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## Africa Meeting Summary

# President Zuma's Second Term and Prospects for Post-Transition South Africa

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## INTRODUCTION

This document is a summary of a meeting held at Chatham House on 30 January 2013. The topic of the meeting was President Jacob Zuma's re-election as party president of the African National Congress (ANC), and the outlook for South Africa if he wins a second term in the general elections of 2014. The talk covered the ongoing labour unrest in the country, particularly within the mining and farming sectors, how the ANC is dealing with these crises and the divisive factions within the party.

President Zuma's victory in the ANC leadership election provides some certainty from which to assess South Africa's prospects. The need to respond to growing social discontent while maintaining balanced economic growth has become ever harder, particularly in the face of popular perceptions of corruption, elitism and poor service delivery from the bottom to the very top of South African society. Fiona Forde offered insights on these challenges and where they might lead South Africa over the coming years.

At this event Ms Forde reflected on the prospects for post-transitional South Africa. The meeting consisted of three parts to her 20-minute talk, which was given on the record, followed by a questions and answers session. The following summary is intended to serve as an *aide-mémoire* for those present and to provide a general summary for those who were not.

## JOEL KIBAZO

Mr Kibazo introduced the talk and noted that the next general election in South Africa will not be until 2014. This talk mainly covered the re-election of Jacob Zuma as the ANC president, although the prospects for South Africa under Zuma's continued presidential leadership were also explored.

Mr Kibazo introduced Fiona Forde as a political writer and risk analyst, and the author of the recent book, *An Inconvenient Youth: Julius Malema and the New ANC*. Ms Forde has had a long career as a journalist, and she has become prominent for exposing corruption amongst South Africa's political and business elite.

## FIONA FORDE

Ms Forde introduced her talk by clarifying that the focus of her presentation would be on the re-election of Jacob Zuma as party president of the African National Congress. President Zuma retained his position after the ANC held elections in Mangaung in December 2012. The next general elections in South Africa are due to be held in 2014, the 20<sup>th</sup> anniversary of the end of apartheid. Ms Forde asserted that it is likely that the ANC will win and that Zuma will have a second term as president of South Africa.

Ms Forde pointed out that her talk would not necessarily refer to a post-transition South Africa, as in her view the process of transition that began in 1994 is still ongoing.

Referring to Barack Obama's promise after his 2012 re-election as president of the United States that 'the best is yet to come', Ms Forde wondered whether the best, or worst is yet to come with Zuma's second term as president of the ANC. Zuma faced many challenges in his first five years as party president and three years as president of South Africa, and has not always found ready or quick solutions to the country's enormous challenges.

Ms Forde's talk consisted of three sections:

- The recent labour unrest in the mining and farming sectors,
- An analysis of the current ANC and its post-apartheid legacy, and
- The trade unionist, businessman and new deputy president of the ANC, Cyril Ramaphosa.

## Labour unrest

Ms Forde stated that 2012 began with huge challenges in the mining sector. Anglo American Platinum announced that it would retrench and make redundant 14,000 workers in Anglo Platinum alone as part of the company's restructuring plan, which would also see it mothball one mine and close another. This set the tone for 2013, following on from the previous year when labour unrest emerged to an extent never before seen in democratic South Africa.

Labour unrest intensified with the massacre at Marikana in August 2012 when police forces gunned down 34 miners on an un-mandated strike, leading to wildcat and copycat strikes across and beyond the sector. The strikes only ended because the miners had to return home to their families in the Eastern Cape and KwaZulu-Natal, although strikes quickly started up again at the beginning of 2013.

Anglo American Platinum began the year with a tense standoff against the government, when the company announced restructuring plans that have since been put on hold. Another two or three mining houses are set to announce retrenchments and redundancies as part of their restructuring plans.

The significance of these developments cannot be overlooked. Mining is critically important to South Africa's economy, which was founded on the mining sector. Directly and indirectly, it accounts for about 10 per cent of the country's GDP and employs roughly one million people. Ms Forde pointed out that this may sound little for a country of 52 million inhabitants, but with unemployment in the region of 40 per cent, rising to 70 per cent in some sectors for the 15-to-24 age bracket, every job matters. More importantly, each miner's wage packet is shared by around 14 people when extended families are taken into account.

At the end of February the government will release its budget, which is followed by wage negotiations. Between the time of the Chatham House meeting and the time of the negotiations, the country will have faced a huge strike in the agriculture sector, which is the second big arm of the South African economy. Developments began before Christmas when farm workers in the Western Cape took on farm owners as a result of Marikana. At Lonmin, the workers were successful in seeing their packages, although not necessarily wages, increase from 4,000 or 5,000 rand up to 12,000 rand. The farm workers demanded similar increases but the farm owners have refused because they simply do not have the money, and there the debate is locked.

For the agriculture and mining sectors, there are no easy solutions. Ms Forde asserted that these problems in South Africa are deeply structural, and are beyond Jacob Zuma or Cyril Ramaphosa. Ms Forde asked whether in reality, while most people favour double, triple or even larger wage increases for farm workers, the consumer was prepared to pay double or triple the price for produce in the supermarket? Furthermore, the mining houses must be able to balance their books and satisfy investors. After years of aggressive platinum mining in South Africa, the process has become extremely expensive. Ms Forde pointed out that it would almost be cheaper for a mining house to go to Zimbabwe even with the Indigenization Law in place, because platinum there is so much closer to the surface and therefore cheaper to mine. While the miner may continue to demand better wages, the mine owner could simply close shop, reducing critical foreign direct investment that South Africa badly needs.

The problems relating to the agricultural sector stem back to two issues: the fact that the South African government does not pay farmers subsidies; and that the farm workers' conditions put in place in March 1994 on the eve of the democratic election are still in place today. There was a rollover of labour practices from the apartheid era, which depended largely on a black, uneducated peasantry to support an apartheid-style economy. Concessions during the CODESA talks were formed under Joe Slovo's Sunset Clauses. At the time, there was no other choice: it was either concessions, or a blood bath.

Ms Forde concluded her first section by asking: what can the ANC do about this? Dismantling the economy is not an option; repressing workers is not an option; and to allow the mining houses to go is not an option. South Africa is caught in one of the worst binds that it has ever been caught in, and Ms Forde doubted that the ANC is facing up to this problem.

## The ANC

Ms Forde noted that the ANC, like South Africa, is caught in a tight spot. The Tripartite Alliance the ANC formed in 1994 along with the South African Communist Party and the Congress of South African Trade Unions (COSATU) still exists today. The ANC and COSATU formed a cosy alliance in which trade unions became close to the ANC. Workers pulled back from the alliance in 2012, stating that they did not trust the unions or the government. They chose a member of the church to represent them at the negotiating

table and this sent a strong message to the ANC and to COSATU that they had lost faith.

Zuma was elected president of the ANC in 2007 as a strategic candidate to get rid of President Thabo Mbeki. Since then, he has not had an easy job of ruling his party; he has had lots of detractors and the factions started early on.

Ms Forde concluded that the kind of ANC that came together in Mangaung is firmly controlled by Zuma; he has carefully assembled a National Executive Committee, the highest decision-making body in the ANC, and Zuma has even greater control in the National Working Committee. Ms Forde argued that, while Zuma is probably more in control than he ever was, this may not last. It is not yet known if the losers from the Mangaung elections will fight back. In December the party brought in Cyril Ramaphosa as deputy president, but Ms Forde asserted that this was a misguided solution to the challenges the party and the country face.

### **Cyril Ramaphosa**

Ms Forde stated that Cyril Ramaphosa was brought in by the ANC as a popular figure who could help Zuma win a second term, appeasing the business community and urban voters. While many people think that Ramaphosa was Mandela's mogul and the chosen person to succeed him, he left party politics in 1997 after his defeat by Mbeki. He went into business, achieving success as a high-profile person from the party going into the private sector at a time when black economic power was becoming a reality.

Now he has returned to politics, but Ms Forde pointed out that in all that time Ramaphosa has said very little. He has a reputation for being a saviour in South Africa, but he has never offered an opinion during all the challenges that South Africa has faced, and since he returned to politics in September, he has not said anything that proves he will offer an independent voice over the next five years.

Despite coming from the mining sector, as a shareholder in Lonmin and as a coal trader, Ramaphosa's silence is discouraging. Ms Forde gave the example of when, earlier in January, the ANC forced the First National Bank to pull an advertising campaign that was deemed not 'patriotic enough' by the party: young people were interviewed in the community about the future they wanted for South Africa, and many were critical of the ANC and the South African government. Ramaphosa remained silent on this issue.

Ms Forde concluded that anyone who believed Cyril Ramaphosa to be the leading saviour of the ANC must think again. He will remain in the party, biding his time until next year's election when Kgalema Motlanthe will step down as deputy president of South Africa, and only then the effectiveness of Cyril Ramaphosa will become evident.

## QUESTIONS AND ANSWERS

### Question:

Is South Africa the future Zimbabwe? Is there any hope whatsoever for South Africa, where Jacob Zuma is the head of the ANC but does not seem to wield any influence? How can the problems between the mine and farm workers and the owners be solved?

### Fiona Forde:

South Africa is not Zimbabwe, nor is it the future Zimbabwe. South Africa is a complicated first world economy that is hard to dismantle. While Zimbabwe has had a strong military tradition, South Africa has had a tradition of political activism. However there has been a shift, but not a trend, regarding acts of repression on the part of the police, as seen at Marikana.

There is much to hope for in South Africa despite the huge challenges the country faces. While Zuma has not performed, the current challenges are beyond him; these problems have been deeply structural for 20 years. This makes hope difficult and there will be huge unrest in the coming year. It may even be South Africa's 'Arab Spring' – in the sense of people uprising rather than the government falling. But despite the challenges and mistakes, including those of the ANC, there is a lot of goodwill in South Africa to turn it around, and it will happen.

For the mining houses and companies, there were challenges long before the Marikana massacre, although the retrenchments and cutbacks have now been exacerbated. Companies mining other resources such as coal and gold may follow suit. There are the conflicting interests of balancing the books and wage demands. It is not as easy for the government just to stop this. Even if there is a better leadership style communicating with the mining bosses, it will be hard to get them to stay if the books cannot be balanced.

### Question:

What is the future for Julius Malema, and will anything come out of the current political instability for him? Touching on the tradition of political activism in South Africa, could there be a rejection of the ANC in 2014?



**Fiona Forde:**

Malema is at a tricky point in his career. He faces trial for money laundering in April, and the outcome cannot be predicted, although it is hard to imagine him in jail because Zuma is afraid of his own corruption charges. If there is seen to be justice for one, there should be justice for all. It could also be a lengthy trial. It is unclear how the losers of Mangaung will play it; other players may come out and Malema may take advantage of this.

While Malema has departed, his style of politics is still there. No one is taking his place at the moment because of what happened to him, but maybe others will learn from his mistakes. It is true that the masses are disenchanted with the ANC. Malema pandered to these masses and listened to them, but no one has stepped into his place yet.

National elections in South Africa are held every five years for the ruling party and provincial premiers. Local government elections are also every five years at a different time. There seems to be a trend where people vote more democratically at local elections, and more emotionally at national elections. Ms Forde suggested that the average South African does not believe there is an alternative to the ANC. The Democratic Alliance is headed by Helen Zille, a white woman, and people are just not prepared to vote for her.

**Question:**

How can we from the international community help make sure that South Africa does not go the same way as Zimbabwe?

**Fiona Forde:**

The challenges for South Africa are serious and deeply structural. But do not underestimate the ANC. At the moment it is Zuma's ANC, but there have been shifts before and there will be shifts again. South Africa is 19 years-old in 2013, but its democracy is much older. The country must be given time. Political discomfort in South Africa goes back to the 1960s and the rush towards the Westminster democratic model in Africa. At the time this was seen as decolonization, but it was really a fear of Russia and communism. Today's democracy does not fit as a result of the imposition of that model. If it had been allowed to develop it may have been different. What can the international community do? They should let South Africans do it themselves. So many South Africans want it to work; people may not be voting with their heads at the national elections but ultimately there will be a change.

**Question:**

Could you talk about the current speculation around Mamphela Ramphele and the possibility of a new party emerging?

**Fiona Forde:**

There have been recent newspaper reports about Mamphela Ramphele, who was never a strong member of the ANC but was a close partner of Steve Biko and of the Black Consciousness Movement, and she has also been a director of the World Bank and Anglo American. She has been wary of the ANC becoming a repressive party, and was courted by the Democratic Alliance to take over from Helen Zille until talks fell apart and Zille ran for a second term. There was an understanding that there could be a movement for opposition parties to join together, touted by the Democratic Alliance, but other opposition parties did not want to be swallowed up by it.

Apart from the Citizens' Movement for Social Change, which she heads, Ramphele has not discounted the fact that if a coalition bloc were to become a reality, she may not be ready to walk away from politics.

**Question:**

What is the path now for Tokyo Sexwale?

**Fiona Forde:**

Sexwale is a businessman as much as a politician. Like Cyril Ramaphosa, he carved out a healthy niche as a businessman before returning to government. Sexwale was one Zuma's most vocal critics. There was speculation that there would be a reshuffle. If there was, it is assumed that Tokyo Sexwale would be one of the first candidates to be dropped, because of his stance over the past couple of years that would make it difficult for Zuma to work with him. Like Ramaphosa, he has business ventures to fall back on. He also does not have a constituency in the ANC, even though he was the former premier of Guateng.

**Question:**

Last year there was speculation over whether COSATU would support Zuma, and after internal disputes they eventually came out in support of him. How

much are they behind him now? What concessions will Zuma have to make towards them? And how does the tension of movements outside of COSATU's structures affect the Alliance partnership in 2013 and beyond?

**Fiona Forde:**

One cannot refer to COSATU as a unified bloc. Despite Zwelinzima Vavi's re-election as its general secretary, this was a negotiated re-election. Zuma was clever when it came to the National Executive Commission, because the president of COSATU would always support him, as opposed to Vavi. Vavi did not run for the presidency of COSATU due to his conflict of interests, being the head of the labour movement within the executive of the ruling party, but Sdumo Dlamini accepted it so one can say it is a divided structure.

There has often been talk of a Lula moment in South African politics: Vavi was very independent and had a significant following, but like Sexwale, Vavi is young and ambitious. Furthermore he has nowhere to go if he does not have politics; he does not have Sexwale's ties in business.

There are still many in COSATU who support Zuma. The largest member of COSATU is the National Union of Mineworkers, headed by Frans Baleni, an ally of Zuma. Zuma is not afraid of COSATU anymore.

**Question:**

What are the ambitions of Cyril Ramaphosa?

**Fiona Forde:**

What they always were: Cyril Ramaphosa never wanted to leave politics; it was only when he lost out to Mbeki that he marched out of party politics. He has always played his cards close to his chest but never left any doubt that he wanted to return to politics. He has been extremely cautious, and this term could be the most difficult period in his political life where his reputation can be most damaged. He is serving at the pleasure of Zuma at the moment; if was not for Zuma, Ramaphosa would not be there. It is likely he will disappoint more than he will fulfil promises.

The National Executive Committee is headed by Nkosazana Dlamini-Zuma, which was a strategic move by Zuma. If anything goes wrong Ramaphosa is not necessarily a replacement, whereas Dlamini-Zuma is someone to watch. Ramaphosa will have to curtail his ambitions for now.

**Question:**

You have a negative outlook for the future of South Africa, and of Jacob Zuma, even though he was re-elected by a resounding majority beating Malema's candidate. Does this not show where the country stands on the issue of Malema? Many of the issues that South Africa must tackle are faced worldwide, such as unemployment in Europe and the closing of mines in the United Kingdom, so how is this something special to South Africa? Surely what the ANC is lacking are high profile businessmen, so isn't Cyril Ramaphosa's appointment to be applauded?

**Fiona Forde:**

In defence of Kgalema Motlanthe, I think that he would be appalled to think he was a Malema candidate. Unemployment in Europe is very different from unemployment in South Africa, which is a developing country and needs economic growth. The mining crisis is significant because mining is the backbone of the South African economy.

Ramaphosa may be a high profile businessman but he has also faced two major challenges on which he has remained silent: the mining crisis, and the pulling of the FNB advertising campaign and the implications this had for freedom of commercial expression. Those who were applauding his election are perhaps thinking: where is he, if he was going to be the person looking after business?

**Question:**

When you say Cyril Ramaphosa will disappoint, can you clarify who does this refer to? Is this the South African population or his business partners? You make too much of the point that he remains silent about Marikana and the commercial issue: he is a businessman. Who is he serving: his business allies or the population?

**Fiona Forde:**

Ramaphosa could not disappoint the population at large as he never had a natural constituency and supporters. He was a strategic choice and a Zuma appointment. He has gathered many followers over the years as an author of the constitution and for his part in the CODESA talks, yet he has remained

silent over the last three years. Those who felt he could stand up to bullying will be disappointed.

**Question:**

Last week economists published the Gini coefficient report, and South Africa had the worst rate of inequality of income worldwide. For South Africa to have a coefficient of six is not a position that indicates stability and growth. If the pattern of FDO over the past few years remains, will it be impossible for South Africa to reach the growth it needs in order to tackle its unemployment and inequality issues?

**Fiona Forde:**

The Gini coefficient reports and socio-economic divide in South Africa need a closer look because the realities are horrific. Your point about investments is correct, but this is exacerbated by political disruptions; for example when Gwede Mantashe threatened to revoke the license of Anglo Platinum recently: what does this say to investors? The slow trickle of funds since 2008 is both down to the economic downturn and these political comments.

**Question:**

You have pointed out that employment issues are of a structural nature. What do you make of the efforts or the lack thereof in areas such as education? The government has acknowledged that there are issues, but do you think there will be real progress next year?

**Fiona Forde:**

This goes back to the issue of unemployment: there is worrying unemployment in Europe, but there are welfare systems, which South Africa does not have. South Africa has a projected growth rate of 2.9 per cent; it is growing but not at the rate that it needs to be as a developing economy. There are fifteen million people on social grants, which are the next best thing to a welfare system but grants do not help the unemployed.

Economic growth cannot come without education, but education in South Africa is one of its biggest challenges. The government cannot seem to get it right. Aside from the difficulties of the apartheid legacy, the rural makeup of South Africa makes it next to impossible for the best teachers to get to

schools in townships which have poor infrastructure. Look at the management of the education system: after the recent Limpopo textbooks scandal the education minister is still standing. Look at the results released in January: 70 per cent passed, with a pass mark of 30 per cent and still the minister for higher education wants to lower the entrance levels for universities so that more black children can get into higher education. This is not the right approach: lowering the standard for universities will negatively impact economic development lower down the line. The government could be doing much more on education.