



## **Economic Digest 45**

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### **Will the GNU be the Beast to Spur on Economic Growth?**

As per the Statement of Intent signed by the Government of National Unity partners, the top priority for the GNU is the achievement of rapid, inclusive and sustainable economic growth to create jobs. A tall order, given South Africa's many challenges such as a flagging economy, structural unemployment, crumbling infrastructure, etc. Yet, there is a measure of optimism that it may just work. Following are some articles highlighting the economic road ahead with the GNU in the driving seat.

#### **Stable GNU together with policy certainty will maximise business confidence**

Prof. Raymond Parsons, economist at the North-West University (NWU) Business School, says that "the overriding South African challenges of unemployment, poverty and inequality remain to be tackled with renewed vigour and commitment. With the formation of a GNU, the balance of probabilities has clearly shifted in favour of a future national agenda that will expedite growth-linked reforms. Business should now respond in ways that will help the GNU to eventually succeed by achieving demonstrable results."

<https://tinyurl.com/mrmajyu4>

#### **S&P Global Ratings does not foresee any significant policy shift under GNU**

The ratings agency is of the opinion that "government will face an uphill battle to revive growth and maintain fiscal discipline, while navigating the new realities of coalition politics."

<https://tinyurl.com/5y73jw2p>

#### **Perception is everything — how SA's new unity government will impact investor sentiment**

"The rand has continued to trade strongly and the JSE's largest stocks have all surged in the past week since the African National Congress (ANC) announced its plans to form a government of national unity (GNU) with the Democratic Alliance (DA) and the Inkatha Freedom Party (IFP), and which have been later joined by Good and the Patriotic Alliance parties. This initial enthusiasm should be seen as a positive sign for South Africa's economy, which has remained stagnant with roughly 1% growth per year over the past decade amid growing corruption and failing service delivery in many of South Africa's largest metros."

<https://tinyurl.com/y2pbpd8>

#### **Where will the buck stop in the GNU deal?**

"The consensus view is that not only will all GNU leaders uphold the integrity of key institutions such as the Reserve Bank, the National Treasury, the South African Revenue Service and the criminal justice system, they will also expedite key structural reforms to unblock the national logistics system in an effort to break South Africa out of its low-growth trap." <https://tinyurl.com/4sx55wkb>

*Please note that access to the article requires a subscription to Business Day Live*

#### **What trajectory will inflation take if SA's economic growth takes off?**

"One area where there is broad agreement among the parties that have signed up for the government of national unity (GNU) is that South Africa needs much higher rates of economic growth. But if and when the pace of economic growth really picks up some proper steam as the GNU dawn rises, what would that mean for inflation in South Africa?"

<https://tinyurl.com/42jup67d>

## **Can South Africa's GNU Deliver On Economic Reforms?**

"As South Africa moves forward, the world watches closely. The GNU represents a bold step towards inclusive governance and economic reform, but the journey is fraught with challenges. The initial market optimism must be tempered with the reality of the structural issues that need to be addressed."  
<https://tinyurl.com/j8spnzky>

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