DA

South Africa Misery Index

The ANC Government has failed the country:

South Africans are now bearing the costs.

1. What Is the Misery Index?

The Misery Index is a statistical tool that tracks the economic distress felt by everyday people due to the risk of (or actual) joblessness combined with an increasing cost of living, amongst other things.

Why it matters:

a. Unemployment and inflation are the two great causes of real (rather than merely vibes-based) economic misery and financial distress - except in times of war, people vote with their pocketbooks.

b. There are many ways to measure economic sentiment, but quantitative metrics are always superior to potentially flawed surveys and polls.

c. The Misery Index is better than most ways to track sentiment; when it is very high, it bodes poorly for incumbents.

d. The Misery Index visualises in an understandable and digestible manner how the many failures of the ANC Government which include, but are not limited to, widespread fiscal mismanagement, destructive policies, and industrial-scale corruption, have increased the financial distress experienced by everyday South Africans.

e. The ANC may tell citizens that they are better off than before and should be grateful for the current conditions. This narrative misleads and trivialises the genuine hardships faced by South Africans. The Misery Index provides concrete evidence that the financial distress experienced by South Africans is not only real but intensifying.

f. This demonstrates the moral failure of the ANC in acknowledging the crisis.

2. Understanding the South African Misery Index

Throughout its 30-year tenure in government, across 6 administrations, the ANC mismanaged the South African economy. Its leaders combined stepped up state interventionism with venality, to disastrous effect. As a consequence, nearly every single economic indicator points in the wrong direction, while vulnerable South Africans have been left to pay the price.

The Index, which combines these factors into a single statistical measure of economic hardship, has steadily grown over the course of the ANC's years in power.

The original Misery Index consisted of two components, namely the unemployment rate and the price inflation rate. The original model did however only provide a limited scope of economic hardship.

The Index developed by the DA therefore considers the following additional measures that impact South Africans' daily lives directly:

- GDP Growth Per Capita
- Prime Lending Rate
- The Rand's Depreciation against the USD
- South Africa's debt-to-GDP ratio
- Petrol Tariff
- Electricity Tariff

Expanding the index to include these indicators offers a more comprehensive view of our economy's health and thereby reflects the multifaceted nature of financial distress that individuals face.

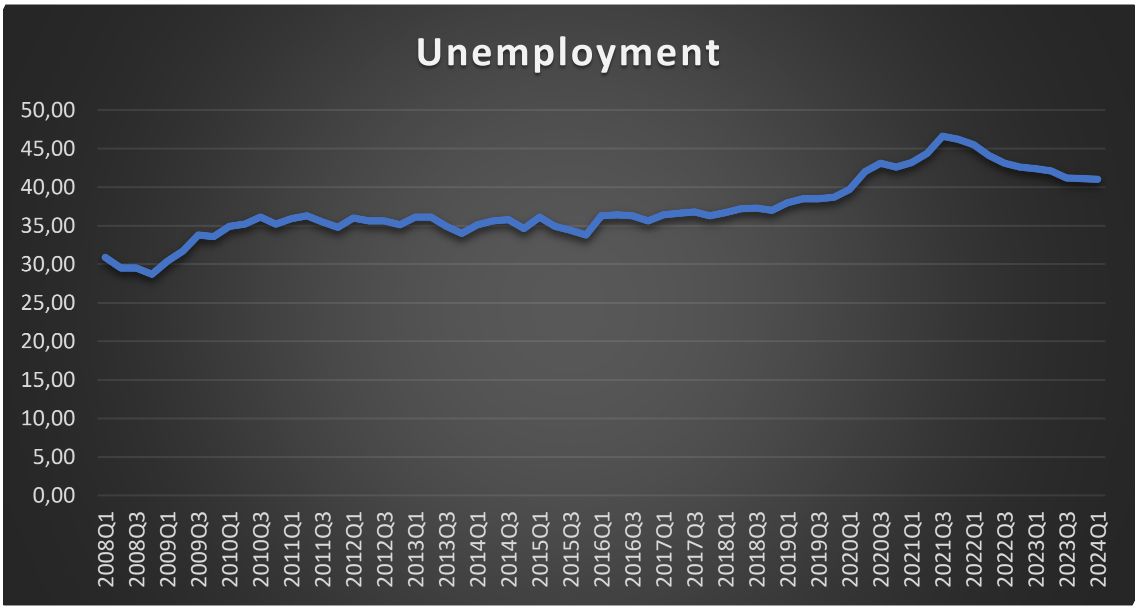
2.1. The Unbearable Indignity of Unemployment

South Africa today has one of the highest unemployment rates in the entire world, and it is an entirely man-made disaster which was designed and executed at the hands of the men and women in the ANC.

The official unemployment rate hovers around 41% while 7 out of every 10 young people face the indignity of not being able to secure a job.

The unemployment rate is adjusted to remove seasonal employment patterns so that it can provide insight into the relative level of employment.

The seasonally adjusted unemployment rate is measured as a percentage. It reflects the portion of the workforce that can work and seek employment actively but can't find a job.



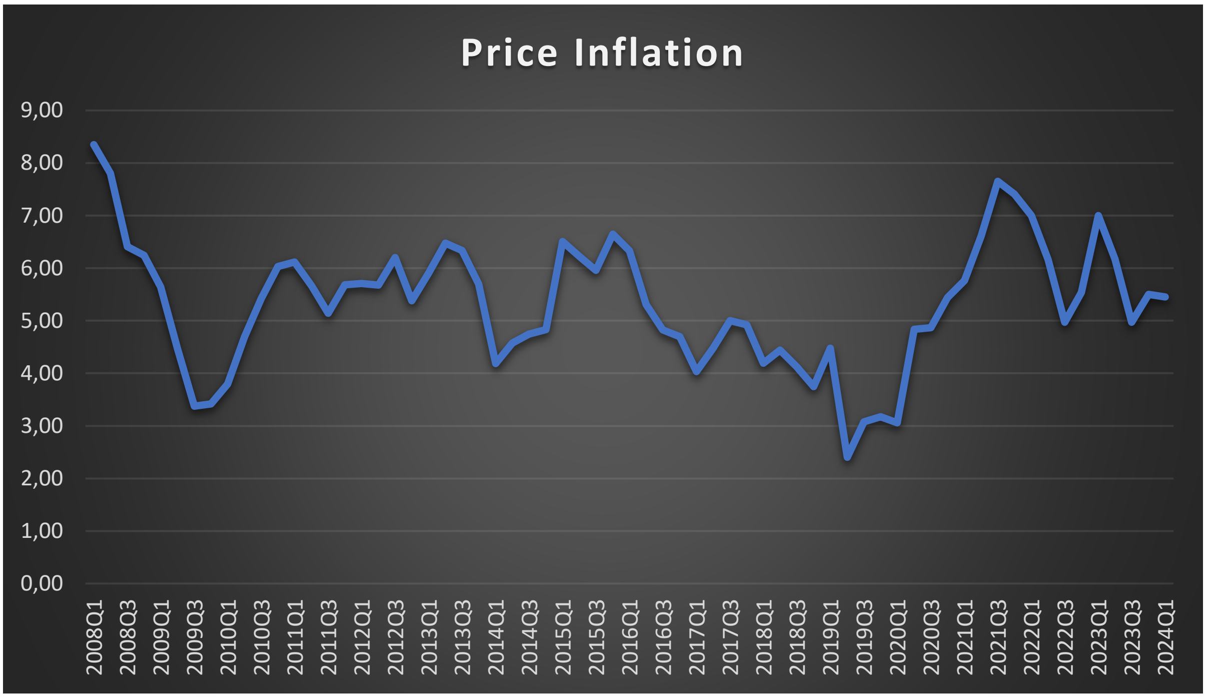
2.2. The Crime of Soaring Inflation

Inflation refers to the rate at which money loses buying power, due to the rise of consumer prices. Inflation is profoundly socially unjust since it destroys the efficient allocating mechanism of markets. It must be considered a tax that is levied on consumers which reduces the purchasing power of their money as well as their saved-up wealth.

The annual inflation rate is the percentage increase in the prices of the goods and services consumed by the buyers. StatsSA reports South Africa's inflation data each month in its consumer price index (CPI) release.

In 2007, a loaf of bread cost R5. Today, South Africans pay over R17 for the same product. Other basic food items have seen even steeper increases.

Despite the South African Reserve Bank's best efforts to contain upward spiralling living costs top-down statist economic policies have over the years seen to it that South Africans have to battle the most profound cost-of-living crisis this country has ever seen. The crisis must be directly attributed to the ANC's reckless fiscal management, which has made the CPI prohibitively high.



2.3. GDP Per Capita

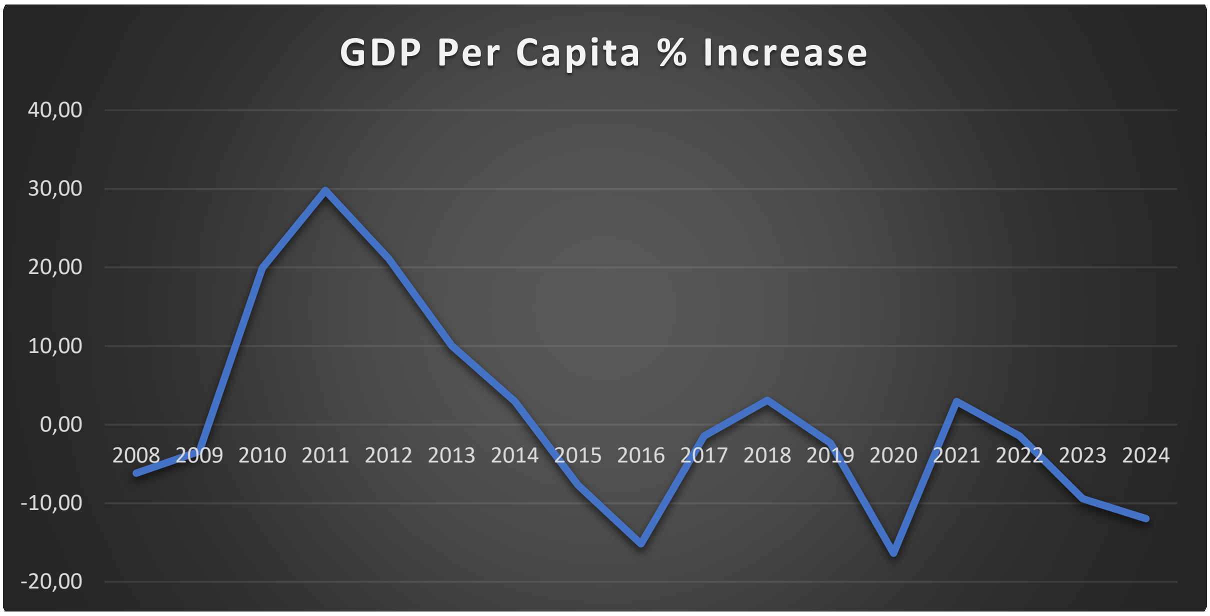
GDP Growth is a fundamental measure of an economy's health and is integral to the Misery Index. It indicates the total value of all goods and services produced over a specific time period and reflects the economic activity within a country. Positive GDP growth signifies an expanding economy. It is generally associated with increased employment, higher income levels, and improved living standards. In contrast, negative GDP growth, indicating an economic contraction, is associated with higher unemployment and lower income levels.

As a more granular level, GDP per capita is a more crucial indicator for the Misery Index as it provides a more nuanced view of economic well-being on an individual level, beyond the aggregate figures captured by total GDP growth.

It divides the country's gross domestic product by its total population, thus providing a per-person economic value. A higher GDP per capita indicates that individuals, on average, are likely to have higher incomes and therefore better access to goods and services, which translates to higher living standards. Conversely, a lower GDP per capita suggests that, despite the total economic output, individuals may not be faring as well.

The ratio is measured as a % relative to its base, 2007.

South Africa's GDP per capita reached its peak in 2011. It has decreased significantly since, and South Africans are on average poorer today than they were in 2008.

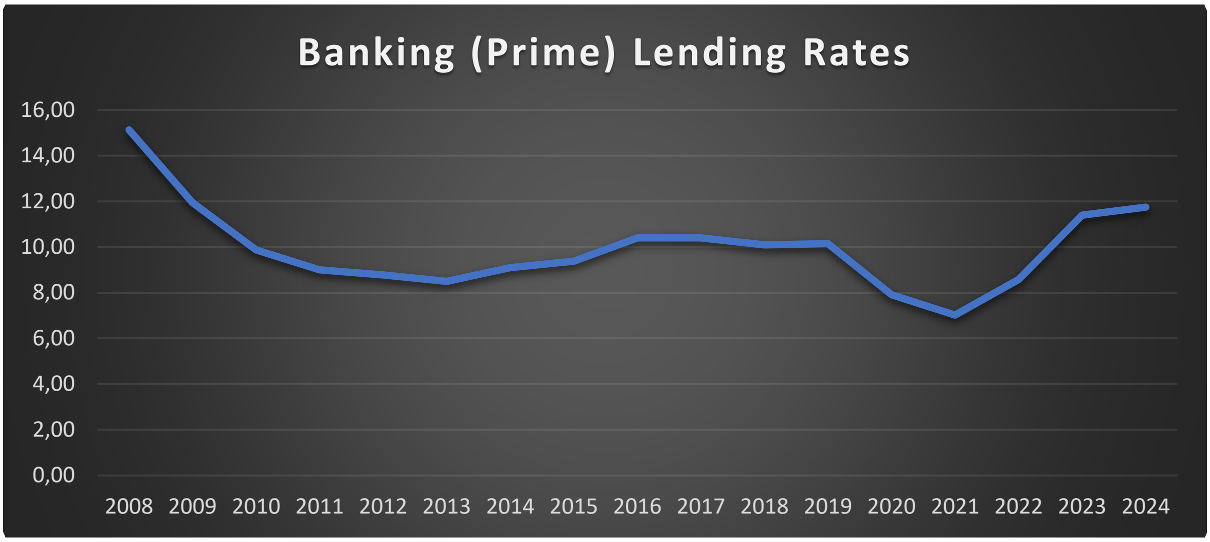


2.4. The Rising Cost of Consumer Credit

The prime banking lending rate is the interest rate that banks use as a benchmark for setting rates on various loans for their most credit-worthy customers. It is typically a few percentage points above the central bank's repo rate, which is the rate at which commercial banks borrow money from the central bank. This linkage means that changes in the repo rate directly influence the prime lending rate which affects borrowing costs for consumers and businesses.

Including the prime lending rate in the Misery Index is essential because it directly impacts the affordability of loans for housing, vehicles, and business operations. As the prime rate increases, so does the cost of borrowing, which constrain South African consumers' spending and business expansion.

In recent years, the prime banking lending rate in South Africa has remained notably high. This sustained elevation exacerbates the cost of credit and thereby places an additional burden on both households and businesses with higher interest expenses. As a result, consumers have cut back on spending and businesses have delayed and reduced investments, which collectively dampened economic growth and intensified financial distress across the country.



2.5. The Cost of the Rand’s Depreciation Against the Dollar

Within the last 15 years, the ANC's mismanagement of our economy and alliances with maligned foreign actors, such as Iran and Russia, deteriorated investor sentiment to the extent that the Rand lost up to 188% of its purchasing power against the US Dollar.

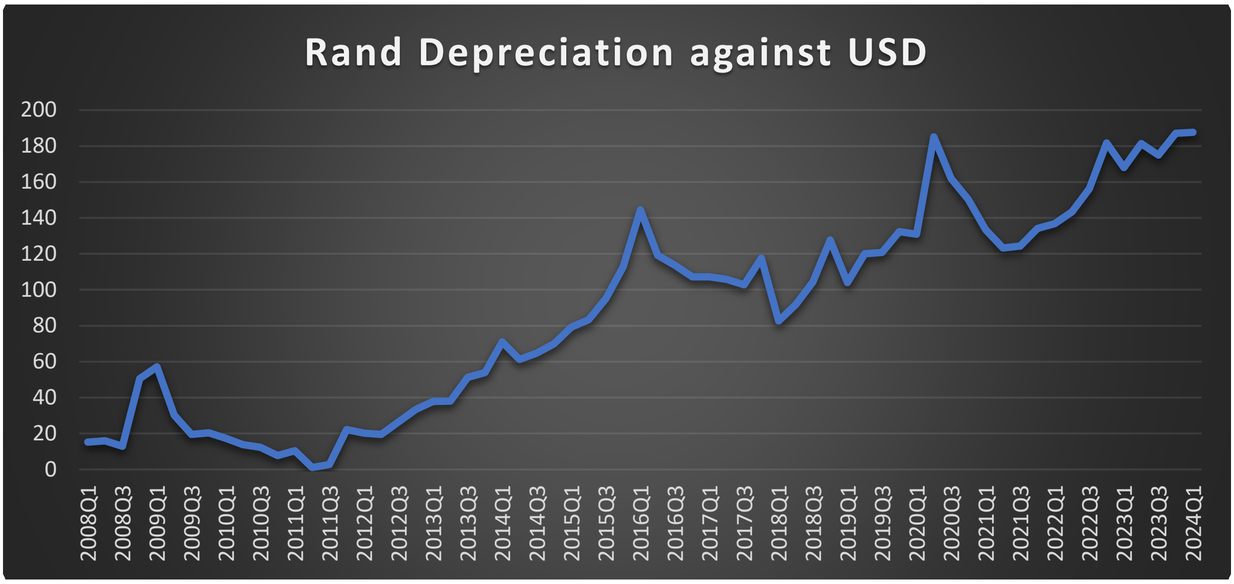
As a barometer of international confidence, movements in the Rand's value reflect global sentiment on South Africa's economic stability and prospects. It further underscores the ANC's failure to shield South Africa from global economic shocks, which left us particularly vulnerable to external shocks and disruptions in international trade.

This means that a depreciating Rand can be both a symptom and a cause of economic distress.

When the Rand depreciates, it erodes purchasing power domestically. It also impacts the cost of servicing foreign-denominated debt, which becomes more expensive in Rand terms. The latter further diminishes the state’s ability to provide basic services.

The inclusion of Rand’s depreciation against the Dollar in the Misery Index is for this reason necessary for capturing the unique vulnerabilities and dynamics of South Africa's economy in response to international economic conditions.

The indicator is measured in % terms against the Dollar relative to its base in 2007Q4.

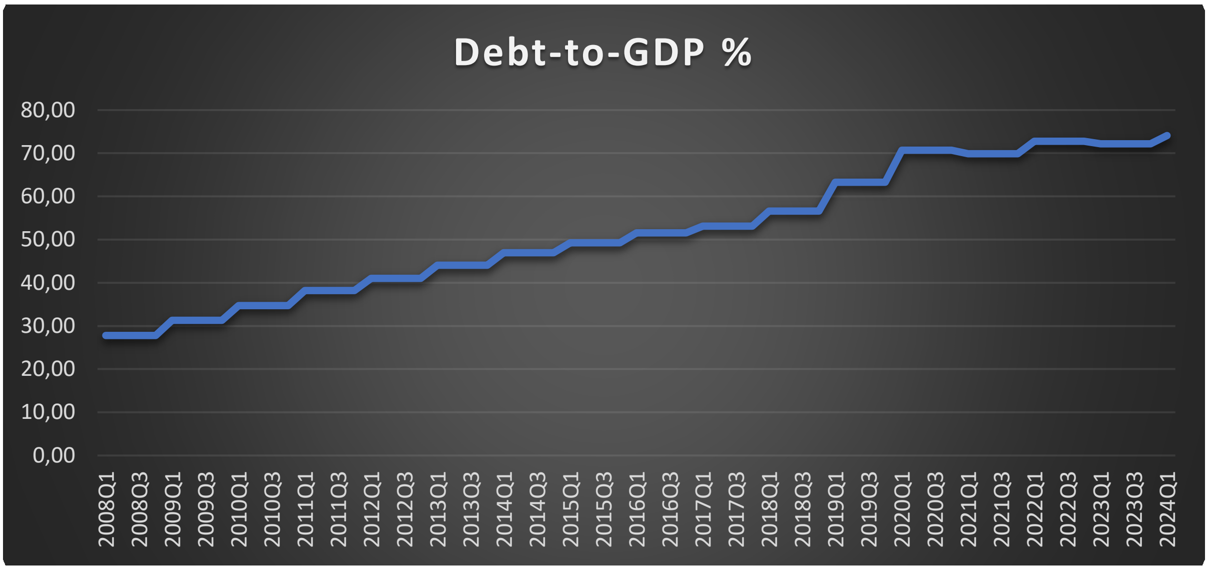


2.6. The Cost of a Rising Debt Burden

The ANC Government has increased South Africa's public debt tenfold within 15 years. South Africa's current national debt stands at R5.2 trillion. The cost of servicing this debt is fast approaching R1 billion a day. The continually rising ratio indicates that a growing share of the government's budget is consumed by interest payments which constrains its capacity to deliver basic services and invest in critical areas that contribute to the well-being and safety of South Africans.

South Africa's debt-to-GDP ratio is a vital metric for the Misery Index as it assesses the sustainability of our fiscal policy and its implications for future taxation and public spending.

The ratio is measured in % terms.



2.7. The Cost of a Rising Fuel Tariff

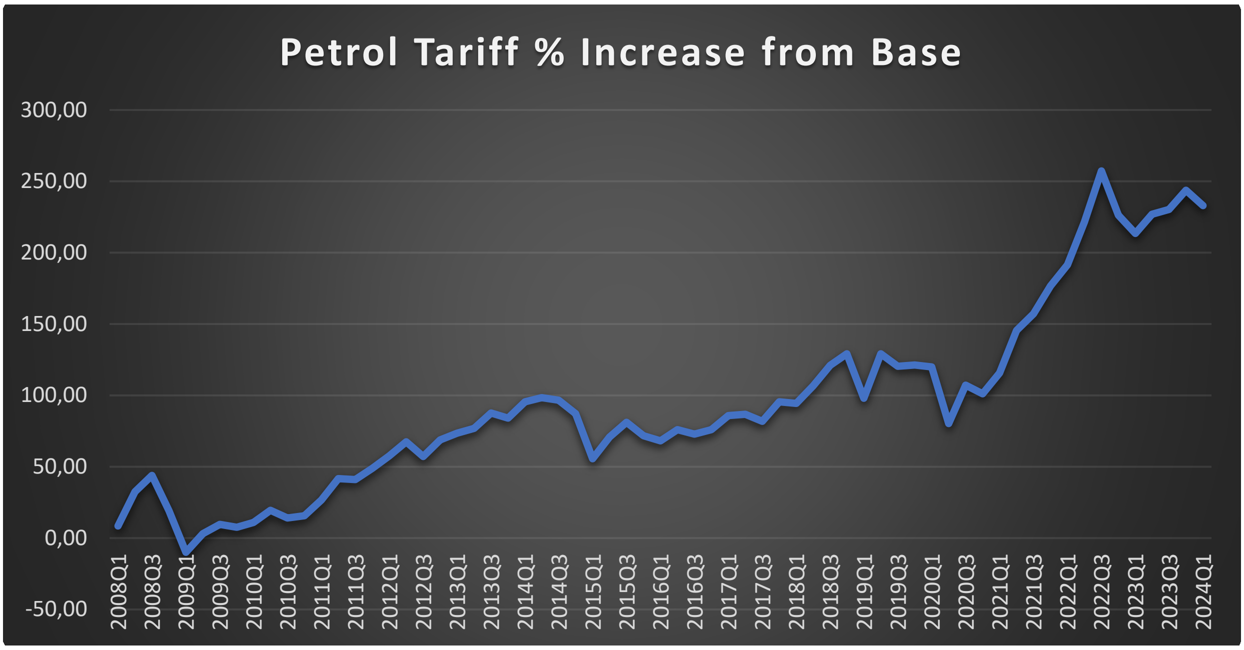
Since 2008, fuel prices in South Africa have risen by 233%. The ANC government has not implemented any policies to address the crisis - instead, it continues to enforce levies that compound to price pressures. The latter has led to the bizarre scenario where neighbouring countries, which import fuel from South Africa, sell fuel to their citizens at lower prices than South African fuel prices.

As fuel prices increase, so do the costs of transportation and goods. Moreover, due to the collapse of PRASA and Transnet railway infrastructure has decayed to the extent that it is unusable which has compelled an overreliance on road transport for most goods.

These continuous increases in fuel costs result in a significant rise in food price inflation and place a heavy burden on consumers who are already reeling under a cost-of-living crisis.

The fuel tariff is a necessary inclusion in the Misery Index because it has a direct and widespread impact on the cost of living.

The increase in the price of fuel is measured as a % increase relative to the base price in 2007Q4.



2.8. The Cost of Increasingly Expensive Electricity

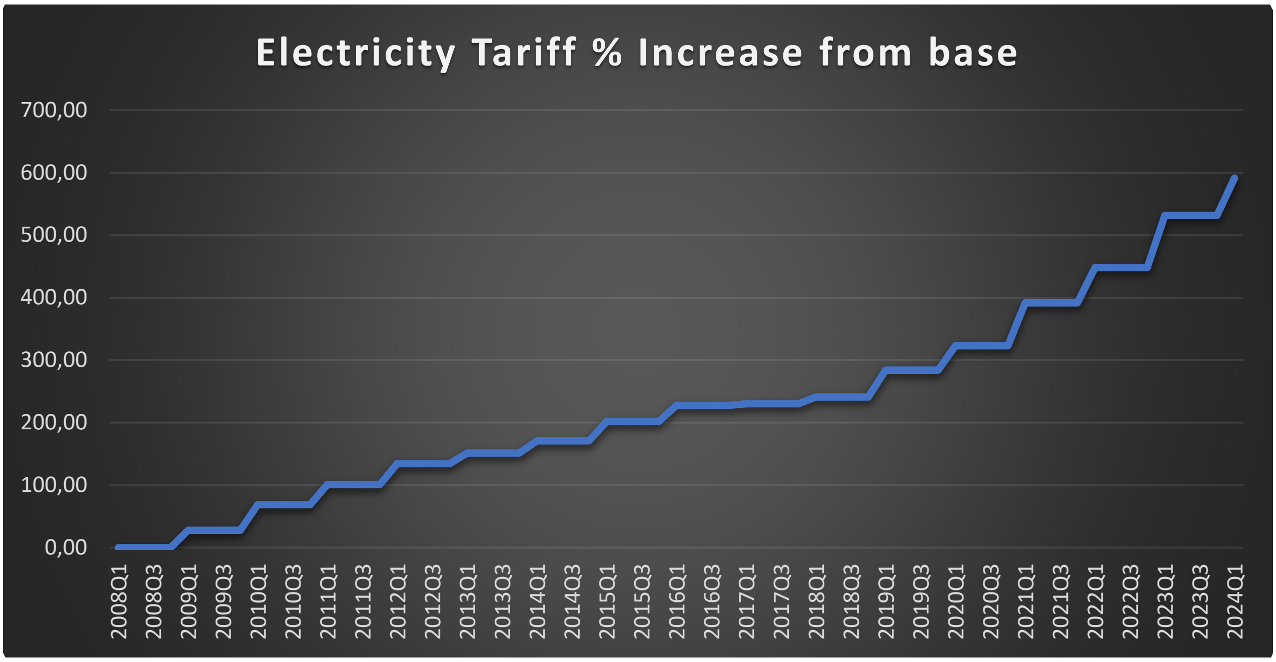
Since 2008, electricity prices have soared by an astounding 592%.

The electricity tariff is a necessary component of the Misery Index because it directly affects the cost structure of the entire economy. Electricity is a fundamental input for households and businesses alike; as electricity prices rise, the cost of living and operating businesses increase correspondingly.

The roots of Eskom's collapse can be tracked down to when former President Jacob Zuma took office. The impact on the economy has been immense. Rolling blackouts have cost our economy hundreds of billions of Rands while hundreds of billions were spent on bailouts and debt guarantees. All at the expense of the South African taxpayer.

Decreasing electricity supply, escalating, which compounded economic despair. If households and businesses are paying more for electricity, they have less to spend on other goods and services, which dampens economic activity and contributes to financial distress.

The measure of electricity price increases as a percentage relative to the base in 2007Q4.



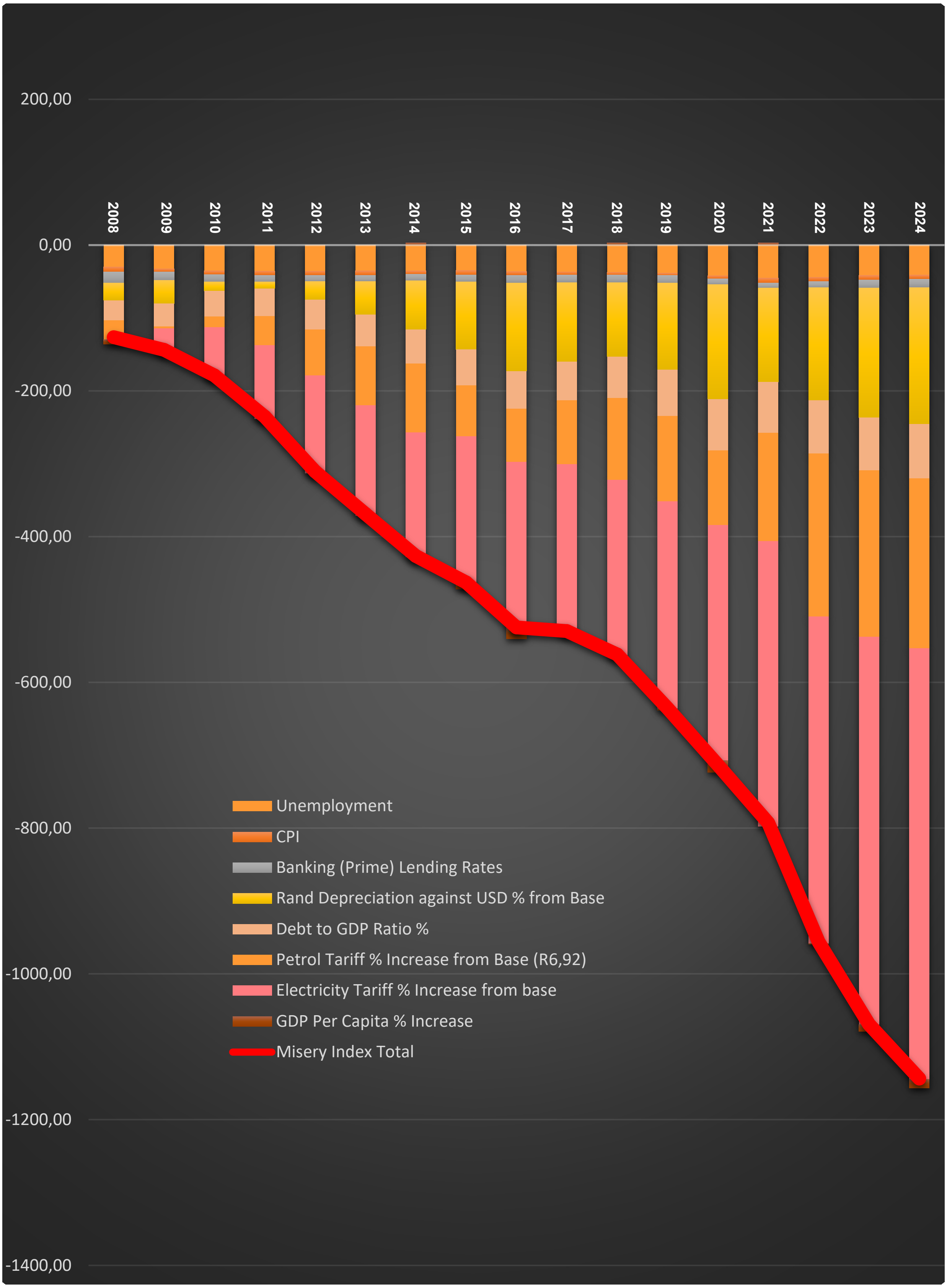
3. Misery Index Final Conclusion: THE ANC HAS FAILED BEYOND REPAIR

The Index's numerical value is calculated by aforementioned aggregates.

Modified Misery Index = Unemployment Rate + Inflation Rate – GDP Per Capita + Bank Prime Lending Rate + Rand Depreciation against the Dollar + Fuel Tariff Increase + Electricity Tariff Increase

The following chart illustrates the components of the modified misery index for South Africa from 2008 to 2024. Each bar represents the sum of these factors for a given year, showing how they combine to impact the overall economic hardship faced by South Africans. The red line, representing the total misery index, clearly shows a significant and steady increase over the years, which accelerated with President Ramaphosa's administration.

This visual trend underscores the intensifying economic distress over time, aligning with the modified misery index equation which aggregates these individual hardships into a comprehensive measure of national economic well-being.



4. It Does Not Have to Be This Way

The Misery Index reflects a catastrophic decline in economic conditions in South Africa,

Our economy has been at a standstill for nearly a decade and a half and South Africans are becoming poorer by the day. Never in our democratic history have citizens, households, and businesses experienced this level of financial distress. The cost of food, fuel, and electricity has soared. Lending rates are high and price inflation is out of control, while factories battle to produce anything of value because rolling blackouts have ground production lines to a halt.

The dire situation intensified around 2017, which coincided with the beginning of President Cyril Ramaphosa's term in office. Despite government claims of economic stability or progress, the tangible metrics suggest the contrary — South Africans are experiencing crushing financial distress.

No modern economy can hope to achieve growth in such an environment. But the ANC **DOES NOT CARE!**

A DA-Government can deliver a workable alternative. It is only the DA that can attract the necessary foreign capital, encourage domestic savings, change the model for state-owned enterprises, fix our crumbling infrastructure, enhance labour market participation, bolster corruption busting institutions, and facilitate the expansion of both the small and large business sectors.

This is why a DA-led Government will adopt ruthless and targeted growth-focused reforms, that puts the well-being of South African households first. To rescue South Africa, we must remove this broken government and elect a party that can unlock our country's limitless potential.

Otherwise, the country will continue to spiral further into poverty and instability. Every promise of progress, squandered. The DA has delivered alternative budgets, tabled numerous private members' bills and recently launched our economic policy.

A DA-led government is committed to the following seven key priorities:

- Create 2 million new jobs
- End load-shedding and water shedding
- Halve the rate of violent crime, including murder, attempted murder and gender-based violence
- Abolish cadre deployment in favor of merit-based appointments and a capable state that delivers for all
- Lift six million people out of poverty
- Triple the number of grade four learners who can read for meaning
- Ensure quality healthcare for all, irrespective of economic status

By addressing the above seven key priorities, we can stop the Misery Index from worsening and rescue all South Africans currently trapped in the suffocating grip of the ANC.