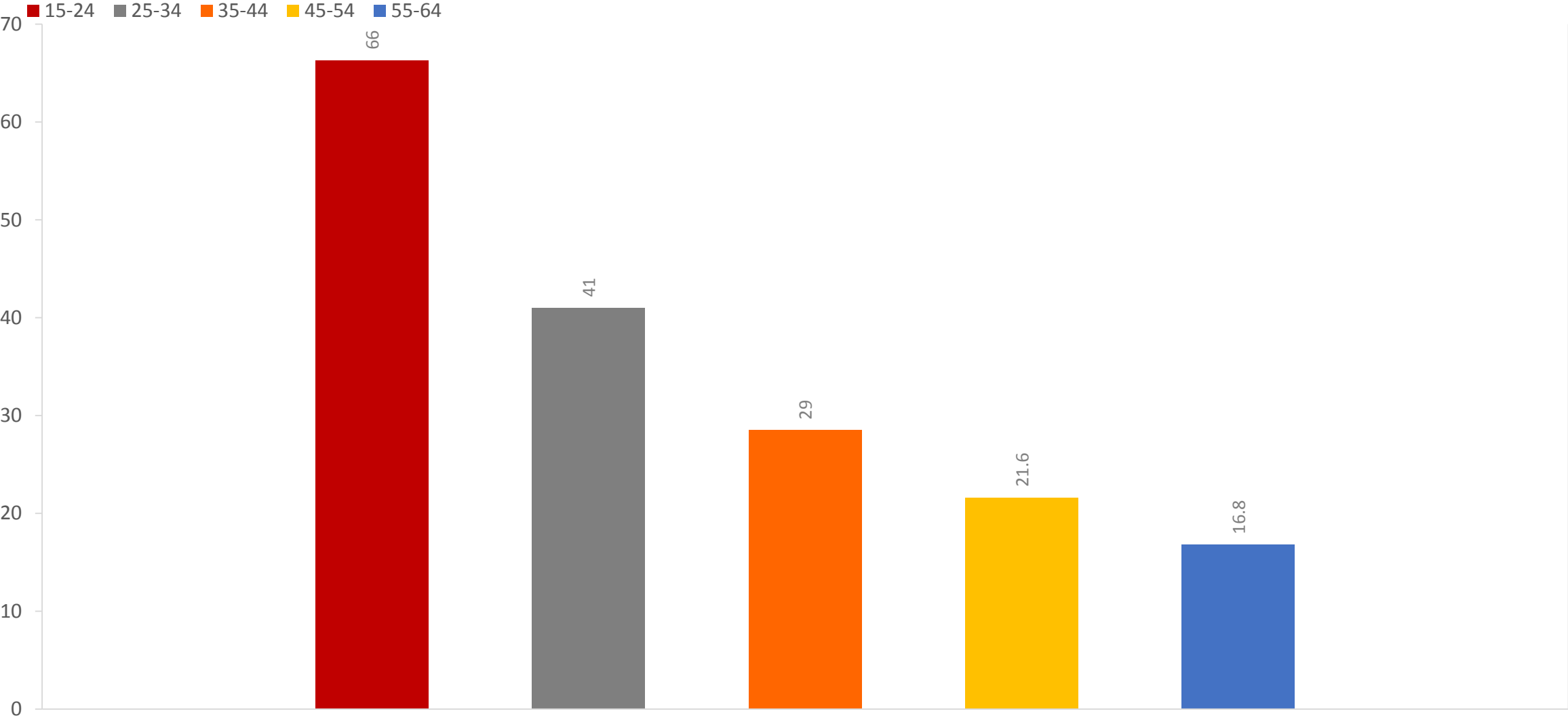
# Labour market entrants post 2011\*

■ Employed ■ Unemployed ■ Not economically active

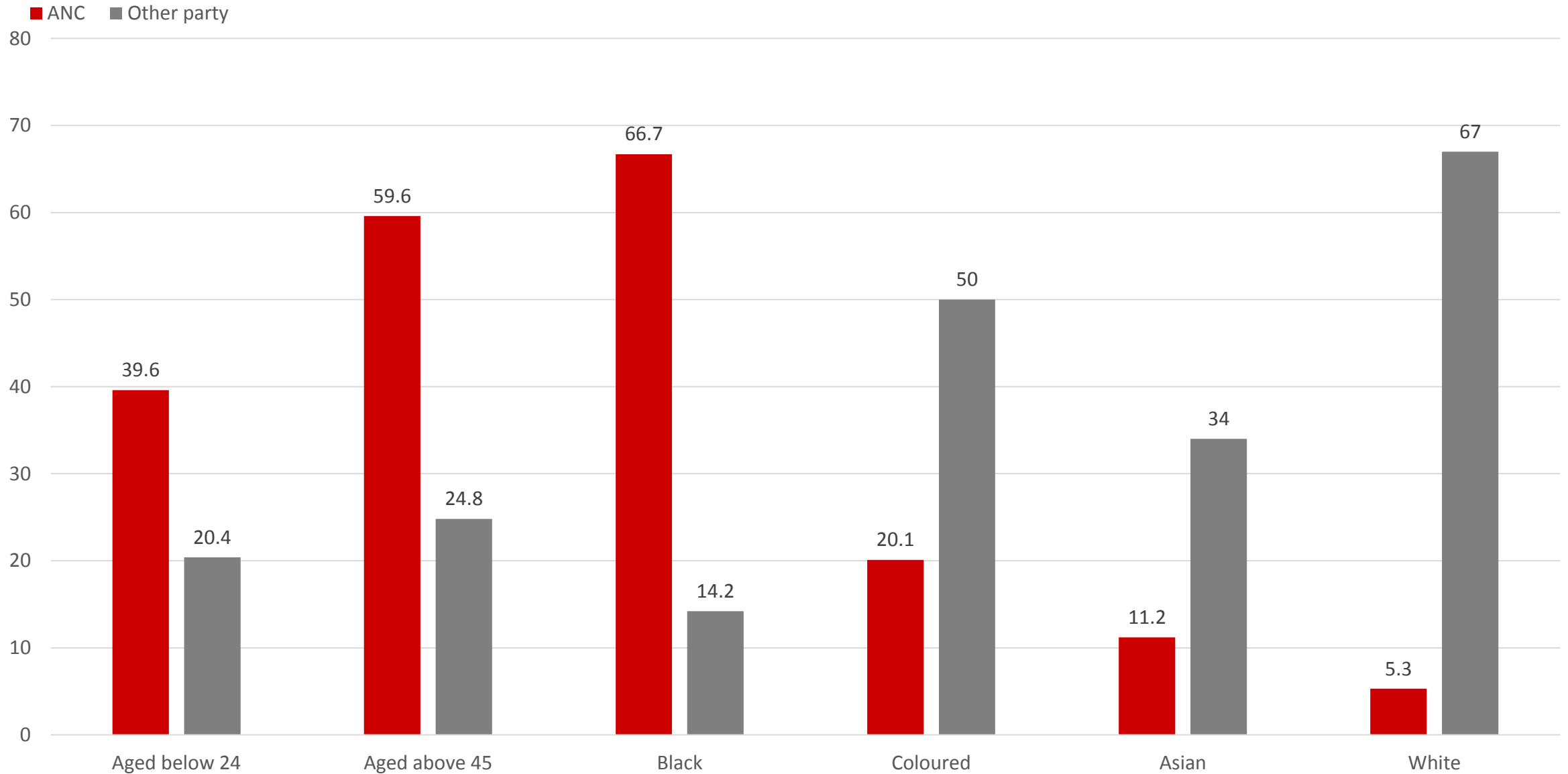
\*the working age population increased by 9  
326 000 since 2011



# Unemployment rate by age group

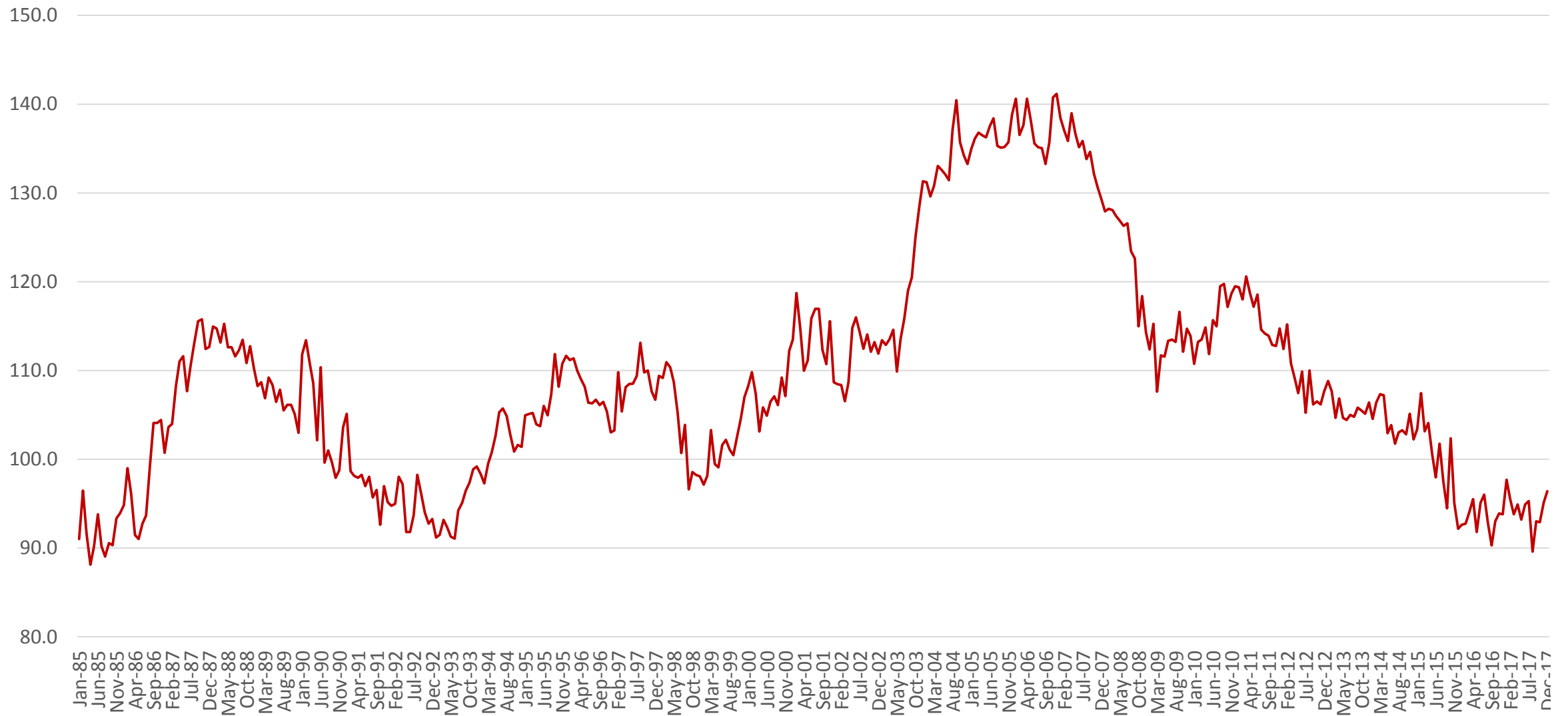


## Party political support patterns

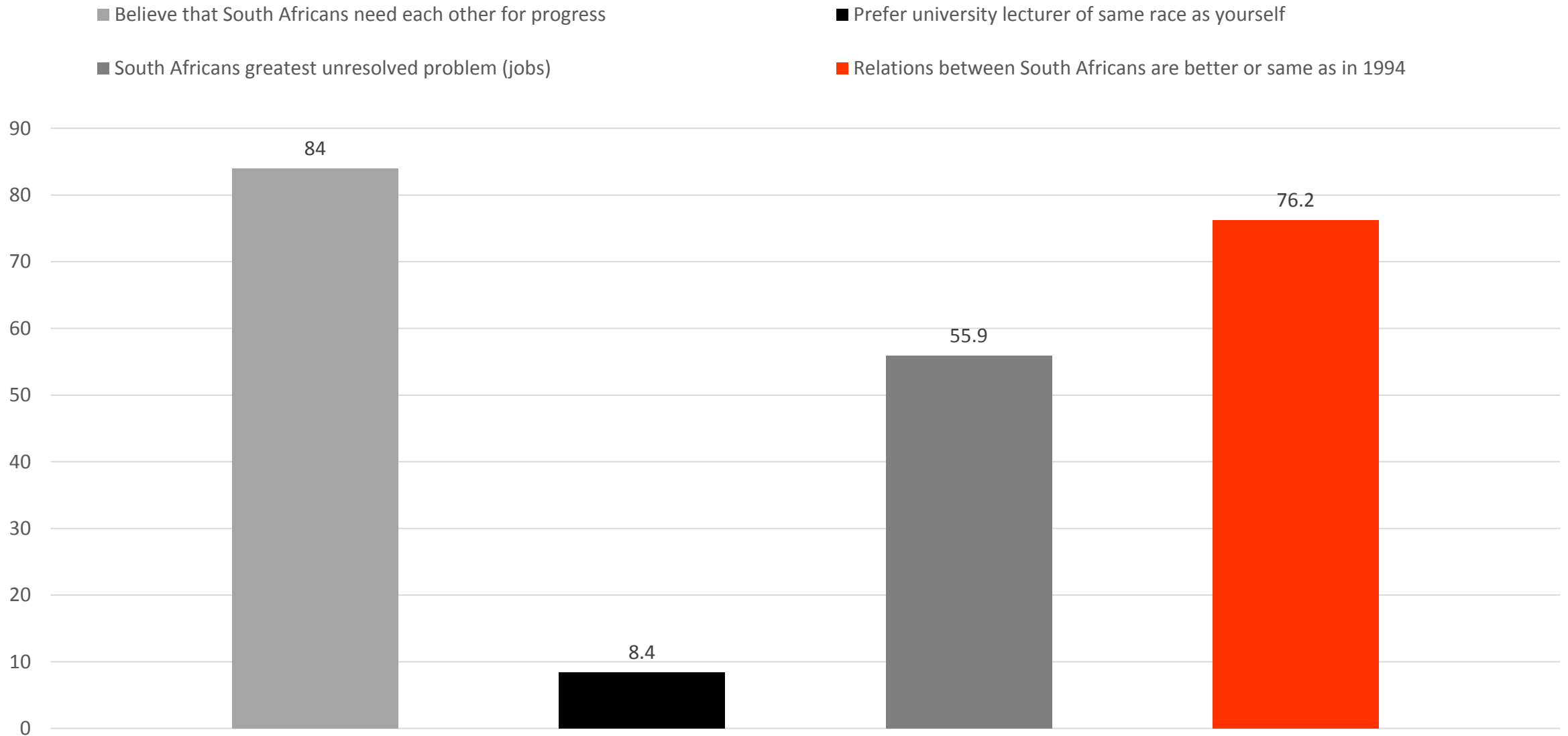


# Business confidence

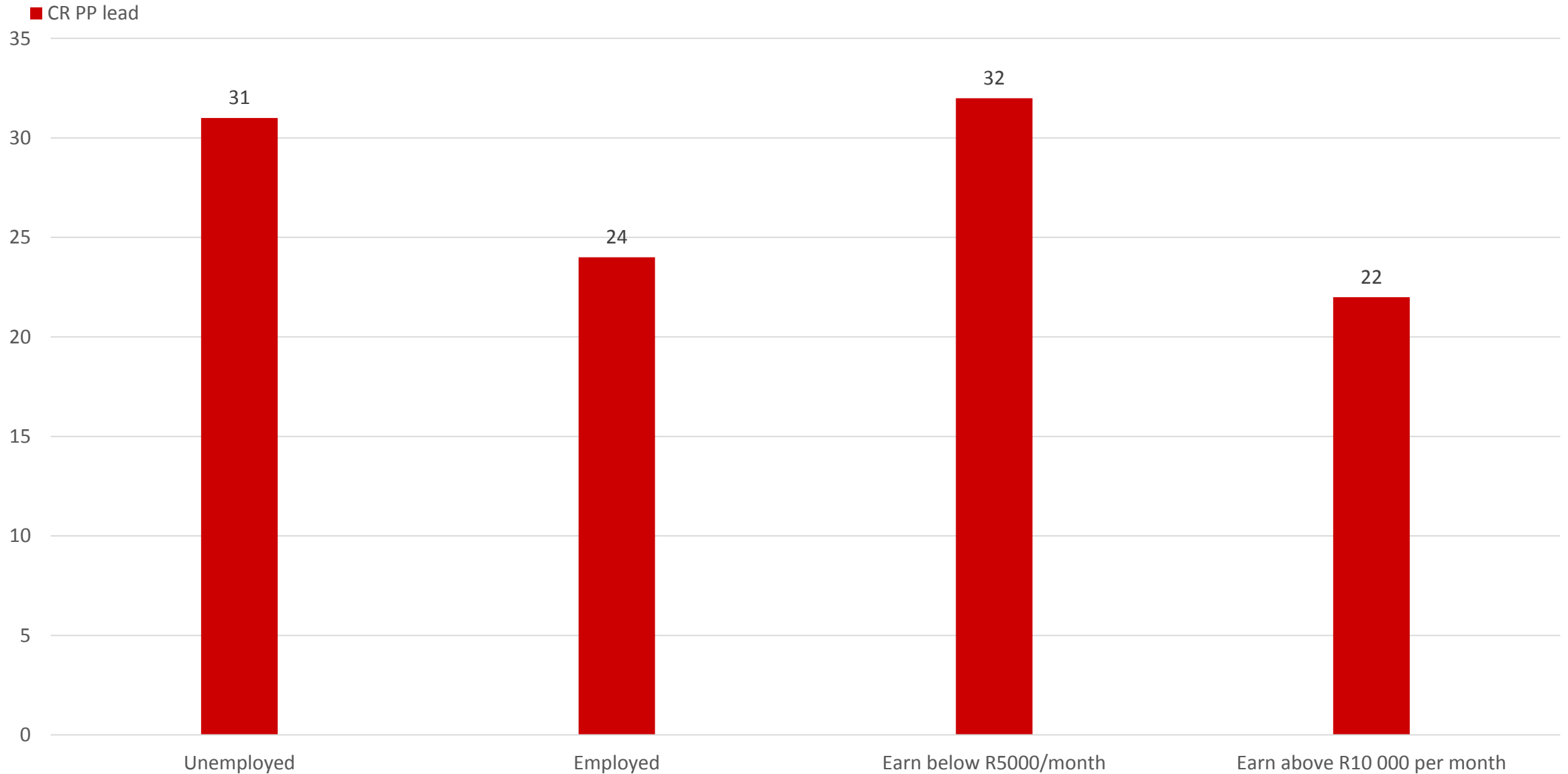
— SACCI BCI



## Public opinion often at odds with media opinion

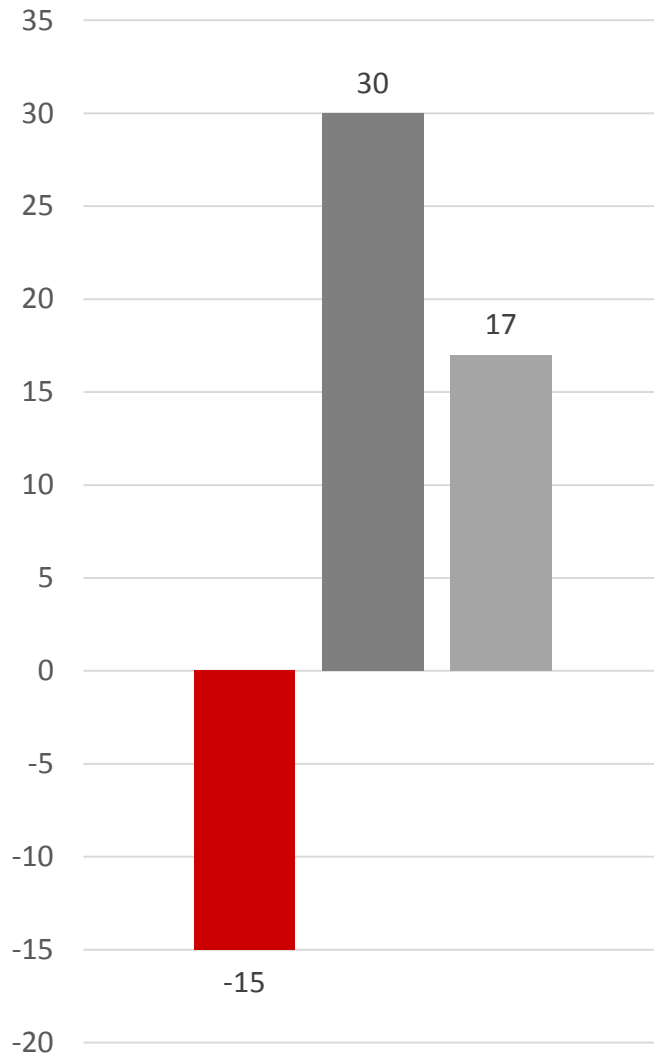


## Ramaphosa popularity points lead over NDZ at end 2017



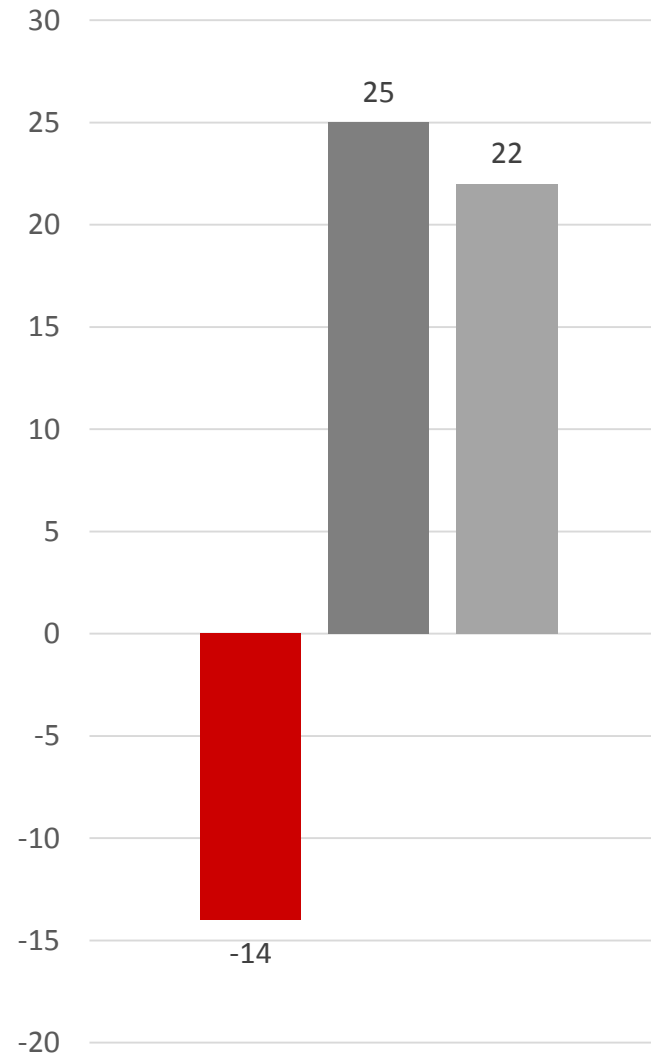
## MP shifts 2004-2009

■ ANC ■ Cope ■ DA



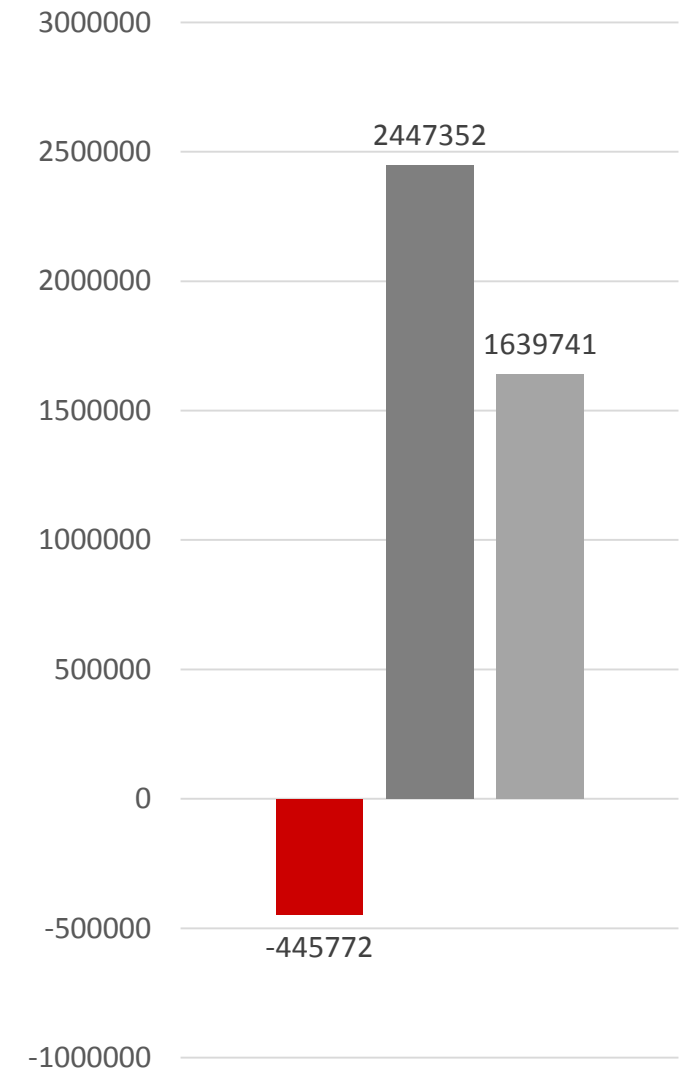
## MP shifts 2009-2014

■ ANC ■ EFF ■ DA



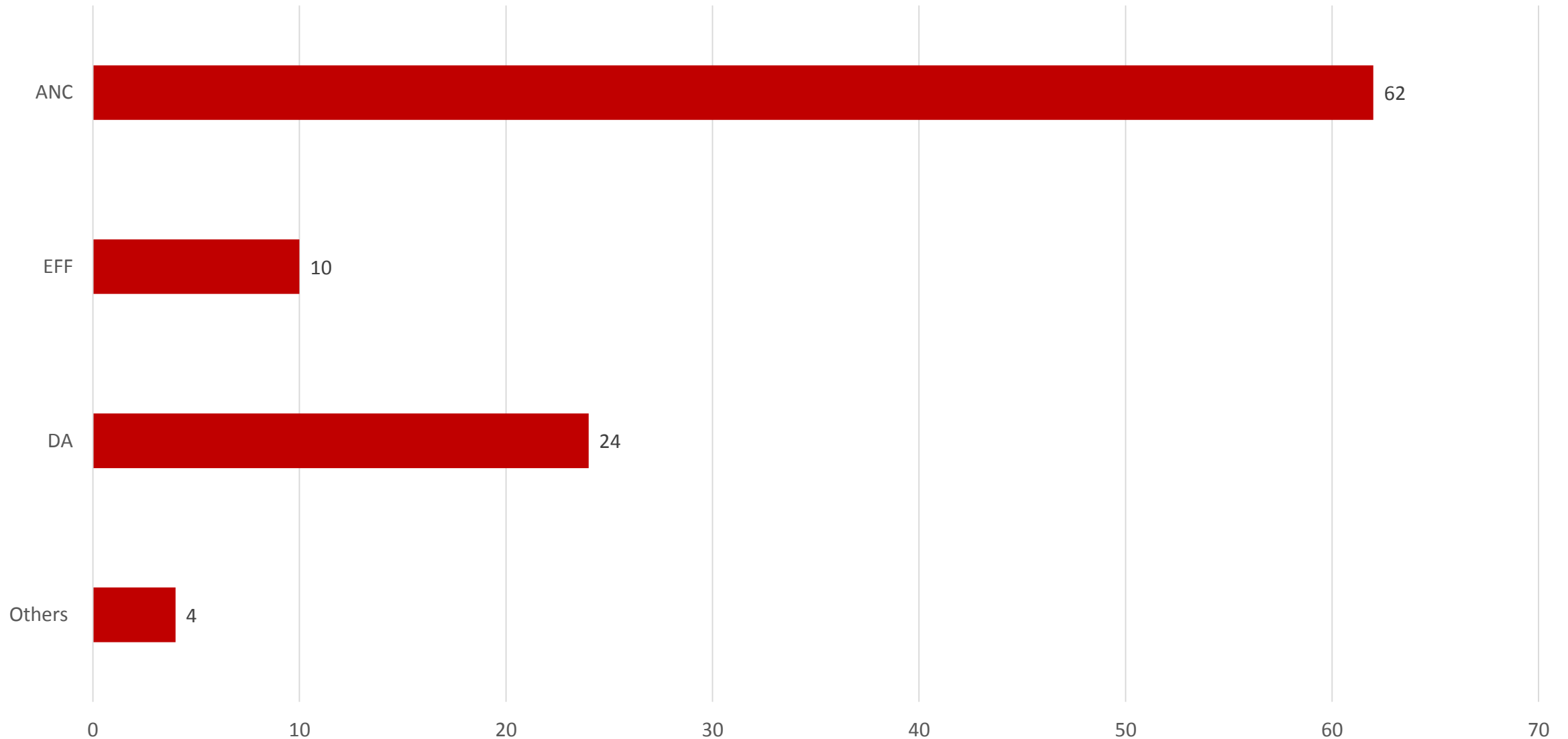
## LG vote shifts 2011-2016

■ ANC ■ EFF ■ DA



## Likely current voter preferences, watch for early vote

■ Likely current...





## Structural reform

### Rise of the Right

- Pragmatism trumps ideology
- Authoritarian state drives growth focussed policy reform process
- African-tiger, closeness to China...
- Growth and investment recovery

### Rise of the Rainbow

- Popular mandate for structural reform
- Anti-western hostility dissipates
- Rule of law strongly in evidence
- Private sector driven recovery
- Rapid uptick in FDI, trade etc

Weak civil rights culture

Strong civil rights culture

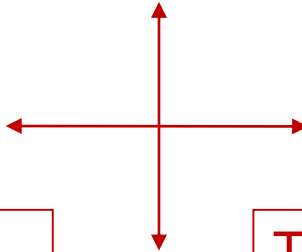
### Tyranny of the left

- Populist ideology trumps pragmatism
- Property/civil rights eroded
- Closeness to pariah states
- Economic deterioration – aid inflows
- Destructive racial nationalism

### The Break-up

- Contested politics
- Political instability
- Contradictory policy
- Relative economic underperformance
- Societal fragmentation

## Structural deterioration

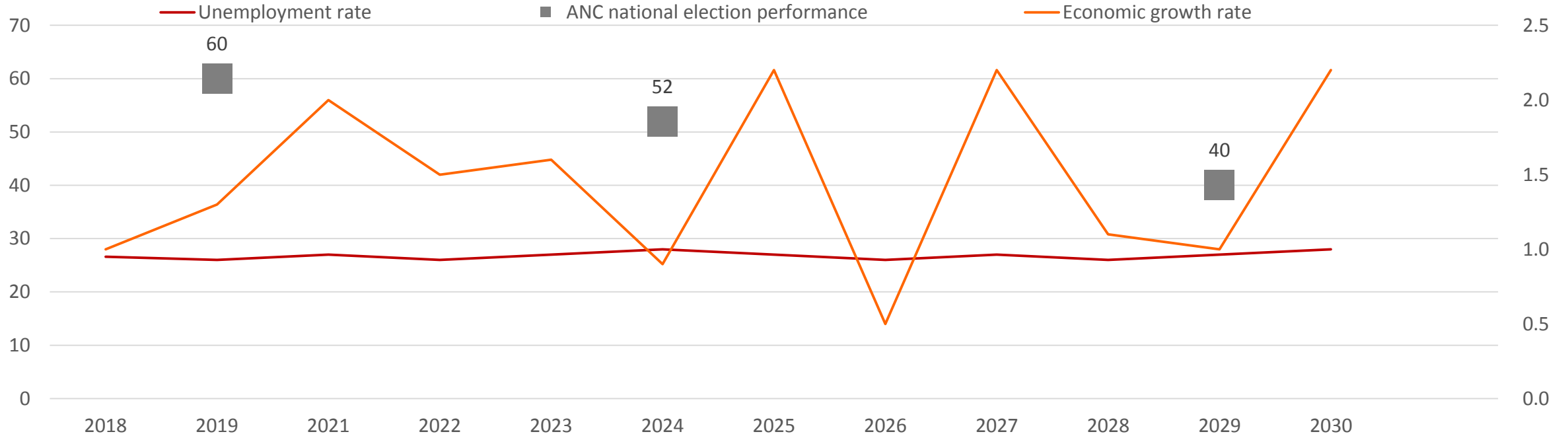


Next 12-24 months:	No	Likely not	Possibly	Likely yes	Yes
Axing of Jacob Zuma					✗
Action on state capture				✗	
Parastatal reform				✗	
Fiscal prudence				✗	
Cabinet reshuffle					✗
Labour reform		✗			
More inclusive economic policy		✗			
Secure property rights	✗				
Downplaying divisions		✗			
Parent centred education reform	✗				

Next 12-24 months:	Deterioration *1	Slippage**	Limited change***	Advancement* ***	Recovery*****
LI				✗	
LMAR/employment			✗		
Consumer confidence				✗	
Business confidence				✗	
Matric maths passes			✗		
Commodity prices				✗	
GFCF				✗	
Per capita GDP			✗		
Tax base expansion			✗		
Popular confidence				✗	

\*a dramatic worsening \*\*indicator underperforms short term trend \*\*\*insignificant departure from short term trend \*\*\*\*outperforms short term trend \*\*\*\*\*approaches EM norms/2004-2007 highs

## South Africa 2018-2030



### Indicative markers

- State presents internally inconsistent labour, empowerment, and property rights policy
- Fragmentation and enclave formation
- Rising internal tension

### The Break-up

Contested politics and political instability deliver a decade of relative economic underperformance

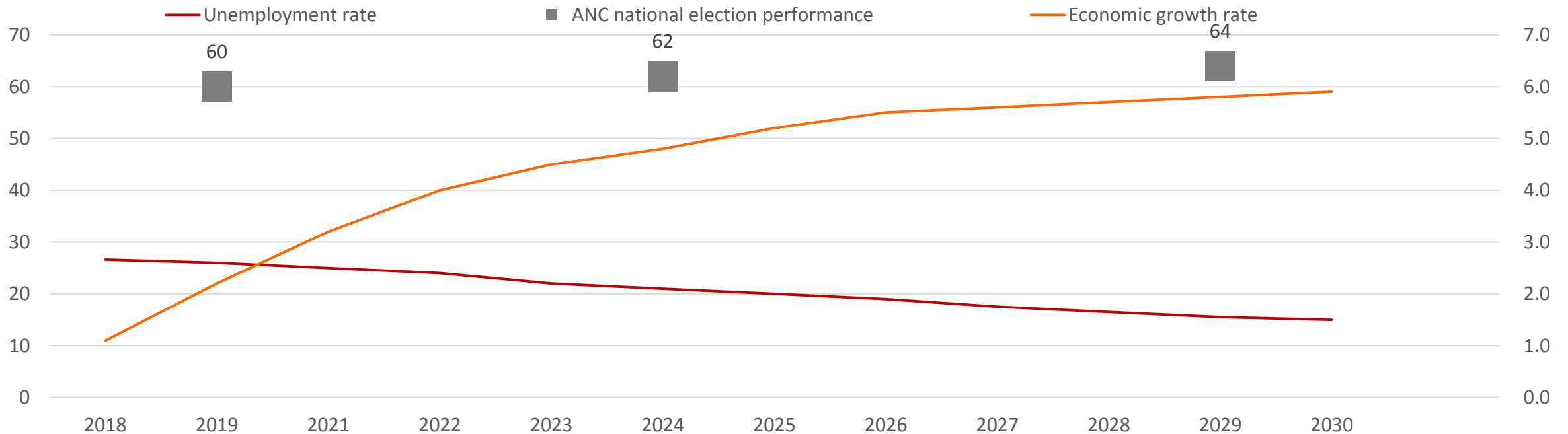
## Rise of the Right

A tiger-style model of authoritarian capitalism sees policy pragmatism trump ideology in order to deliver a growth and investment recovery

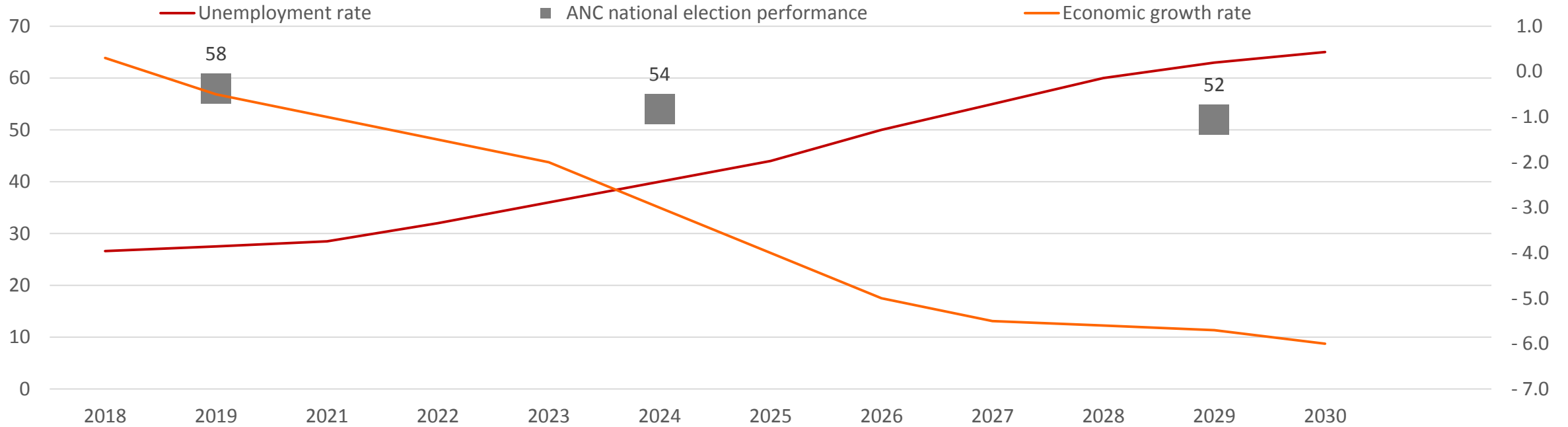
## Indicative markers

- State forces reforms to labour market and empowerment policy
- Increasingly capable and effective civil service
- Civil liberty erosion
- Growing Sino influence

## South Africa 2018-2030



## South Africa 2018-2030



### Tyranny of the left

Populist ideology trumps pragmatism as popular frustrations are harnessed to erode civil rights ahead of a catastrophic economic deterioration

### Key markers

- Hasty introduction of investor-hostile and counter-productive populist policies
- Menacing nationalist rhetoric
- Anti-Western hostility, regional and EM incitement

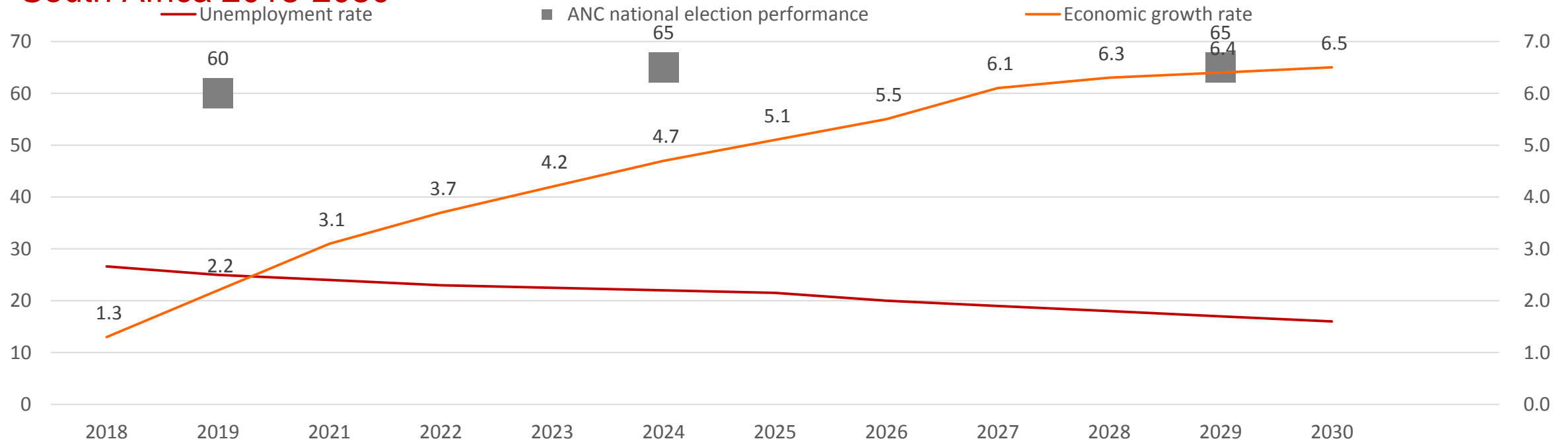
## Key markers

- Swift action removing private investment hurdles and disincentives in areas from labour to empowerment to education and property rights
- Prominent and highly effective anti-corruption actions
- Investment and confidence indices rise sharply

## Rise of the Rainbow

CR uses his popular mandate to position SA as a globally competitive investment destination opening the way to a private sector driven economic recovery

### South Africa 2018-2030



# South Africa to 2030

A strategic intelligence briefing



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