

South Africa's prospects under Cyril Ramaphosa

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EXECUTIVE SUMMARY

The African National Congress (ANC) narrowly avoided a damaging split at the recently concluded 54th national conference. South Africa is, however, firmly in a “muddling along” scenario. The result of the elections for the 86 elected members of the National Executive Committee (NEC) led by newly elected ANC President Cyril Ramaphosa reflects an organization that went into the conference sharply divided and it will take time for these divisions to subside.

The recall of Jacob Zuma is one of the key decisions now confronting the NEC. The longer Zuma stays in power the better the opposition parties will do during the national and provincial elections in 2019. However, in spite of the narrow victory of Ramaphosa, Zuma and his incoherent, large cabinet may be recalled sooner rather than later to avoid a further downgrade of South Africa's long-term local currency debt ratings.

Since Ramaphosa currently serves as deputy president of South Africa and therefore is a member of cabinet the problems associated with two centers of power (between Luthuli House and the Union Buildings) in the period leading up to national and provincial elections in 2019 are manageable. However, Zuma's announcement on fee-free education only hours before the start of the 54th Conference clearly demonstrates the potential damage that he could wreak in the months that lie ahead, particularly given his stated intention to press ahead with a hugely expensive and superfluous nuclear energy deal. The question is how rapidly the NEC will unite behind Ramaphosa to recall him.

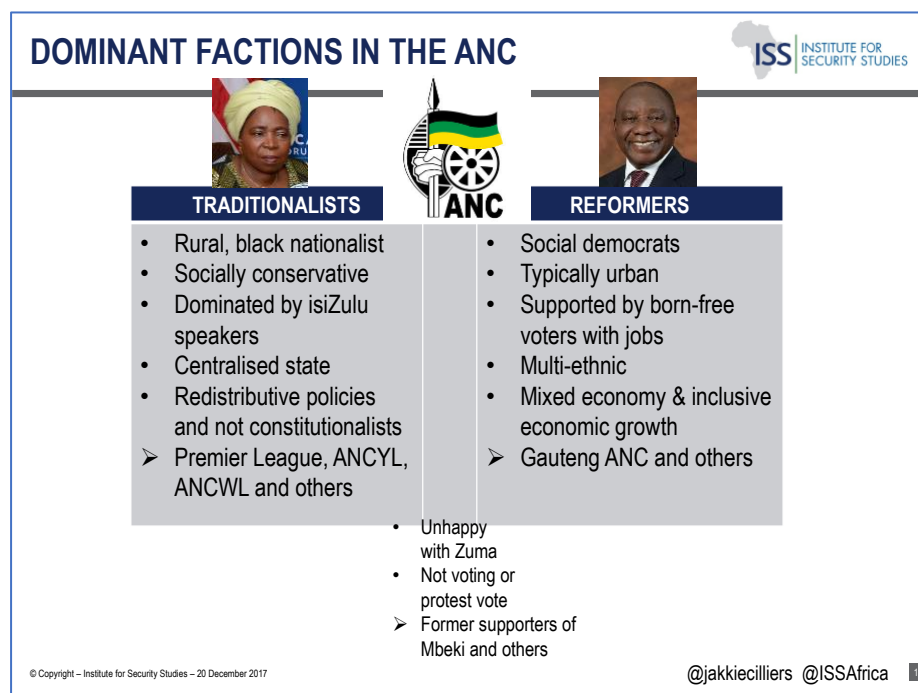
Based on the forecasts presented in [*Fate of the Nation*](#) it seems likely that the ANC will retain its status as governing party during the 2019 elections, with around 53% of the vote, down from 62% in 2014. Such an outcome will avert the need for a coalition at national level. The ANC could however, lose its majority in the critically important Gauteng province. Only a coalition between the Democratic Alliance and the Economic Freedom Fighters (EFF) would be able to put together a governing opposition alliance in Gauteng – a difficult and unlikely partnership given the ideological distance between these two parties. This analysis effectively makes the EFF a potential 2019 kingmaker in Gauteng. The Western Cape, the only province currently governed by an opposition party (the Democratic Alliance), will retain that status and ANC support in rural provinces will remain firm, particularly given the focus on transition of land to rural communities as announced during the conference.

The win by Ramaphosa has averted a major crisis for the ANC and it may yet retain Gauteng province (in alliance with others), but it is not going to be an easy ride. The ANC will, however, eventually emerge significantly more united than at present and the outcome may save the Tripartite Alliance that includes the South African Communist Party and labour union COSATU from disbandment.

In terms of its foreign relations South Africa has its work cut out to rebuild the respect and trust of others. Generally, values such as democracy, human rights and good governance have found limited expression in foreign policy under Mbeki and Zuma (the Mandela era was an aberration), and it is unlikely that this will change under a Ramaphosa government although there may be some tonal adaptation. In addition, absent structural reform in the military, South Africa's ability to contribute to peacekeeping will continue its steady decline.

Introduction

Each change in president, from Nelson Mandela to Thabo Mbeki and then to Jacob Zuma, has set South Africa on a new direction in its post-apartheid journey. The events that unfolded at the ANC's 54th national elective conference (#ANC54, the most popular twitter hashtag of the event) from 16 to 20 December 2017 are no different. The eventual victory of Cyril Ramaphosa (or #CR17, his campaign hashtag) was narrow and the balance of forces between his reformist camp and the traditionalist grouping of his defeated opponent, Dr Nkosazana Dlamini-Zuma (#NDZ), reflects the deep divisions in the party.



In *Fate of the Nation*, I set out three scenarios for South Africa to 2034. The scenarios were developed taking account of these two dominant factions within the party, but adding the importance of a third grouping, those ANC supporters who were not voting or voting for opposition parties in protest against President Jacob Zuma (JZ) that I termed the shift voters.

In a subsequent article for *ISS Today* I indicated that the choice was essentially between short term pain versus long-term pain. A win by the traditionalist slate led by #NDZ would have pushed the ANC below an absolute majority during the 2019 elections and led to the early introduction of competitive politics. This is because an #NDZ win would very likely have split the party (hence the scenario name **Nation Divided**) resulting in South Africa's richest province, Gauteng, being governed by an opposition alliance as from 2019. A clear #CR17 faction victory, on the other hand, would have reinvigorated the ANC, allowing it to cruise to a comfortable majority in 2019 and even allow it to cling on to Gauteng. This **Mandela Magic** scenario would have been bad news for opposition parties, the Democratic Alliance (DA) in particular, and would significantly delay the onset of competitive politics in South Africa. This

is because #CR17 is popular across the rural/urban, racial and class divisions in South Africa and would have been able to reverse the alarming decline in registration and votes amongst ANC supporters evident under JZ by attracting the shift vote back to political participation.

Eventually neither of these two scenarios materialized. For the next few years, South Africa is firmly in a “muddling along” scenario that I named after the South African national soccer team **Bafana Bafana**.

The brutal factionalism seen during #ANC54 has presented South Africa with a future that is, in many respects, the bumbling-along, “talk left walk right” governing party that we have seen for many years. That said, even the divided ANC that emerged from #ANC54 is a huge improvement on the chaos that had developed within the governing party, within cabinet and in government during the second term of JZ. Instead of a cabinet composed of persons of questionable ethics, proven incompetence and friendship with the Gupta family, the Bafana Bafana future is one of real improvements in the coherence of government policy and eventually in the implementation of policy. It has provided some breathing space for the DA, the largest opposition party, that would have suffered much slower growth with a comprehensive win by #CR17, and it constrains the growth of the EFF who benefited from a protest vote against JZ from ANC supporters.



This report provides an overview of #ANC54 and the implications for the future.

The lead-up to #ANC54

In the run-up to #ANC54 President Jacob Zuma suffered a number of setbacks that appeared to further undermine his standing, that of his preferred successor, #NDZ, and the traditionalist faction.

In a judgement on Wednesday 13 December, Judge Dunstan Mlambo ordered JZ to personally [pay the costs](#) of his failed attempt to halt the release of the [State of Capture](#) report by former public protector Thuli Madonsela. The president had "clearly acted in flagrant disregard of the duties of the Public Protector" and the judge described Zuma's actions as “completely unreasonable” and “grossly remiss”.

In a second, separate judgement, the president was instructed to implement the remedial action as set out by public protector Madonsela in the State of Capture report and to appoint a commission of inquiry into state capture within 30 days. The inquiry is to be headed by a judge chosen by the Chief Justice, not the president. Thus “None of the grounds of review [in Zuma's application] have any merit and the president is not entitled to the relief that he seeks. The remedial action taken by the Public Protector is lawful, reasonable, rational and appropriate.”

As if this was not enough, the day before the start of the conference, the High Court in Pretoria set aside the appointment of Shaun Abrahams as national director of the National Prosecuting Authority (NPA) on the basis that JZ was conflicted. The court ruled that the

Deputy President (i.e. #CR17) should appoint a new NDPP within 60 days, i.e. by mid-February 2018. The court effectively advised Abrahams not to take a decision on whether or not to proceed with a decision to pursue 783 long-standing [charges of corruption, fraud, racketeering and money laundering](#) against JZ. Zuma's lawyers have applied to appeal the decision, as they have done on every previous occasion in a case that is now a decade old.

A number of public [opinion surveys](#) have indicated that #CR17 was significantly more popular within the ANC and nationally, and that an ANC led by him, rather than #NDZ, would do much better during the 2019 elections.

The ANC was feeling the pain with the [South African Reconciliation Barometer](#) noting that only 33% of South Africans had confidence in the ANC, while 23.5% had confidence in the DA and 19.1% in the EFF. In urban areas, the diplomatic community and amongst educated South Africans with jobs, the view was that the #NDZ campaign had its back against the wall at the start of the conference.

Relief came in the form of [Steinhoff](#) – hitherto a darling company on the Johannesburg Stock Exchange (also listed in Germany) - that was exposed to have inflated its profits, hidden debt and bad investment, wiping billions of rands off the JSE in a matter of days. Steinhoff appeared, in key instances, to be a classic pyramid scheme that relied on clever accounting practices to hide bad debt and non-performing assets in a series of opaque companies.

The narrative of Gupta influence on the president and his cronies, corruption and malfeasance in state owned companies, the dozens of books (such as *The President's Keepers*¹ and *Enemy of the People*²) that had exposed the extent to which Zuma and those close to him had looted the state gave way to a story on greed and corruption in the private sector. The (white) Stellenbosch mafia, representing Afrikaner capital, had been shown to be as corrupt as the Gupta's. State capture was in checkmate.

Steinhoff set the scene for a traditionalist fightback.

JZ makes his first move

On Saturday morning, 16 December, a few hours ahead of the start of the conference, JZ played his first card. He announced that he has decided that government will introduce fully subsidized free higher education and training for the poor and working class undergraduate students. The subsidies, Zuma announced, would be phased in over five years.³

Free education is a key plank of the #NDZ campaign and JZ made this announcement even whilst his most recent Minister of Finance, Malusi Gigaba, was addressing a business breakfast where he presented a vision of partnership with business and fiscal prudence. JZ's announcement seriously undermined Gigaba's [October medium-term budget policy statement](#).

[Newspaper reports](#) would subsequently indicate that Gigaba had pleaded with Zuma to hold off on the announcement until the February 2018 state of the nation address. Zuma refused for, at that point, should he not already have been recalled as president, he would have been

subject to the diktat of the newly elected ANC president and his/her National Executive Committee.

Government does not have the funding to implement this policy that came with an estimated 2018 bill of R12.4bn. It is already struggling with a projected shortfall on tax revenues of R51bn that it planned to close with a combination of expenditure cuts and tax increases. The education proposal also placed universities in a very difficult position since it implied that they had to reverse their announcements for average 8% increases in fees for 2018 and plan for a possible cash-flow gap during the first few months whilst government scrambled to reschedule funding. Finally, it is likely that this announcement could endanger the fragile stability that had developed on the various university campuses in the wake of the often violent #feesmustfall campaign.

The announcement effectively overruled key recommendations of the [Heher Commission](#) into the Feasibility of Fee-Free Higher Education and Training that Zuma himself had appointed. The Commission found that the state did not have the capacity to provide free tertiary education to all students.⁴ Zuma [released](#) the Heher Commissioner report in November shortly after reports that he was preparing to announce a plan on free tertiary education allegedly largely devised by [Morris Masutha](#), a specialist advisor to JZ, former employee of the State Security Agency and activist in the #feesmustfall campaign.

The National Treasury, in a subsequent [statement](#) merely ‘noted’ the announcement indicating that it was “in the process of reviewing the details of the higher education proposals, as well as possible financing options.”

#ANC54: the campaign during the conference

The conference itself started several hours late after numerous disputes about the accreditation of delegates from provinces and branches. The most notable changes occurred with the number of accredited voting delegates from KwaZulu-Natal (KZN), the Free State and Northwest where, in the days immediately ahead of the conference, two provincial executive committees (for KZN and the Free State) and one regional executive committee (in the Northwest) had been declared invalid by successive court decisions. The rulings effectively disqualified voting delegates that appeared supportive of #NDZ. A number of bogus delegates had also managed to get their names onto the relevant lists, to the consternation of the authentic delegates that had been mandated by their relevant branches. Eventually the accreditation challenges spilled over into the second day of the conference with the final number of voting delegates that were announced reduced by several hundred to 4 773.

In his lengthy [opening speech](#) JZ played his second card, effectively delivering a campaign speech on behalf of #NDZ. He came out as a strong advocate of radical economic transformation, provided a robust defense of his record and argued that state capture is a narrative mainly developed by the media and beneficiaries of the Apartheid State. Corporate greed, not state capture, was the most serious threat to the ANC, Zuma argued – effectively countering the Gupta narrative with that from Steinhoff.

Notably he avoided mention of one of his most important achievements, the introduction of a minimum wage, for that would have required positive mention of his deputy, #CR17 who had negotiated the agreement.

The president was angry and defensive, criticizing those who had crossed him, lashing out at business, NGOs, ANC veterans, the media and especially the judiciary, refusing to accept any responsibility for the long list of problems that he mentioned, or acknowledging any culpability. Zuma presented himself as outside of the ANC or the country's problems – a spectator to the challenges that he listed.

The response from delegates was lackluster, forcing Zuma to repeat his mention on fee-free education that he had unilaterally announced earlier that morning. Power was seeping away from South Africa's internationally disgraced presidency, even as he lauded own goals such as the Revised Mining Charter that had effectively halted investment in the sector.

The populist narrative of the traditionalist faction has become deeply engrained within the ANC. In his [organizational report](#) the outgoing secretary-general, Gwede Mantashe, picked up on some of Zuma's themes, reflecting the extent to which state capture is "a narrative mainly developed by the media and beneficiaries of the apartheid state." Thus: "The offensive from external forces, at its core the regime change agenda, is real. Colour revolution is the mode of the offensive, with a possibility of combination of soft and hard forms of the attack, with the potential to return Southern Africa into its Cold War era type of conflict."

#ANC54: Proposed amendments to the constitution of the ANC

With the accreditation process apparently resolved by Sunday morning, a day later than originally envisaged, delegates turned to discussions on proposed [amendments to the ANC's constitution](#), agreeing to retain one deputy president, not to appoint additional deputy secretary generals, etc.

Amendments to the ANC's constitution require a two-thirds majority and with the persons in the hall now including voting delegates and observers, the associated voting procedures would have been lengthy and cumbersome. It was no surprise therefore that the ANC's constitution was not amended when a show of hands on each proposed amendment indicated insufficient support.

An organization deeply in need of structural reform to more than just the number of top delegates will now limp on with a constitution designed for a liberation movement from a previous century.

#ANC54: Elections for the top six

The [National Conference](#) is the "supreme ruling and controlling body of the ANC." One of its most important functions is to elect the 86 members of the National Executive Committee (NEC) that serves as "the highest organ of the ANC between National Conferences." In terms of the ANC's constitution, the top six officials of the ANC are elected separately, followed by elections for the 80 remaining members of the NEC. Ninety percent of voting delegates come from branches of the ANC.

The outgoing top leadership of the ANC had made a number of suggestions to try and avert the practice of 'slate-voting', where delegates vote for a predetermined list of candidates from their slate, rather than based on considerations of competence and individual qualities. These included proposals to first vote for the president and only after allowing for a break during which delegates could consult, then voting for the rest of the top six. Eventually these suggestions were defeated and voting for all six positions occurred on one ballot paper. This was 'sudden death' – slate versus slate.

Voting for the top six took a long time, it proceeded overnight, with voting being carried out in groups of 200. Although branches had previously indicated their preferences and delegates were subsequently mandated to vote for specific candidates, voting happens in secret and delegates are not bound by their branch mandates. The intention is to allow last-minute negotiations and compromise – but also meant that delegates could be swayed or bought.

The announcement of the results was delayed by demands for three recounts and was made a full day behind schedule. The outcome reflect an organization that is divided straight down the middle. Thus:

Reformist slate (successful candidates in yellow):

- President: Cyril Ramaphosa, deputy president of the ANC and of South Africa
- Deputy President: Lindiwe Sisulu, current human settlements minister
- Secretary-General: Senzo Mchunu, former KwaZulu-Natal premier and chairperson
- Deputy Secretary-General: Zingiswa Losi, second deputy president of COSATU
- Treasurer-General: Paul Mashatile, chairperson of the ANC in Gauteng
- National Chairperson: Gwede Mantashe, current secretary-general of the ANC

Traditionalist slate (successful candidates in yellow):

- President: Nkosazana Dlamini-Zuma, former chairperson of the AU Commission
- Deputy President: David Mabuza, suspended Mpumalanga chair of ANC and premier
- Secretary-General: Ace Magashule, suspended Free State chair of ANC and premier
- Deputy Secretary-General: Jesse Duarte, current deputy secretary-general of the ANC
- National Chairperson: Maite Nkoana-Mashabane, current minister of international relations and cooperation
- National Chairperson: Nathi Mthethwa, current arts and culture minister

Voting had been close, with the incoming secretary-general, Ace Magashule, initially squeezing by with only 24 more votes more than his rival, Senzo Mchunu. Even that margin was later reduced to just 9 after a dispute on a number of votes had been addressed.

Name	Votes	Position	Winning margin
Cyril Ramaphosa	2 440	President	179
Nkosazana Dlamini-Zuma	2 261	President	
Lindiwe Sisulu	2 159	Dep Pres	

David Mabuza	2 538	Dep Pres	379
Gwede Mantashe	2 418	Nat Chair	149
Nathi Mthethwa	2 269	Nat Chair	
Senzo Mchunu	2 336	Sec Gen	
Ace Magashule	2 377	Sec Gen	9
Paul Mashatile	2 517	Treas Gen	339
Maite Nkoana-Mashabane	2 178	Treas Gen	
Zingiswa Losi	2 213	Dep SG	
Jesse Duarte	2 474	Dep SG	261

In considering these results it is important to note that only the Secretary General, the Deputy Secretary General (both from the traditionalist camp) and the Treasurer General (from the reformist camp) are full-time functionaries of the ANC. Although state power is hugely important, and vested in the president of the ANC when he/she also serves as president of South Africa, the traditionalists occupy two of the three permanent positions in the ANC.

Beyond the division between the two ideological camps, the top six only include one woman, and KwaZulu-Natal, the largest province with the most branches (806 out of 3 880), has no representation with the defeat of Senzo Mchunu.⁵

There appears to be a considerable difference between the indications of support from branches and the eventual margin of victory for #CR17. Only two explanations appear possible. The first is that most branches who supported #NDZ were larger than those that supported #CR17 (branches with more than 250 members get a second vote). The second is that substantial money influence had been exerted. Both likely hold some water.

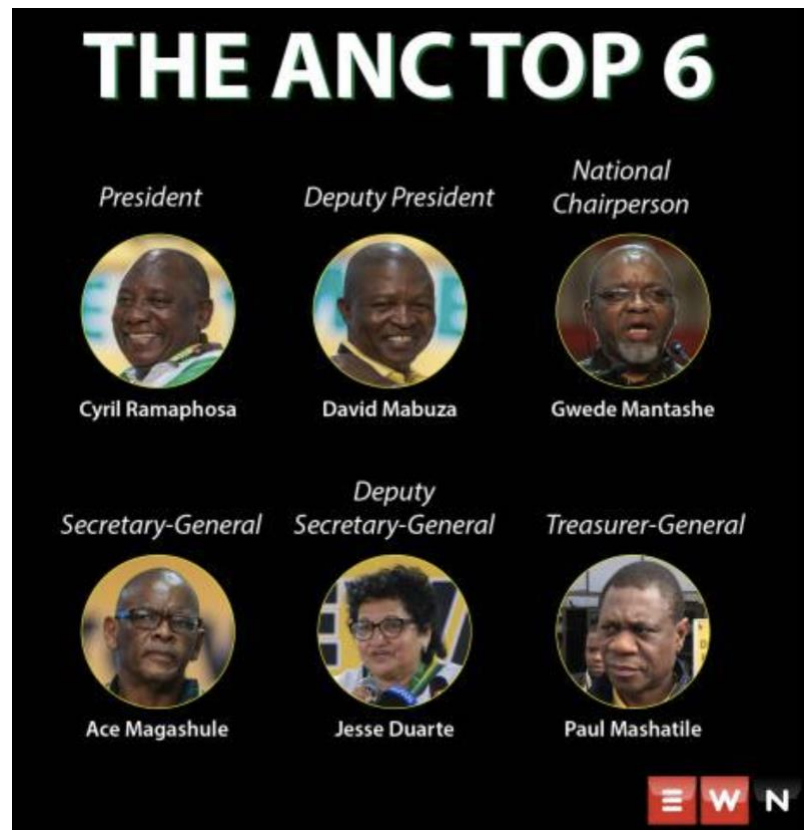
These deficiencies are likely to be rectified when #CR17 appoints his cabinet, possibly including some of the defeated candidates. In addition, with vacancies in two provinces, there will be considerable pressure to seek female leadership in the Free State and KZN. The ANC does not have a female premier or provincial party leader amongst any of the eight provinces under its control.

On Tuesday, after the announcement of the top six the previous day, another twist emerged when it was discovered that the votes of 68 delegates had been 'quarantined' and not been counted, a difference that could potentially overturn the election of the secretary general where Ace Magashule from the Free State had originally won by a mere 24 votes over Senzo Mchunu from KZN. That result had itself been reversed during a recount requested by the traditionalist faction.

The 68 votes were from legitimate branch delegates who, upon registration, found that their names were not included in the delegate list. The votes were subsequently quarantined, and not included in tallies. Eventually Senzo Mchunu was allocated another 15 votes, reducing Ace Magashule's margin of victory from 24 to 9. Clearly the case is going to court.

The steering committee from the ANC that was adjudicating in this process was apparently chaired by incoming Secretary General Ace Magashule, who is deeply involved in

allegations of corruption and state capture. Ace is himself a non-voting delegate from the disbanded Free State Provincial Executive Committee.



The ANC now first had to exhaust all the avenues for resolution available to the organization, culminating in the matter being discussed by the full conference in a closed session on the final day. In a leaked video, newly elected ANC president Ramaphosa is seen appealing to a group of delegates to accept results (“respect the integrity of the conference”) and not to use external means such as the courts, to challenge the findings. In his words, the outcomes from the #ANC54 meeting should be seen as a “beachhead” towards the reconstruction of the ANC.

Few candidates so starkly reflect the different factions in the ANC than the election of Ace Magashule and David Mabuza. Ace Magashule is the longest serving ANC provincial leader, having been in that position since 1992 and been embroiled in repeated legal battles and allegations of corruption. Ahead of the 54th conference the Provincial Executive Committee (PEC) of the Free State had (again) been disbanded by court. Renown journalist Ranjeni Munusamy summarized the challenge in a tweet: “The Free State PEC was unable to participate in two consecutive ANC national conferences. The man in charge of that province [Ace Magashule] is now responsible for managing the entire ANC. And the ANC’s 2019 election campaign.”

Once the commission of inquiry into state capture is appointed by the President, it is likely that Ace would have to spend considerable time testifying in front of it. David Mabuza has similarly long been engulfed in numerous political scandals that include corruption and assassinations.

Attention now moved to the election of the 80 members of the [National Executive Committee](#). Provinces had nominated a total of 295 candidates of whom 182 accepted. The results mirror that in the top six – the NEC is split down the middle. Perhaps only a consummate negotiator and reconciliator such as #CR17 will be able to hold this structure together. Taking the NEC along, which would be both his natural instinct as well as a legal requirement, is bound to constrain the new president of the ANC.

#CR17 only presented his closing speech early on Thursday morning. A masterly display of reconciliation and unity, he committed to the unity of the tripartite alliance (consisting of the ANC, labour federation COSATU and the South African Communist Party), announced the key decisions that had emanated from the various policy discussions, and even went so far as to support and endorse the Zuma's announcement on free education.⁶ That appeasement in the face of strong opposition will shortly be tested in the debates around the proposed nuclear deal to which the Zuma administration has also committed.

On downgrades and growth

In his [New Deal](#) for Jobs, Growth and Transformation announced in November 2017, #CR17 committed to a “decisive new approach” that could unlock a 2018 growth target of 3% and 5% by 2023, including the creation of a million jobs. This is only possible if South Africa can avoid the downgrade of its long-term local currency debt ratings by Moody's scheduled for completion in February 2018. Moody's is the only leading rating agency that has maintained South Africa's rating above junk status. That this decision is important was underlined by RMB Morgan Stanley that projects a potential outflow of \$5 billion (R63.6 bn) once South Africa is excluded from Citi's World Governance Bond Index, which would follow a further downgrade by Moody's.

The announcement of 16th December to provide free higher education clearly demonstrates the risks associated with the irresponsible leadership of Jacob Zuma, and indeed of retaining his inexperienced finance minister, Malusi Gigaba, who is due to present the 2018/19 budget in February 2018. Gigaba is out of his depth, demonstrated by a feeble performance earlier on the first day of the conference when the treasury hosted a business breakfast on the margins of #ANC54. With Zuma and Gigaba in their current positions a downgrade remains highly likely. In fact, shortly after the election of #CR17 [Moody's](#) commented that the new leadership raises the prospect of an improvement in SAs ratings, but warned that “the narrow victory limited his ability to implement promised reforms.” [Fitch](#), which has South Africa at sub-investment took a more cautious view, warning about the likelihood of further downgrades given policy uncertainty.

Once South Africa's long-term local currency debt is downgraded by Moody's, growth will remain constrained for several years and the target of 5% growth by 2023 or indeed of an average growth rate of 5.4% to 2030 as set out by the National Development Plan is unachievable. The modeling done for *Fate of the Nation* forecasts an average growth rate of 2.5% for South Africa from 2018 to 2034 in the Bafana Bafana scenario, significantly below that required to reduce unemployment, poverty levels and impact upon inequality.

Key policy outcomes

Beyond the election of the NEC, various policy committees met during #ANC54 to discuss the [policy documents](#) that had emanated from the ANC's 5th National Policy Conference held at Gallagher Convention Centre from 30th June to 5th July 2017. These consisted of discussion documents on:

- Strategy and Tactics;
- Organizational Renewal;
- Communications;
- Economic Transformation;
- Education, Health, Science and Technology;
- Legislature and Governance;
- Social Transformation;
- Peace and Stability; and
- International Relations.

Two important decisions deserve mention, namely on land and changes to traditional authority.

The first is a decision to amend section 25 of the constitution to allow for the expropriation of land without compensation but with the caveat that it should not undermine the economy, agricultural production and food security. Land is of huge symbolic importance in South Africa and debate about this matter will swirl for a long time. The decision itself flies against available evidence on how best to proceed with land reform. For example the November 2017 report for parliament by the [High Level Panel on the Assessment of Key Legislation and the Acceleration of Fundamental Change](#) that was chaired by former president Kgalema Motlanthe decided against such a measure in favour of detailed recommendations to provide a framework for land reform, particularly as regards redistribution that would occur within the current constitutional provisions.

The second, and potentially most important decision is the start of a process to roll back the authority of traditional leaders over [communal land](#), with the goal of eventually giving communities "13% of land". Under JZ the ANC had sought to curry favour with traditional leadership of rural black South Africa at the expense of individual title to land. In *Fate of the Nation* I examined the extent to which the Zuma administration had backtracked on genuine land reform and entrenched rather than dismantled apartheid-era divisions over land rights and ownership. "...parties that appeal to a rural support base, espouse traditional values and emphasise socially conservative practices – increasingly the case with the ANC under Zuma ...may struggle to remain relevant in an increasingly urban-orientated, digitally connected and consumer-based culture."⁷ Much more needs to be done, of course, for the ANC needs to transfer land rights and titles to individuals, not communities, but a potentially important first step has been taken although #CR17 can expect strong resistance from traditional authorities, chiefs and royalty, who keep millions of South Africans in the former homelands hostage to their collectivist authority. In my view "The transfer of land to individual ownership is a prerequisite for rural transformation and growth and key to the future of the ANC."⁸

When will Zuma be recalled?

The recall of Jacob Zuma is one of the key decisions now confronting the newly elected NEC. The longer JZ stays in power the better the opposition parties can be expected to do in 2019. The likelihood of a further downgrade by Moody's will be dramatically reduced with the early recall of Zuma and the appointment of a new cabinet, including a new finance minister able to inspire confidence. However, given the narrow victory of #CR17 and the balance of power in the NEC, JZ may have earned a few months longer as president of South Africa.

The president of South Africa is elected by simple majority in the National Assembly and thus serves at the pleasure of the dominant party. The ANC has a current majority of 249 (62%) out of 400 seats in the Assembly. He/she may serve for only two terms but, if a vacancy exists, the period between the election of a new president and the next election (currently scheduled for 2019) is not regarded as a term (in terms of section 88(2) of the Constitution). The ANC can therefore decide to recall South African President Jacob Zuma at any point before his term formally concludes in May 2019.

In September 2008, the NEC recalled President Thabo Mbeki who still had nine months left in his second term. In this instance a caretaker president, Kgalema Motlanthe, served as interim president until the 2009 elections. JZ was not yet ready to serve as the country's president, but did not trust Mbeki to continue as president, despite exercising tight control from Luthuli House in Johannesburg. At the time, JZ was not a member of cabinet and his election as president of the ANC resulted in two centres of power, one led by Thabo Mbeki in the Union Buildings in Pretoria and a second lead by JZ in Johannesburg. The ANC is well aware of the associated challenges and one of the concluding decisions of #ANC54 is that the NEC needs to manage the two centers of power after the conference.

At the moment, the ANC will have a situation where ANC President Ramaphosa will deliver the ANC's National Executive Committee statement on 13 January when the ANC celebrates its 106th anniversary in East London, and, on 8 February President Jacob Zuma will present his State of the Nation address to a joint sitting of parliament.

Unlike the situation with the recall of Thabo Mbeki, #CR17 currently serves as deputy president of South Africa and is therefore a member of JZ's cabinet. Effectively power and authority should naturally defer to #CR17 rather than to JZ. The debate about two centers of power will, therefore, be less divisive than it was previously.

That is important, for Zuma's announcement on fee-free education only hours before the start of the 54th Conference on 16 December 2017 clearly demonstrated the potential damage that he could wreak in the months that lie ahead, particularly his stated intention to press ahead with the acquisition of additional nuclear capacity for electricity.

It is unlikely that JZ will finish his full second term as President of South Africa. The likely process is that the ANC, after discussion and agreement within the NEC, will recall him, requesting him to resign as president of the country, as occurred with Thabo Mbeki in 2008. The National Assembly can then arrange for the election of #CR17 as president of South Africa. In the unlikely event that Zuma refuses to head the recall, the ANC could effect the resignation of the President by a vote of no confidence by a simple majority (in the National

Assembly in terms of section 102(2) of the Constitution.⁹ It is, however, unlikely that this will occur. More likely is that it will take some months for the NEC to agree on the recall of JZ that could occur any time before mid-2018, but possibly too late to stave off a further deterioration to our short to medium term economic prospects.

The changing of the guard

The election of #CR17 as opposed to #NDZ, narrow as it is, is more than a triumph of the reformist faction as opposed to the traditionalist faction within the ANC. It also reflects a shift from dominance in the ANC from the exiles to the internals, and a triumph of modernity over tribalism.

Despite its revisionist history, the ANC in exile was a much smaller party than most admit. The hugely important domestic campaign that contributed to the end of apartheid was led by labour (COSATU) and the United Democratic Front (UDF) – but the internals have, until recently, been sidelined. The exiles, including people like Thabo Mbeki, Alfred Nzo, the Pahad brothers, and others, who all came from a deeply politicized and partisan exile background, were steeped in Cold War politics and conspiracy from which they have not been able to escape. In 2014 Alex Borrairie wrote, *What's Gone Wrong? On the Brink of a Failed State*, and argued cogently, in my view, that the underlying reason for the negative trend in domestic politics is that the ANC transplanted its exile culture into the new South Africa. All the negative aspects of an organisation that had existed in the shadows during the exile years are apparent, he writes – the stifling bureaucracy, poor administration, incorrect choices, deployment that places loyalty above competence, political incoherence and the high life enjoyed by some senior leaders. The ANC, he argues, is more concerned with the party than with the country. Recent events have borne this analysis out.

A positive interpretation of #ANC54 is therefore that the victory by the internals led by #CR17 could have a much wider impact. It could set South Africa off on an interesting new journey that would allow for a new, inclusive narrative to emerge that is based on the requirements for the modernization of the party and its views of the world. #CR17 is a proven negotiator. "He has a shrewd understanding of ... power and knows how to get what he wants from a situation", says [Michael Spicer](#), a former executive at Anglo American.

Clearly, the commission of inquiry into state capture that #JZ fought to bitterly to avoid can now proceed. This was the subject of the single longest section in the [closing address](#) by #CR17:

At this conference, ... we have also dealt with difficult matters in the state, and we had to confront the critical issues with regards to critical institutions of our state that were targeted by individuals through the exercise of influence and manipulation of governance processes. This has led to the weakening of our State Owned Enterprises, whose governance and structures need to be revamped ... Given all these challenges we are called upon to act against corruption, ... collusion and other economic crimes prevalent in both the public sector as well as the private sector.

We are also called upon to investigate without any fear or favour the so-called 'accounting irregularities' that cause turmoil in the markets and wipe out billions of

rands from ordinary South Africans. This Conference has resolved that this must be acted upon and it must come to a stop ...

We must also act fearlessly against alleged corruption and abuse of office within our own ranks ... We embraced the Integrity Commission at our NGC and endorsed this decision at the 53rd National Conference ... The terms of reference, as it was discussed in the conference, will have to be settled by the National Executive Committee and be presented to the NGC.

JZ had made similar noises. When delivering the ANC's [8 January 2017 statement](#) he read out a sentence that "Our people have told us that we come across as too busy fighting one another and do not pay sufficient attention to their needs... the people abhor the apparent preoccupation with personal gain." These were clearly not his choice of words, but that of others within the NEC. This time the president of the ANC means what he says and it can only end in tears for his predecessor.

Prospects for the 2019 elections – the importance of Gauteng

The premise that underpins the forecasts presented in *Fate of the Nation* is that the political outcomes from #ANC54 will determine South Africa's long-term developmental outcomes.

Fate of the Nation presented the following likely national election forecast for 2019:

- ANC 53%, down from 62% in 2014, thus averting the need for a coalition at national level
- DA 28%, up from 22% in 2014, continuing its steady growth and policy evolution under the leadership of Mmusi Maimane
- EFF 12%, up from 6% in 2014, therefore doubling its support, and emerging as a potential kingmaker, particularly in Gauteng
- Other parties 7%, down from 9% in 2014

In this "muddling along" scenario called Bafana Bafana in the book, the ANC will therefore comfortably retain its position as the largest party in South Africa without the need to enter into a coalition at national level. This analysis is informed by the positive impact that a #CR17 victory would have on declining levels of support for a party that, in 2019, will have been in power for 25 years. The Western Cape, the only province governed by an opposition party will retain that status and ANC support in rural provinces will remain firm, particularly given the focus on transition of land to rural communities as announced during #ANC54.

To a large extent the future of the ANC will be decided in [Gauteng](#). Although Gauteng is geographically the smallest of the nine provinces, it is South Africa's economic heartland, constituting 35% of the country's GDP and 25% of its population.

In 2014 the ANC received 56% support in Gauteng and the DA 29%, with ANC support having dropped by nine percentage points and that of the DA increasing by eight percentage points since the 2009 elections. A continuation of this trend would see the ANC receive 47% and the DA 37% in 2019. During the 2016 local government elections the ANC received only 46% support in Gauteng and the DA 37%, but turnout during South Africa's local government elections is typically much lower than during national elections (voter turnout fell from 73% to 58% when comparing the 2014 national with the 2016 local government elections). In

addition, opposition parties such as the DA and EFF generally do better during local government elections, largely because they manage to ensure higher voter turnout than the ANC.

In the uninspiring Bafana Bafana scenario that follows from #ANC54, the ANC could therefore lose its current majority in Gauteng but should be able to put together a governing alliance in the province working with smaller parties or in a partnership with the EFF. Only an unlikely DA/EFF coalition would be able to put together a governing opposition alliance in Gauteng – a difficult and unlikely partnership given the ideological distance between these two parties.

This analysis effectively makes the EFF a potential 2019 kingmaker in Gauteng, although these forecasts obviously need to be treated with care. Gauteng is key, however, for once the ANC loses Gauteng fully 50% of the economy and 37% of South Africa's population would be under the leadership of the opposition should the Western Cape remain under opposition control as could be expected.

Seen against the background set out here, the win by #CR17 has averted a major national crisis for the ANC, and it may yet retain Gauteng province, but it is not going to be an easy ride.

The future of the alliance

Shortly before #ANC54, the South African Communist Party (SACP) tested its electoral prospects by fielding 42 candidates under its own banner in the [Metsimaholo municipality by-elections](#) in the Free State. When the final results were announced the SACP had won 3 seats whilst support for the ANC declined from 19 to 16 seats. The decision to contest elections represents a watershed event for the SACP. It is the first tangible step towards implementation of a [2007 resolution](#). Then, unhappy with Thabo Mbeki's policies, the SACP raised the issue of contesting elections under its own banner. It proposed doing this either within a "reconfigured alliance" or having its own candidates contest elections, after which it would come to an agreement with the ANC on how to cooperate in government.

The SACP's decision to go it alone is the culmination of a fallout dating back to 1996. Then, the ANC government under President Nelson Mandela and Deputy President Thabo Mbeki announced its macro-economic framework, known as Growth, Employment and Redistribution (Gear), without substantial consultations with the SACP and COSATU. Both slammed the policy as serving the interests of business at the expense of the poor working class but Gear turned South Africa's economic trajectory around. The economy grew and employment increased. The SACP, and COSATU subsequently backed Jacob Zuma who was elected president of the ANC in Polokwane in 2007 but both subsequently fell out with Zuma.

Having come out sharply critical of JZ, the SACP members on the NEC were decimated at #ANC54. Even Blade Nzimande, president of the SACP, was not re-elected onto the NEC.

COSATU has had a similar rocky experience with JZ. It was the first organization to come out in support of #CR17 and it refused to allow JZ to attend or address its meetings. It is

therefore no surprise that a meeting to discuss the future configuration of the alliance is a priority for the newly elected president of the ANC.

Under JZ the alliance with the SACP and COSATU has effectively collapsed, with Gwede Mantashe admitting that “the Alliance is at its lowest ebb. It is without cohesion and a coherent approach to challenges facing it and society. Currently, the ANC’s historic allies seek alternative allies and run joint programmes with other forces, including those that were historically hostile to our movement. ... our allies have become reactionary. ... In other instances, some activists and stalwarts, including veterans of our movement, have come together in different forums to denounce the ANC and its leadership. This is unprecedented in the history of our movement.” Regular meetings no longer occurred and the alliance is in intensive care.

Despite the obvious divisions and evidence to the contrary, #CR17 appealed to delegates to unite in service of the ANC and the country. “We will work with our Alliance partners to repair relations between the four formations that our people expect to lead the National Democratic Revolution. ... the ANC cannot be strong and effective unless we are part of an Alliance that is strong, united and cohesive.” In his midnight [speech](#) at the close of #ANC54, #CR17 thus spoke about the need to “unite the Alliance and ensure that its programmes are underpinned by unity.”

The challenge that he faces is that COSATU has, since 1994, constrained the ability of an ANC government to implement pro-growth policies.

Foreign policy

The narrow #CR17 victory is unlikely to restore the golden glow that South Africa experienced in 1994. The world has moved on and South Africa has to rebuild the respect and trust of most. The election of #NDZ to chair of the AU, efforts such as the African Capacity for Immediate Response to Crises (ACIRC), South African deployment in the Central African Republic (the battle of Bangui) and similar ad hoc efforts have done considerable damage to the country’s standing in Africa and internationally.

Foreign policy essentially consists of the promotion and protection of a country’s interests abroad. Looking ahead South Africa’s future imperatives under #CR17 will inevitably focus on the advancement of a domestic growth agenda, seeking new opportunities and markets in the process. These could include positioning itself to benefit from the next commodities super cycle led by India in addition to greater opportunities outside of the EU and China, its two major trading partners.

Generally South Africa will maintain its emphasis on South-South solidarity, evidence an anti-imperialist orientation, continue with the importance of relations with Cuba, support to Palestine and solidarity with the people of Western Sahara and countries like Venezuela. Thus South-South and Third World views on solidarity and narrative of colonialism and exploitation will continue to feature strongly. This is a view which is firmly anchored in the relationship between the ANC, the Communist Party of China and the various liberation movements in the region. To this end the Communist Party of China has, for example,

committed to help the six former liberation parties in Southern Africa to build a regional political school in Tanzania.

The ANC has a particularly conspiratorial view of global interactions that repeatedly came to the fore under Thabo Mbeki as well as the JZ administration with the rise of the securocrats during the last eight years. Thus, the outgoing secretary general would explain to delegates at #ANC54 that: "Africa is becoming a battle ground for various global interests. Former liberation movements are most vulnerable at this period and need to work together to protect the gains of the liberation struggles in our region and continent." It is unclear what the views of #CR17 are, but his engagement with the private sector and international exposure may allow for a more nuanced view of how the world works.

While South Africa is unlikely to step away from its enthusiastic membership of the BRICS (Brazil, Russia, India, China and South Africa) under #CR17, the need for growth may intrude on this orientation. The EU (as a group) is much more important to South Africa than China (in 2015 South African/EU trade was double that with China, and Europe accounts for 77% of foreign direct investment in South Africa compared to 4% from China). The adoption of a more even-handed approach to investment and trade could unlock some of the 'wall of money' that is flowing to emerging markets to also invest in South Africa.

The one issue that may be placed on the back-burner is South Africa's decision to withdraw from the ICC (although continuing with its efforts at amendment of the Rome Statute). The country will continue to advocate for reform of the UN Security Council, the International Monetary Fund and World Bank and other global governance structures and the India-Brazil-South Africa (IBSA) partnership may experience a new lease of life.

South Africa has long favoured stability over democracy or human rights in its engagement in Africa, therefore paying particular reverence to protecting and partnering with former liberation movements and leadership that espouses state-led growth. It is unlikely that the current dissonance between the values reflected in South Africa's constitution and bill of rights, and its foreign policy will disappear. Generally, values such as democracy, human rights and good governance have found limited expression in foreign policy under Mbeki and Zuma (the Mandela era was an aberration), and it is unlikely that the content will change under #CR17 although there may be some tonal adaptation. In addition, absent structural reform in the military South Africa's ability to contribute to peacekeeping will continue its steady decline. South Africa previously pioneered a number of important innovations – particularly its willingness to adopt a more robust stance in peace missions in the Eastern DRC – that, at the time, made an important contribution to efficacy.

Africa is South Africa's most important trading partner and once installed as president of the country, #CR17 will continue with intensive engagement in the continent. It is the only region where South Africa has a consistent trade surplus, a competitive advantage and much of our exports to Africa consist of value-added manufacturing products. Since intra-African trade is still very low (at only 15-16% of total values), South Africa is well positioned to expand its trade relations in the region. #CR17 will inevitably emphasize trade and economic growth. The result will be that the focus within the Department of International Relations and Cooperation (DIRCO) - or whatever its future name - will be on the expansion of South

Africa's commercial relations including on trade and hopefully more coordination with other government departments that are active in this space. It is well known that inter-departmental cooperation is poor and that the department does not currently prioritize economic matters.

Economically South Africa's future is in expanding regional value chains in the region – a vision that is only achievable through the pursuit of meaningful regional economic integration as advocated by Minister of Trade and Industry Rob Davies and others. A prosperous South Africa will serve as a growth locomotive in the region but it will take time.

In the shorter term two issues will confront South Africa early in 2018, namely, election to UN Security Council in 2019 (elections occur middle of 2018) and hosting and presidency of BRICS. South Africa currently also serves as president of SADC and, until 2019, as chair of the Indian Ocean Rim Association (IORA).

The fact that excessive cadre deployment is a huge problem across government is well known. In DIRCO the practice of appointing disgraced politicians and government officials as ambassadors to important trading partners will expectedly be scaled back under a new Ramaphosa government, and merit (and relevant experience) may again play an important role in the selection of senior diplomats.

Conclusion

I started the concluding chapter of *Fate of the Nation* with the following words: "South Africa in 2017 is an infinitely better place than it was in 1990, when negotiations for the future started between the National Party and the ANC and others. The last decade, however, has been wasted." South Africans generally sighed in relief at the end of #ANC54. Although the outcome was not to everyone's pleasing, it brings certainty and a degree of stability.

South Africa has huge potential. #CR17 has support in both the urban, economic core as well as the rural areas, critical to building the kind of consensus needed to resolve the challenges the country now faces. But the ANC's internal incompetence, chaos, corruption and the divisions under the JZ administration have allowed a faction within the ANC that is deeply associated with state capture and corruption to fight back and secure significant influence within the organization. It will take several years to recover from the disaster of the Zuma-years and growth will remain tepid if #CR17 cannot avoid a downgrade.

While the ANC is currently deeply divided, these divisions will decline over time. #NDZ will not again contest elections against #CR17 and the power associated with the presidency of the country will eventually prove decisive when the ANC, in 2022, heads for its next national elective conference.

In his [organizational report](#) on the state of the party, outgoing secretary general Gwede Mantashe noted that "Fierce, even fatal contestation, together with an almost endemic factionalism between and among comrades, dominates our structures, causing grievous divisions in the movement as a whole." It would later emerge, in the report of the outgoing treasurer general, Zweli Mkhize, that the party was [technically insolvent](#) with debt of close to R200m and considering the sale of assets. The closing down sale has been avoided.

¹ Jacques Pauw, *The President's Keepers*, Tafelberg, 2017

² Adriaan Basson & Pieter du Toit, *Enemy of the People*, Jonathan Ball, 2017

³ The costs would include tuition fees, prescribed study materials, meals, accommodation and/or transport. The definition of poor and working-class students now referred to currently enrolled Technical and Vocational Education and Training (TVET) Colleges or university students from South African households with a combined annual income of up to R350 000 in the 2018 academic year.

⁴ The Heher Commission recommended that undergraduate and postgraduate students studying at both public and private universities and colleges, regardless of their family background, should be funded through a cost-sharing model of government guaranteed 'income-contingency loans', sourced from commercial banks. The commission recommended that, through the model, commercial banks would issue government guaranteed loans to students. It did recommend, as Zuma also announced, to increase subsidies to universities from 0.68% to 1% of the GDP over the next five years.

⁵ After Mchunu was ousted from his position as premier of the ANC in KZN, the newly constituted PEC had itself been disbanded by subsequent court ruling.

⁶ #CR17 could have challenged the announcement since it is doubtful if it had the countersignature of either the minister of finance or of education in terms of section 101 of the constitution. Practically the president of the country also required cabinet approval before funds can be allocated.

⁷ Jakkie Cilliers, *Fate of the Nation*, Jonathan Ball, Johannesburg, 2017, pp 73-74

⁸ *Ibid*, p 235

⁹ An alternative, and more punitive approach is the removal of the president on the basis that he is guilty of a serious violation of the Constitution or the Law, or serious misconduct (ito Section 89). Rather than the simple majority, a removal ito section 89 requires the support of two thirds of the members of the National Assembly where after JZ would lose his pension and may not serve in any public office.