

Ramaphosa's losing strategy – Politicsweb 29 August 2019

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RW Johnson says time is running out for the President, and South Africa

Cyril Ramaphosa has thus far proved a surprising President. Many people backed him for the presidency because they believed he was smart, a good negotiator, a seasoned politician and economically savvy. Truth to tell, it was never easy to know whether he was really a good negotiator. He had, after all, led the NUM into its most disastrous strike ever, costing many thousands of its members jobs for no gain at all. And while he was widely celebrated for his role in negotiating the new constitution the fact was that De Klerk had a fixed timetable: he had to have a deal by 1994 when the next election had to take place, while the ANC had no time constraints and just had to hold things up in order to exert unbearable pressure.

Moreover, Ramaphosa's chief interlocutor, Roelf Meyer, was committed to the view that no individual bargaining point was as important as the process – that is to say, keeping talks going – which meant that in the crunch he would give way on any particular point at issue. Thus the dice were very much loaded the ANC's way. But even if we leave the question of negotiating to one side, his other supposed qualities are now in some doubt too.

The first real moment of doubt came with the failure of Ramaphosa's supporter, Senzo Mchunu, to win the Secretary-Generalship of the ANC, losing by just 24 votes to Ace Magashule. Yet 68 votes had gone missing, all of them from Limpopo, which had voted monolithically for its favourite son, Ramaphosa. Nothing seemed more certain than that Mchunu should have won and that those votes had not gone missing by accident.

Knowing this, the Ramaphosa faction was determined to contest the election – but Ramaphosa himself counselled them to accept the result, fearing that in the event of a recount the Zuma forces might demand a recount for all executive positions and, with Nomvula Mokanyane, a strong Zuma supporter, in charge of the electoral process, who knew how a re-run of the presidential contest would go ?

This was a large mistake. Ramaphosa absolutely could not afford to have Magashule as Secretary-General, frustrating him at every turn. Clearly, he should have insisted on a commission of enquiry to look into the missing 68 votes. That would have meant that Ramaphosa left the conference as the new ANC president – an effectively irrevocable decision – but left the door open to getting Mchunu in which, without any doubt, would have been the right result. Ramaphosa has already paid a huge price for that mistake and he may well pay a lot more in the future.

Second, the Ramaphosa campaign seems to have been naive about money. Everyone knew that enormous sums of money were required to buy the necessary votes – not just in transport, T-shirts, food and drink but also in straight cash. Businessmen who were approached for contributions were told that it cost R100,000 to buy the votes of any given ANC branch, with that sum divided among the six members of the branch executive – the people who effectively manipulated the vote.

Everyone knew that the Zuma camp would have enormous sums at its disposal – collected through corruption or creamed off from state entities. To have a chance the Ramaphosa campaign had to match that. It was also a racing certainty that Zuma would use the intelligence services to spy on any challenger. This, after all, was what Mbeki's forces had done against Zuma and Zuma was a former chief of ANC intelligence who had taken great care to pick his loyalists to run the intelligence services for just this reason.

What that meant was that there could be no confidentiality over who gave what to the CR17 campaign – and, one way or another, it was certain that this information would be used against Ramaphosa at some stage. As it now has been. Given this situation it might have been

wiser for Ramaphosa to fund his own campaign. This would, after all, have cost him less than 4% of his fortune. Given that he is now irretrievably tarred by the brush of corruption for buying his election this should have been an acceptable price.

Once in power, Ramaphosa pinned almost everything on his promise to bring in a fresh \$100 billion in foreign investment, sending his emissaries around the world to canvass for such funds. This was extraordinarily naive. First, it was folly to pin his presidency on a promise made in his first month when he was entirely inexperienced. But it was also foolish to imagine that his emissaries could achieve much. They may all have been big names in South African terms but that would cut no ice in London, New York, Frankfurt or Riyadh. More important, almost every country in the world is attempting to canvass for more investment and they offer all sorts of real incentives such as tax holidays, low rates of corporate tax, the ability to hire and fire locals and import foreign expertise at will, a complete absence of BEE regulations or anything like them. And so on. The idea that South Africa could compete with that without offering at least similar advantages was absurd.

A tougher issue was that of expropriation without compensation (EWC). The Zuma forces had pushed this through the ANC conference largely with the aim of creating problems for Ramaphosa (the issue was only fought out after he had won the ANC presidency). The Ramaphosa forces realised just how ruinous a step this would be and argued passionately against the motion but in the end Ramaphosa decided that he must avoid losing on such an emotive issue and accepted the motion.

This was, perhaps, understandable but what was much more questionable was that Ramaphosa thereafter pushed on with EWC. The polls I did before the 2019 election showed that three quarters of both ANC and EFF supporters would happily abandon EWC (and BEE and affirmative action) if that helped create more jobs. The ANC's pollsters must inevitably have discovered the same thing (if indeed, they asked questions about that) and it would surely have been wiser for Ramaphosa to cite such polls as a reason for changing tack for the sake of helping investment and jobs.

Ramaphosa did exactly the same with Zuma's last-minute promise of free higher education. This too was unwise. Even much richer countries like Britain and America do not afford free tertiary education. Most of the beneficiaries of Zuma's promise are the relatively privileged sons and daughters of the black middle class. They are outnumbered several times over by the young poor, without jobs, education or training.

Moreover, almost all South Africa's universities are in a state of steep decline. They too need that money far more than those who actually received it. The result of this policy is to increase yet further South Africa's appalling rates of inequality. Then again, Ramaphosa enthusiastically endorsed the programme to produce a hundred black industrialists. This programme cannot possibly succeed and can only increase inequalities even further.

Ramaphosa's next act – carried out with a great flourish – was to sign into law a new minimum wage act. Politicians have a weakness for this gambit because it sounds as if one is being magnanimous towards the poor. Of course the trade unions wanted it – but that should have sounded a warning note. We have seen Cosatu deliberately kill poorly paid jobs in the textile sector rather than allow poor people to get at least some wage, if that fell below the union rate.

Moreover, the world over the real significance of minimum wage laws lies in the way it allows trade unions to use them as a ratchet, with some wages set as the minimum wage + 50%, others as double or treble the minimum wage. So an increase in the minimum wage has the effect of pushing up lots of other salaries as well.

The IMF, which doubtless has no wish to be called in to sort out this unholy mess, warned that the minimum wage increase was a step in the wrong direction. At the bottom it pushes

some of the poor out of jobs while the ratcheting up of other salaries merely increases the inequality gap between those with and those without work.

Even more remarkable was Ramaphosa's determination to lend full support to NHI, setting up a "war room" to push it and proclaiming that NHI was coming "whether you like it or not" - something a democratic politician should never say. Yet for a whole decade before this NHI was a hollow slogan, a tin kicked relentlessly down the road, with health ministers unwilling to speak other than generalities about it and the Treasury never coming up with costed proposals or any plan to pay the R450 billion extra needed every year.

The fact that NHI would inevitably cause a large flight from the country of health professionals and taxpayers and that no one has come up with any sort of plan to restore the public health sector to its pre-1994 state, were simply brushed aside.

But what on earth does Ramaphosa think he's doing? The only possible outcomes of NHI are all disastrous. Either the scheme will have to be withdrawn, leaving egg on the President's face; or it will collapse as soon as it is launched, amidst the large-scale flight of skills, a declining tax base, the absolute lack of sufficient health professionals and the disastrous state of the public health sector.

In Britain there were two great cautionary lessons from the launching of the National Health Service. Nye Bevan, the health minister, fought bitterly against the opposition of the British Medical Association (ie. the doctors) but realised that the NHS could hardly work against the will of the doctors. He knew he had to get them to buy into the new system or it would collapse. So, of the NHS Council's 25 seats, 13 were given to the BMA.

Secondly, it was soon clear that it was folly to offer free goods and services because demand then became limitless. Hypochondriacs made endless appointments with doctors whose time was precious. Everyone wanted free spectacles and false teeth. In the end the Labour government which had proudly announced that the NHS was free was forced to bring in (small) charges to stop or limit such abuse.

Even so the problems remain because medicine continues to develop fast with more and more expensive drugs, technology and treatments. So successive governments have battled to contain NHS costs. Yet, ignoring all this, the NHI promises free treatment...a fact which can only hasten the inevitable disaster.

Finally, Ramaphosa signed a measure wiping out the debts of a large number of indebted people. This measure will cost R13-20 billion. It has already caused a steep fall in the shares of many financial institutions, wiping out large amounts of capital. This despite the frantic pleas from the banks who pointed out that this will inevitably mean a rise in borrowing costs for everyone and the negative credit listing of all those who failed to pay their debts, thus punishing them by depriving them of access to bank credit but encouraging them to run up bad debts wherever they can.

On top of which, of course, this measure may be unconstitutional. If I borrow money from you, after all, how can any third party, including the government, have the right to annul that debt, thus unilaterally depriving you of your property? How can Ramaphosa convince investors that their property rights will be respected if he carries out measures like this and EWC?

All these steps are hugely foolish - and yet all manner of things which absolutely have to be done are not being done. So what is going on? Ramaphosa's failure to act on these pressing matters has already resulted in his losing not only support but also respect. And yet he continues to hold monthly meetings with "all stakeholders" which is to say, with everyone who *thinks* they ought to be consulted. Since these "stakeholders" are on opposite sides of the fence and include such ideological hard-liners as the SACP and Cosatu, nothing useful can come from such sessions. And indeed, nothing has. They are simply an advertisement of weakness.

The answer is that Ramaphosa has decided that his number one priority is to unite the ANC: hence all these concessions to the populist left. This is bizarre. With his presidential predecessor leading a barely disguised insurrection against him and with all manner of Zuma puppets and allies (including the Public Protector) supporting this fight back, there is simply no prospect of ANC unity. And, after all, many of Zuma's supporters are tough political operators with their hands in the till.

They are utterly determined to keep their hands there and they will fight like tigers to stay out of jail. Thus far they have been entirely successful and they can smell Ramaphosa's weakness. There is also a question as to why one should *want* to unite with a large number of crooks. But Ramaphosa threatens them by saying he will allow the law to take its course and then fails to get any of them put in jail. The worst of all worlds.

In any case, these are very hard times with record unemployment and almost zero growth. Such a situation breeds a ruthless dog-eat-dog mentality and is bound to create factionalism faster than Ramaphosa can put fires out. The only way to prevail is to bring back economic growth and thus create more jobs. That, not ANC unity, ought to be Ramaphosa's priority. It would be well worth being a lot more decisive and a lot less consultative if that helps to achieve this goal.

This is all so obvious that one has to ask why Ramaphosa clings so tightly to a losing strategy. There are a number of possible explanations. One is that his previous political career has not prepared him for what he now faces. The UDF, of which Ramaphosa was a leader, was a crusading movement (Tutu and Boesak, its most prominent spokesmen, were both churchmen) built round the just cause of anti-apartheid which had huge international support. It not only united much of what is now the ANC electorate but enjoyed far greater support among the racial minorities, NGOs, the churches and civic associations than the ANC does now.

In that sense unity and factionalism were simply not the problems that they are now. Then again, in 1991 Ramaphosa was easily elected as ANC Secretary-General and the vanquished Alfred Nzo did not attempt any factional resistance. In that period the ANC was completely united around Mandela so, again, factionalism was no problem. One can understand that Ramaphosa would like to get back to that simpler world, but it simply isn't available. Ramaphosa left that world for business and that too was something of a cake-walk. So many businesses were keen to have such a well-connected man on their board that he could pick and choose between people all of whom were offering him share deals, director's fees and other inducements. He didn't, in many cases, even bother to sit through directors' meetings but would excuse himself early while still collecting his full fee. He never had to manage a company, come up with a new product or sell it. This too was a very poor preparation for the political jungle in which he finds himself now. His managerial, as also his political skills, are unproven.

It's also clear that Ramaphosa is a man eager to please. This comes out time and again in his readiness to tell different audiences what they want to hear. Sometimes this means telling real whoppers, such as telling Americans that there are no farm killings in South Africa. He has also happily signed the African free trade agreement because that's what other African states wanted him to do, despite the fact that its commitment to the free movement of labour runs clean contrary to the ANC's determination to limit further African immigration. Now he is trying to please foreign and domestic investors – while simultaneously trying, incompatibly, to please populists with measures denying property rights.

Of course, the desire to please is not an objectionable trait and in certain jobs like being a waiter or a hotel receptionist it is something of an advantage – though even they have to stop customers from stealing the spoons or drunks from entering the hotel. But at Ramaphosa's

pay grade it isn't appropriate, it doesn't work and is merely seen as two-facedness and/or weakness.

Perhaps one should also allow for the fact that it can't be easy to be a Venda at the head of what has essentially been an Nguni party with an unbroken run of Zulu and Xhosa leaders for a whole sixty five years. Mbeki could bring in large numbers of Xhosas to run the cabinet and civil service and Zuma could bring in large numbers of Zulus but Ramaphosa has no such supporting network.

With strong leadership, however, such a situation is not impossible. Daniel arap Moi came from the tiny Kalenjin group in a country dominated by Kikuyus and Luos but he ruled Kenya with a firm hand (and shamelessly feathered his own nest) for twenty four years. It is difficult to avoid the conclusion that Ramaphosa has made the same mistake as not a few university vice chancellors. In an era when South Africa's universities were relatively calm and undamaged not a few younger academics set their sights on achieving the very top job. By the time they got it, things has changed radically and they were completely floored by the job of permanent crisis management that their jobs had now become.

Ramaphosa, similarly, set his sights on the presidency in the early 1990s when things were far easier amidst the euphoria of the Mandela period and the economic boost created by the ending of sanctions. He has now achieved his goal twenty five years later under vastly different conditions. Everything suggests that he was wholly unprepared to face what his job has become.

At present one can hardly lift up a newspaper without finding article after article pleading with Ramaphosa to show strong leadership, berating him for dithering or powerfully insisting on the urgency of action in one crucial field after another. Even cheerleaders like Peter Bruce have begun to hedge their bets and to make criticisms. Presumably Ramaphosa reads some of these articles and must realise that support and respect – precious political capital - is ebbing away from him. But none of this editorialising seems to have any effect.

Similarly, Ramaphosa's advisers keep pressing plans upon him, always to be told "not yet". The result is that the country drifts on, as it did under Zuma. In effect the buck seems to have been passed to Tito Mboweni, whose Medium Term Budget Policy speech in late October is bound to spell out some fairly stark truths. With Moody's next credit rating due on November 1st, quite clearly the MTB statement will be designed to head off the final descent into unanimous junk status.

Already the Treasury has announced that it will cut spending on public service employment by 5% this year, 6% the next year and 7% the year after that. Given that these cuts compound, that means an overall cut of 19.09%. This can only be achieved by a combination of job losses and pay freezes – but even so it may be insufficient. Have we really got three years to bring the costs of the public service under control – or five years in which to restructure Eskom?

Of course, all these things should have been done years ago. All that ANC delaying tactics have achieved is that they will have to be carried out in the worst possible conditions. Moreover, Mboweni has also warned government departments that "Any additional allocations proposed for a programme must be funded by a reduction from another programme."

On the face of it, that would mean the end of NHI. How could that be funded other than by huge cuts in the current spending on health? And with medical misdemeanour claims now amounting to a huge proportion of the total health budget, how can that budget itself be contained? Remember that doctors say that in the event of NHI no less than 43% of them would consider emigration.

What is deeply disappointing is that Mboweni has been left to make these dramatic announcements while Ramaphosa is hiding in plain sight. Cowardice is not an attractive

quality in presidents. Without doubt Ramaphosa will now come under huge pressure to sack Mboweni or to disavow his objectives. If he does either thing his presidency will effectively be dead.

It is a bit too soon to conclude that Ramaphosa is hopelessly weak, that he is no politician and not up to the job. Everyone learns on the job to some extent. We have to hope that he will too. There is no obvious alternative – for the ANC's cupboard is bare. The trouble is that the country has to learn with him and the longer it takes, the harder the lessons.

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