

SA's future depends on Ramaphosa's strategic skills – Jakkie Cilliers

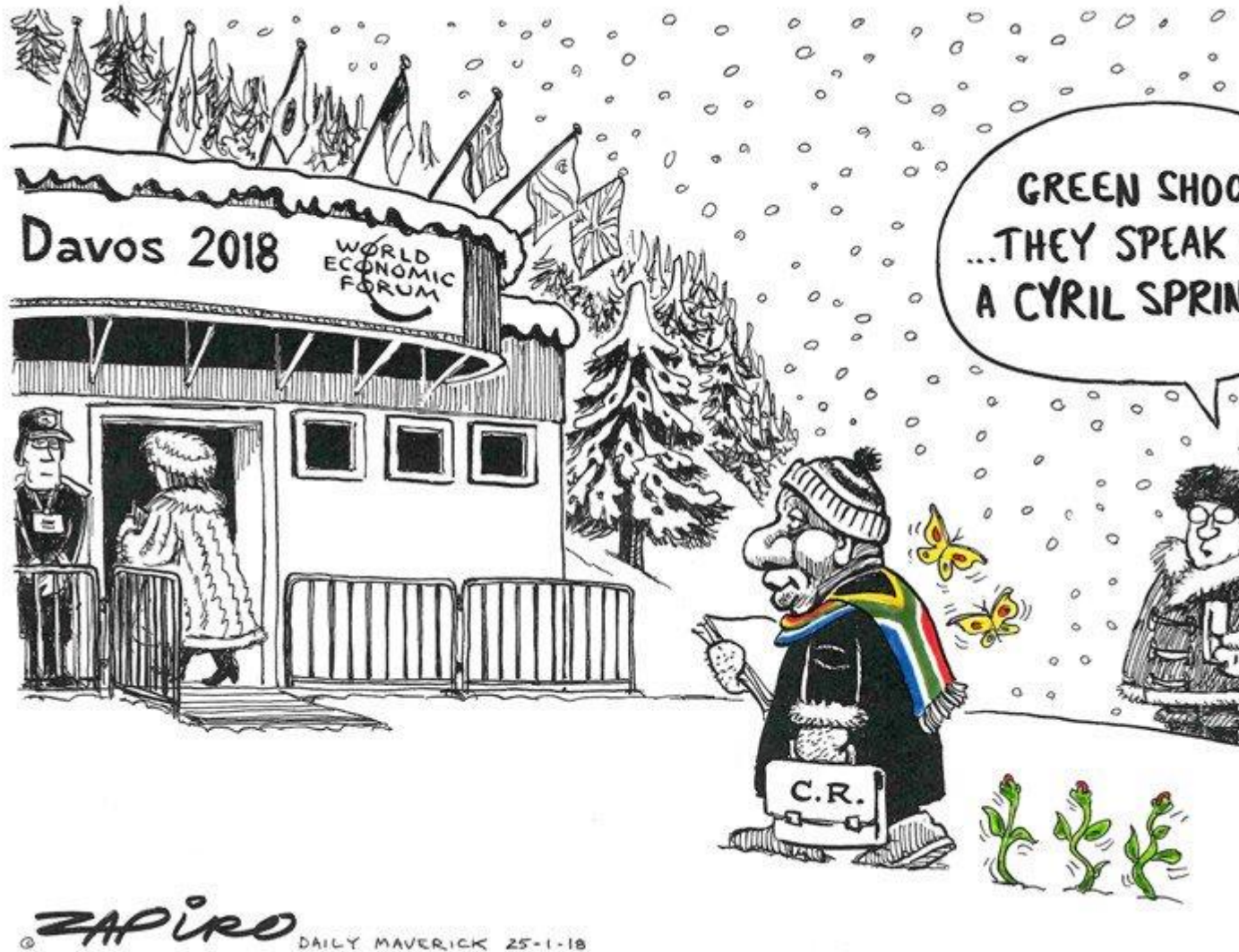


CAPE TOWN — *Fate of the Nation* author and human rights fundi, [Jakkie Cilliers](#), reckons Cyril Ramaphosa in his [currently powerful but fragile position](#) as ANC President, has done enough to avert a Moody's downgrade for now. But he points to a dynamic well hidden in the viewing of Zuma's traditionalist cronies as associated only with [corruption and state capture](#). That is the strong ideological current that could still derail the party and even lead to it splintering. We're talking [White Monopoly Capital](#), [wealth redistribution](#), a socialist welfare state, [land expropriation without compensation](#), an ideologically-coloured [mining charter](#), the list backed by failed economic policies, is long – with significant political backing. Zuma has used this to great effect while expanding his Zuptoid enrichment network. Ramaphosa's greatest challenge will be managing this while getting government and the private sector on the same economic page. It's a tightrope with no safety net, and if Ramaphosa doesn't quickly strengthen his mandate at the polls, could see that US\$5 billion outflow predicted to follow a Moody's downgrade. Recovering from that would be the equivalent of trying to summit Everest in a blizzard. – Chris Bateman

By [Jakkie Cilliers*](#)

South Africa's 2018 State of the Nation address by the president of South Africa has been [postponed](#). This unprecedented step makes it clear that the country is seeing the final days of Jacob Zuma as president although it may take a day or a week or two before things are finalised.

What's important is that Zuma isn't allowed to detract from the momentum that newly elected ANC president Cyril Ramaphosa has started to build. This has included a successful trip to Davos where he unequivocally pulled the carpet from under the [nuclear power programme](#) favoured by Zuma.



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Ramaphosa has been working diligently to corral Zuma's remaining freedom of action. Zuma was finally persuaded to establish a [commission of enquiry into state capture](#) and Ramaphosa started restoring credibility to the management of [state owned enterprises](#).

The momentum built by Ramaphosa seems sufficient to avoid the most pressing concern, the spectre of a [downgrade](#) of South Africa's long term local currency debt rating by the rating agency Moody's. Such a step would trigger South Africa being excluded from [Citi's World](#)

[Governance Bond Index](#). RMB Morgan Stanley projects a potential [outflow of US \\$5 billion](#) if this happened.

But his freedom of action is severely constrained by his narrow victory during the ANC's leadership elections and the divisions within the party's top leadership. The party has no choice but to design an early exit strategy for Zuma, or suffer significant political damage during the 2019 elections.

A downgrade would constrain growth and severely affect the ANC's 2019 election prospects. Ramaphosa needs his own mandate, which only the 2019 national elections can deliver.

Economic growth

In November last year Ramaphosa outlined an economic plan aimed at [generating jobs and economic growth and tackling inequality](#). The plan set a growth target of 3% for 2018, rising to 5% by 2023.

For its part the Reserve Bank has forecast the economy will grow by a measly 1.4% in 2018 and 1.6% in 2019. The International Monetary Fund is even more pessimistic, forecasting growth of 1.1% for this year.

Nothing is more important for South Africa – and Ramaphosa as the country's incoming president – than growth and translating that growth into employment creation. That, in turn, requires foreign and domestic investment, which is only possible with policy certainty and rapid movement to a new leadership. It also requires a positive partnership with the private sector.

Assuming Zuma's exit is imminent, serious consideration needs to be given to the team that Ramaphosa must put in place to help him achieve the economic turnaround he envisages. This brings us to the need for a cabinet reshuffle, including the appointment of a credible minister of finance.

Next steps

South Africa has a cabinet which is double the size required. A few ministers, such as Rob Davies at trade and industry and Naledi Pandor in science and technology, have established their credibility. But a large number of the current cabinet shouldn't be considered for inclusion under a Ramaphosa administration.

The most important post is the minister of finance. Given the fact that former finance minister Nhlanhla Nene seems to have moved on, it is likely that either Pravin Gordhan or his then deputy Mcebisi Jonas will be invited back.

Ramaphosa needs to turn his narrow victory into a positive outcome. And he must convince non-voting ANC supporters who abandoned the ANC under Zuma to return to the fold of the governing party in 2019.



Supporters of the ruling ANC cheer at a rally to launch the party's local government election manifesto in Port Elizabeth, April 16, 2016. REUTERS/Mike Hutchings

It will also depend on legal processes – such as the various probes into corruption and state capture – to strip out the internal contradictions within the top leadership of the ANC.

Long term voting trends indicate declining support for the ANC and as things stand, a divided ANC remains a plump target for opposition parties. It could see support decline from its current 62% nationally by around 10 percentage points in 2019 if that trend is not reversed. The impact of these developments were set out in a recent book [Fate of the Nation](#) that included political and economic scenarios to 2034.

A more positive party future requires the ANC to rapidly rediscover its unity although this seems unlikely in the short term. And here is the nub – as much as the traditionalist faction is associated with corruption and state capture, it also represents a strong ideological current that could still derail the party and even lead to it splintering.

Ramaphosa has been dealt a weak hand but he has proven to be a consummate strategist. The next few days and weeks will be crucial and are likely to determine South Africa's future for several years to come.

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