Press Release

South African Institute of Race Relations
South Africa's Leading Research and Policy Organisation

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GDP per capita growth rates lag

The annual average growth rate of South Africa's per capita gross domestic product (GDP) was less than one percent between 1970 and 2008. This is according to the latest *South Africa Survey*, published by the South African Institute of Race Relations this week.

Compared to a number of countries around the world, South Africa's growth rate over the period was low, at 0.6%.

By contrast, the average annual growth rate in GDP per capita between 1970 and 2008 was 5.9% for Botswana, 7.9% for China, 3.6% for India, and 4.3% for Indonesia.

Even a developed economy such as Ireland achieved a growth rate in average per capita GDP of 3.5% between 1970 and 2008. For the same period, the growth rate in per capita GDP for both the United Kingdom and the United States was 1.9%.

The real GDP per capita of an economy is often used as an indicator of the average standard of living of individuals in the country, and economic growth is therefore often seen as indicating an increase in the average standard of living.

In February 2010 the minister of finance, Mr Pravin Gordhan, said, 'South Africa's present economic trajectory cannot meet the country's employment needs. To achieve five million jobs over ten years, we need to seek growth of over 6% a year…to bring about reduction in poverty and inequality.'

Forecasts from the National Treasury show that between 2010 and 2014 the economic growth of the country will be between 3% and 4.4%. Other forecasts available to the Institute see GDP growth for South Africa in 2010 at between 2.8% and 3.1%. Forecasts for GDP growth from 2011 range from 3% to 4%, for 2012 from 3.7% to 4.2%, for 2013 from 4% to 4.6%, and for 2014 from 4.2% to 4.7%.

An Institute researcher, Marius Roodt, said that it was vital that the country's economy managed to achieve high growth rates. 'An increase in the wealth of the average South African will ensure that the country remains politically, socially, and economically stable,' he said.

'Previous research from the Institute has shown that in order for South African per capita GDP to double by 2020, the economy will have to grow at 8% per year. Average economic growth of 3% will see per capita GDP increase by only 25% by 2020. It is imperative that South Africa achieves high economic growth rates in order to become a prosperous society.'

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