Country: South Africa

1. Part 1.xlsx
2. Problems:
3. High Gini Index: inequal distribution:

Compared with other developing countries (e.g. China, Egypt, Brazil, etc..), South Africa has relative high Gini Index[[1]](#footnote-1), which indicates a large proportion of income in South Africa is held by a small number of people. This uneven distribution would make great harm to the economic in South Africa: high income inequality would lead to social instability and politic unrest, furthermore, it would cause domestic capital outflow and decrease foreign investment. Moreover, due to inequality in economic, rating credit for South Africa is lower than other developing countries, and borrowing money from other countries to investment is harder for South Africa government.

1. High unemployment rate & Large poverty population

Similar with high Gini Index, high unemployment rate also brings social instability, but leaving a large number of people jobless would be even worse since high unemployment rate would cause large poverty population, which would reduce consumer spending and damage domestic market. Also, large poverty population would make tax income less, and as a result, the government might not be able to have enough funds on infrastructures or fixing the market via providing welfare, and finally falls into a cycle of poverty. In some extreme cases, being poverty for a long period of time might trigger crimination since desperate poor people would turn to illegal activities to make money. On the other hand, due to some historical reasons, there are significant challenges need to be addressed in South Africa. Large poverty population who needs basic support of living would lay heavy burden on these infrastructure, and slower the development of economy.

1. Low life expectancy & High Infant Mortality rate:

As a result of inequal distribution and high poverty rate, the life expectancy and infant mortality rate in South Africa are also not optimistic. Despite modern medicine and technology have been advancing each year, and the infant mortality rate, from 50 in 2005, falls to 27 in 2020. However, 27 deaths per 1000 live birth is still an unacceptable number. Developing countries such as Brazil, for example, has 13 deaths per 1000 live birth in 2019 while China has 6 deaths only per 1000 live birth[[2]](#footnote-2). The high infant mortality rate reflects poor public health investment. As a result of terrible public health system, life expectancy in South Africa is relatively low. In a short run, there problems may not affect economy in south Africa greatly, however, in a long run, things are different: low public health and medical level contributes to the epidemic of disease, and the disease decrease the population of working labor. For poor people, they are unable to reach appropriate health care, which makes the situation worse.

1. Solutions:
2. Apply income progressive taxation, lower or no tax for poor individuals, higher tax for high income people. After the redistribution, on one hand, the government may be able to generate more revenue, on the other hand, the government could also reduce poverty and improve social stability.
3. Government could offer more working positions, in example, having more infrastructure investment project on public health. Since the current domestic labor market could not provide sufficient working opportunities, it would be wise if the government could make up this gap. Government infrastructure projects are attractive for those jobless people since these programs are usually low requirement and have a stable income. Investment on health system could significantly lower the infant mortality rate and longer the expect lifespan.
4. Improve social welfare and government financial support system. South Africa has a close GDP scale with Egypt[[3]](#footnote-3), but a much higher poverty ratio[[4]](#footnote-4). Support low-income people would bring considerable overall economic benefit. Most importantly, it could stop the miserable poverty cycle for many families. Beside of reducing poverty, basic social welfare system could boost spending and stimulate economic growth since people have more disposable income. Furthermore, financial support system could enhance social stability since the number of people struggling for living is reduced. As a result, local and foreign investment revives.

1. https://data.worldbank.org/indicator/SI.POV.GINI?locations=ZA-CN-BR-EG [↑](#footnote-ref-1)
2. https://data.worldbank.org/indicator/SP.DYN.IMRT.IN?locations=ZA-CN-BR-EG [↑](#footnote-ref-2)
3. https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=ZA-CN-BR-EG [↑](#footnote-ref-3)
4. https://data.worldbank.org/indicator/SI.POV.DDAY?locations=ZA-CN-BR-EG [↑](#footnote-ref-4)