

Slash government wage, fuel the future

What is wrong with the political economy of South Africa?

**Presentation by
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Figure 11. Distribution of Employment in Public and Private Sectors
(in Percent)

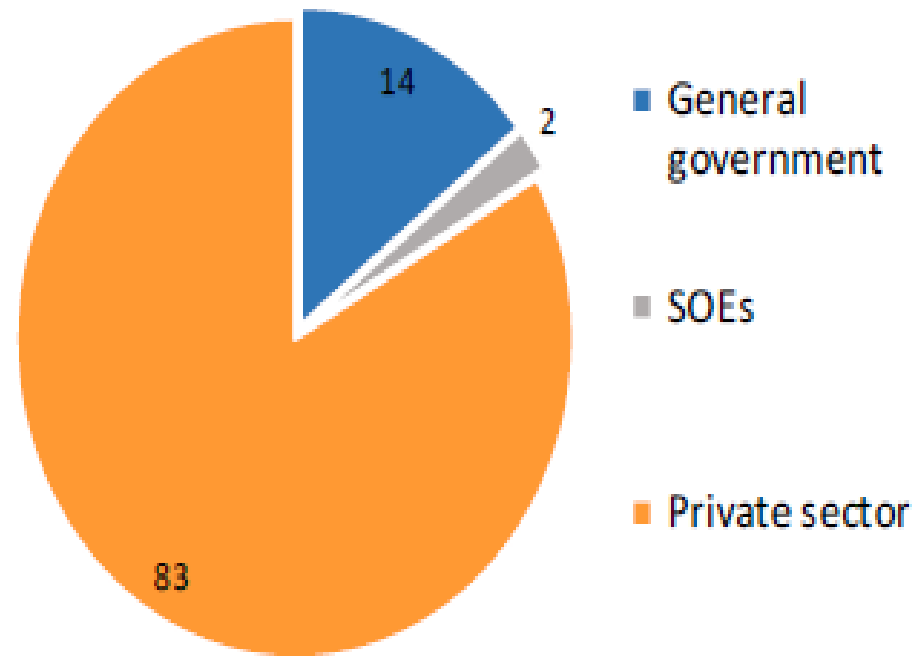
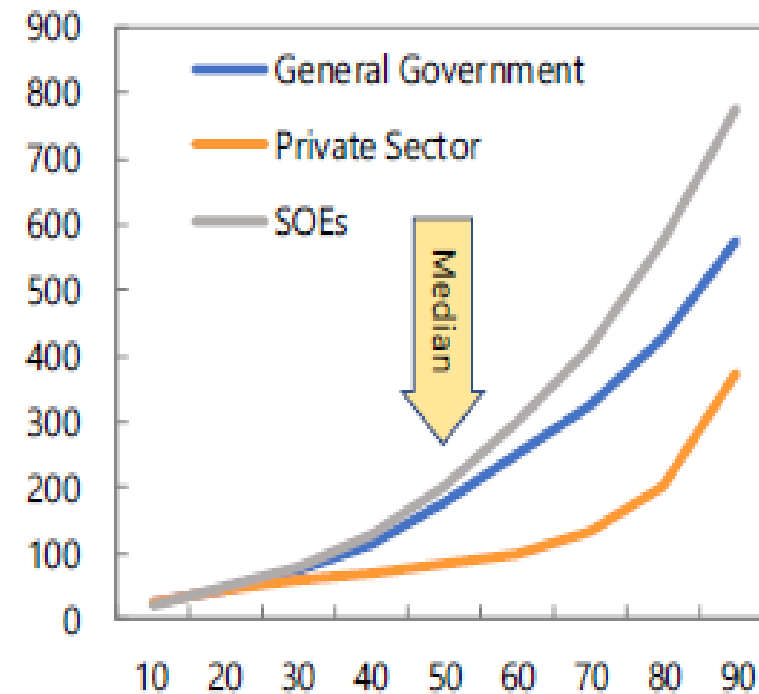
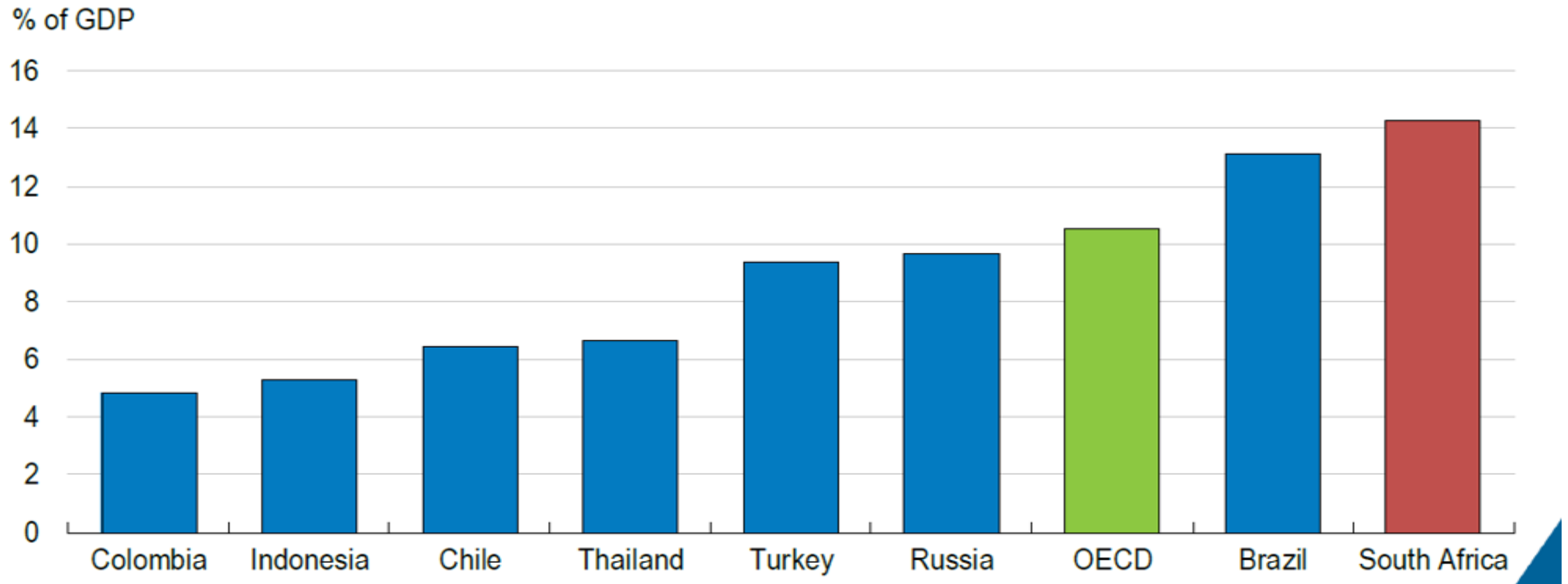


Figure 12. Distribution of Hourly Earnings in Public and Private Sectors
(In Rand, by Percentile)

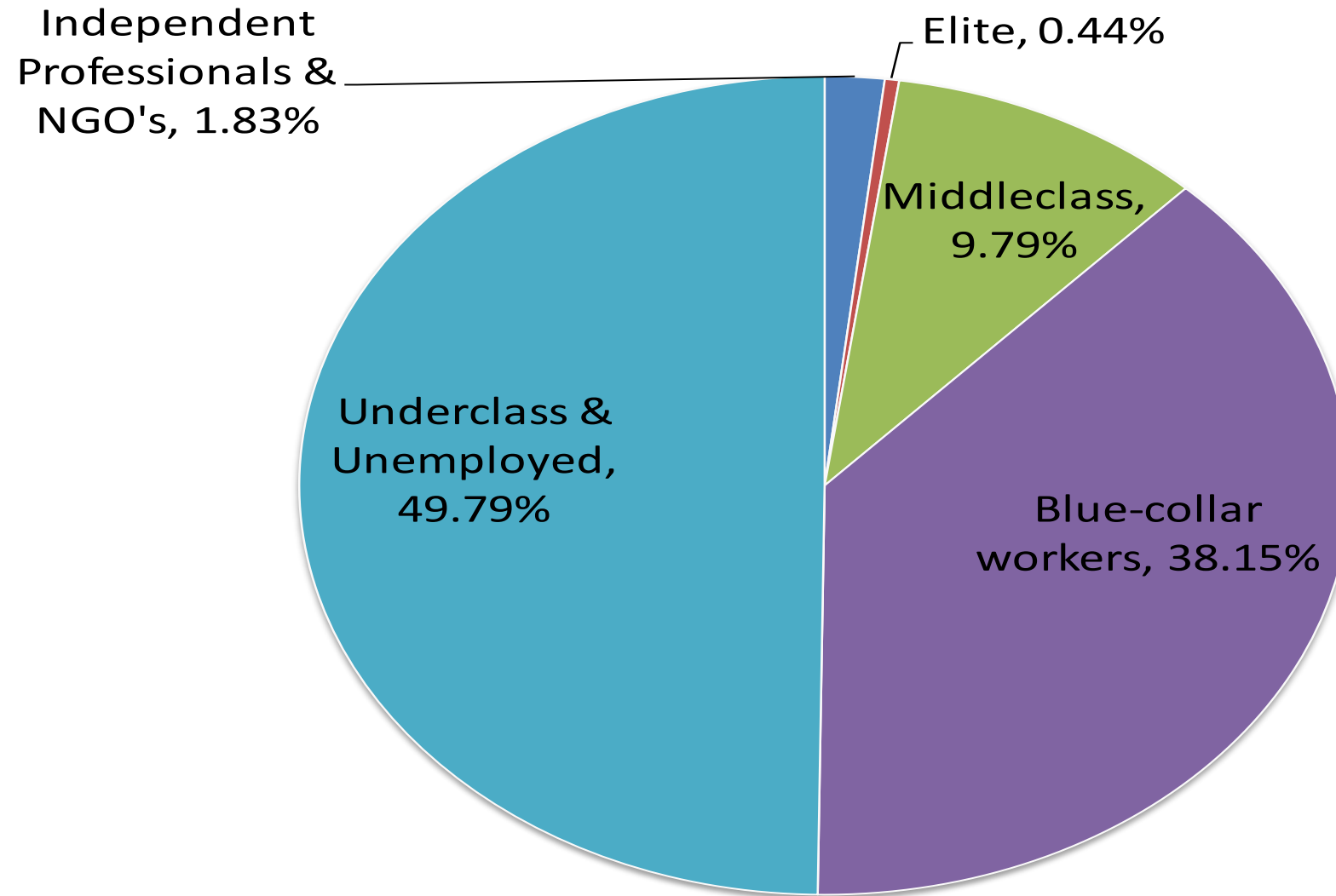


Source: IMF Staff calculations using Labour Market Dynamics in South Africa, 2018. Note: The sample used for these figures excludes employers, own-account workers, employees of NGOs and private households, individuals who are under 18 or report working less than 40 hours per week, and individuals who did not provide the information required for the analysis. The percentages for the pie chart do not sum to 100 due to rounding.

Compensation of General Government Employees - 2015



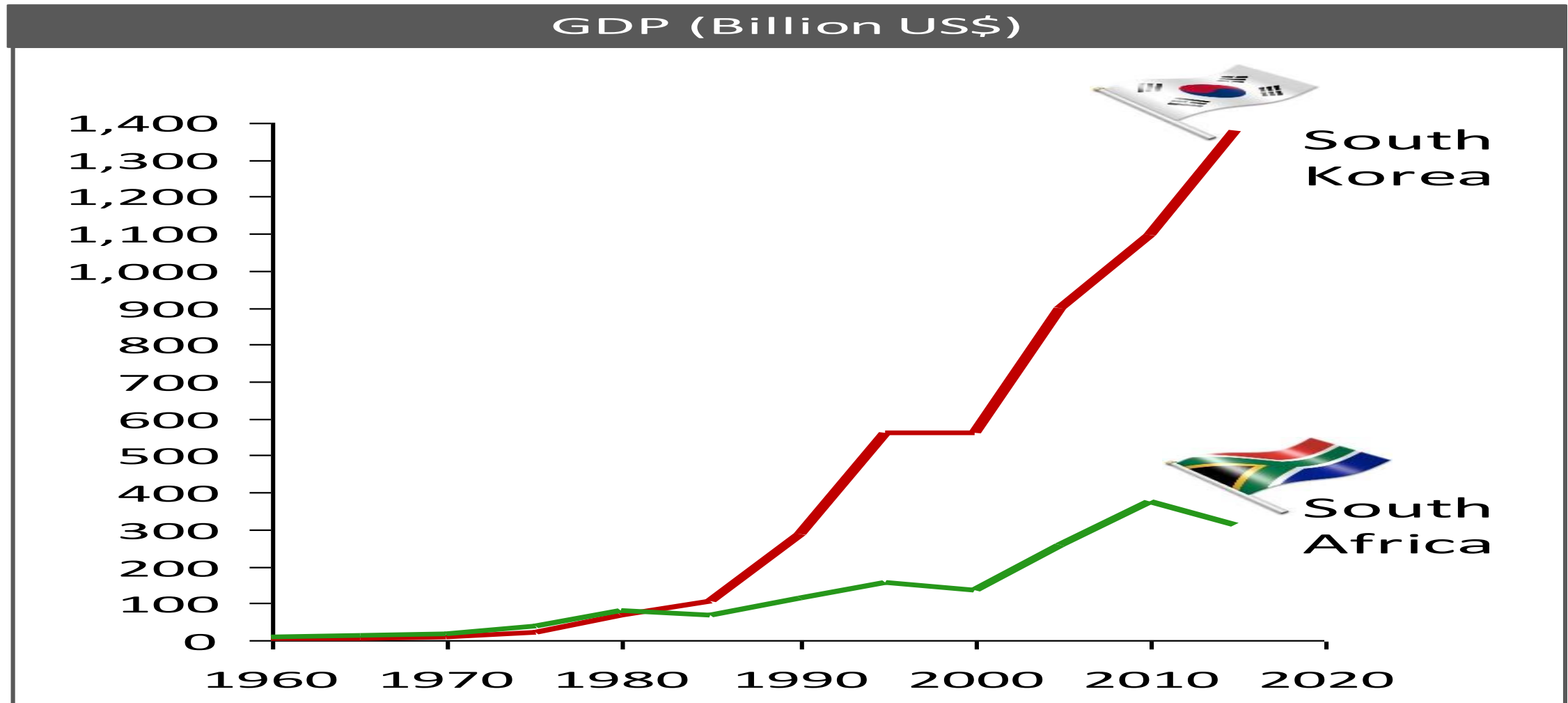
Social Structure of South Africa - 2014



Social Structure of South Africa Today

Social Group	Main Strengths	Key Weakness	Vulnerability
<u>Core Objectives</u> Business Elite <i>Maximise profits and retain ownership of assets</i>	Own productive assets and control skilled management	Do not control government; dependence on state owned power and transport companies	Asset seizures, onerous taxation, exposed to corruption by political elite; mismanagement of economy
<u>Core Objectives</u> Political Elite <i>Maximise consumption for black middle class and constituency and to retain monopoly of political power</i>	Control state and manage government revenues	Dependence on vote of underclass; do not own productive assets; doubtful management skills	Change of allegiance of underclass, political activism of business elites, opposition from blue collar workers. Capital flight
Blue Collar Workers Formal Sector <u>Core Objectives</u> <i>Expand trade union membership and raise remuneration</i>	Own labour power and control independent trade unions	Threat from large overhang of unemployed	Mismanagement of economy, corruption; loss of influence with government, political intimidation by ruling party agents
Underclass/Unemployed Informal Sector <u>Core Objectives</u> <i>Survive and influence state</i>	Large numbers and voting power	Lack artisan skills; dependence on government welfare	Economic meltdown and political manipulation
Independent Professionals/New Entrepreneurs <u>Core Objectives</u> <i>Freedom of association and speech and reduce State interference</i>	Command many skills and extensive influence through religion and good works	Fragmented and lack of cohesion; financial dependence on donors	Donor unpredictability; intimidation by government agents; over - cautious banks

Comparison of GDP of South Korea and South Africa



South Africa's top exports to South Korea are Ores slag & ash; iron & steel; pearls, precious stones, metals, coins; mineral fuels, oils, distillation products. Top imports into South Africa from South Korea are machinery, nuclear reactors, boilers; vehicles other than railway & tramway; electrical, electronic equipment; plastics.

Expenditure on GDP (constant 2015 prices)

Gross capital formation as % GDP South Africa		Gross capital formation as % GDP Selected Asian Countries 2021	
Years	Expenditure of GDP	Country	Expenditure of GDP
2015	18,63%	Malaysia	22%
2015	18,63%	Vietnam	33%
2016	16,97%	Philippines	21%
2017	17,29%	Indonesia	31%
2018	16,81%	India	31%
2019	16,76%	Thailand	29%
2020	13,33%	Australia	23%
2021	13,60%	Korea	32%