



# South African Political **Outlook 2019**

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## SA politics in 2019 will be a game of two halves

From a political perspective, 2019 looks like it will be a game of two halves. In the first half, which will run until the national and provincial elections, which are expected to be held in May, the ANC government will take a cautious and defensive stance, its leader wary of taking risks for fear of weakening his future positioning. During this period a range of issues carried over from 2018 will continue to dominate the political discussion. These include the following.

- **The ongoing processes to enable the state to more readily expropriate land without compensation.** Here two processes will be key: (1) the parliamentary process initiated last year which is aimed at amending Section 25 of the Constitution to more “explicitly” enable EWC; and (2) the public consultations and potential re-drafting of the Expropriation Bill, which was gazetted by government in December last year.
- **The need for bold interventions to stabilise Eskom and avert further sovereign rating downgrades.** In this regard, focus will rest to a great extent on the balancing act Finance Minister Tito Mboweni is able to deliver in the Budget Speech on 20 February 2019, as well as on any indication of executive support for Eskom’s long-term stabilisation plan by President Ramaphosa in his State of the Nation Address (SONA) on 7 February 2019.
- **The ongoing appointment of more competent officials to staff institutions driving economic and governance stability across the state.** Last year an impressive array of personnel changes were made at the senior level across cabinet, SOEs, and some of the more vital institutions staffing government’s Anti-Corruption Task Team (here particularly notable new appointments included Godfrey Lebeya as head of the Hawks, and Shamila Batohi as head of the NPA). Some loose ends will still need to be tied up this year, the foremost of which will be the appointment of a new and permanent commissioner at the SARS.
- **The unfolding interrogation into the extent of state capture during the former president’s time in office.** The Judicial Commission of Inquiry into State Capture is set to run throughout the year and perhaps into 2020 as well. Already the hearings thus far this year have been explosive, drawing the political gaze towards the extent of governance slippage suffered over the past decade in particular, and outlining the challenge faced by the president in ensuring that some accountability for the wrongdoing that appears to have flourished under his predecessor’s watch is guaranteed.

Meanwhile, **the collective energy of the political establishment will be primarily directed towards campaigning for the national and provincial elections**, which are likely to be held in May (and most likely 8 May, though the date still needs to be officially announced by President Ramaphosa). Of course, knowing that government is eyeing a stronger showing in the second half of the year, the opposition will seek to exploit government’s weaknesses in the pre-May period, poking holes in claims of internal institutional renewal, and capitalising on an economic environment which questions the prospects for recovery. The presiding question during the first half of the year will be whether the president’s strategy will deepen the deficit of the past years too profoundly, allowing for little chance of a rebound in government’s wider fortunes in the second half of the year.

As things stand, **a fairly comfortable win for the ANC in the coming elections appears relatively assured**, as is an electoral gain of some quantum for the EFF. At best the DA, which has battled to contain and effectively manage its own internal divisions and contradictions, and has not been able to present a compelling strategic opposition to President Ramaphosa’s ‘New Dawn’ messaging, will reach the same

national support level (22.2%) that it secured in 2014. Together the ANC, the DA and the EFF will likely garner between 85% and 90% of the total national vote, leaving little real space for electoral gains for some of the new political entrants that are seeking to secure valued seats in parliament this year. With that said, two existing parties that will almost certainly gain additional space in the National Assembly will be the IFP, which will benefit from the ANC's retreat in more traditional rural regions in KZN; and the FF+, which may benefit from a boost in support amongst its minority voter community on the basis of the stance it has assumed in opposition to land EWC.

By and large, **this outcome would allow President Ramaphosa to emerge from the polls with a comfortable enough grasp on power to be able to begin to more boldly assert a cohesive national policy agenda.** However, while the election outcome may not fundamentally rearrange the *status quo* at the national level, certain provincial races will likely present far greater opportunity for disruption. Most importantly, the provincial election in Gauteng will be strongly contested, and there is a real chance that no party will be able to secure an outright majority, thus necessitating the kinds of coalitions which could offer meaningful support or resistance (depending on the shape of the coalition that is struck) to long-term and stable reform. Meanwhile, the DA will face definite pressure in holding on to its provincial majority in the Western Cape in light, amongst other factors, of the fallout from its handling of former Cape Town mayor Patricia de Lille's dismissal.

**Should this basic trajectory play out, President Ramaphosa will enter the second half of the year buoyed.** Freed to an extent from some of the internal hostilities and wider policy sensitivities that likely prevailed in the first half of the year, the president might reveal his longer-term ambitions, the early signal for which will come in the size and composition of the team he selects for his first full cabinet. Beyond this, the president will need to provide deeper and more cohesive long-term leadership on matters of economic policy; endorse the kind of action that will create more lasting stability across key SOEs but that will necessarily antagonise some of the ANC's tripartite alliance partners; and (re)build the bridges between key economic stakeholders that had been systemically decimated by his predecessor. Meanwhile, the politically challenging task of holding those accountable for past non-performance and malfeasance will abide. Here, the president will hope that those staffing positions of seniority in the Anti-Corruption Task Team, which his predecessor undermined, will hold their own, allowing him to keep the distance from the cases that they take on that is constitutionally expected of his office. A strong showing in the second half of the year would enable a somewhat more benign economic path to emerge and will certainly embolden the president as he begins what could, provided he and his party remain at the helm, be a decade in power that has the capacity to shape a multi-generational reorientation of SA's prospects.

**If 2018 taught us anything, it is that there will be no easy remedy to the myriad political economy maladies that the country faces.** If in mid-2017, during the period of peak concern and uncertainty that prevailed then, a scenario was pitched to an investor, in which President Ramaphosa would assume the helm of the ANC and state; all Gupta-linked ministers would be removed from the cabinet; Pravin Gordhan would be minister of public enterprises and Tito Mboweni minister of finance; all key SOE boards would be overhauled; the state's ill-advised nuclear programme would be shelved; the leadership of the SARS, the NPA and the Hawks would be fundamentally improved; and Mr Zuma would finally face up in court to the corruption charges he has for over a decade managed to avoid, such an investor would have grasped eagerly at an outcome that seemed – at that time – to be impossibly positive. Yet, despite the fact that these and other changes indeed characterised the political calendar in 2018, the year still ended with deep unease amongst the investor community. Perhaps most disconcerting was the realisation that these personnel changes have been insufficient to turn the tide. That too much damage had been done for the turnaround to be satisfied by the harvesting of the abundant low-hanging fruit available to President Ramaphosa early in

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the year. And that the lasting confidence boost required to reorient the country's economic path relies on far deeper and more challenging structural reforms, for some of which there is no guarantee that the president will be able to accumulate the requisite political capital. While 2019 will begin with many of these questions remaining unanswered, **the May elections will, or at least should, provide an opportunity for new clarity to emerge.**

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