Press Release

South African Institute of Race Relations

The power of ideas

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IRR chief economist on the release of the third quarter's GDP growth rate

IRR chief economist Mr Ian Cruickshanks says that the mediocre Gross Domestic Product (GDP) growth of just 0.7% in the third quarter of 2013 is a result of operating inefficiencies in the South African economy.

"This explains last week's lowering by the South African Reserve Bank (SARB) of its annual growth rate for 2013 to 1.9% - despite the 3.2% upturn in the second quarter. Declining growth is due in part to protracted strikes and a decline in business and consumer confidence, leading in turn to shrinking fixed capital investment and retail spending," he said.

"Over-indebted consumers have been dismayed by high inflation, which has pushed up basic living costs. There is also the spectre of very high unemployment, which will be worsened by recently introduced labour legislation. Continued labour unrest, while the global emerging markets sector recovery remains doubtful, will inhibit South Africa's prospects for economic recovery. There could be downside risk to the latest 2013 growth forecast of 1.9%," Mr Cruickshanks added.

Ends.