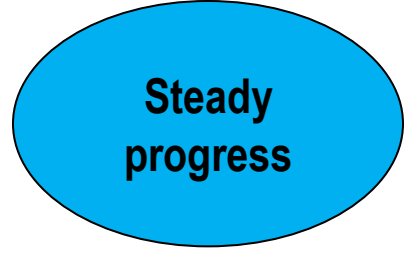


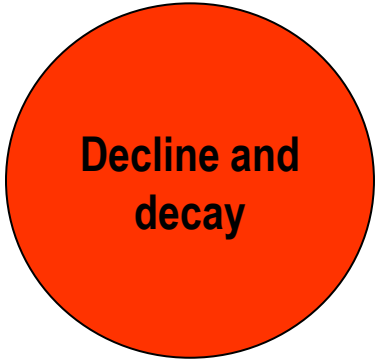
Long Term Trends in SA

Getting richer (3 Drivers)



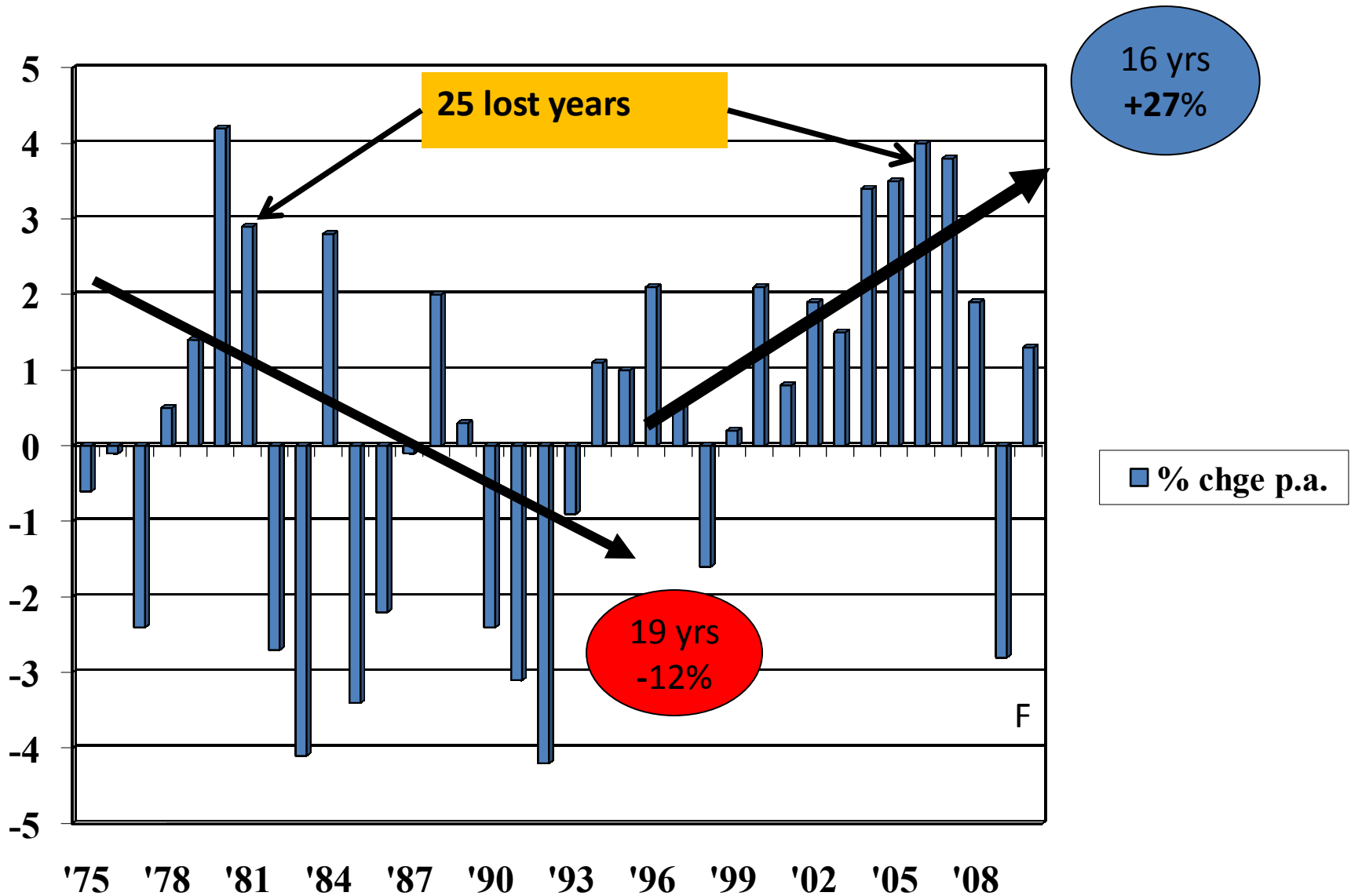
Weak social capital

Strong social capital

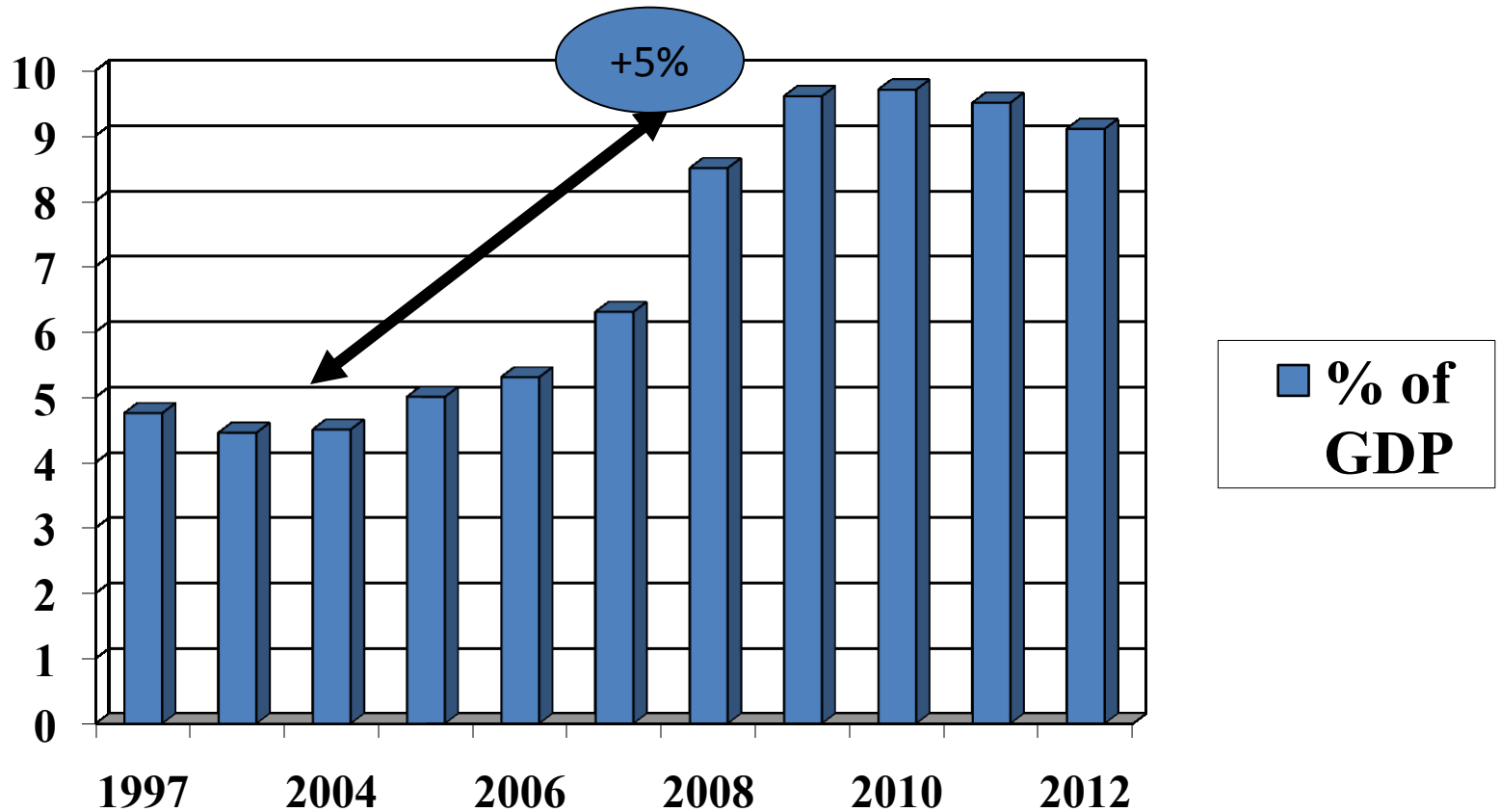


Getting poorer

Getting Richer

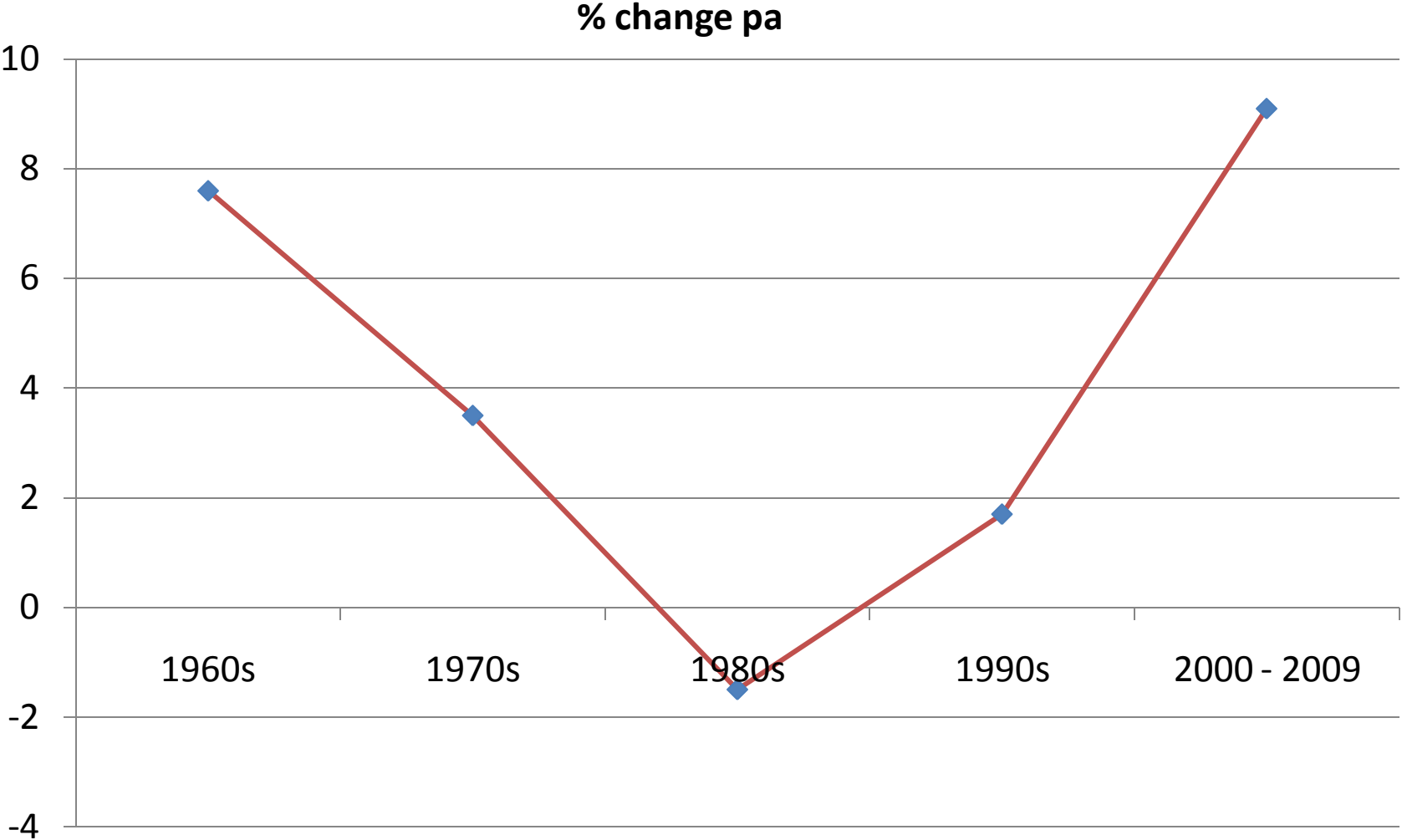


Infrastructure Investment by Public Sector



BR; MTBPS

Growth in investment pa - 50 years



The ANC & Investment

- Polokwane Resolutions, ANC Today, 18 Jan 2008:
 - “The ANC will also continue to roll out a massive state-led infrastructure investment programme that will significantly improve the country’s logistics, energy and communications capacity.
 - ... and improving the ratio of investment to GDP.”
- Election Manifesto, Jan 2009:
 - Lead a massive public investment programme for growth and employment creation. In the period ahead, government will accelerate and expand its investment in public infrastructure.
- Not words but numbers: 4,5% of GDP to 9,5% of GDP in 2010.

Working Smarter – Productivity

1970 – 1979 = 0.27% p.a. → 2.75% for decade

1980 – 1989 = 0.18% p.a. → 1.86% for decade

1990 – 1999 = 2.94% p.a. → 33.60% for decade

2000 – 2004 = 3.5% p.a.

2005 – 2008 = 3 % p.a.

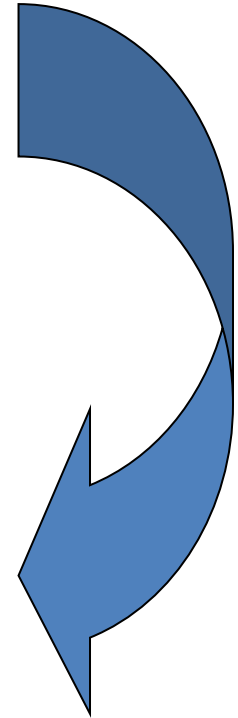
2009 = 1,6% and 1Q 2010 = 5%

The Muddle Through Economy

- Pushing growth down:
 - Globally: environment not good for growth.
 - Domestically: political focus on growth lost; no clear plan.
 - New growth plan?
 - Structural problems of crime, health, education, weak public institutions.
- Pushing growth up:
 - Low interest rates.
 - Investment programme of R845 bil.
 - SA's increasing relations with BRICs.
 - Strong private sector institutions (compare Russia).
 - Reasonable productivity growth.
- Thus 3%! (But note IMF, OECD, Mutual, Sanlam).

Population Growth

- 1980s 2,5%.
- 1996 2,0%.
- 2010 1,06%. (0,8%?)
- Total population now 50 million.



Jobs

- Employment:
 - 1995: 9,5 mil; 39% of 15 – 64 population
 - 2008: 13,8 mil (+44%); 44%
 - Mrch 2010: 12,8 mil (- 7%); 41% (2005)
- Not to be confused with the “Expanded Public Works Programme” (EPWP). “Job opportunities”.
 - 1,6 million to 2009; 78 days.
 - Zuma administration set 4,5 mil by 2014 as target.
 - In ‘09 pres Zuma promised 500 000 by Dec. Achieved 480 000.
- Investment programme.
- Most important is growth: 3% vs 6%/7%.
- At 3% can create about 250 000 jobs p.a.

Social Capital

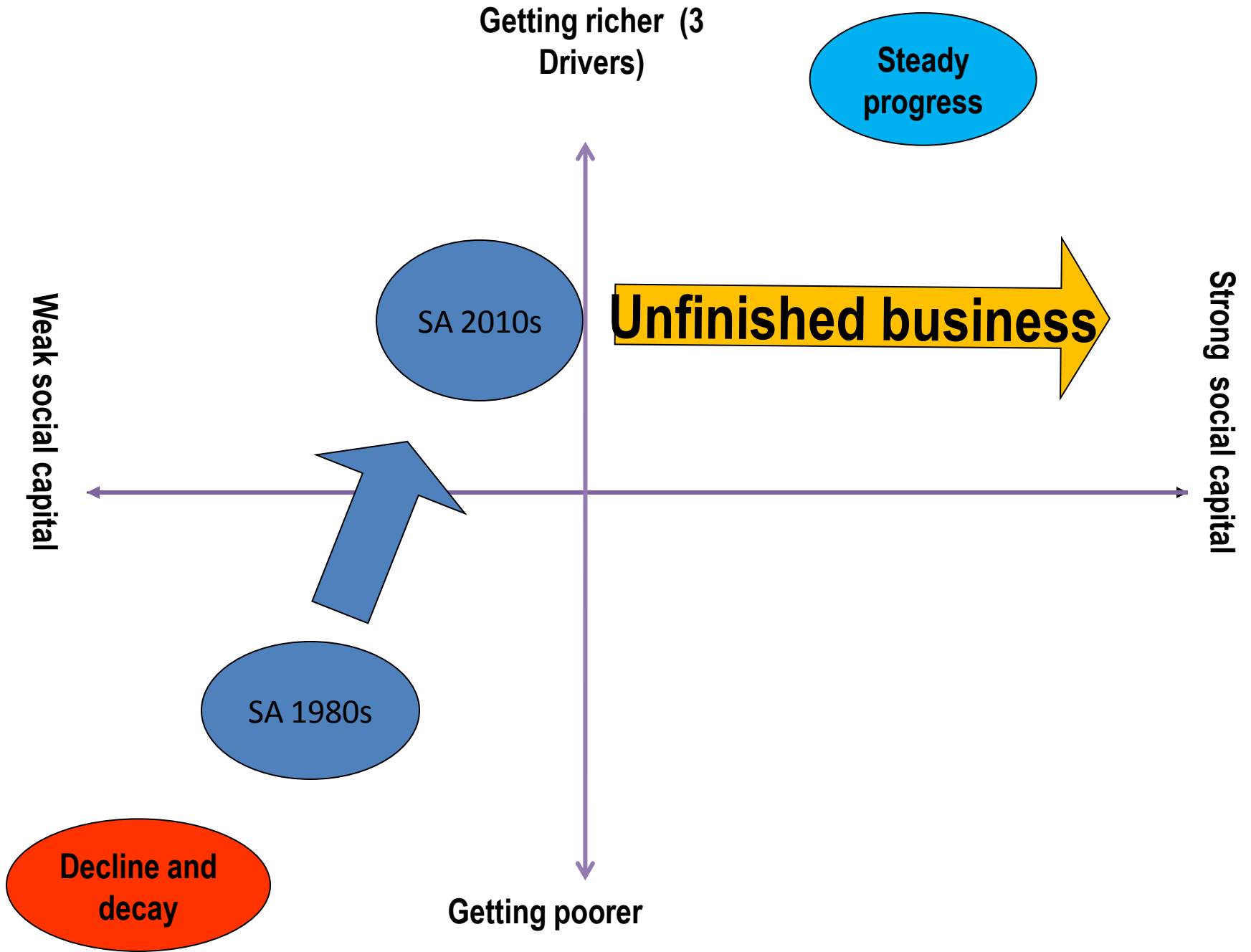
- Distinguish the 3 “capitals”: financial, human & social.
 - “That which binds you to other people...”
- Diversity is a strength but also a social capital curse.
- “In theory this country should not exist.”
- Divisions immense - Nkomazi.
- Yet, soccer and corruption indicate we have more social capital than we allow for.

Corruption – 3 Different Measurements

	Transparan Intl	WEF Com Report	Heritage Foundation
	Ranking	“Problem”	Ave: 40.3
Brazil	80	6.7%	35
Russia	147	19.4%	23
India	85	10.1%	35
China	72	7.4%	35
South Africa	54	6.2%	51

Building Social Capital

- Inclusive economic growth. “...bring the magic of averages..” to millions more.
- Open society dynamics.
- Rule of law.
- Conscious association with the common.
- Most important is inclusive economic growth.
- “KBO”.



Economic growth changing lives (Black Swans Permitting!)

- Economic growth and demography combine to give SA a unique opportunity.
- For the low point in 1993 to 2009 – 16 yrs 27%.
- Just keep on doing it – “KBO”:
 - @ 3,0% p.a. & 12 years, incomes rise 27%.
 - @ 2,5% p.a. & 16 yrs, incomes rise 27%.