



CAN THE ANC SURVIVE ZUMA?

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On December 9th 2015 President Zuma fired his respected Finance Minister Nhlanhla Nene and replaced him with a little known backbencher. The decision was announced two hours after a cabinet meeting at which Zuma did not mention his move to his colleagues. Consequently the Rand collapsed and South Africa's credit rating, already only one notch above junk, took a further blow. Four days later Zuma revised his decision by re-appointing the predecessor of Nene, Pravin Gordhan, as the new Finance Minister.

While Zuma supporters praised the wisdom of the president to have the stature to correct a wrong decision the overwhelming opinion in the press is that Zuma had made his largest political blunder. A president who until then seemed to be in full control of the party and able to decide single handed on his succession suddenly appears vulnerable. The question at this juncture is: will the ANC be able to use this historic chance to find its way back to the values of the liberation struggle and avoid the further decline of the party into a patronage machine?

The Economist writes under the headline "Rotting from the top" that "Cronyism and corruption are hollowing out the foundations of the state itself".¹ Nene was sacked because he came in the way of two deals. He objected to the unaffordable plan to buy nuclear power stations for 1 trillion Rand from Russia and he blocked attempts by the chair of South African Airways to re-negotiate a deal with Airbus in order to insert a middleman which would have made the deal more costly.

Before Zuma's about turn the Minister in the Presidency Jeff Radebe had met an extremely high-powered business delegation who warned that the Rand would continue to fall, that foreign investors would flee the country, that the cost of borrowing would become exorbitant and that the rising inflation would hit the poorest people hard. ANC business barons had probably expressed the same sentiments at a meeting called by Deputy President Cyril Ramaphosa and ANC Secretary General Gwede Mantashe. With his actions Zuma had threatened the influence and wealth of the new class of black entrepreneurs. He was forced to revise his decision and to appoint Pravin Gordhan.

The events have weakened the president. The new finance minister is now the most powerful member in Zuma's cabinet. He upheld his predecessor Nene's line in the nuclear and airline deals against the obvious wishes of the president. The events also impede Zuma's ability to determine the outcome of the succession race between his ex-wife, Nkosazane Dlamini-Zuma, Chairperson of the African Union, and Deputy President Ramaphosa.

Despite calls from some (retired) ANC members that the president should resign immediately this is unlikely to happen. Zuma will not leave his office without a fight. The political focus is now on the municipal elections in April this year when it is expected that the ANC is losing more of its urban base among voters. The next event of importance is the ANC congress at the end of 2017 when the party president is elected who would lead the party into the next national elections 2019. The constitution prevents Zuma from running for a third term.

¹ The Economist: The hollow state, 19.12.2015

Zuma will not be removed easily. He proved to be cunning when he survived his dismissal as deputy president by former President Thabo Mbeki to come back as president of the ANC. He had ample time to develop a network of senior cronies and to strengthen his rural base especially among Zulus in Kwa-Zulu Natal who are now the largest group within the ANC. They are not going to abandon him for offending wealthy investors. The deterioration of the economy has also left his supporters and voters unimpressed. Zuma is factually not accountable to voters and the proportional election system that is used in South Africa gives ANC leaders full power to decide about the election list.

Just weeks before Zuma was elected president of the ANC in 2007 the National Prosecution Authority dropped 783 counts against him of corruption, fraud, money laundering and tax evasion². His focus has always been to stay out of jail. He must secure that his successor can be trusted to block any attempt to prosecute him. One commentator believes that “it is not reasonable to assume that Zuma can be forced from office without a brutal show down. He and many of his supporters would be exceedingly motivated to resist a forced ouster as they are vulnerable to severe legal repercussions”³

Although the ANC is probably going to lose votes in key cities like Johannesburg, Pretoria and Nelson Mandela Bay (Port Elizabeth) at the municipal elections this year the party’s support in rural areas is still solid. Zuma has worked hard to keep it this way especially through empowering tribal chiefs. He has introduced a draft legislation that would keep the rural population beholden to the power of traditional leaders. A bad election performance in urban areas would further weaken Zuma’s position but would not force him to resign. The deteriorating economic situation of the country, however, urgently requires a change at the top of the government. This change at this particular time can only come from inside the ANC and not through elections.

At his appointment in 2009 Deputy President Ramaphosa was thought to become a kind of prime minister (South Africa’s constitution does not provide for the position of a prime minister but only for an executive president) who would look after the economic affairs of the state. He has kept himself surprisingly quiet despite the fact that as a successful businessman he has the economic insight to take a leading role. He is married to the sister of billionaire Patrice Motsepe who is one of the main financial backers of the ANC. As a former Secretary General of the National Union of Mineworkers (NUM) he is supported by the trade union federation COSATU. Another former NUM leader, Zuma’s predecessor Kgalema Motlanthe, who lost to Zuma in the 2012 ANC presidential election, declared in public that he “was stunned” by Zuma’s action. Prior to Zuma’s about turn some ANC leaders met at his home.

It seems there is much criticism and opposition to Zuma within the ANC. Would these critics have the courage to force Zuma into an early retirement for example through offering an amnesty to the president (which would legally be difficult to implement)? Or is an extraordinary national congress of the party necessary and would there be enough

² The Economist, 19.12.2015

³ Shawn Hagedorn: *Zuma going nowhere slowly. Amnesty a solution?*, 21.12.2015

opposition to Zuma within the rank and file? The composition of ANC membership and therewith the character of the ANC has change dramatically under Zuma's leadership. A congress could end with a complete defeat of the internal opposition opening an avenue for Zuma to a Mugabe style authoritarian control of party and state.

For Zuma's opposition in the party the risk may be too high so that many would rather wait for the end of the president's term in 2019. The price to remove Zuma may also be too high if new patronage networks have to be served that would not help to make the new clean start that is necessary. A further three years under the present administration may just be too long. The democratic institutions would be further undermined and the necessary recovery of the economy with structural reforms would be unlikely.

Change may come from outside if the country is forced to ask the IMF for a bail-out. Some expect this to happen quite soon.⁴ Economic growth in 2015 is just above 1%. Too little to keep pace with the increase of population of about 1.3% leading to further unemployment above 35% (expanded definition). The government increased the pay for civil servants above the rate of inflation despite these worrying macro-economic figures. Over the last decade the number of civil servants was raised by 25%. Out of five employed people one is now working for the government. But more than 50% of personal income tax is paid by less than 5% of taxpayers. This situation is unsustainable. The state deficit increased from 26% in 2008 (Zuma's government took over in 2009) to almost 50% this year. The IMF would certainly ask South Africa as a precondition for credits to implement structural reforms like reduction of the public sector, lowering of the remuneration of civil servants, privatisation of public enterprises and labour market reforms. At present the government does not voluntarily touch such reforms because they would negatively affect the patronage networks.

The leadership around the president and the president himself would vehemently oppose a bail-out of the IMF. They would see this as instituting neo-colonialism. The leadership believes that they no longer need investors from the West and that they can ignore the warnings of credit rating institutions because there are billions of cheap loans on tap from China and the new development bank created by the BRICS (Brazil, Russia, India, China, and South Africa) countries. From December 3rd to 5th 2015 South Africa hosted the Forum on Co-operation between China and Africa (Focac). At that forum Chinese President Xi Jinping promised a package of \$ 60 billion for Africa that would come in the form of grants, zero-interest loans, credit lines, debt relief and technical assistance.

The president may still have been under the influence of these promises when he fired his finance minister. However, at the Focac meeting Chinese officials pointed out that "African countries have to make themselves much more attractive to investors, from China or elsewhere".⁵ The president certainly entertains an illusion if he believes that the Chinese government and investors or the new BRICS bank would ignore economic fundamentals if they are as unbalanced as in South Africa.

⁴ R W Johnson: How long will South Africa survive? Jeppestown 2015

⁵ Tendai Biti, former finance minister of Zimbabwe in Peter Fabricius: *Important for Africa to find the right perspective*, Sunday Independent, 06.12.2015

The political battlefield in the ANC is open. Commentators believe that “the scene (is) set for (an) ugly succession fight”. And Deputy President Ramaphosa is urged to “take off his gloves” and to “dissociate himself from Zuma”.⁶ The next months will be important for the future of the country and reveal who in the ANC will have the courage to reverse the present course of the party which is leading the country into political and economic disaster. The democratic institutions and the independence of the courts must be protected or South Africa will become a pseudo democracy and remain one even after Zuma.

⁶ Mcebisi Ndletyana: *Scene set for ugly succession fight* in The Sunday Independent, 10.01.2016