

South Africa's Long Walk to Economic Freedom

Two lessons from history

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31 May 2024

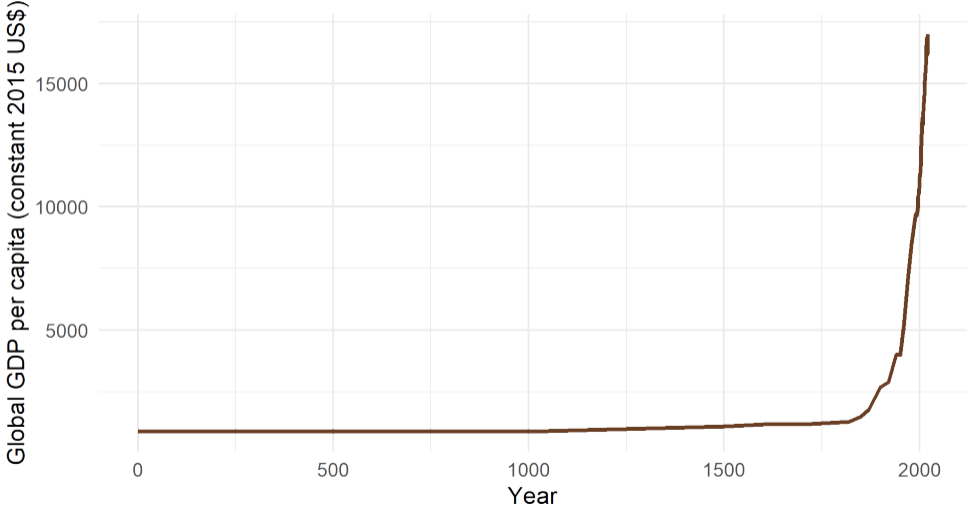


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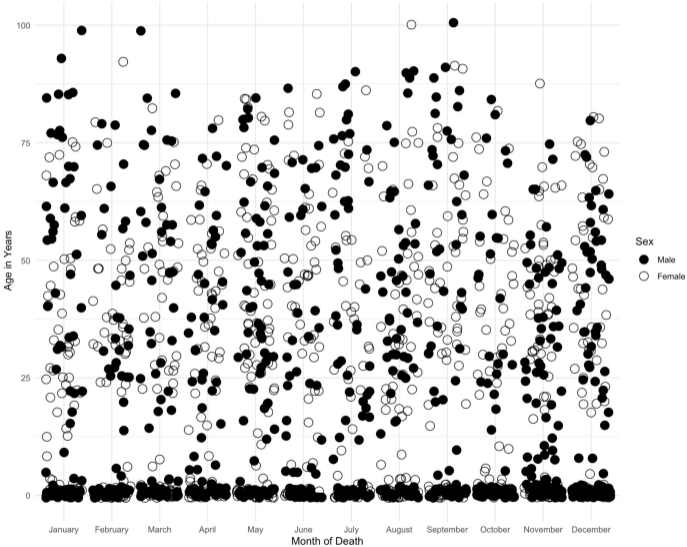
LEAP

Laboratory for the
Economics of Africa's Past

Are we rich? GDP in the long run



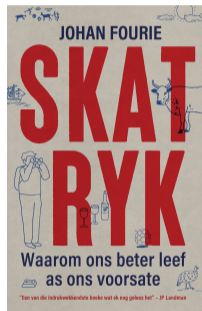
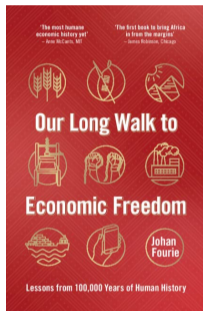
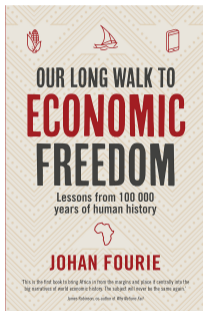
Are we rich? A picture from Cape Town, 1904



Why are we so rich?



The two lessons we have learned



The first lesson



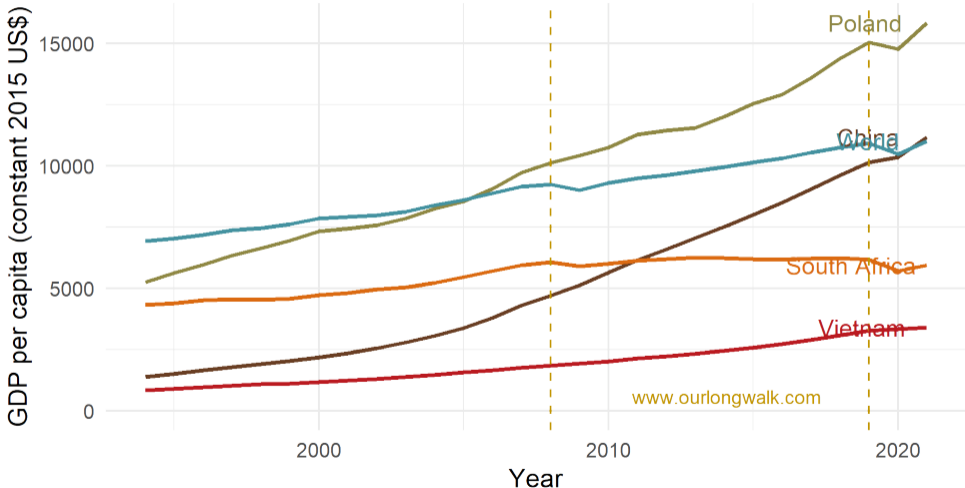
The second lesson



South Africa's Joule



South Africa turns around



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Cry the Beloved Country

- A large welfare state (18 million grant recipients as opposed to 6 million submitting tax returns and around 1.6 million paying the bulk of income tax)
- We have reached the limits of redistribution through the budget; growth the only solution, but...
 - ▶ Supply-side constraints such as loadshedding and transport failures (rail and ports)
 - ▶ Education quality a tragedy → skills bottleneck → unemployment
 - ▶ Political preference for legislation that impedes entrepreneurship (foreign visas, BEE, etc)
- Is there hope?

Let's make a Blueberry Sparkler!



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