

COUNTRY COMPARISON - GDP GROWTH & GINI TO 2050: South Africa vs. Russia vs. Turkey

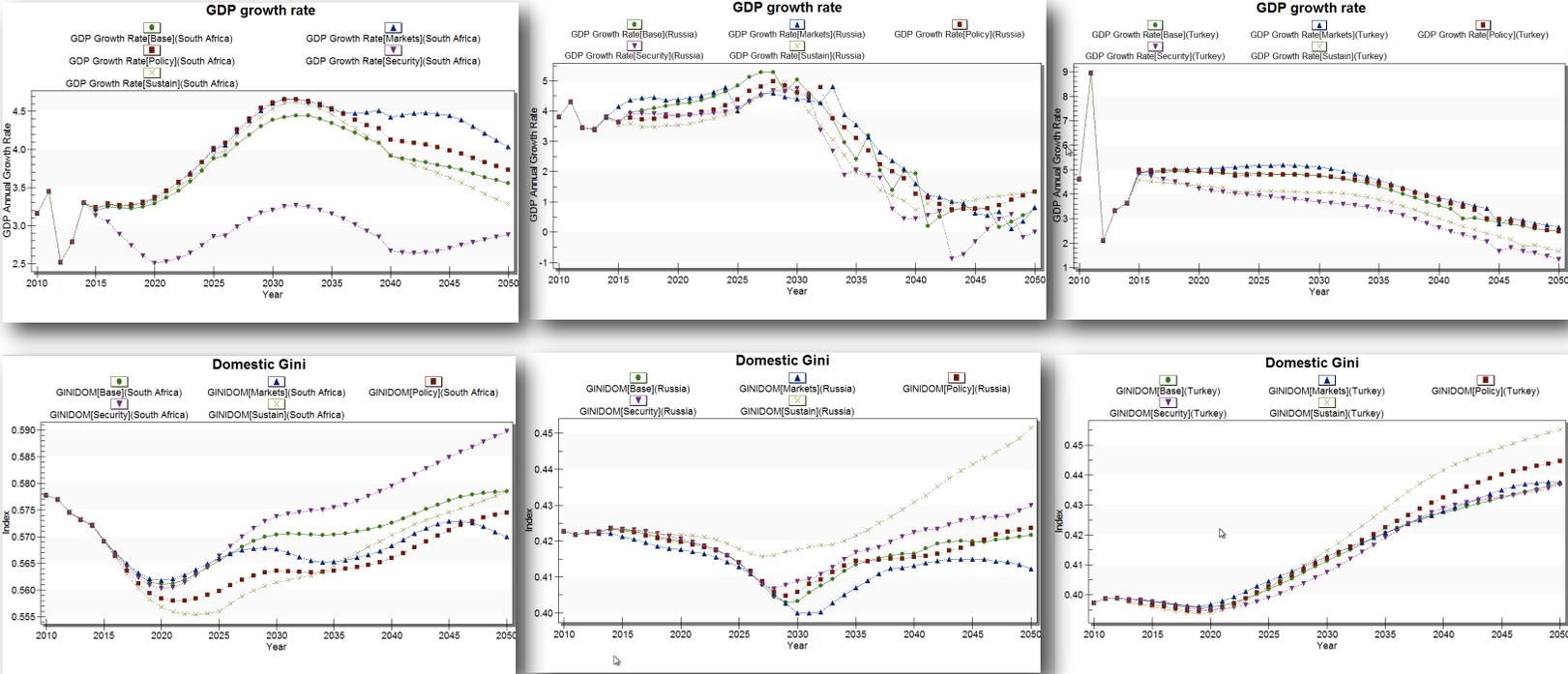
Using the International Futures (IFs) Quantitative Model of the Fredrick S. Pardee Centre at the University of Denver.

About IFs: The International Futures model is a long-term forecasting tool for global trend analysis. It draws on data for 182 countries, from the period 1960, integrating World Bank and other data sources to forecast likely outcomes given variables and ratios between indicators. These are processed in 11 sub-models including; population, economic, agricultural, educational, energy, socio-political, international political, infrastructure, environmental, technological and health. These sub-models are interrelated within the model to effect outcomes reciprocally.

ACCORDING to IFs forecasts, the base case to 2050 is that South Africa is likely to see GDP growth rise above 3.0% to 4.5% by 2030, but be unable to sustain these rates. SA's Growth is likely to slow to 3.7% by 2050. Russia, by comparison, is likely to maintain growth between 4.0% and 5.0% until 2025, but then struggle to maintain growth as it falls to below 2.5%, by 2050. Turkey is likely to maintain stable growth of around 5.0% until 2030, but then surprisingly slow down to below 3.0% by 2050.

In a "Security First" scenario, where government and the private sector compete to protect vested interests, South Africa is the biggest loser initially, with GDP growth falling to 2.5% by 2020 and averaging 2.8% until 2050. South Africa's greatest prospects would come from a "Markets First" scenario, where the private sector, with active government support, seeks maximum growth, in which case; growth would remain above 4% from 2025 onwards.

Inequality in South Africa (GINI) is set to drop only marginally from 0.577 to around 0.560 by 2020, and then rise again by 2050. In Russia, by comparison, inequality is set to decline from 0.422 to 0.405 by 2030, and then increase again to 2050. Turkey however, is seen to have increasing inequality from as early as 2020, reaching 0.445 by 2050.



A "Security First" scenario would be South Africa's worst-case, the GINI coefficient climbing to over 0.590 (0.6 max) by 2050, while the best-case would be under the conditions of a "Policy Scenario". which sees active private and civil sector support, initiating and implementing strong policies to improve the environment, human well-being, while still emphasizing economic development. Russia would benefit most from a "Markets First" scenario, and least from a "Sustainability First" scenarios, while Turkey is likely to see a growing inequality irrespective of global scenarios. **Of the three, South Africa is most vulnerable to global trends, but poses the greatest likelihood of declining inequality through stable growth in a policy-orientated-market-first scenario.**