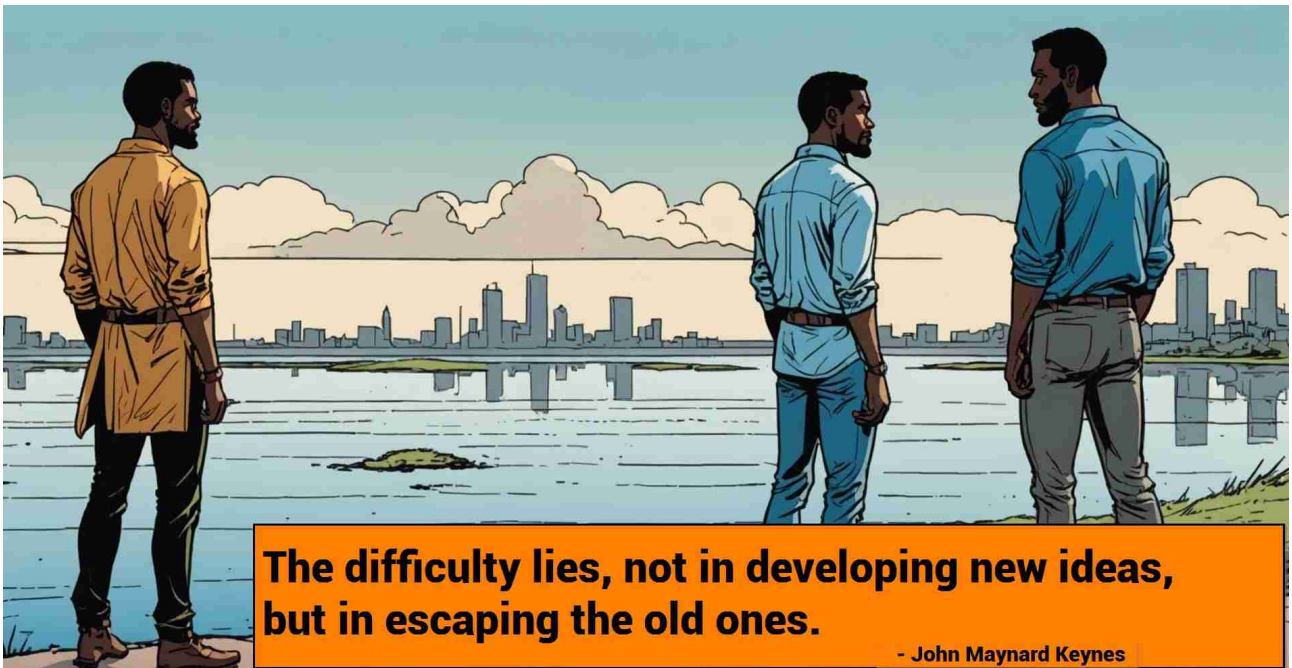


Inclusive Economic Growth in South Africa

The Prosperity Plan

A Remote Worker Visa issued under a libertarian framework
to increase employment and Real per capita GDP in South Africa

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Inclusive Economic Growth in South Africa.....	1
Introduction.....	3
Abstract.....	3
Supportive Statements.....	4
Who Benefits?.....	5
Why The Western Cape.....	6
The Unemployment Problem.....	7
40% Unemployment.....	7
Population and Unemployment.....	8
Can Government Create Jobs?.....	10
Inequality.....	11
Taxes.....	12
The Prosperity Plan.....	13
The Plan.....	13
The Measure.....	14
Emulation.....	15
Example Israel:.....	15
The Firewall.....	17
Features of the RWV.....	18
Remote Workers.....	19
Objections.....	20
The Status Quo won't work.....	20
South Africa is a service economy.....	20
Investment is Declining.....	21
Principles.....	22
Libertarianism.....	22
Assume a can opener.....	23
Effect of an immigrant.....	23
Okun's Law.....	24
Example: Western Cape.....	24
The Ricardo-Barro Effective.....	25
Home Market Effect.....	25
Example: South Africa.....	25
Example: California.....	26
The Model.....	27
Macroeconomics.....	27
Data.....	27
Forecast.....	27
Population and Status Quo Forecasts.....	29
Western Cape Data.....	31
Evaluation of Results.....	33
Conclusion.....	35
References.....	36

Introduction

Abstract

The projected increase in real per capita GDP for the Western Cape after introducing the Remote Workers Visa (RWV) is 9.3% over five years, compared to an optimistic 2,3% under the current scenario.

Inclusive economic growth in South Africa has at its core the problem of unemployment.

We propose implementing an RWV based on libertarian principles. This will stimulate mass immigration, boost employment, increase GDP, and enhance tax revenue. The RWV avoids the problem of crowding out, a toad that squats over our economic policy.

While we acknowledge the existing remote worker provisions by Home Affairs, we recognize that we are competing with some of the world's most aggressive tax planning regimes (e.g. Ireland, UK, Israel, UAE, Singapore). The Prosperity Plan is an assertive, tax-based strategy. **We create a new industry – Remote Working.**

We suggest using real-world examples as models to emulate and develop a small macroeconomic model to manage the key variables. Our legislative proposal requires no capital, lengthy gestation periods, or complex legal amendments. It can be implemented as swiftly as needed.

The Prosperity Plan is targeted at economists and policy-makers, described in terms of macro and growth economics, and intended for general consumption. While we focus on the Western Cape, the same principles can be applied elsewhere.

In the Western Cape, unemployment stands at 870 000, with job seekers expected to increase by around 190 000 annually. The Prosperity Plan will meet the target of 1 400 000 jobs over the next five years while delivering immediate benefits. [1]



Supportive Statements

“I have read the Prosperity Plan and it looks very compelling, I am happy to put my name on this.”

Toby Chance, Democratic Alliance Spokesperson for Trade and Industry.

“We have to take the visa issue very seriously, as this is an economic catalyst for South Africa. We need to have a process whereby people who want to contribute skills or capital to SA are actually able to do that.” [28].

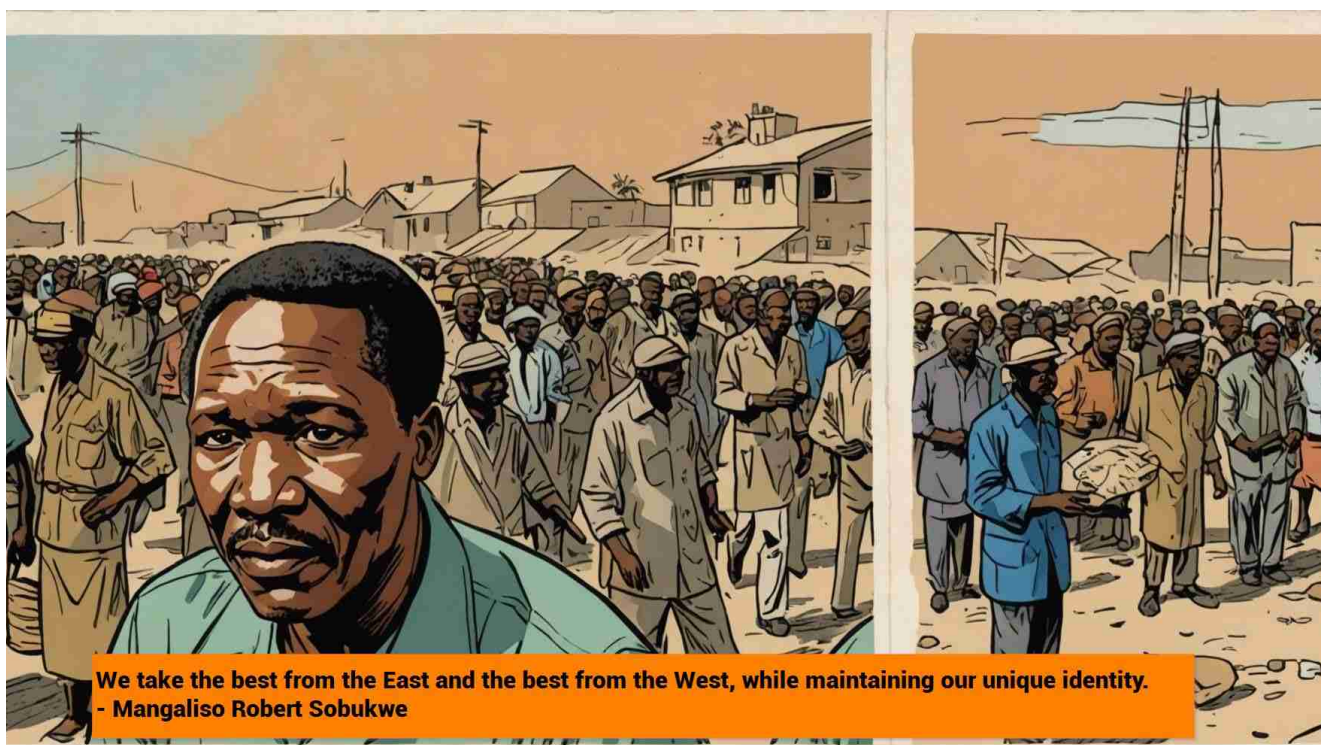
Leon Schreiber, Minister Home Affairs

“An efficient, agile, responsive visa regime is key to attracting business investment and boosting economic growth.” [36].

Cyril Rhamaphosa, President of South Africa

“We will also work to increase the number of jobs created in the tourism sector by driving greater implementation of programmes which support the private sector to create more jobs.” [13]

Patricia de Lille, Minister of Tourism



Who Benefits?

Citizens of South Africa get higher per capita GDP, increased forex inflows, lower unemployment. The very people that are now shunned by the status quo, the youth, will develop as service providers to incoming remote workers and then develop as remote workers themselves.

Remote Workers are the people that are going to “emigrate” to the Western Cape. They are young, rich and mobile and able to work remotely. We offer them a RMV that is more attractive than the host country where they currently reside. The RMV will have a particularly light tax regime.

South African Government and political parties can urgently pass the legislation enabling the immigration and tax incentives to unlock immediate fiscal benefits and increased employment.

Corporations should find that The Western Cape, with its strong representation of English and advanced digital intelligence and infrastructure is an ideal location to recruit remote workers.



Why The Western Cape

The Western Cape offers the best chance for successful implementation.

With a thriving tourism industry, the region is well-positioned to benefit from the home market effect. Additionally, irrational objections to the Prosperity Plan are likely to be fewer in the Western Cape, making it more feasible to address any concerns that arise.

Focus on the Western Cape allows us to tailor services for remote workers with unconventional schedules, such as 24-hour hot desks as well as entertainment, bars, restaurants and outdoor activities available in the mornings and late at night.

The radical economic transformation we propose will gain traction if we first demonstrate a working model in the Western Cape. We can roll it out to the rest of the country the moment the benefits become universally obvious.

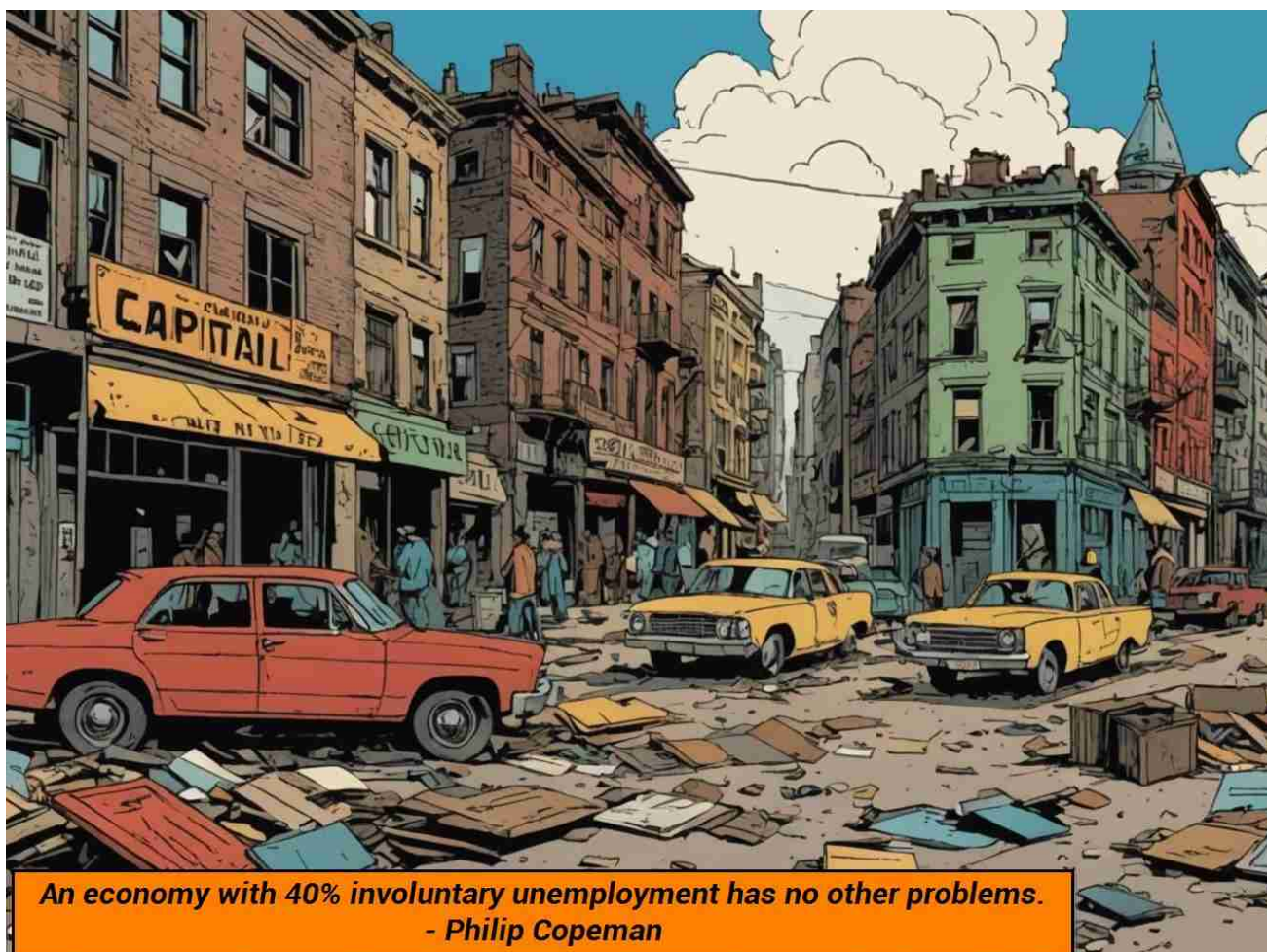


The Unemployment Problem

40% Unemployment

The common refrain is that South Africa faces the triple challenges of poverty, unemployment, and inequality. This is repeated so often that it is accepted as truth. However, **poverty and inequality are simply the results of unemployment**. Address unemployment, and our Gini coefficient normalizes, poverty diminishes, and low economic growth ends.

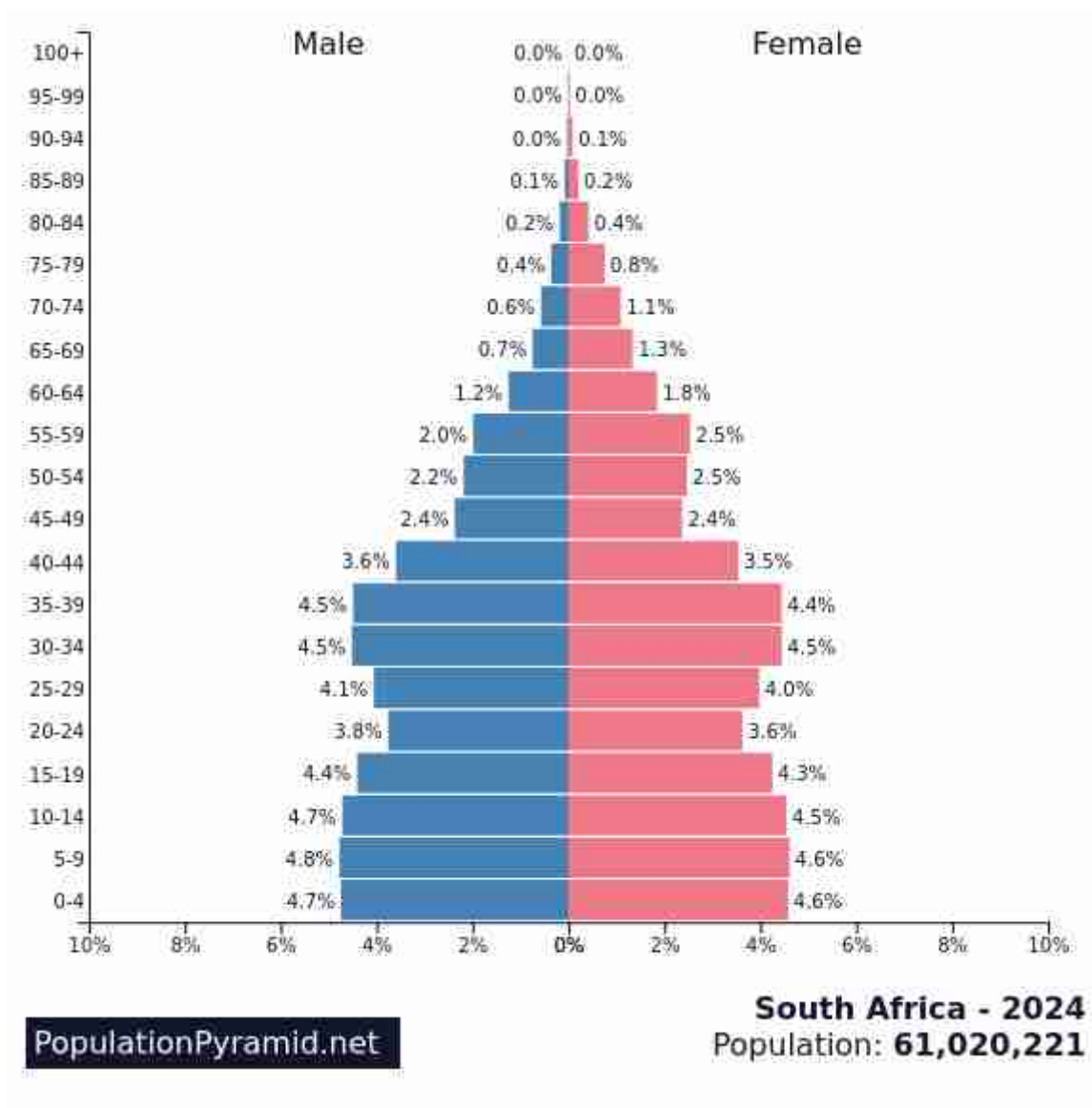
Youth unemployment is particularly urgent. The Prosperity Plan focuses on attracting remote workers within the youth demographic, ensuring **maximum integration and linkages with local South Africans**.

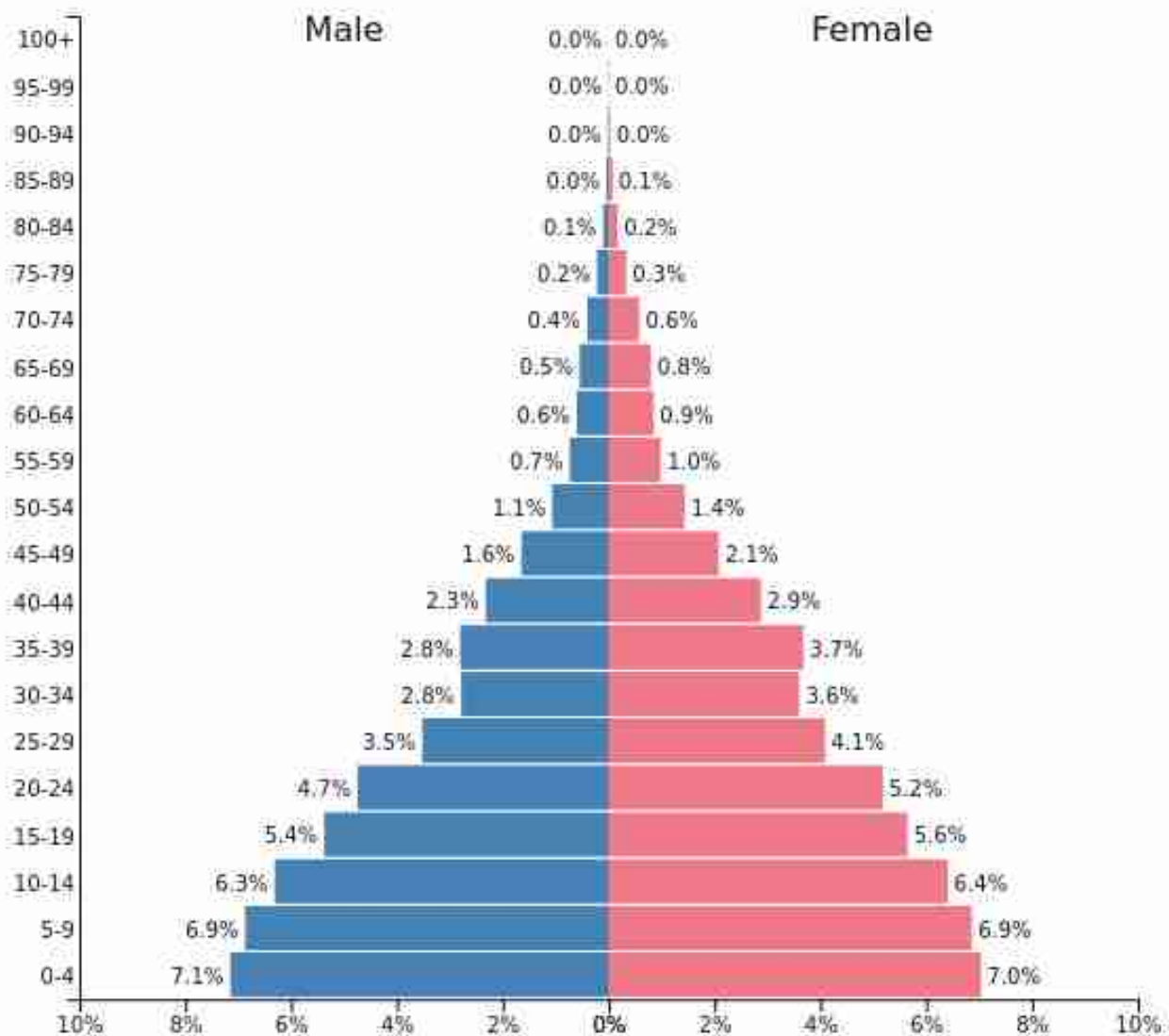


Population and Unemployment

The dominant factor is the growth in labour market entrants. The exit of those aged sixty and above is almost negligible. Each year, approximately 700 000 new entrants join the South African labour market, with an additional 200 000 from Zimbabwe and 100 000 from other African countries (our estimates). This pressure adds to the 11 million currently facing involuntary unemployment. Over the next five years, 16 million jobs must be filled to avoid continued massive unemployment.

We use the 15-19 year old demographic as a proxy for forecasting labour market entrants. We use Zimbabwe as a proxy for African immigration.





PopulationPyramid.net

Zimbabwe - 2022
Population: **16,320,537**

Can Government Create Jobs?

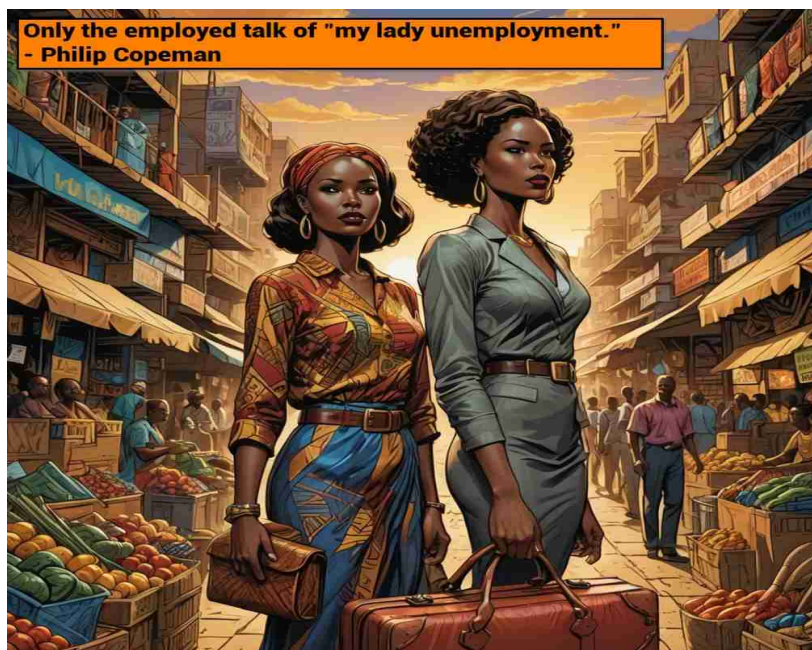
Most political party manifestos are filled with promises to create jobs, often seen as a central strategy to win votes. These promises are more about campaign strategy than practical, sustainable solutions. Job creation promises are often uncoded. They typically result in policies that increase debt or taxation which leads to crowding out.

Such strategies are often rooted in Keynesian economics, which advocates for government intervention to stimulate demand and create employment [30]. However, this approach is heavily criticized by both crowding out Buchanan [8] and the Ricardian Barrow Effect [7, 24], which suggests that rational investors and consumers will pull back when they see the government increasing debt or taxes. They understand that these costs will eventually be passed on to them, leading to reduced investment and consumption essentially nullifying the intended economic boost

The Prosperity Plan proposes to "steal" jobs from other countries. Remote workers around the world already have jobs that contribute to their home countries' tax bases. Our plan is to attract these workers to the Western Cape by offering a competitive, low-tax environment coupled with strong local economic linkages and letting their spending and innovation drive organic job growth.

This strategy doesn't mean we are losing out on tax revenue. Instead, it's the countries from which these remote workers originate that will lose tax income, while we **increase inclusive economic growth**. Remote workers spend money on housing, services, and leisure, which creates local jobs in the short term. Additionally, their presence and success can inspire and enable local South Africans to enter the remote work economy themselves, thereby expanding employment opportunities without the need for traditional, large-scale government interventions.

The Prosperity Plan focuses on immediate, practical actions. It doesn't require significant capital investments in infrastructure or industry as prescribed by Harrod-Domar models [15,19,25].



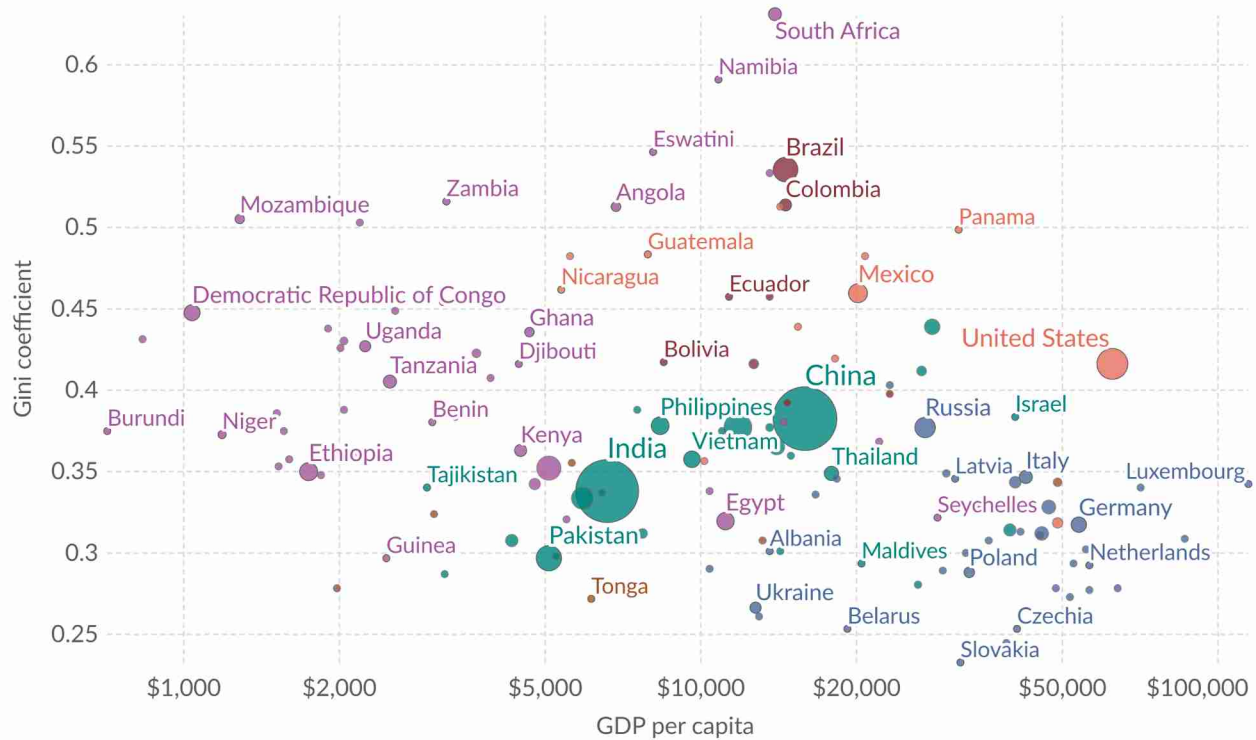
Inequality

In South Africa the Gini coefficient has moved from 0.59 at the end of apartheid to 0.63 today, the highest Gini coefficient in the world. [61]

Importing highly paid remote workers might weaken the optics of the Gini coefficient but correctly measured against the local population, excluding the RMV workers, it can only improve it. The Prosperity Plan makes even the poor richer.

Income inequality vs. GDP per capita, 2019

The Gini coefficient¹ measures inequality on a scale from 0 to 1. Higher values indicate higher inequality. GDP is adjusted for inflation and for differences in the cost of living between countries.



Data source: World Bank Poverty and Inequality Platform (2024); World Bank (2023) OurWorldInData.org/economic-i

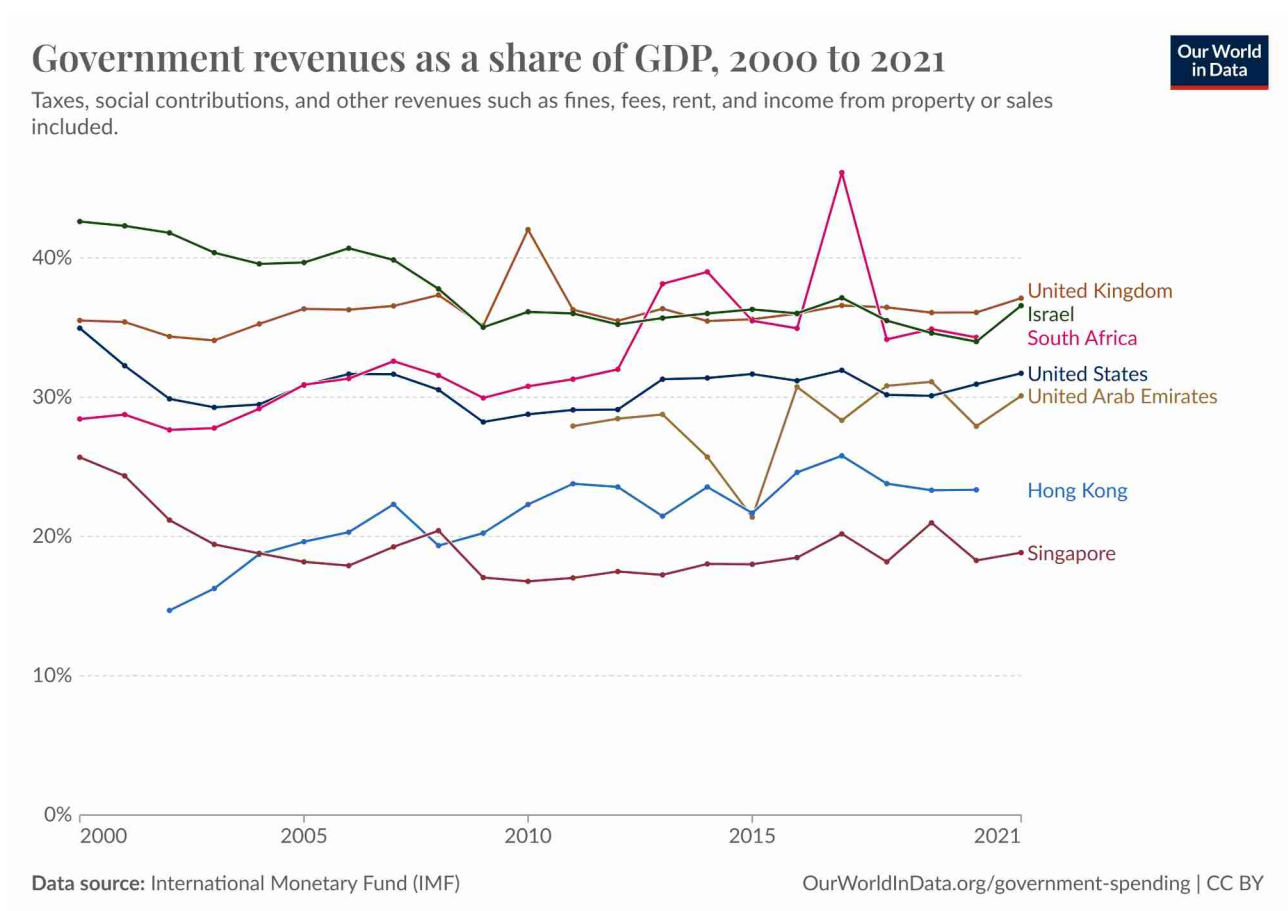
Taxes

The libertarian approach to taxes is rooted in the principle of fairness. Libertarians prefer to pay for their own services, such as healthcare and education, rather than subsidizing others.

To attract these taxpayers, we must offer a hyper competitive tax regime.

Their high earnings means that even with a low tax rate, SARS still comes out ahead. In our model, the RWV proves to be a fiscal success. The real risk lies in a short-sighted move by the Treasury, killing the golden goose.

Treasury should recognize that this is not revenue lost but rather revenue gained. This is \$3 600 per year, plus VAT on their expenses, that we didn't previously have!



The Prosperity Plan

The Plan

The first step in any successful initiative is to actually have a plan. While this may seem obvious, in the complex dynamics of a mixed economy, political rivalries often take precedence over clear strategy. The Prosperity Plan must be actively supported by citizens, Parliament and the Executive.

The plan advocates for issuing a five-year Remote Worker Visa and offering a flat taxation (Visa Fee) of \$3600 per year to attract remote workers. We need an aggressive lobbying strategy in place. Every day we delay, South Africa's unemployment situation worsens. **It is time for bold, non-political actions.**



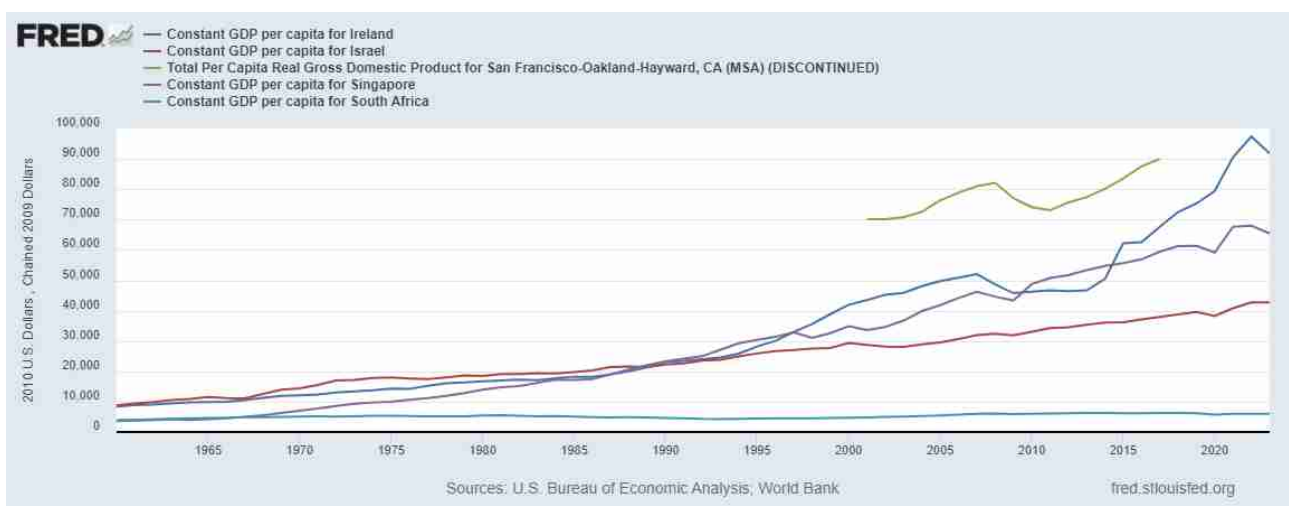
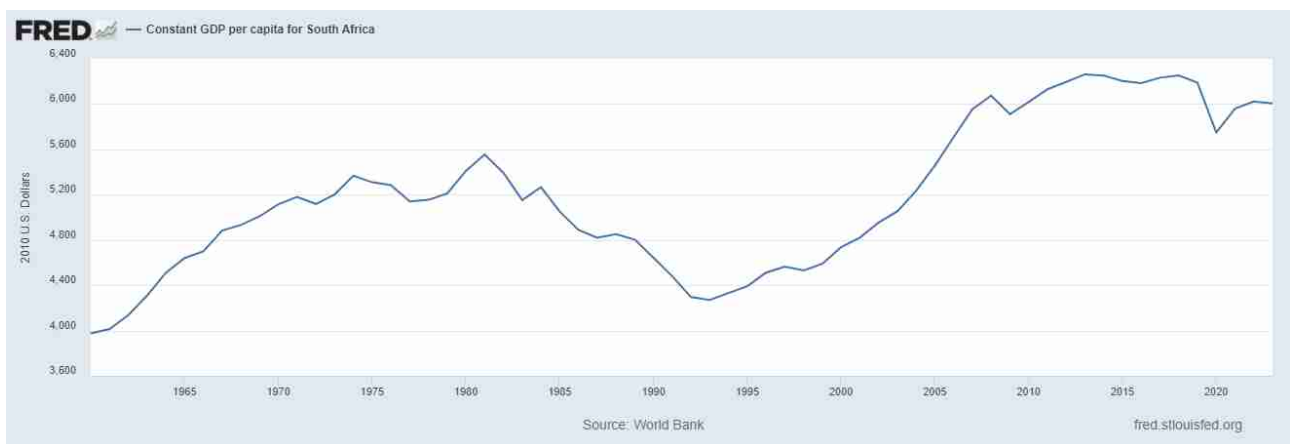
The Measure

How do we measure Inclusive Economic Growth?

Macroeconomics provides a straightforward platform for comparing policy alternatives with growth in real per capita GDP ($\Delta R_{pc}GDP$).

$\Delta R_{pc}GDP$ has been criticized for not capturing essential aspects of human well-being and societal progress (“Inclusiveness”). The Human Prosperity Index (HPI) and Gini Coefficient provide a more comprehensive assessment of a nation's overall prosperity.

Despite the merits of the HPI and Gini, $\Delta R_{pc}GDP$ remains the primary measure of prosperity due to its standardization, comparability, data availability, reliability, role in economic decision-making, and historical legacy.



Emulation

Emulation allows us to learn from the successes and failures of others, rather than repeating costly mistakes. Emulation is not a matter of blind imitation, it requires discernment, adaptation, and contextual intelligence. Take the best and leave the worst.



Example Israel:

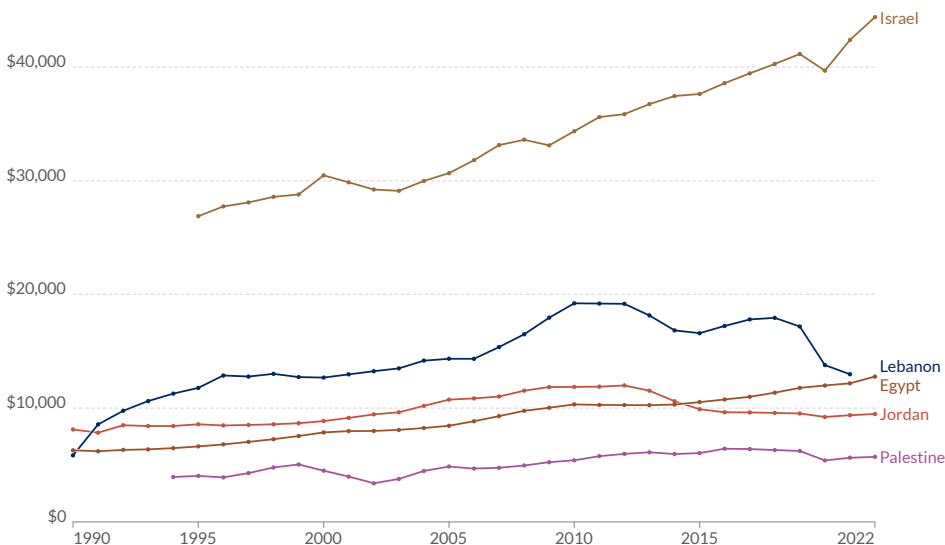
Take Israel as a case study, one has to divorce oneself from the current traumatic events and look only at the economic data. Israel imports high quality workers and lifts ΔR_{pcGDP} ten times over neighbouring Jordan. Good to copy. **Open war on your citizens is not.**

Israel is a small land area, has no natural resources, and attracts little gross capital formation. A constant inflow of high net worth immigrants who have high incomes means that their economy fires on full employment.

GDP per capita

This data is adjusted for inflation and for differences in the cost of living between countries.

Our World in Data



Data source: World Bank (2023)

Note: This data is expressed in international-\$¹ at 2017 prices.

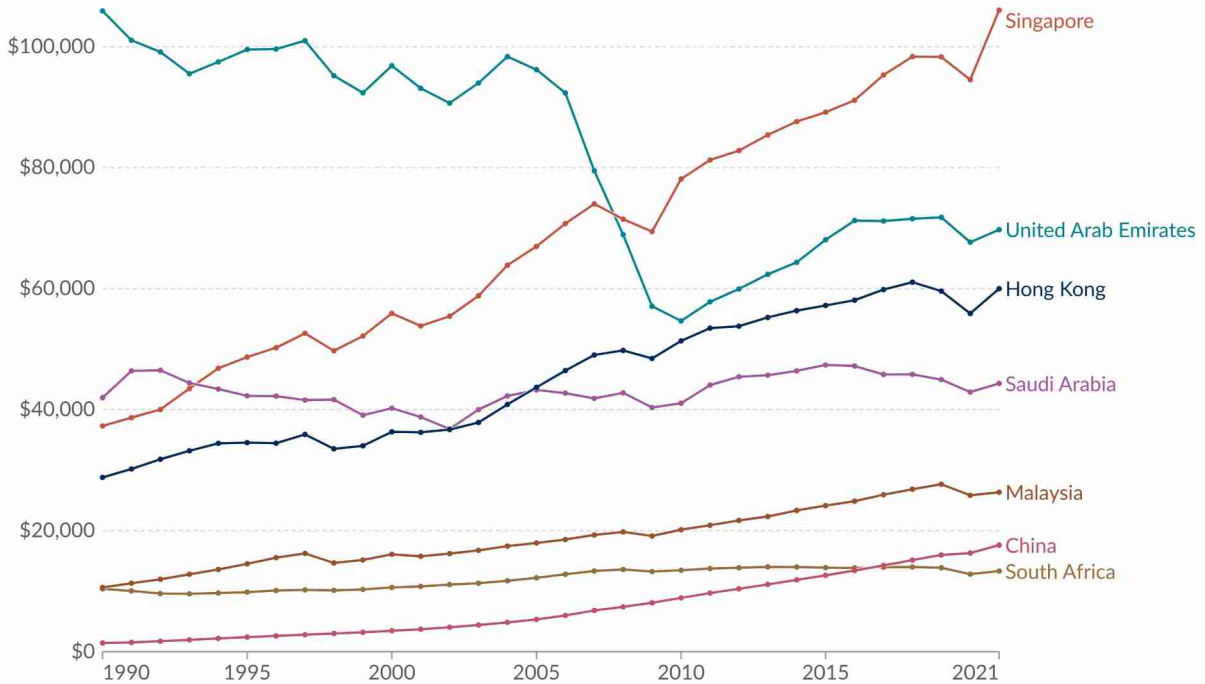
Examples: Singapore, Hong Kong, UAE, Ireland

Over the last fifty years we are presented with success stories from Special Economic Zones where workers are offered political and tax freedom. Inside the zone, $\Delta R_{pc}GDP$ flourishes.

GDP per capita

Our World in Data

This data is adjusted for inflation and for differences in the cost of living between countries.



Data source: World Bank (2023)

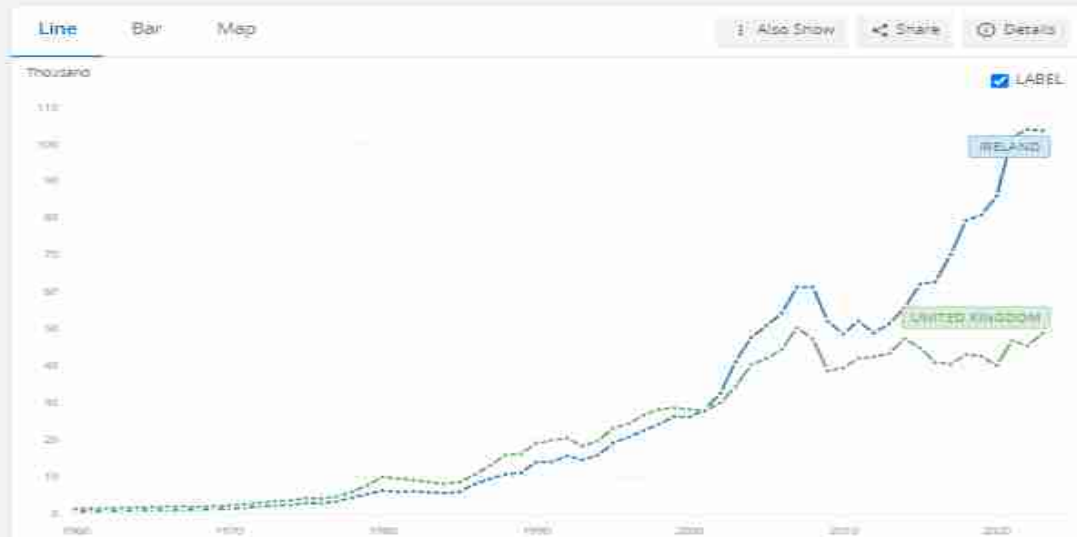
OurWorldInData.org/economic-growth | CC BY

Note: This data is expressed in international-\$¹ at 2017 prices.

GDP per capita (current US\$) - Ireland, United Kingdom

World Bank national accounts data, and OECD National Accounts data files.

License: CC BY-4.0



The Firewall

Success for the Prosperity Plan is premised on the buy-in of the citizens of the host country. However, it **requires a hands-off approach** and guarantees to the incoming investors that their assets can be acquired and built without fear of tenure or taxation.

Left unchecked with the libertarian approach, $\Delta R_{pc}GDP$ is likely to grow faster than the socialist approach. Success depends on avoiding the temptation to tax and creating safeguards to ensure that libertarians get the room they desire to grow without ideological impediment.

The RWV enhances socialist ambition, not impedes. It creates no crowding-out pressure, but in return expects none.



Features of the RWV

The RWV targets remote workers in Northern cities with an offshore income of **\$ 5 000 per month or greater**.

We pitch the remote workers visa at graduates in their twenties and thirties in high earning tax regimes such as San Francisco, New York, London, Hong Kong, Beijing, as well as tax shelters, Ireland, Singapore, UAE. **People you would meet in a bar, gym, country club, art gallery or rugby match.** They integrate easily and create labour linkages. Workers earning more than \$5,000 per month are a bonus.

It takes a simple majority of Parliament and can be implemented in weeks by the Executive. Builds on the framework of the already existing legislation.

Does not require international approvals.

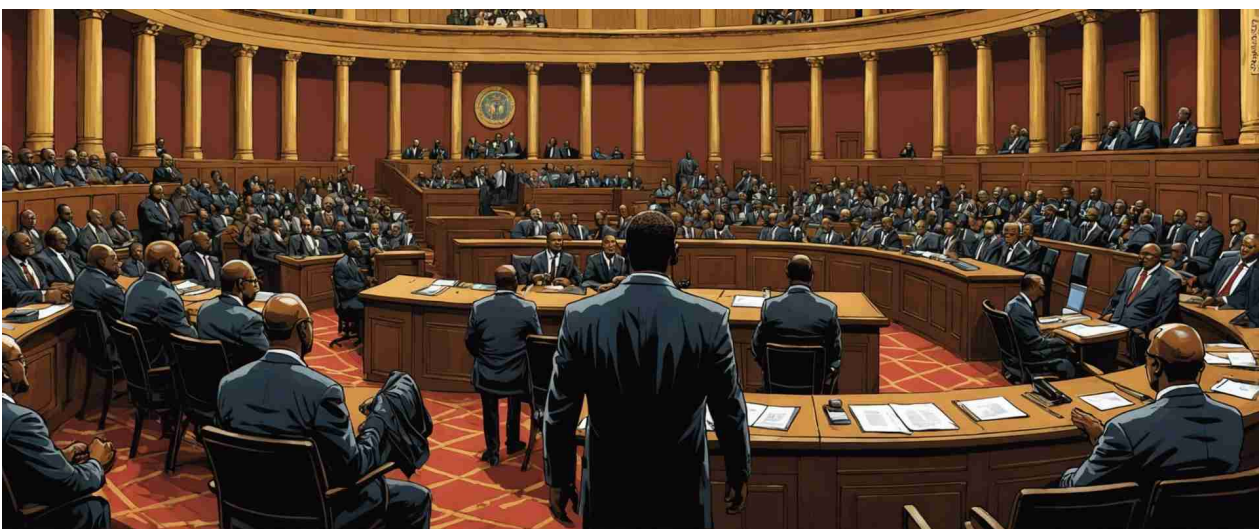
Does not require Capital,

Does not crowd out private investment.

The RWV is for five years paid yearly in advance. There is no exchange control.

Visa fee \$ 3 600 per year for 5 years. Visa holders are exempt from South African income tax on overseas income do not have to register for SA tax unless they have SA income and their employers are not deemed to have established a presence in SA because a remote worker is working from SA. SA labour law does not apply to the overseas corporations employing remote visa holders.

SA will facilitate Employers of Reference (EORs) that will allow remote workers to contract to their original foreign companies from a SA base with a zero-tax rate on their overseas earnings so releasing them from the tax liability in their home domicile. This will free up their capital to pay for the visa and consume SA goods and services. They do not get a SA work permit or access to public funds. Goods and services purchased are subject to VAT.



Remote Workers

Post-COVID, the number of remote workers in their twenties and thirties has surged across all major economies. These Millennial and Gen Z workers are affluent, tech-savvy, connected, mobile, and have significant disposable income.

The RWV will only succeed if these workers actually choose to relocate to South Africa. We must not only create a prosperous environment but also convince these workers that South Africa offers better opportunities than their current locations. The proposition must be clear and straightforward, simple enough to be endorsed by tax or immigration consultants.

The Western Cape offers a world-class environment with vast open spaces in close proximity to vibrant urban life. It boasts some of the best outdoor amenities and activities. It hosts world class leisure activities, golf, cycling, sailing and high quality food, restaurants as well as a diverse art and culture offering.

With low rentals and property prices, the Western Cape provides ideal savings and investment opportunities for young, affluent remote workers who resonate with libertarian principles.

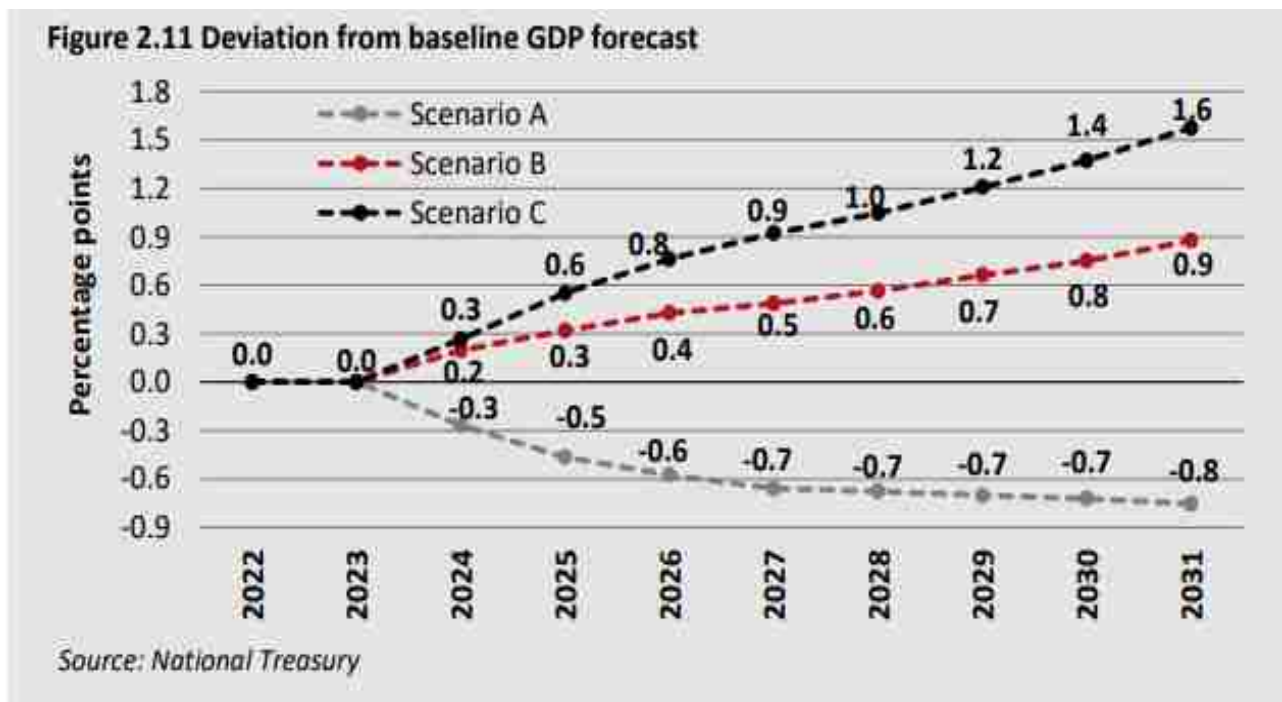


Objections

The Status Quo won't work

Some objectors will propose retaining the status quo. The SA labour force is 24 million, of which 40% are unemployed. Our labour force is growing 1.6% a year. To solve our unemployment problem in the next five years by expanding the status quo, the economy will need to at grow 40%, an annualised 10% rate! Currently Treasury optimistically estimates we will grow at 1.6%.

This is a crisis.



South Africa is a service economy

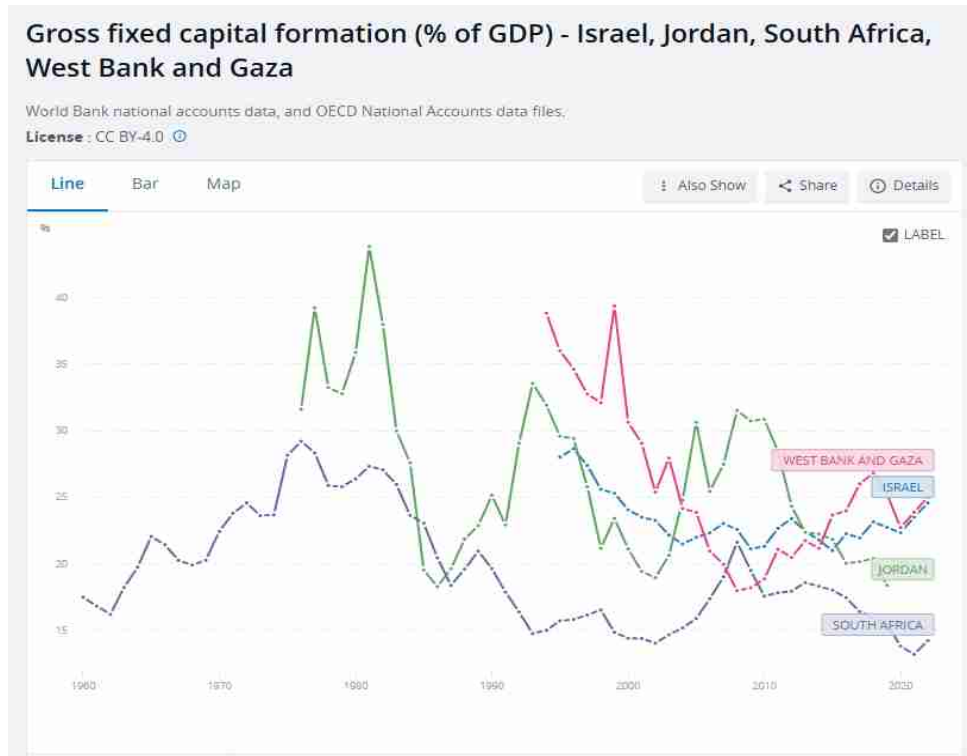
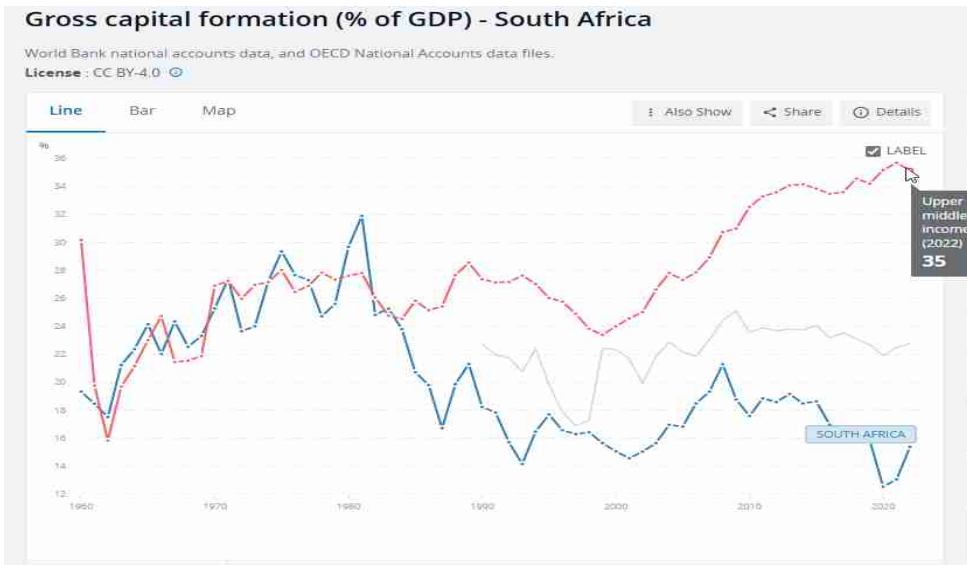
We are young, intelligent and we are good at servicing customers, 62% of GDP is from services[62]. Remote workers (Digital Nomads) now make up 40 million of the worlds labour force, and are one of the fastest growing industries [51,56]. Each remote worker will create two local service jobs (our estimate) and through linkages and social interaction, develop local workers into remote workers.

Our current service industry lacks customers. **Lets import them.**

Investment is Declining

SA gross capital formation is dismal, as low as 13% when it takes around 30% to grow a typical upper middle income economy. Any proposals that assume SA is going to increase gross fixed capital formation of 30% are fantastical.

Success with the RWV **does not require us turning gross investment around.** Of course, that is an admirable endeavour, but is not a requirement for the success of the RWV. The remote workers are using offshore capital to produce output!



Principles

Libertarianism

Libertarianism is a political philosophy that asserts individuals are the absolute owners of their own lives and economic output. In contrast, **nationalism** emphasizes using state resources to promote the interests of specific groups, while **socialism** represents an intermediate phase between **capitalism** and **communism**.

Nationalists often present arguments ranging from irrational xenophobia to tedious debates about preserving culture, extending to stubborn bigots who refuse to accept anything outside their preconceived narratives. Socialists encompass a range of economic ideologies from capitalism to Marxism and everything in between. Many of these debates can be addressed through a rational analysis of $\Delta R_{pc}GDP$.

We acknowledge that some difficult decisions may need to be made, but we will handle these situations with honesty and transparency. We recognize that there will always be those who resist logic, and we may not be able to win them over.

To succeed in South Africa, the Prosperity Plan will require broad consensus. The goal is for everyone to benefit.



Assume a can opener

Assume a can opener is when you are on a beach and ask an economist how to open a can and he says, “*Assume a can opener.*”.

The Prosperity Plan does not assume can openers. We face desperate times. The Prosperity Plan may not be perfect, but it is better than the rest. When suggesting alternatives always look at the assumptions, they are usually full of can openers!



Effect of an immigrant

When an immigrant moves to a new country but continues to receive foreign income, such as from a pension, investments, or remote work, it introduces new money into the domestic economy. This foreign income drives economic activity in the host country. For instance, the immigrant might:

1. Rent or buy housing, benefiting real estate and construction.
2. Purchase consumer goods, supporting retail and manufacturing.
3. Pay for services like healthcare and entertainment, boosting the service sectors.
4. Invest in local businesses or financial instruments, increasing capital inflows.

Additionally, this foreign income has a multiplier effect. As the money circulates, it generates further income for businesses, workers, and suppliers, creating additional economic activity and production.

Okun's Law

Okun's Law describes the relationship between unemployment and economic growth, showing that for every 1 percentage point increase in unemployment above its natural rate, GDP drops by 2-3 percentage points below its potential. [23]

The GDP gap measures the difference between a country's potential GDP at full employment and its actual GDP. With South Africa's unemployment exceeding 40%, this relationship is critical.

Okun's Law underscores the importance of full employment for **inclusive economic growth**.

Example: Western Cape

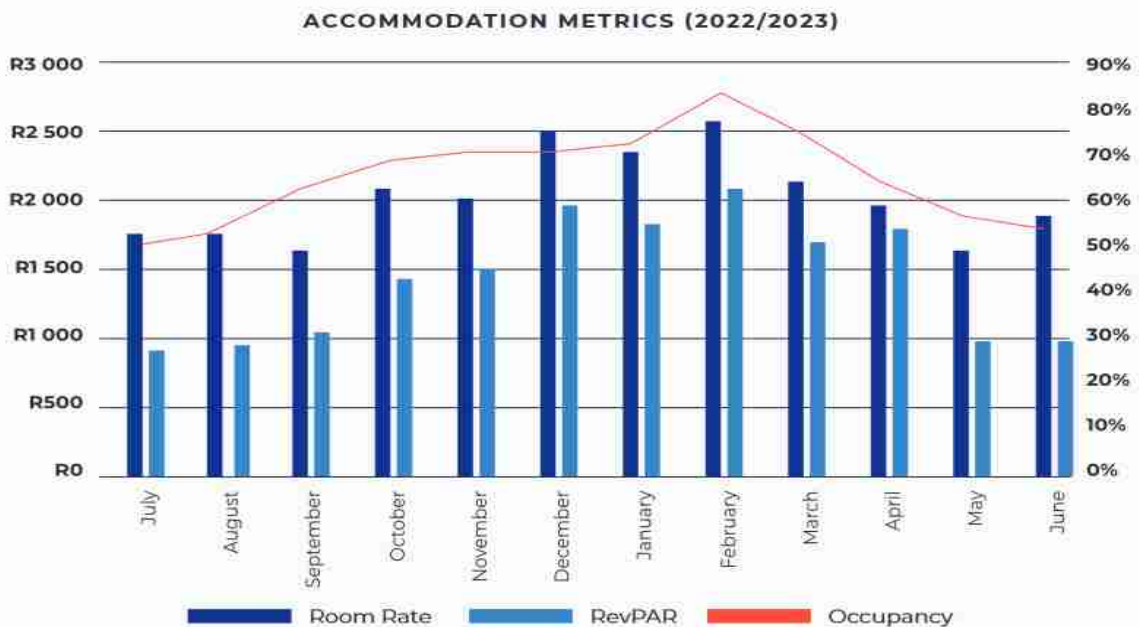
The Western Cape has seasonal accommodation and labour capacity [11]. According to Okun's Law, extending this seasonality will boost inclusive growth.

The Prosperity Plan addresses this by attracting remote workers, which extends the tourist industry and leverage's local service skills. As remote workers interact with locals, they increase awareness of remote work opportunities, helping to expand the sector locally.

Contrast the tourism sectors job creation potential 40 to 90 jobs per \$ million spent, [63] with manufacturing of 0.5 [17]. The prosperity plan uses no capital and delivers revenue to the fiscus!

ACCOMMODATION SECTOR

Occupancy has steadily increased aligned to the arrivals recovery, regularly exceeding 60% since November 2022 and 60% again over the period February – April 2023.



ANNUAL REPORT 2022/23 11

The Ricardo-Barro Effective

The Ricardo-Barro effect states that increased government spending financed by debt will not increase private spending!

Private spenders clam up when they see debt, because they prepare for the inevitable taxation that must come to repay the borrowing.

This is a nasty outcome for socialist thinking, where the *raison d'être* for the huge salaries and the massive budgets is that the politicians have persuaded the voters that they, more than the captains of industry can actually do something about unemployment. Ricardo-Barrow delivers us into the dark world where the employers have the choice to employ or not.

Home Market Effect

This concept, central to the Prosperity Plan, won Paul Krugman the Nobel Prize in Economics [31].

The home market effect in international trade theory emphasizes how domestic demand drives economic growth and shapes a country's industrial specialization. Countries tend to specialize in products with strong local demand, benefiting from economies of scale. [46]

Example: South Africa

In South Africa's resource-driven economy, exports like platinum have little local demand and few linkages to local workers. As a price taker, South Africa suffers when global prices drop, leading to economic downturns, as seen in the iron and steel industries.

The RWV, focused on remote workers, leverage's Cape Town's strong tourism market. For instance, hotel occupancy rates in February reach 82%, dropping to 50% off-season [11]. By attracting remote workers who stay longer, the home market effect strengthens, boosting the hotel and property sectors.

Remote workers, whose salaries grow three times faster than GDP (10% vs. 2%), drive demand for improved accommodation, leading to rising property prices and increased investment, fuelling high growth.

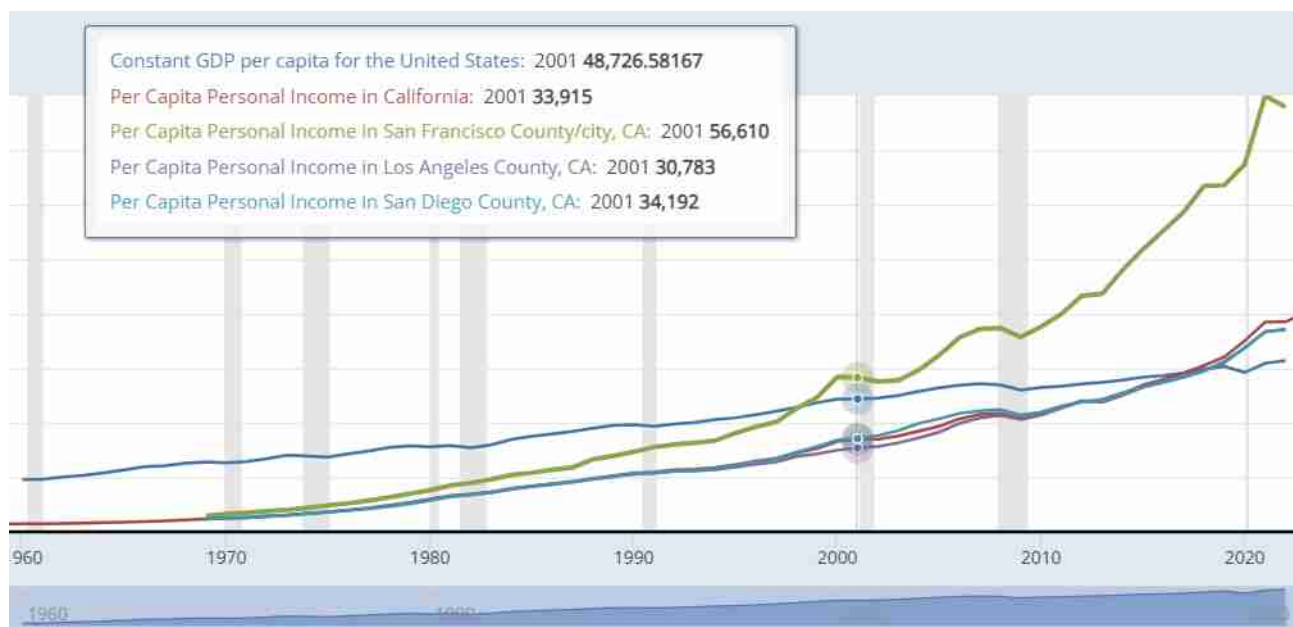
Example: California

California's major cities exemplify the home market effect:

1. Los Angeles: Entertainment and media industries.
2. San Francisco: Information technology.
3. San Diego: Biotechnology and life sciences.

These cities have specialized, attracting global talent and investment, overcoming natural resource limitations, and driving California's $\Delta R_{pc}GDP$ above the national average.

The Prosperity Plan will create a new Remote Working industry in the Western Cape



The Model

Macroeconomics

Macroeconomics is a framework that makes comparisons and measurements easier. The biggest assumption is that all output is regarded as homogeneous.

We use $\Delta R_{pc}GDP$ as the measure of the improvement in average economic output per person.

We relate unemployment to GDP using Okun's law.

Data

We use annual data from StatsSA, Treasury, Cape Tourism and general media.

Forecast

World Forecast

We get our data from The SA Treasury.

Table 2.1 Economic growth in selected countries

Region/country Percentage	2022	2023	2024	2025
	Actual	Estimate	Forecast	
World	3.5	3.1	3.1	3.2
Advanced economies	2.6	1.6	1.5	1.8
United States	1.9	2.5	2.1	1.7
Euro area	3.4	0.5	0.9	1.7
United Kingdom	4.3	0.5	0.6	1.6
Japan	1.0	1.9	0.9	0.8
Emerging and developing countries	4.1	4.1	4.1	4.2
Brazil	3.0	3.1	1.7	1.9
Russia	-1.2	3.0	2.6	1.1
India	7.2	6.7	6.5	6.5
China	3.0	5.2	4.6	4.1
Sub-Saharan Africa	4.0	3.3	3.8	4.1
Nigeria	3.3	2.8	3.0	3.1
South Africa ¹	1.9	0.6	1.3	1.6
World trade volumes	5.2	0.4	3.3	3.6

1. National Treasury forecast

Source: IMF World Economic Outlook, January 2024

Forecast for South Africa.

The Scope of the model is a five year forecast with data taken from the MTBPS compiled by Treasury.

South Africa's R_{pc}GDP is extrapolated from three to five years using Treasury's growth forecast of 1.8%

Table 2.2 Macroeconomic performance and projections

Percentage change	2020	2021	2022	2023	2024	2025	2026
	Actual			Estimate	Forecast		
Final household consumption	-6.1	5.8	2.5	0.7	1.3	1.8	1.7
Final government consumption	0.9	0.5	1.0	1.8	-0.7	-0.2	-0.2
Gross fixed-capital formation	-14.6	0.6	4.8	4.2	3.7	4.0	3.6
Gross domestic expenditure	-7.6	4.8	3.9	1.1	1.2	1.7	1.7
Exports	-12.0	9.1	7.4	3.2	2.1	2.5	3.2
Imports	-17.6	9.6	14.9	4.8	1.9	2.6	2.6
Real GDP growth	-6.0	4.7	1.9	0.6	1.3	1.6	1.8
GDP inflation	5.3	6.5	4.8	4.6	4.0	4.5	4.5
GDP at current prices (R billion)	5 568	6 209	6 629	6 972	7 346	7 801	8 298
CPI inflation	3.3	4.6	6.9	6.0	4.9	4.6	4.6
Current account balance (% of GDP)	1.9	3.7	-0.5	-1.8	-2.8	-3.0	-3.0

Sources: National Treasury, Reserve Bank and Statistics South Africa

Macroeconomic assumptions

The forecast incorporates the assumptions outlined in Table 2.3.

Table 2.3 Assumptions informing the macroeconomic forecast

Percentage change	2021	2022	2023	2024	2025	2026
	Actual		Estimate	Forecast		
Global demand ¹	6.5	3.7	3.5	3.3	3.3	3.3
International commodity prices ²						
Oil	70.8	99.0	82.3	77.1	74.0	71.5
Gold	1 799.8	1 801.5	1 943.2	2 029.9	2 119.5	2 199.3
Platinum	1 090.8	960.9	966.7	922.2	947.3	972.8
Coal	125.2	271.1	120.7	113.9	115.3	112.9
Iron ore	158.2	120.7	120.2	121.0	106.4	97.3
Palladium	2 398.2	2 107.4	1 338.7	1 009.4	1 051.6	1 096.8
Food inflation	6.1	9.2	10.7	4.7	4.5	4.5
Sovereign risk premium	3.5	4.1	3.9	3.7	3.7	3.6
Electricity inflation	10.1	11.1	11.8	13.9	12.7	10.5

1. Combined growth index of South Africa's top 15 trading partners (IMF World Economic Outlook, January 2024)

2. Bloomberg futures prices as at 15 January 2024

Source: National Treasury

Forecast of the Market for Remote Workers

This is one of the most difficult variables to forecast.

The global freelance market was valued at \$4.43 billion in 2022, expected to reach \$12.01 billion by 2028 [5]. This highlights the vast potential market for remote workers, far exceeding the scale of South Africa's economy. There are 40m digital nomads around the world. [56]

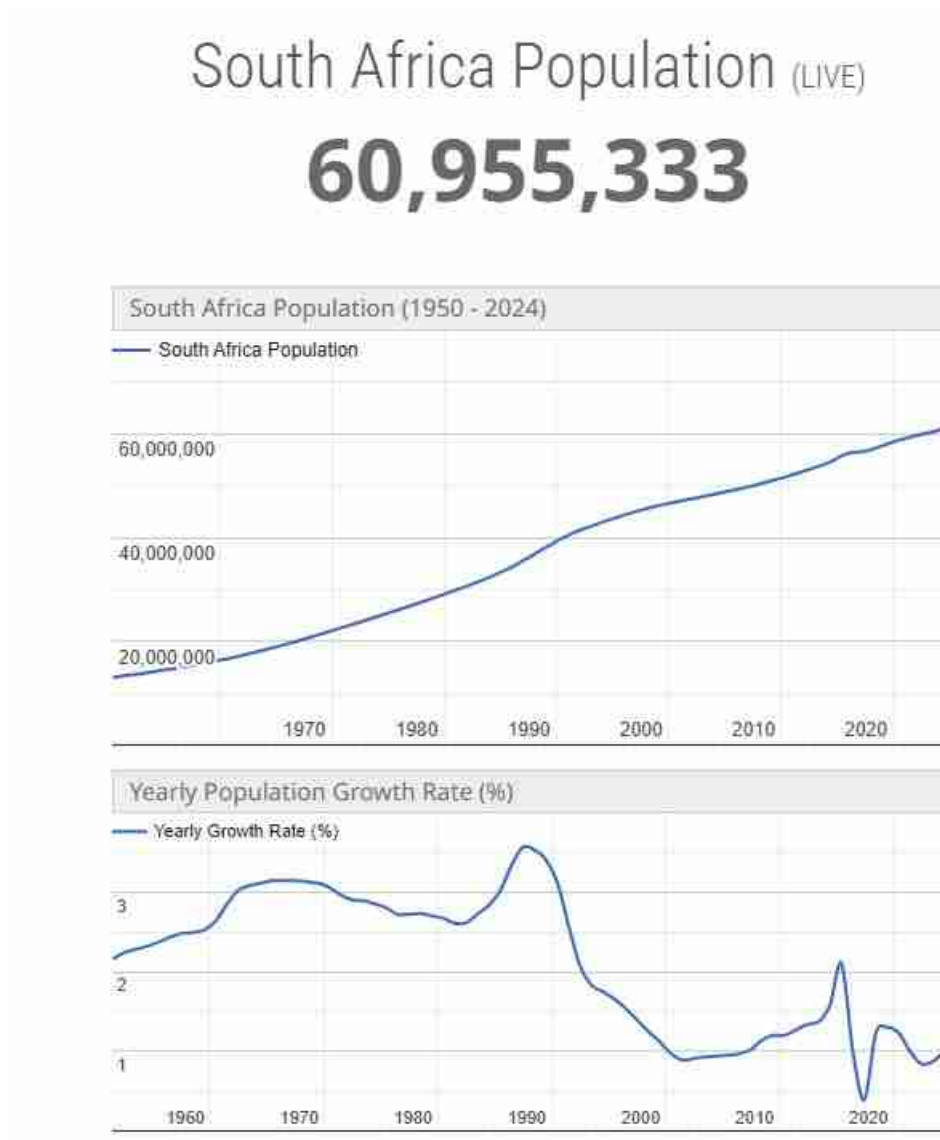
We predict that, ceteris paribus, issuing 700 000 visas would allow us to fill them over five years with vetted candidates, less if we fail to pass the legislation or fail to communicate the libertarian message. There is no sunk cost, so the benefit works with 1, 70, or 700 000 remote workers.

There is sufficient supply of remote workers. Attracting them is taking a sip from a fire-hose. Our limitation is having the collective will to implement.

Population and Status Quo Forecasts

Using data from Treasury and StatsSA, we project the next five years. Even in the Western Cape, the outlook is grim, with a decline in per capita GDP. The status quo forecast predicts no significant drop in unemployment.

Remote workers are a fast growing market. As remote workers settle, they will increase their incomes as their skills grow, providing a significant boost to the host country. Countries like Ireland and the UAE have already experienced these benefits.



Forecast Labour force

We forecast labour force using the Population Pyramid. By eye balling the pyramid, we can see that the new workers in the 15 to 20 year group vastly out number older workers in the 65 to 68 year group. Expect around 8.6% or 700 000 new job seekers to enter the market every year. Approximately 70 000 of these will be in the Western Cape.

There are few firm forecasts of unemployment from Treasury, its an unpopular number. We make the assumption that the Western Cape in its status quo will create 82 000 jobs per year, without the RWV. This assumption predicts that the number of jobs required is 1,4 Million over five years.

African Labour Immigrants

We use Zimbabwe as a proxy. Examining the Stats SA data and the Stats Zimbabwe data we make the assumption that 30 000 new low earning African Immigrants will arrive in the Western Cape each year.

Effect of the RWV

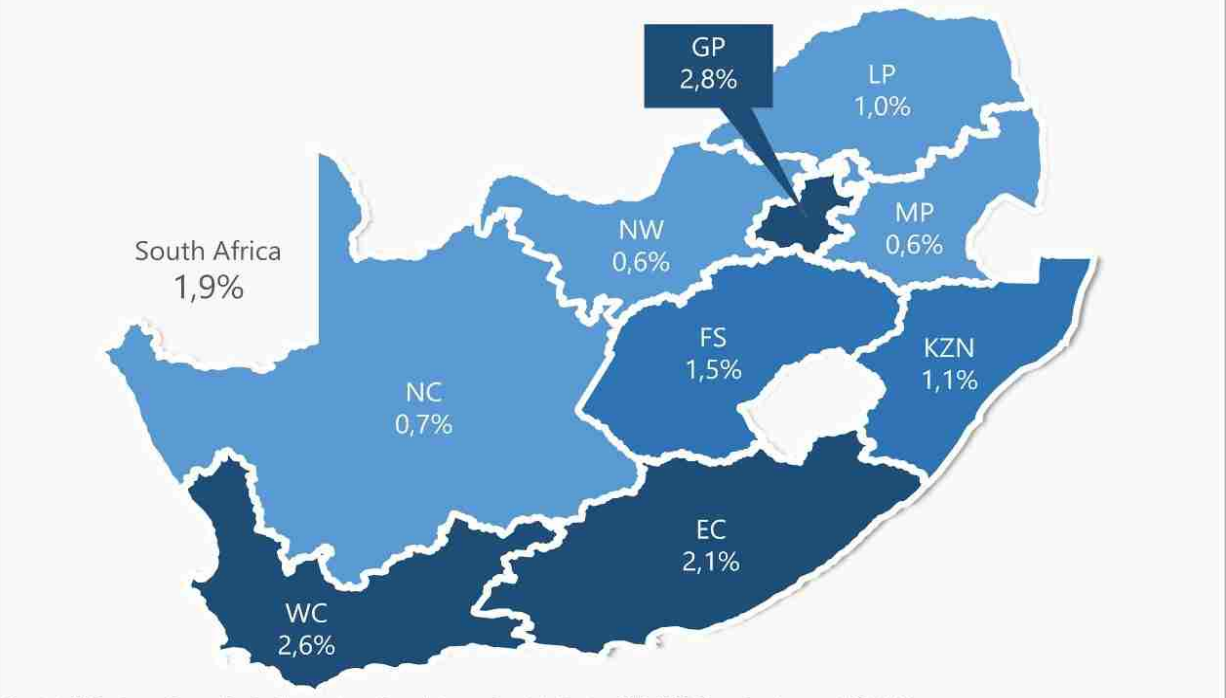
We assume that the RWV workers will increase their earnings by 10% per year and spend 40% of their earnings on local goods and services.

We assume that on average they will bring one dependent with them. This is a high estimate.



Western Cape Data

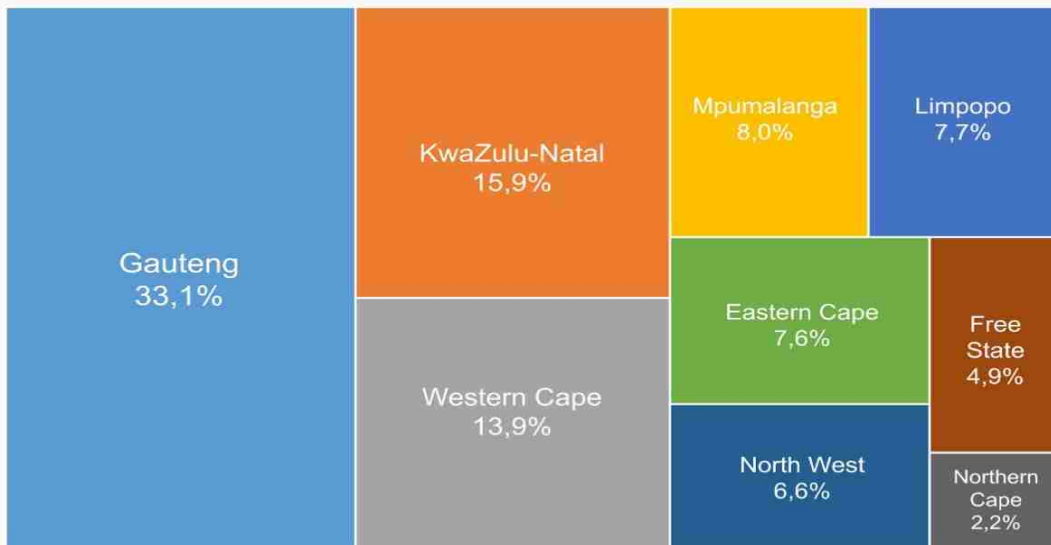
Figure 3: All provincial economies grew in 2022
Annual percentage change in provincial GDP between 2021 and 2022



Constant 2015 prices Source: *Provincial gross domestic product: experimental estimates, 2013–2022*. Discussion document (D0441.1)



Gauteng is the largest economy, contributing 33,1% to national GDP
Percentage contribution to South African GDP in 2022 (Total: R6,6 trillion)



Current prices Source: *Provincial gross domestic product: experimental estimates, 2013–2022*. Discussion document (D0441.1)



Quarterly Labour Survey (StatsSA)

Table 2.3: Labour force characteristics by province and metro					
	Jan-Mar 2023	Apr-Jun 2023	Jul-Sep 2023	Oct-Dec 2023	Jan-Mar 2024
	Thousand	Thousand	Thousand	Thousand	Thousand
South Africa					
Population 15–64 yrs	40 604	40 746	40 886	41 022	41 158
Labour force	24 125	24 268	24 594	24 619	24 971
Employed	16 192	16 346	16 745	16 723	16 745
Unemployed	7 933	7 921	7 849	7 895	8 226
Not economically active	16 479	16 478	16 292	16 403	16 188
Discouraged work-seekers	3 276	3 182	3 156	3 049	3 048
Other (not economically active)	13 202	13 296	13 136	13 354	13 140
Rates (%)					
Unemployment rate	32,9	32,6	31,9	32,1	32,9
Employed/population ratio (absorption)	39,9	40,1	41,0	40,8	40,7
Labour force participation rate	59,4	59,6	60,2	60,0	60,7
Western Cape					
Population 15–64 yrs	4 958	4 978	4 997	5 016	5 035
Labour force	3 388	3 426	3 427	3 459	3 486
Employed	2 658	2 711	2 734	2 757	2 740
Unemployed	730	715	693	702	745
Not economically active	1 571	1 552	1 571	1 557	1 550
Discouraged work-seekers	123	105	140	162	125
Other (not economically active)	1 448	1 446	1 431	1 395	1 425
Rates (%)					
Unemployment rate	21,6	20,9	20,2	20,3	21,4
Employed/population ratio (absorption)	53,6	54,5	54,7	55,0	54,4
Labour force participation rate	68,3	68,8	68,6	69,0	69,2

Due to rounding, numbers do not necessarily add up to totals.

Note: 'Employment' refers to market production activities.

Evaluation of Results

The result is astounding!

[DOWNLOAD](#) the Model Spreadsheet and do your own what ifs.

18 We reduce unemployment from 870 000 to zero over five years.

Western Cape Unemployment							
Population	5 035 000						50
Labor Force	3 486 000						60
Employed	2 740 000						70
Unemployed	745 000						80
Discouraged workseekers	125 000						90
Not economically active	1 425 000						100
Number of Jobs created by a remote worker	2						110
New Job seekers		195 380	195 380	195 380	195 380	195 380	120
Jobs Created by Status Quo		82 000	84 296	86 656	89 083	91 577	140
Cumulative Jobs Required	0	983 380	1 094 464	1 203 188	1 309 485	1 413 288	130
Incoming remote worker		100 000	150 000	150 000	150 000	150 000	150
Cumulative incoming Workers		100 000	250 000	400 000	550 000	700 000	160
New Jobs Created by RWV		200 000	300 000	300 000	300 000	300 000	170
Cum New Jobs Created by RWV		200 000	500 000	800 000	1 100 000	1 400 000	180
Cumulative Jobs Required after RWV		783 380	594 464	403 188	209 485	13 288	190
		2024	2025	2026	2027	2028	2029

29 Δ RpcGDP for the Western Cape over five years with status quo is 2.29%.

Western Cape GDP Status Quo							
South Africa GDP Rand current prices	7 346 000 000 000						19
Western Cape (13.6%)	999 056 000 000						20
Real GDP Growth		1,6%	1,8%	1,8%	1,8%	1,8%	21
WesternCape GDP (2023 Rand prices)	1 015 040 896 000	1 033 311 632 128	1 051 911 241 506	1 070 845 643 853	1 090 120 865 443		22
Western Cape Population							
Population	7 433 019						23
Population Growth	1,30%	1,30%	1,30%	1,30%	1,30%	1,30%	24
Average Dependents each RWVs	1						
Population Status Quo		7 529 648	7 627 534	7 726 692	7 827 139	7 928 891	25
Population of RWV		200 000	500 000	800 000	1 100 000	1 400 000	26
Western Cape pc GDP status Quo							
per capita GDP Status Quo	134 408	134 806	135 471	136 140	136 812	137 487	27
Growth in per capita GDP Status Quo		0,296%	0,494%	0,494%	0,494%	0,494%	28
Δ RpcGDP over five years at 2023 Prices						2,29%	29
		2024	2025	2026	2027	2028	2029

44 Δ RpcGDP with RWV is 83.40%

Western Cape pc GDP status Quo							
per capita GDP Status Quo	134 408	134 806	135 471	136 140	136 812	137 487	27
Growth in per capita GDP Status Quo		0,296%	0,494%	0,494%	0,494%	0,494%	28
Δ RpcGDP over five years at 2023 Prices						2,29%	29
	2024	2025	2026	2027	2028	2029	
Western Cape with RWV							
Offshore income per Remote Workers	864 000						30
Growth in offshore income pa	10,0%						31
Local Expenditure %	60,0%						32
Visa Cost	64 800						33
Offshore income of Remote Workers	86 400 000 000	224 640 000 000	376 704 000 000	543 974 400 000	727 971 840 000		34
Visa Fees	6 480 000 000	16 200 000 000	25 920 000 000	35 640 000 000	45 360 000 000		35
Local Expenditure by RWVs	51 840 000 000	134 784 000 000	226 022 400 000	326 384 640 000	436 783 104 000		36
Cumulative GDP increase of RWV	144 720 000 000	375 624 000 000	628 646 400 000	905 999 040 000	1 210 114 944 000		37
Population with RWV	200 000	500 000	800 000	1 100 000	1 400 000		38
Per Capita GDP of RWV	723 600	751 248	785 808	823 635	864 368		39
WC Total GDP with RWV	1 159 760 896 000	1 408 935 632 128	1 680 557 641 506	1 976 844 683 853	2 300 235 809 443		40
WC Total GDP per capita	150 041	173 353	197 094	221 442	246 571		41
WC Total Growth in GDP per capita		11,631%	15,538%	13,695%	12,354%	11,348%	42
Cumulative increase in GDP over five years at 2023 Prices						130,2%	43
Δ RpcGDP over five years at 2023 Prices						83,450%	44

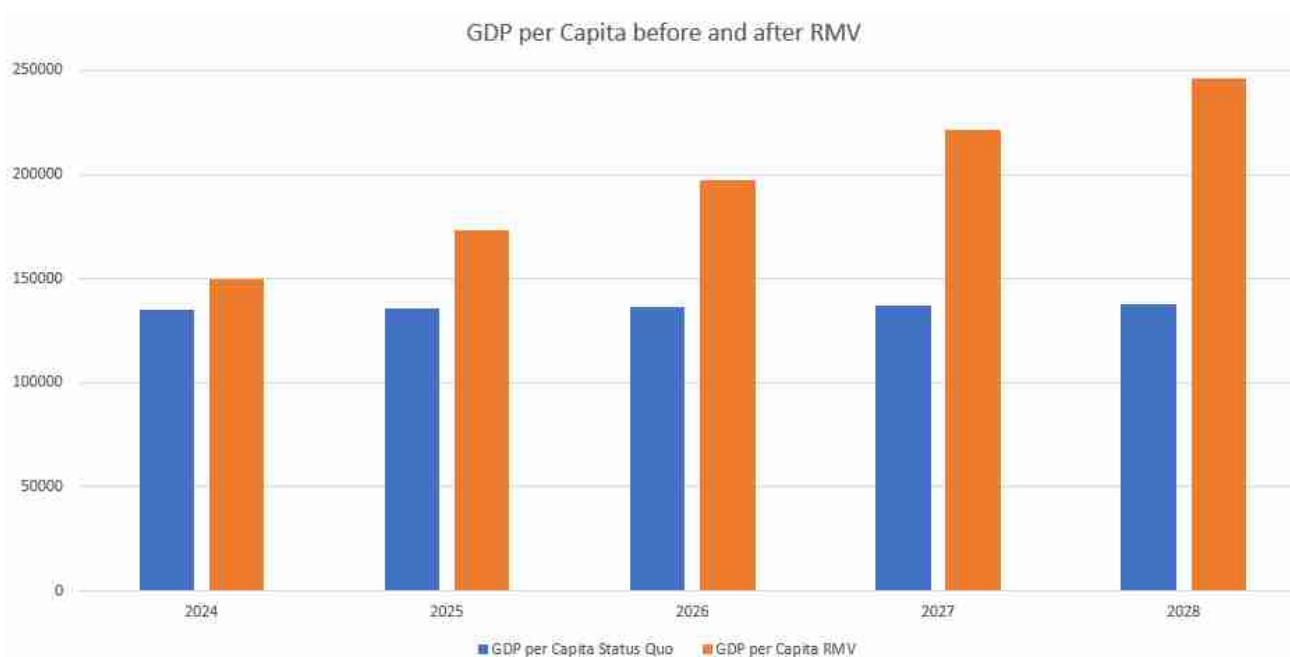
52 R151 Bn nett Fiscal Benefit of RWV over five years

	2024	2025	2026	2027	2028	2029	
Tax Increase							
Vat Rate of expenditures of RWV	10,0%						45
Cost of Visa (\$300 per month)	64 800						46
Unemployment Grant	1 000						
Visa Collections	6 480 000 000	9 720 000 000	9 720 000 000	9 720 000 000	9 720 000 000	9 720 000 000	47
Tax collected (largely VAT)	5 184 000 000	13 478 400 000	22 602 240 000	32 638 464 000	43 678 310 400	51 558 310 400	48
Unemployment grants cancelled		200 000 000	500 000 000	800 000 000	1 100 000 000	1 400 000 000	49
Increased Government Expenditure 50%	-32 400						50
Increased Government Expenditure		-3 240 000 000	-3 240 000 000	-3 240 000 000	-3 240 000 000	-3 240 000 000	51
Nett Fiscal Benefit	8 624 000 000	20 458 400 000	29 882 240 000	40 218 464 000	51 558 310 400	51 558 310 400	52
Cumulative Nett Fiscal Benefit	8 624 000 000	29 082 400 000	58 964 640 000	99 183 104 000	150 741 414 400	150 741 414 400	53



Conclusion

The Prosperity Plan delivers inclusive economic growth with positive fiscal benefits from instantiation, requiring only the political will to amend the legislation. This will work in the Western Cape and then be emulated in the rest of SA.



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