



The State of Politics: South Africa at a crossroad?



agricultural business chamber

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Theo Venter

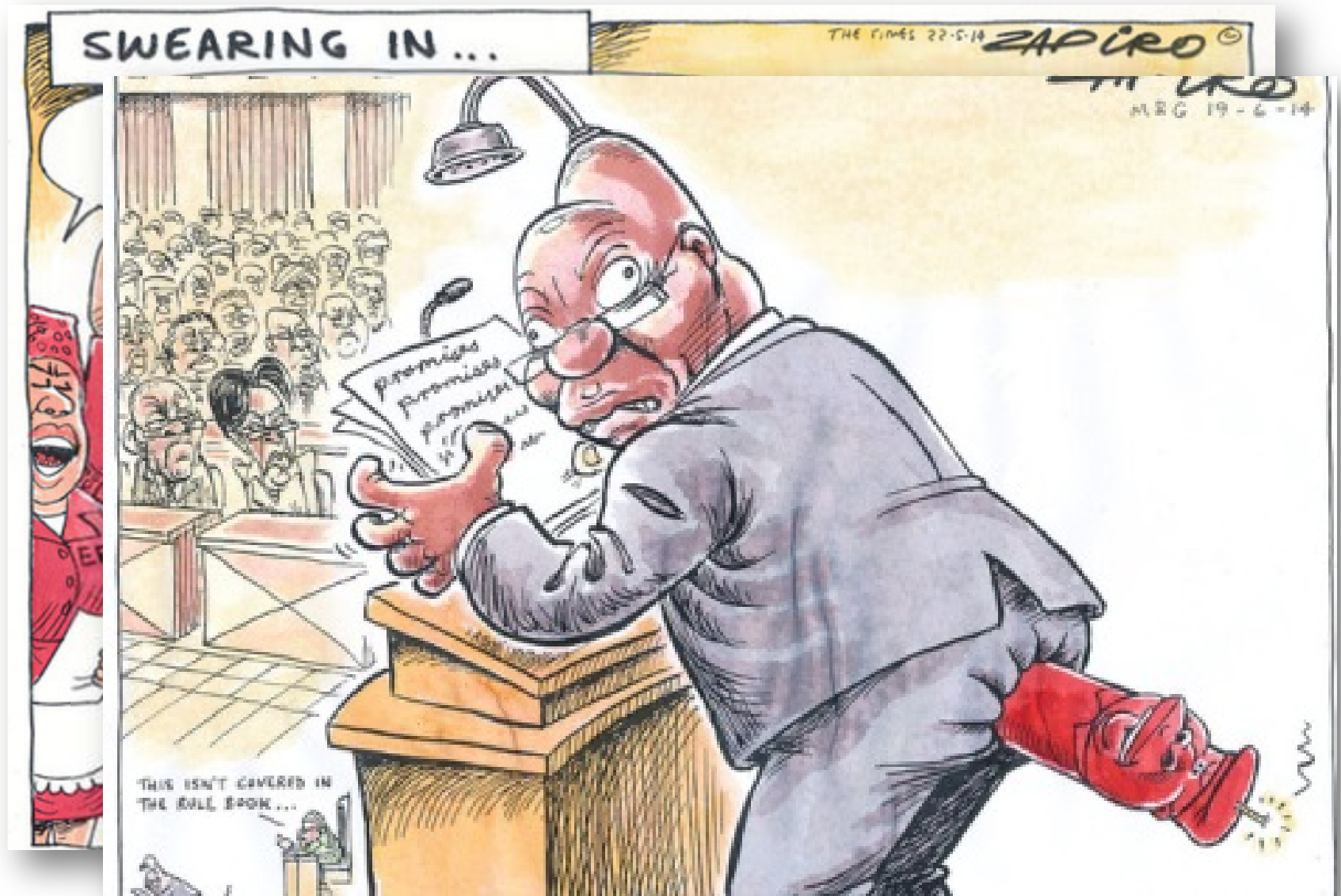
Political and Policy Analyst

NWU Business School, Potchefstroom



@theo_venter

The role of the EFF 2014



The role of the EFF 2014



A VUCA environment

(Volatile, Uncertain, Contradictory and Ambiguous)

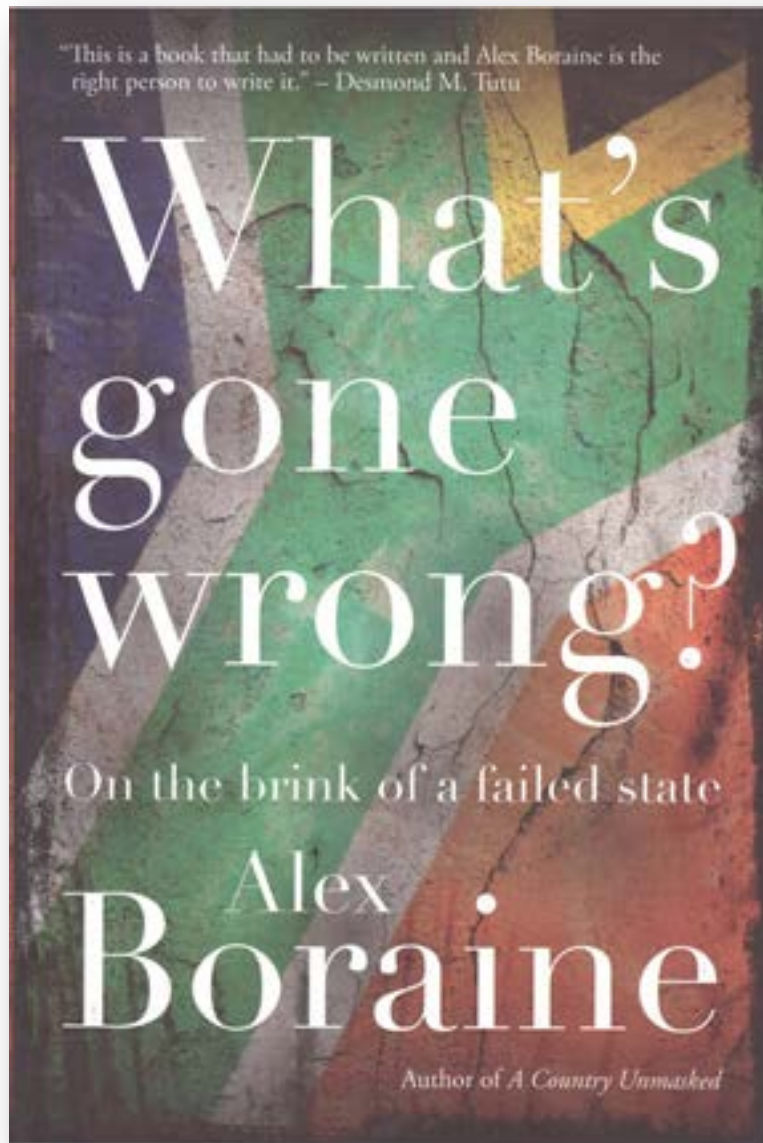
- EFF action in Parliament presents a threat to National Security (!) but determine the political agenda;
- Presidency undermine and erode the Rule of Law;
- South Africa averted an economic recession.....just!
- Contribution of agriculture contributed to a positive economic profile;
- The currency (Rand) volatile on world markets;
- South Africa sovereign risk downgraded – wrongly?
- Electricity provision unreliable until at least 2025; and
- Uncertain policy environment with huge impact on agriculture and land reform initiatives.

The direction of change

“This crisis.....can take months, years or even decades. In this process the old and dominant institutions are not the agents of change, but they form a passive (and to some degree astonished) audience. The active agents of societal change come from the periphery of society. The old institutions may try to adapt to the changing situation, but they will probably not be able to change their whole basic value system. The value crisis will be a painful and frustrating experience for those people involved in these institutions.”

This insight into the dynamics of change is from a Finnish academic Mika Mannermaa (1991) and has direct reference to the current situation in South Africa.

Dr Alex Boraine asks What has gone wrong?



- History of commitment to holding onto political power and an **obsession with power.**
- **Ideological drive** to control all walks of life.
- Culture of suspicion, mistrust and intolerance within the ANC.
- Disenchantment with the Constitutional Court.
- Criticism and mistrust of the media.
- Contempt of Parliament
- Criminality and culture of corruption in exile.
- Bureaucracy developed in exile.
- Rigid political control part of struggle mind-set.



Tweets



Cees Bruggemans @cees... 2d



Cees Bruggemans @cees... 2d

Failed states don't raise \$1.7bn

3

2.

U

W



Cees Bruggemans @cee... 13h

ShortNote "SA far from done"

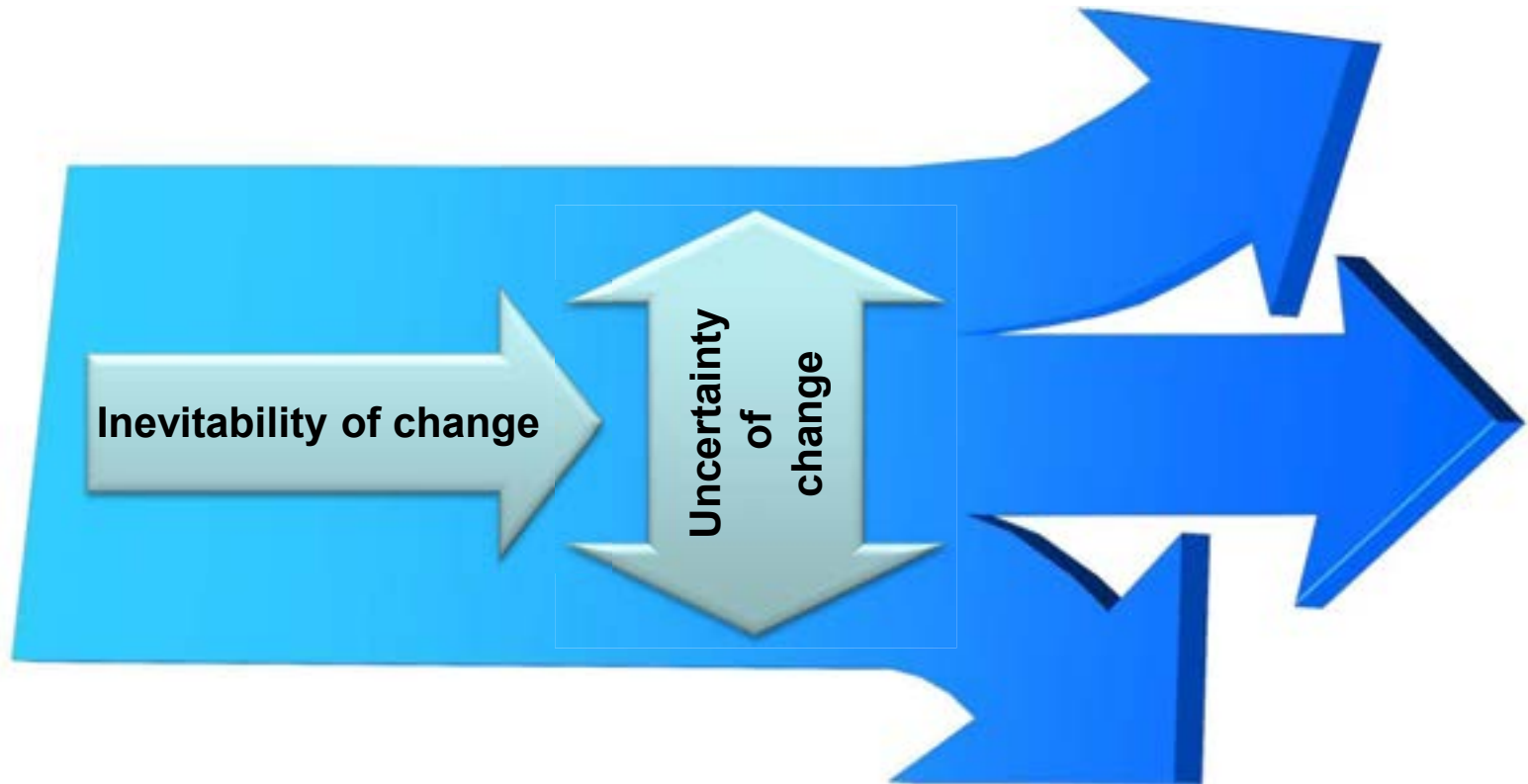
bruggemans.co.za Not everything in our midst is dysfunctional. Count the still many blessings..



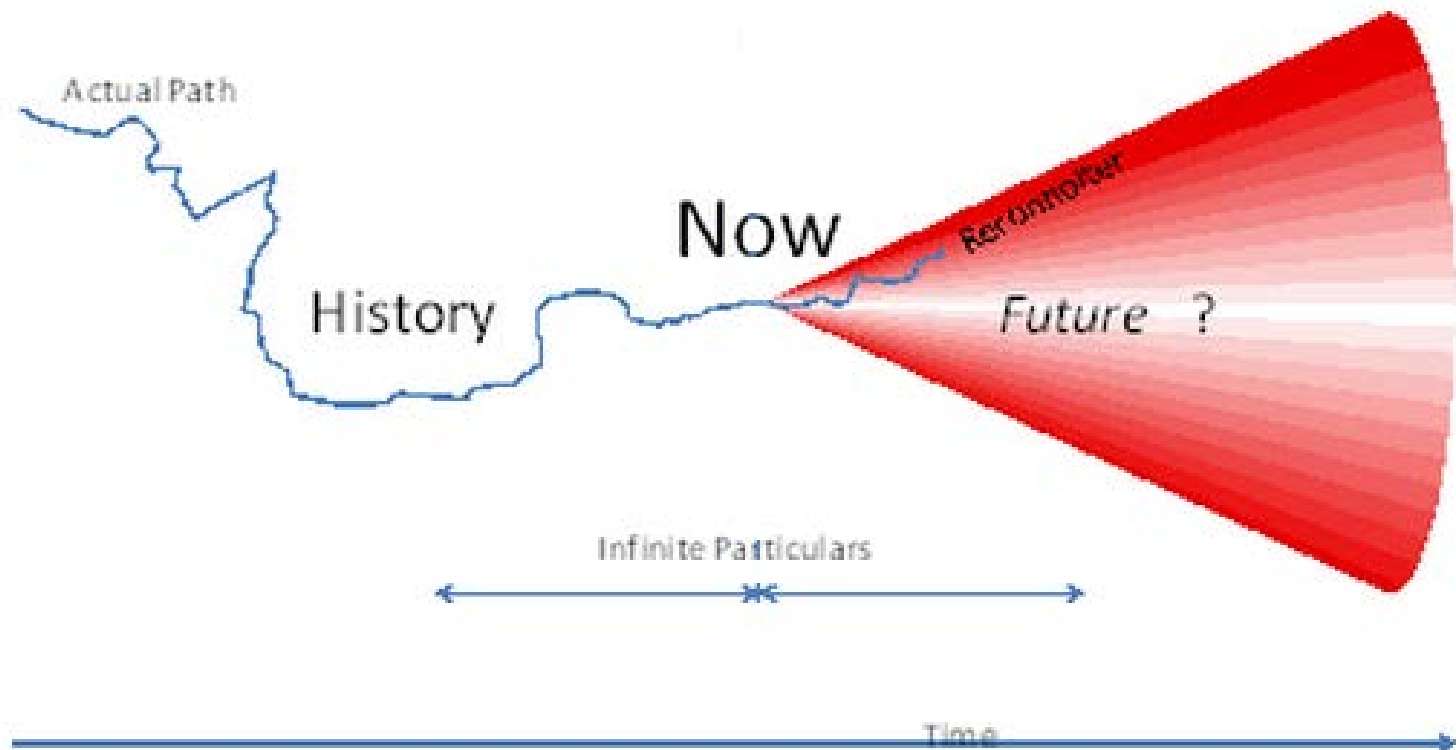
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The dynamics of change

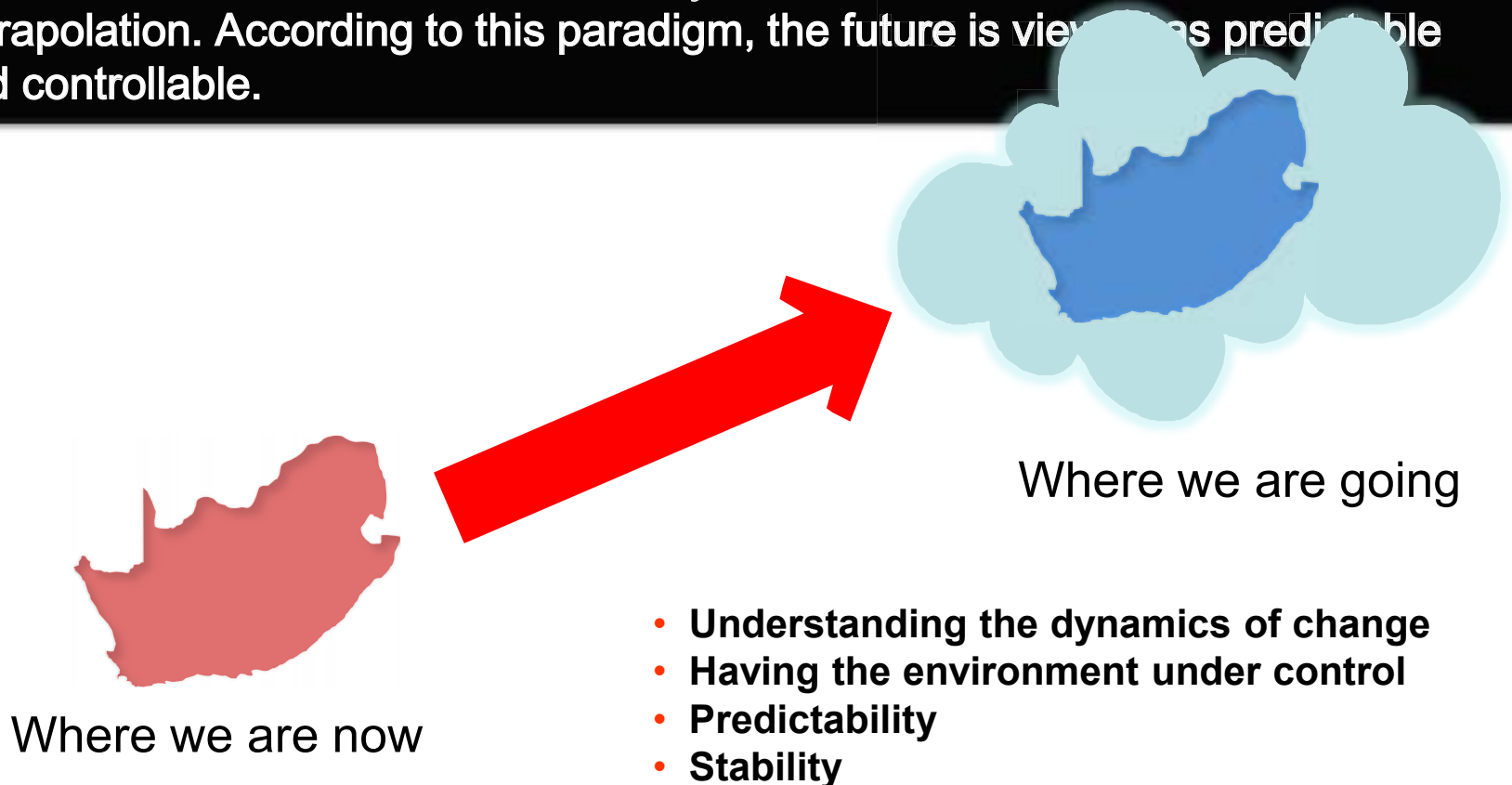


Thinking about the Future



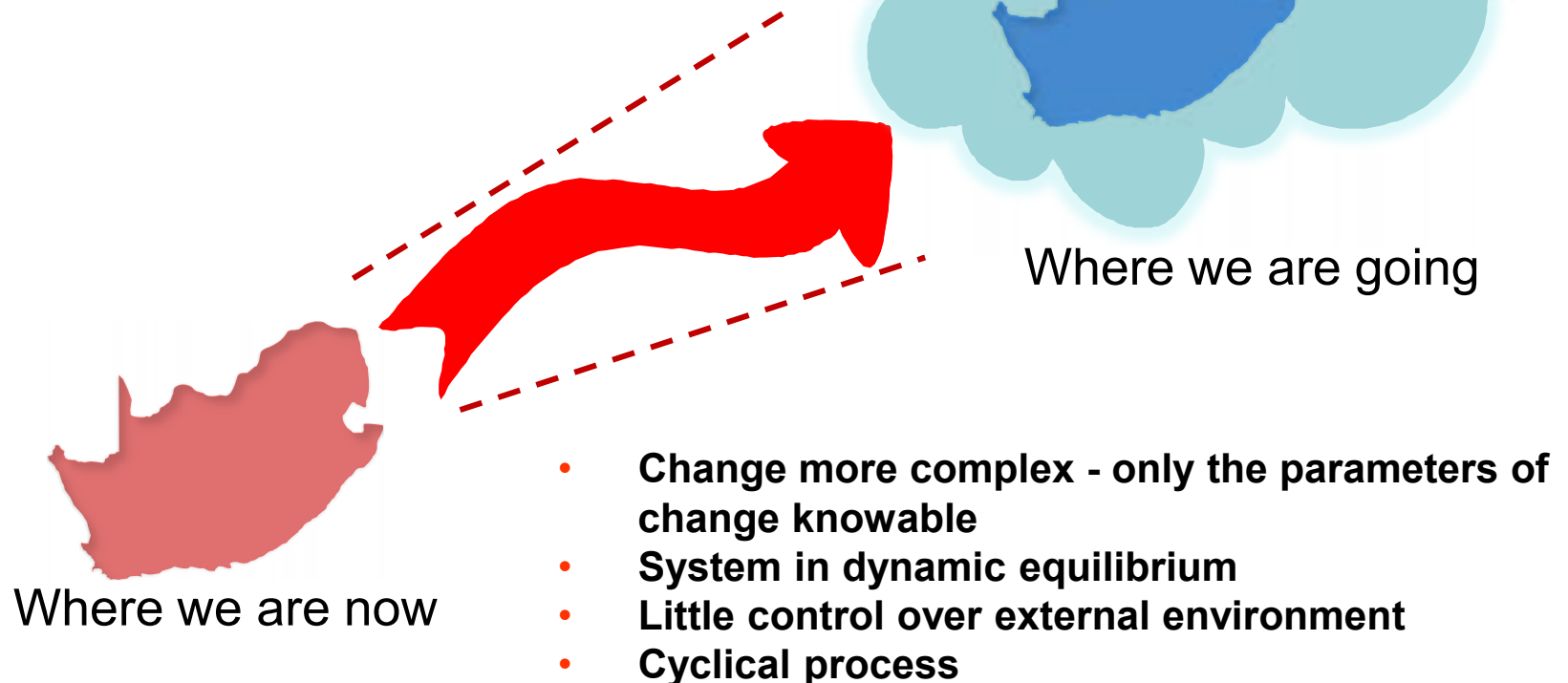
Mechanistic or predictable change

The first view: “the future is predictable”: whatever will come to pass in the future can (in principle at least) be calculated from our knowledge of the present and past. The more knowledge we gather in the present, the more certain is our prognosis of the future course of events. This view of the future leads those who use it to rely above all on a statistical trend extrapolation. According to this paradigm, the future is viewed as predictable and controllable.



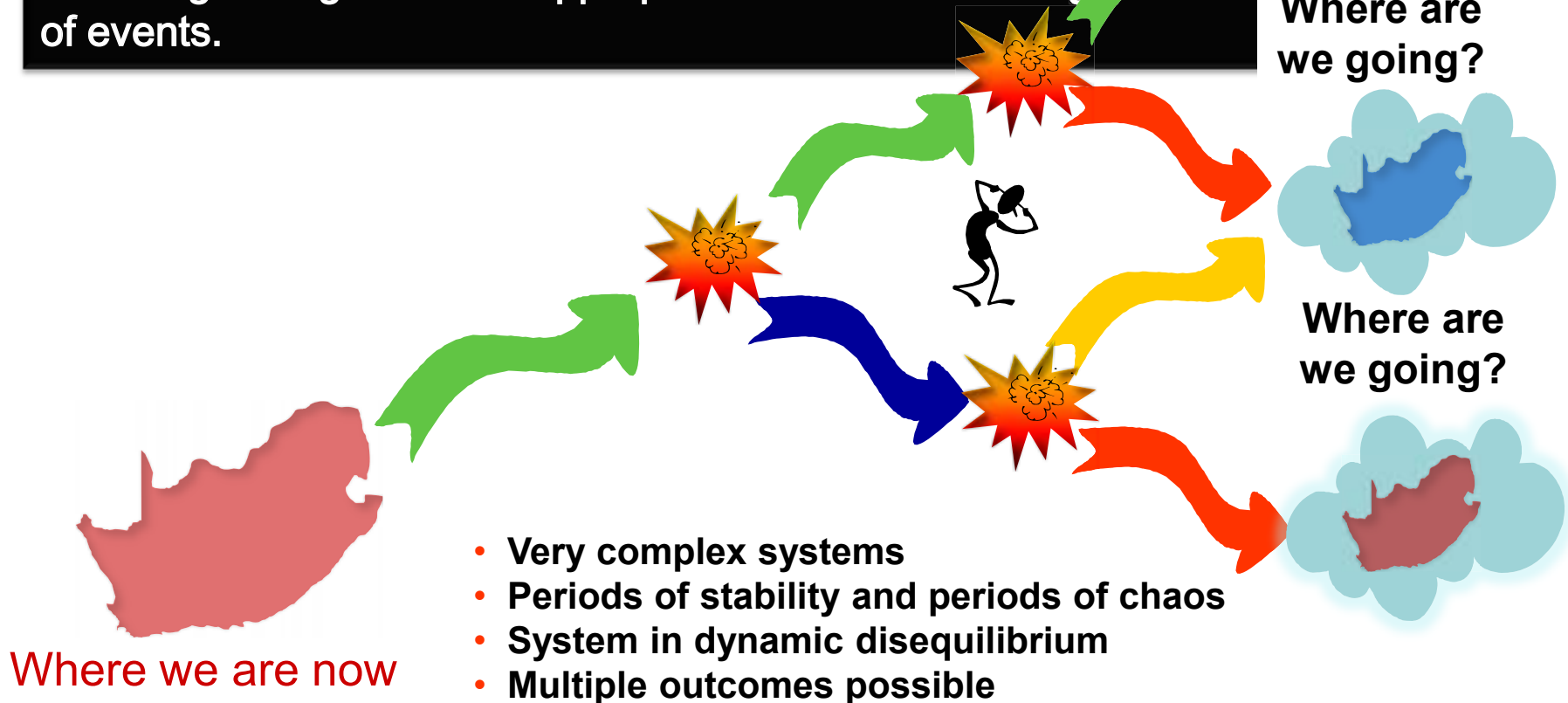
Organismic or malleable change

The second view: “the future is malleable“. In this view, the course of future events is not predictable, but neither is its development fully chaotic. The development of the future is open to intentional manipulation and can thus be influenced (at least in part) by our actions. This view places its trust in strategies of intervention aimed at shaping the future with an emphasis on the role of those who take action, along with their decision-making processes in shaping the future

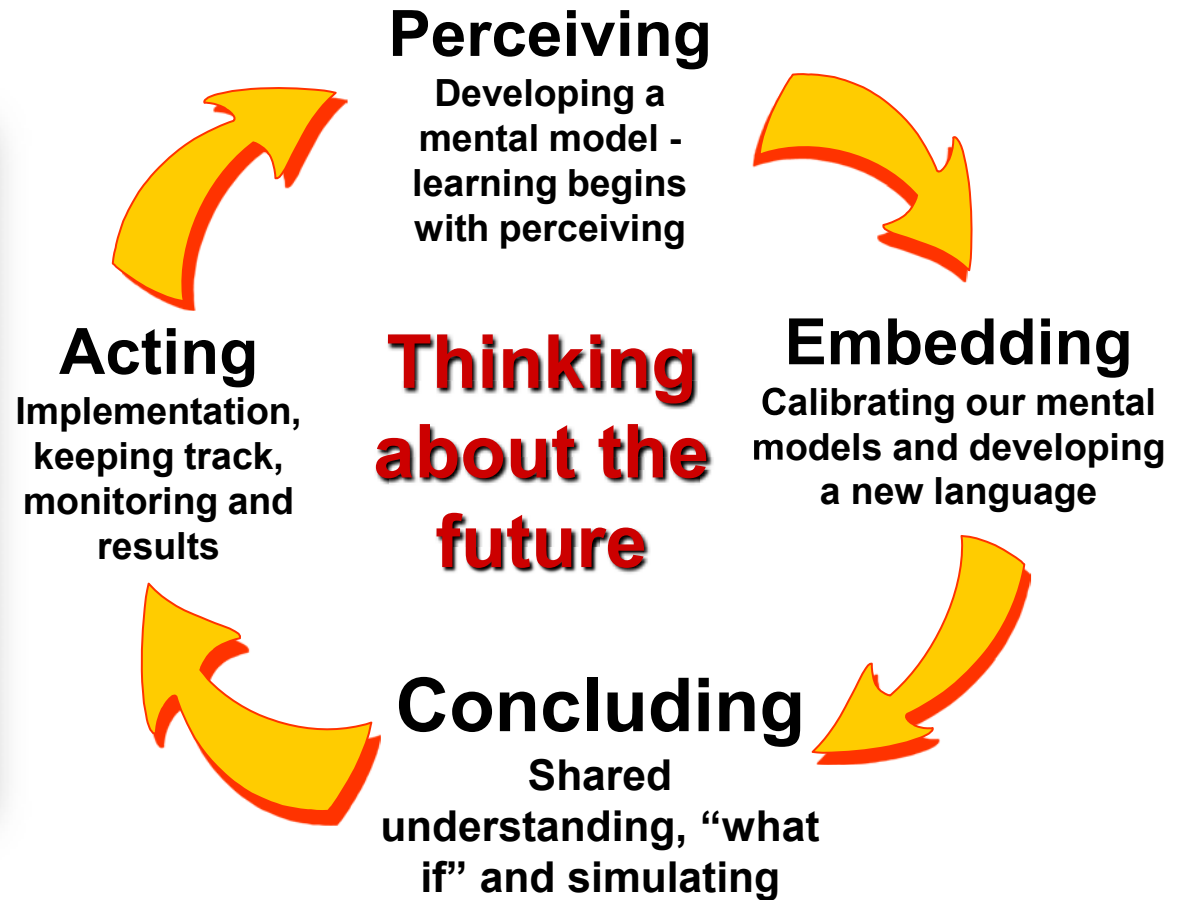
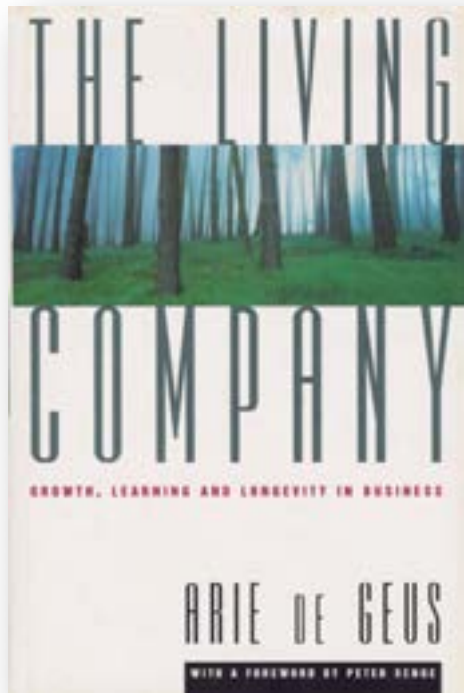


Paradigmatic or evolutive change

The third view: “the future is evolutive”. In this manner of viewing things, our present knowledge is taken to be inadequate for predicting future developments; the future follows a chaotic, uncontrolled, and random path. This paradigm assumes that a purposeful control of the course of future events is impossible; instead, emergent strategies and an “acceptance of muddling through” are the appropriate manner of dealing with the uncertainty of events.



Perception is reality

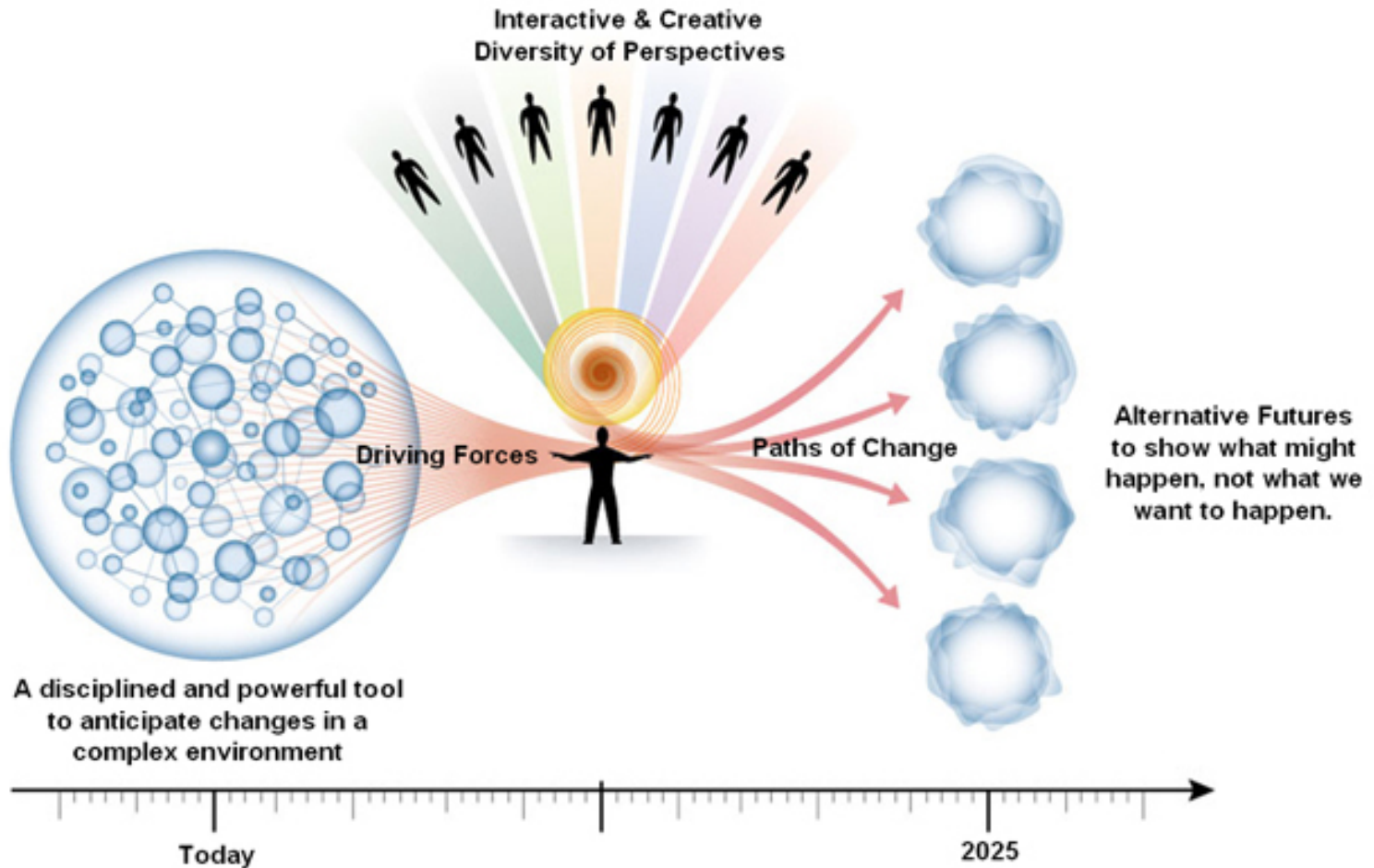


The memory of the future

Why is it so difficult for managers to maintain their sensitivity for the environment?

- We can only see when a crisis opens our eyes.
- We can only see what we have already experienced.
- We cannot see what is emotionally difficult to see.
- We can only see what is relevant to our view of the future.

Putting it all together



Primary considerations in South African Scenarios



Economic Development



Demography



**Political Development
And Government**



Security



**Resource management i.e.
Water, Food and Energy**



Environmental issues



Land and rural reform



**Technology and
computation**



Social transformation



The Political Spectrum

Tipping Points in the Zuma Presidency.....

- 1. The ESKOM crisis;**
- 2. The international bank crisis 2008-09;**
- 3. The legal issues surrounding Zuma;**
- 4. The Malema years and emergence of the EFF;**
- 5. Political paralysis in some provinces, metro's and towns;**
- 6. Economic stagnation in the Euro Zone;**
- 7. SA become part of BRICS;**
- 8. The Marikana incident;**

Tipping Points in the Zuma Presidency.....

- 9. The De Doorns agricultural problems;**
- 10. Zamdela and the rebellion of the poor;**
- 11. Mangaung power grip, December 2012;**
- 12. National Development Plan approved as
official policy; tension in Cosatu**
- 13. Nkandla spending and crisis;**
- 14. Intervention in the Central African Republic;
and**
- 15. The Davis J-curve of political expectations**

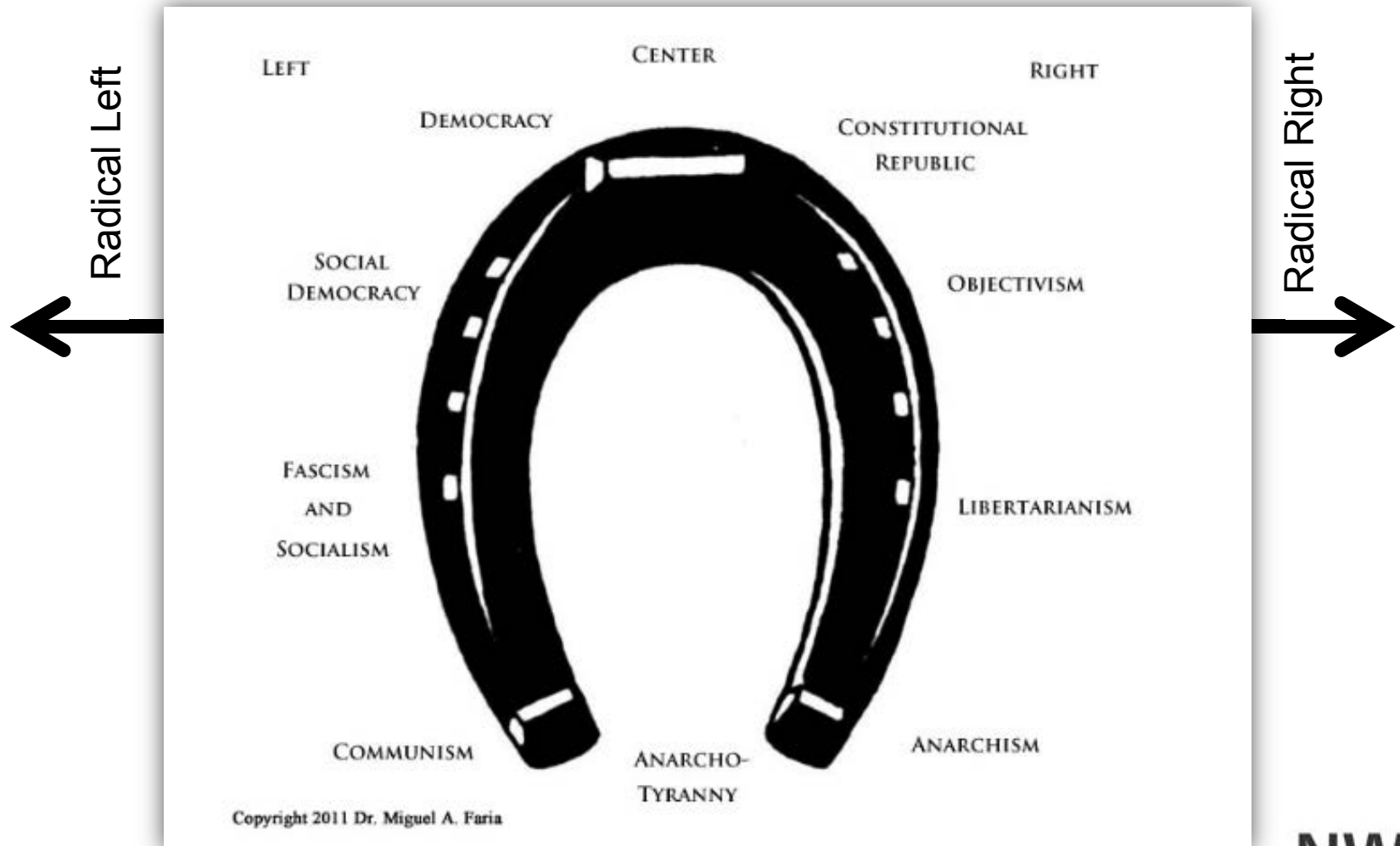
Private sector response

- Business in a holding pattern. Wait-and-see.
- Nearly 40% of executives believe politics affect their decisions and about 65% are postponing their investment decisions – 46% consider investing offshore (Grant Thornton International).
- Global economic picture has strengthened.
- Moderately higher demand for SA exports.
- SA Economy growth about 2-2,5%, rand remains vulnerable, possible interest rate hikes in 2014.

Towards the 2014 General Election

- **Service delivery protests across South Africa.**
- **Very weak economic growth.**
- **ANC leadership (Zuma) under great pressure from inside the ANC as well as from media and civil society.**
- **The Marikana factor.**
- **Labour unrest with AMCU strike at the centre.**
- **Emergence of the EFF.**

The Dynamics of a Political Spectrum



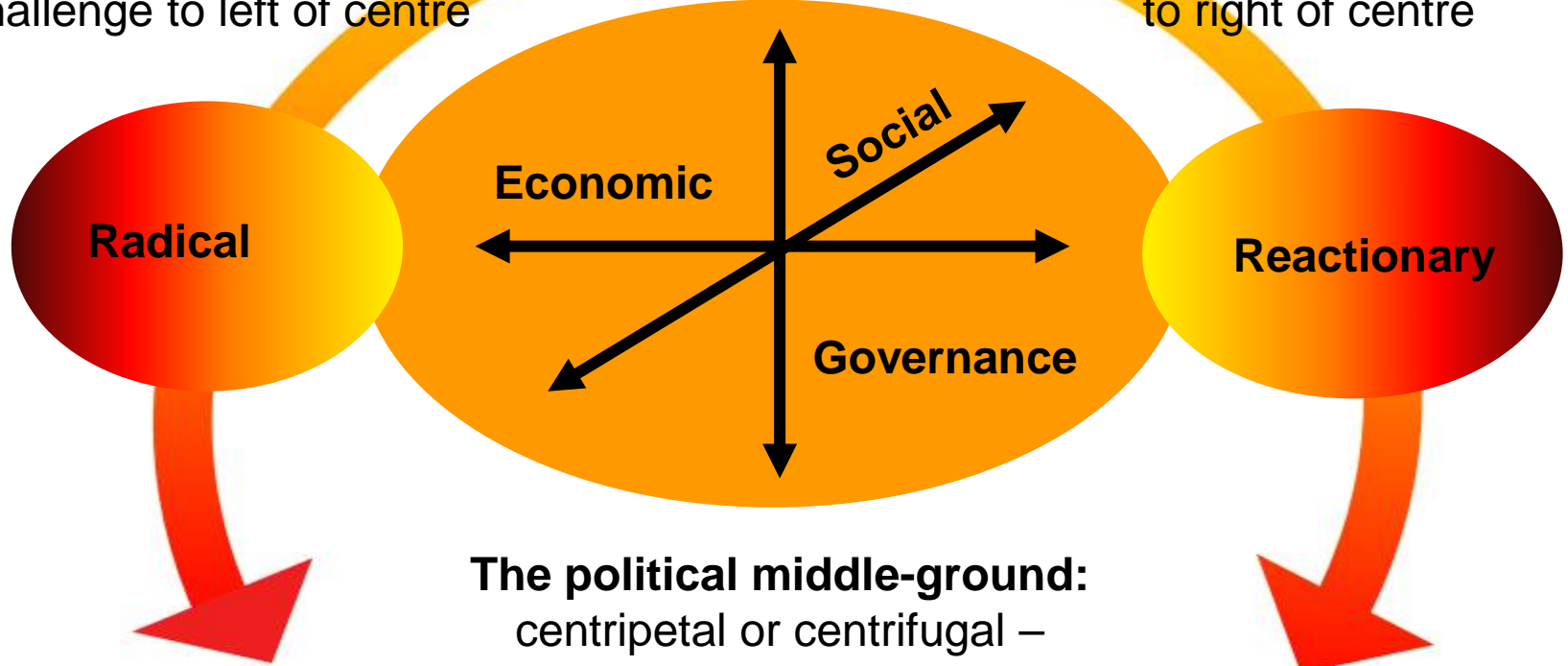
The Dynamics of a Political Spectrum

Radical and extreme left:

Volatile, noisy and
challenge to left of centre

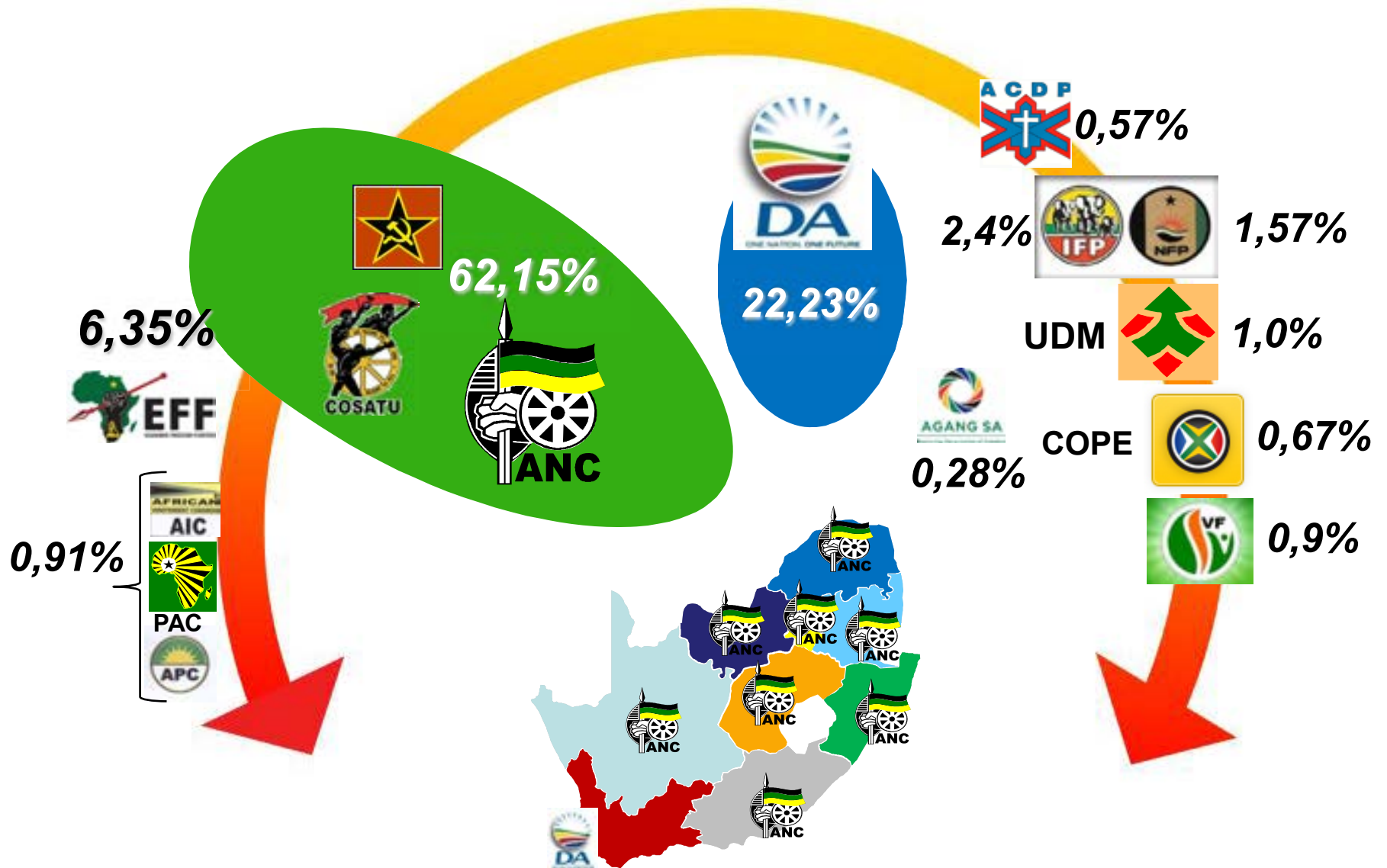
Radical and extreme right:

Volatile, noisy and challenge
to right of centre



The political middle-ground:
centripetal or centrifugal –
constant pull from the edges or
searching for the middle

2014: Final Outcome





Scenarios for South Africa Revisited

It all starts here™

NWU
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Besigheidskool



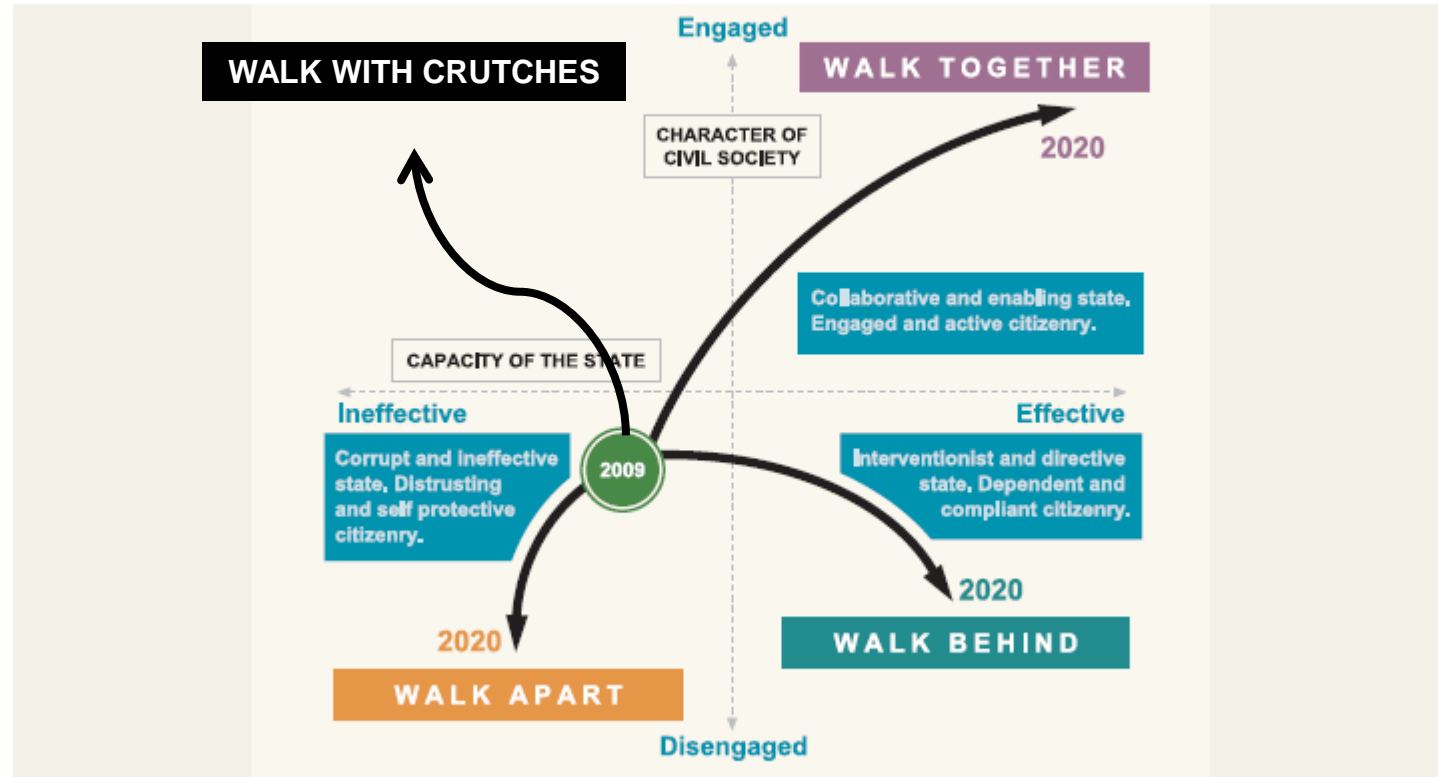
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NORTH-WEST UNIVERSITY
YUNIBESITI YA BOKONE-BOPHIRIMA
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Scenarios

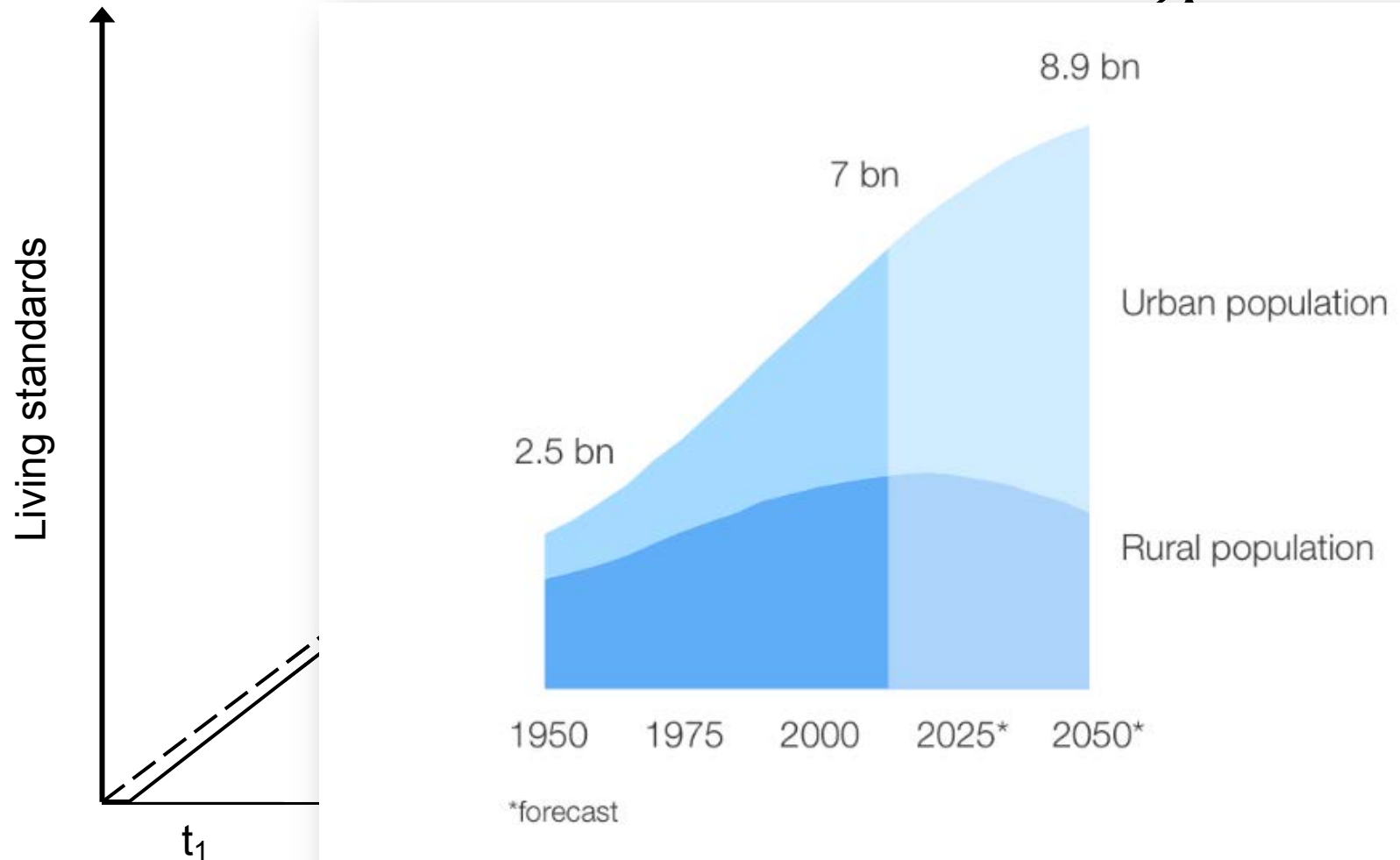
A scenario can be defined as a description of a possible future situation, including the path of development leading to that situation. Scenarios are not intended to represent a full description of the future, but rather to highlight central elements of a possible future and to draw attention to the key factors that will drive future developments. Many scenario analysts underline that scenarios are hypothetical constructs and do not claim that the scenarios they create represent reality.

Dinokeng Scenarios Revisited

THE COMPARATIVE PATHS OF THE THREE SCENARIOS

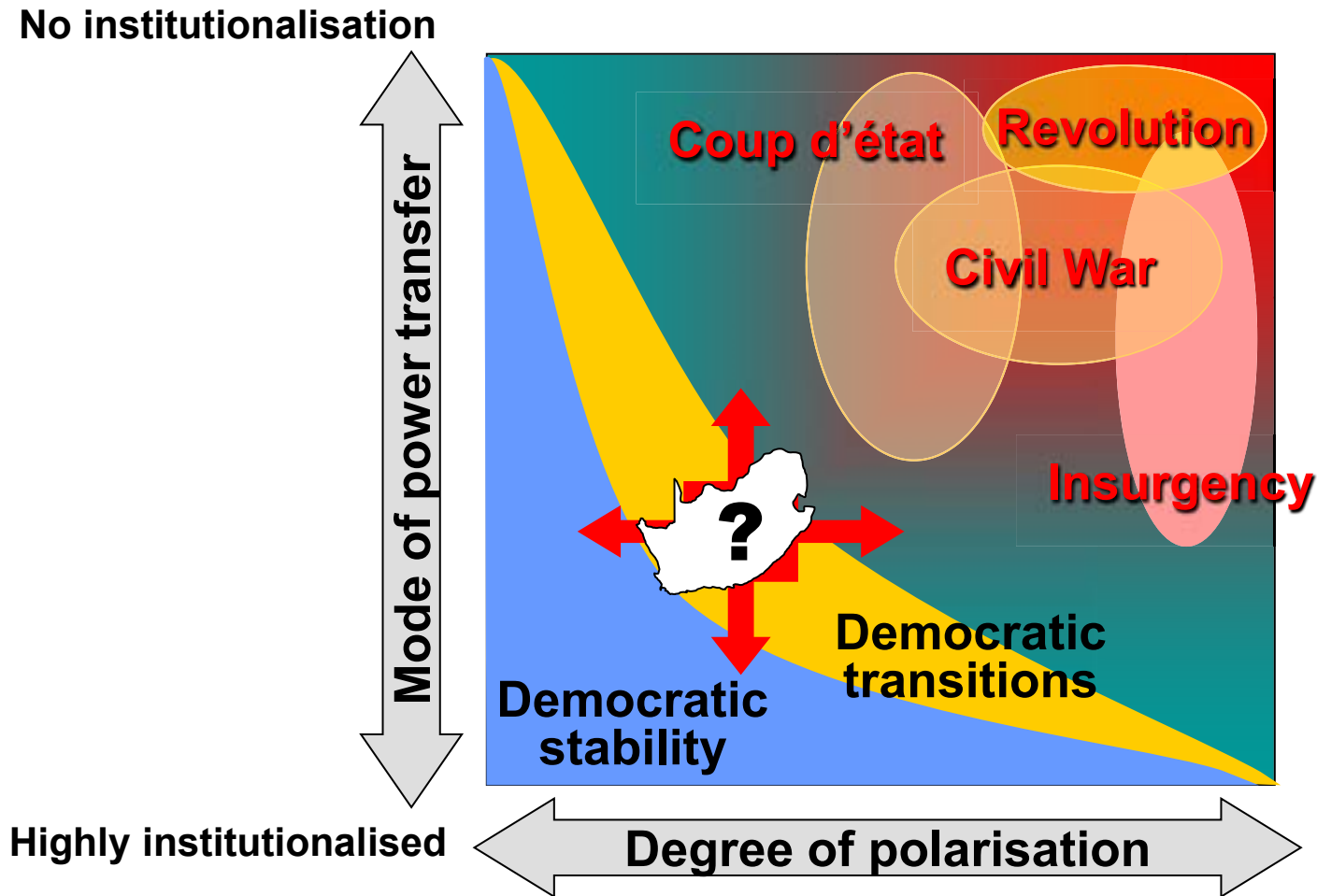


EFF: Driver of Relative Deprivation?

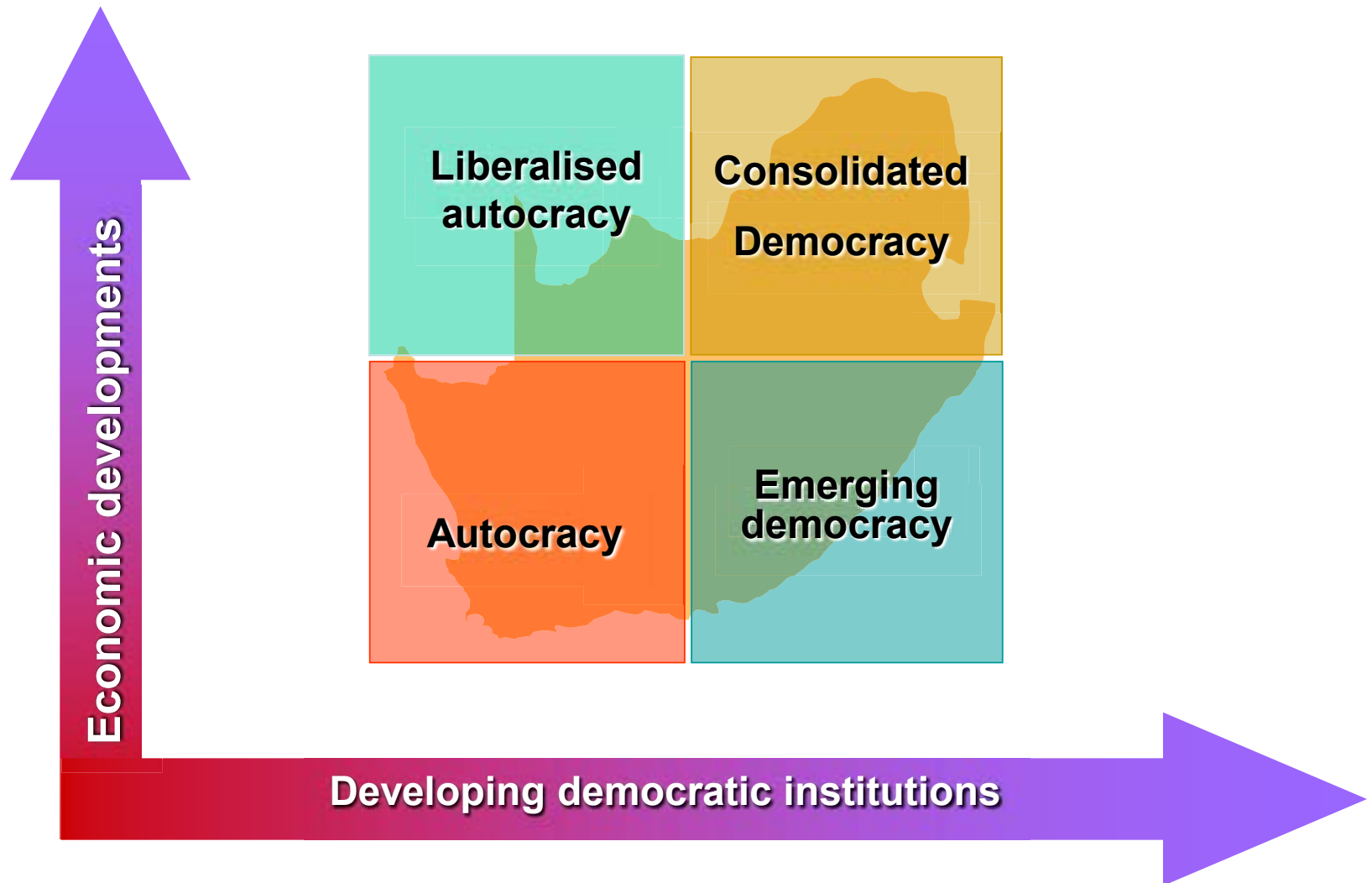


Source: *World Urbanization Prospects: The 2009 Revision Population Database.*
United Nations Population Division (2010)

Consolidating democracy



Idealised outcomes



The scenario matrix

Pretoria will provide

Primary Conditions:

1. Strong-handed action
2. Moderate to high economic growth
3. Social delivery takes place
4. Political centralization and control increase

Ubuntu

Primary Conditions:

1. Growth & delivery vision
2. High economic growth
3. Social delivery at high levels, transformation successful
4. Consolidated Democracy

Cry the Beloved Country

Primary Conditions:

1. Populist action and vision
2. Low economic growth
3. Low social satisfaction
4. Unstable Democracy

Long Walk to Freedom

Primary Conditions:

1. Muddling through action
2. Low economic growth
3. Social delivery at low levels
4. Unconsolidated democracy

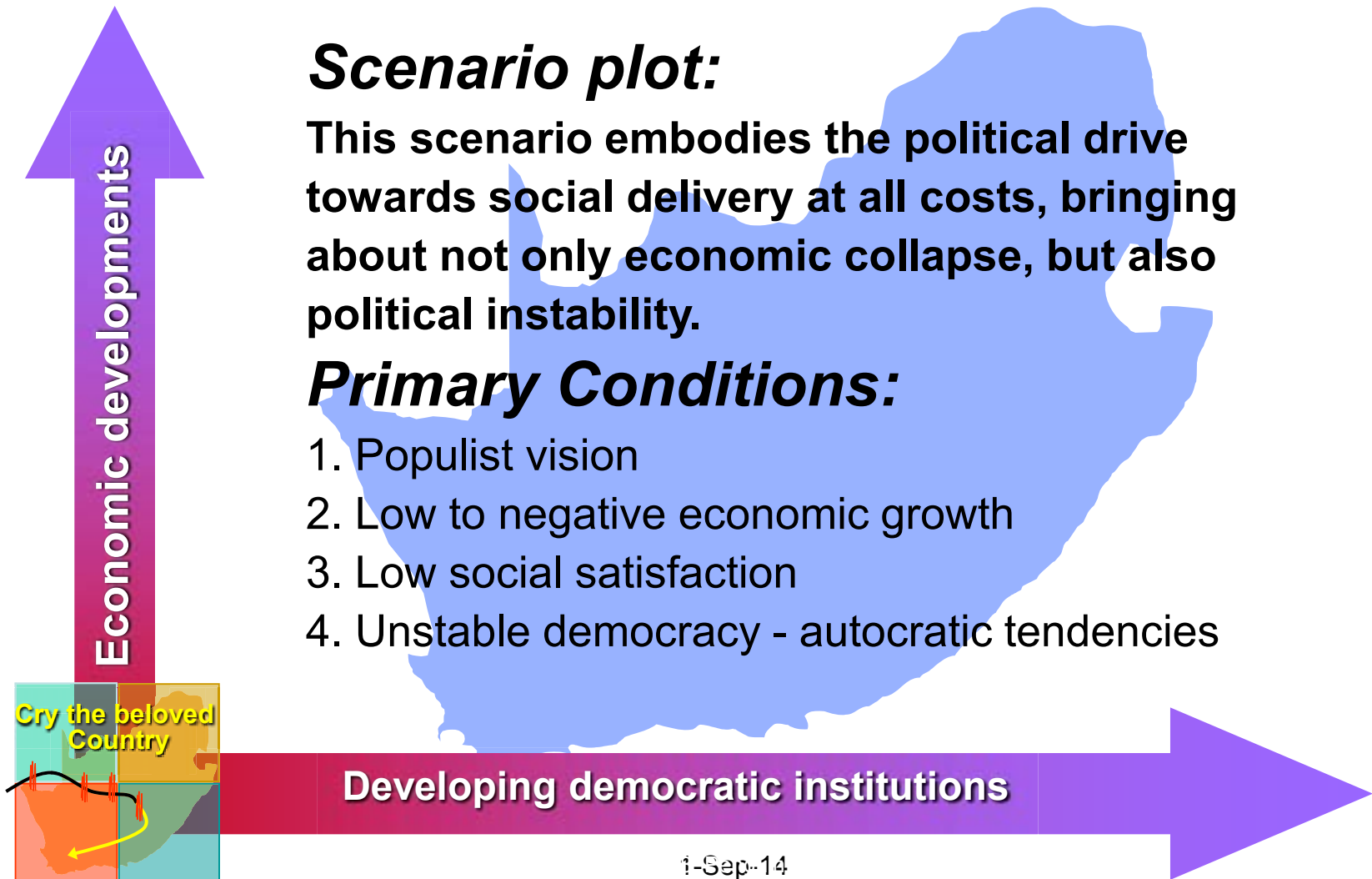
Cry the Beloved Country*

Scenario plot:

This scenario embodies the political drive towards social delivery at all costs, bringing about not only economic collapse, but also political instability.

Primary Conditions:

1. Populist vision
2. Low to negative economic growth
3. Low social satisfaction
4. Unstable democracy - autocratic tendencies



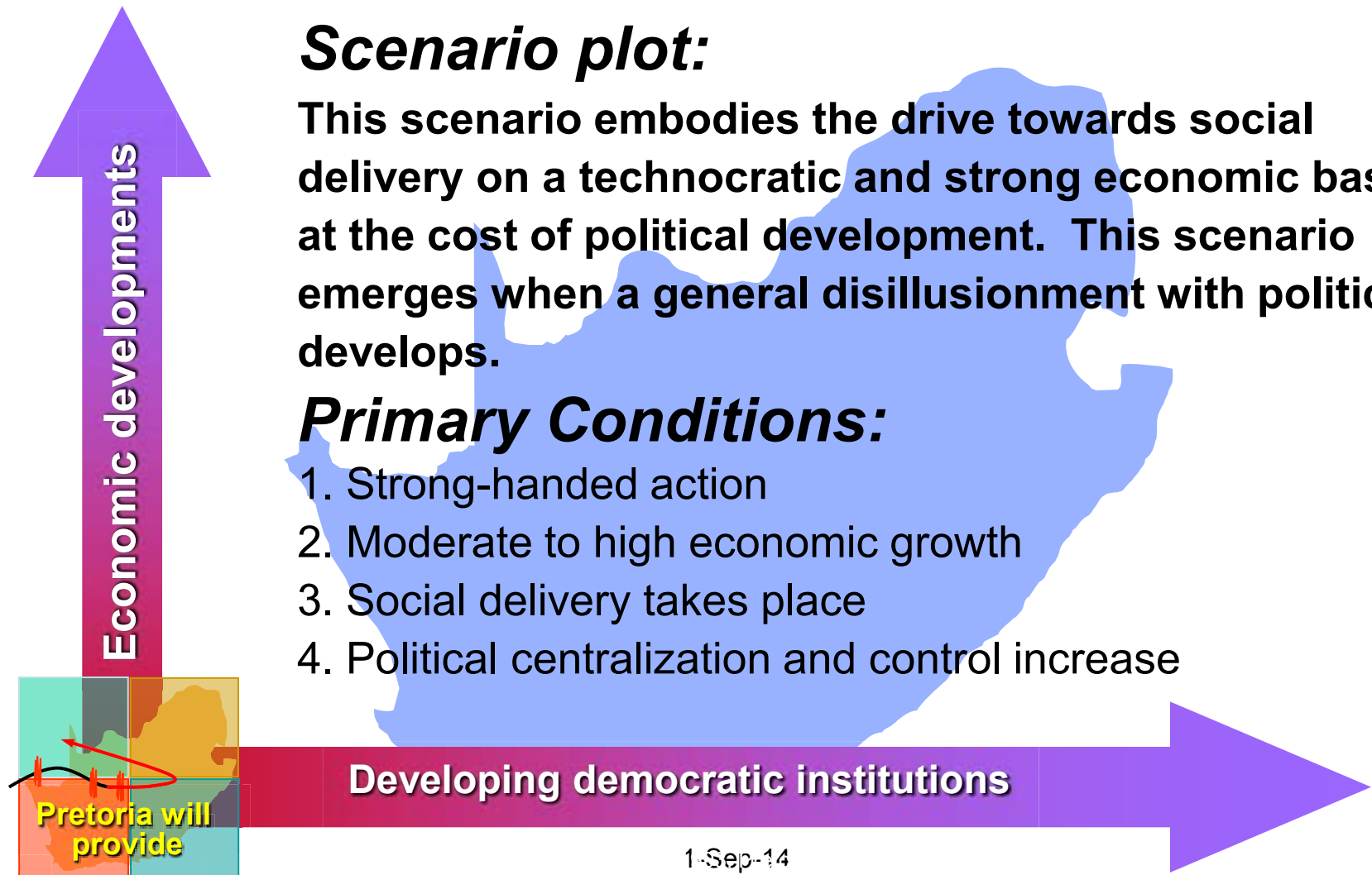
Pretoria will provide*

Scenario plot:

This scenario embodies the drive towards social delivery on a technocratic and strong economic basis at the cost of political development. This scenario emerges when a general disillusionment with politics develops.

Primary Conditions:

1. Strong-handed action
2. Moderate to high economic growth
3. Social delivery takes place
4. Political centralization and control increase



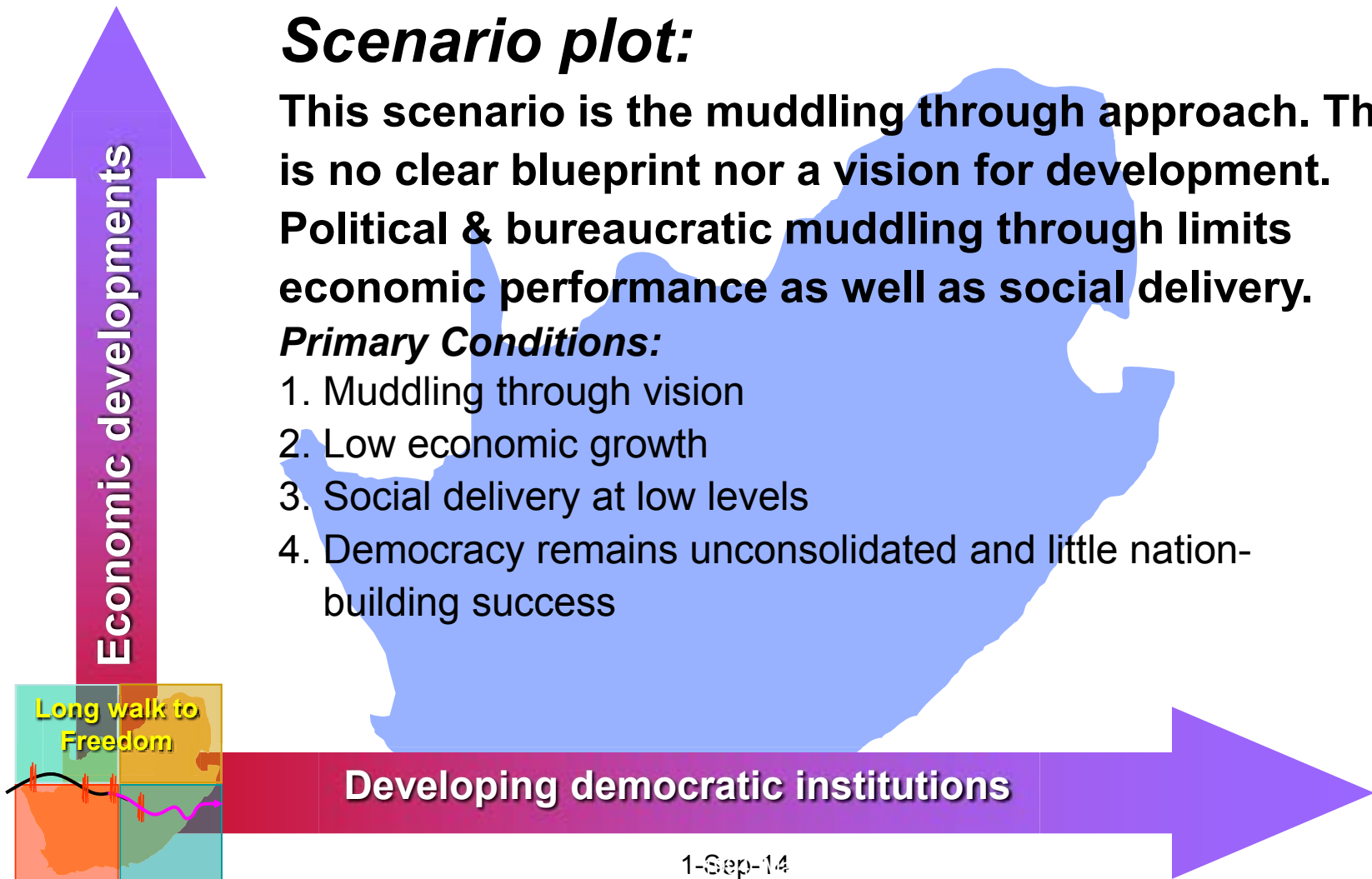
Long walk to Freedom*

Scenario plot:

This scenario is the muddling through approach. There is no clear blueprint nor a vision for development. Political & bureaucratic muddling through limits economic performance as well as social delivery.

Primary Conditions:

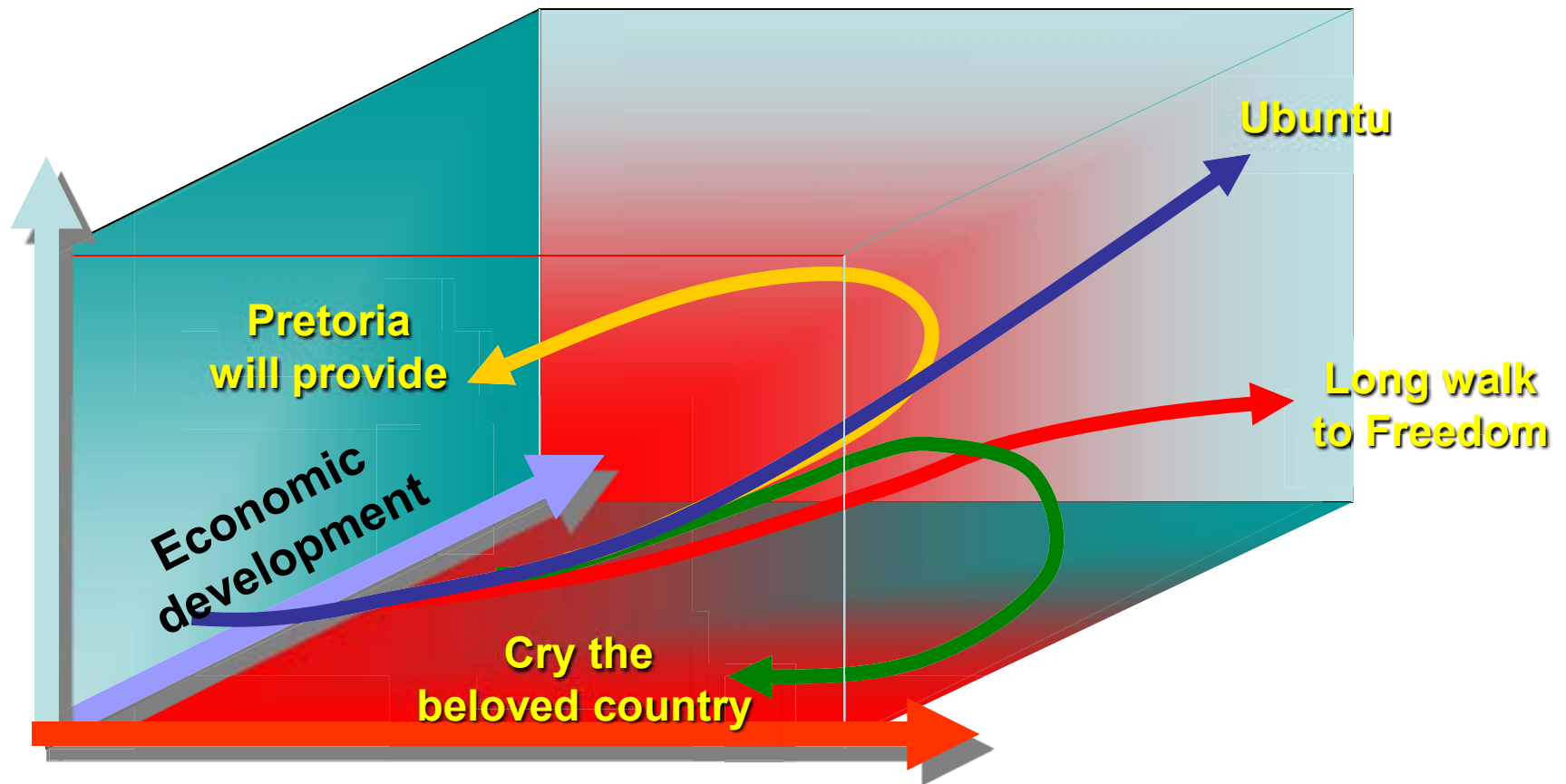
1. Muddling through vision
2. Low economic growth
3. Social delivery at low levels
4. Democracy remains unconsolidated and little nation-building success



Ubuntu*



Scenarios for South Africa





Sensemaking



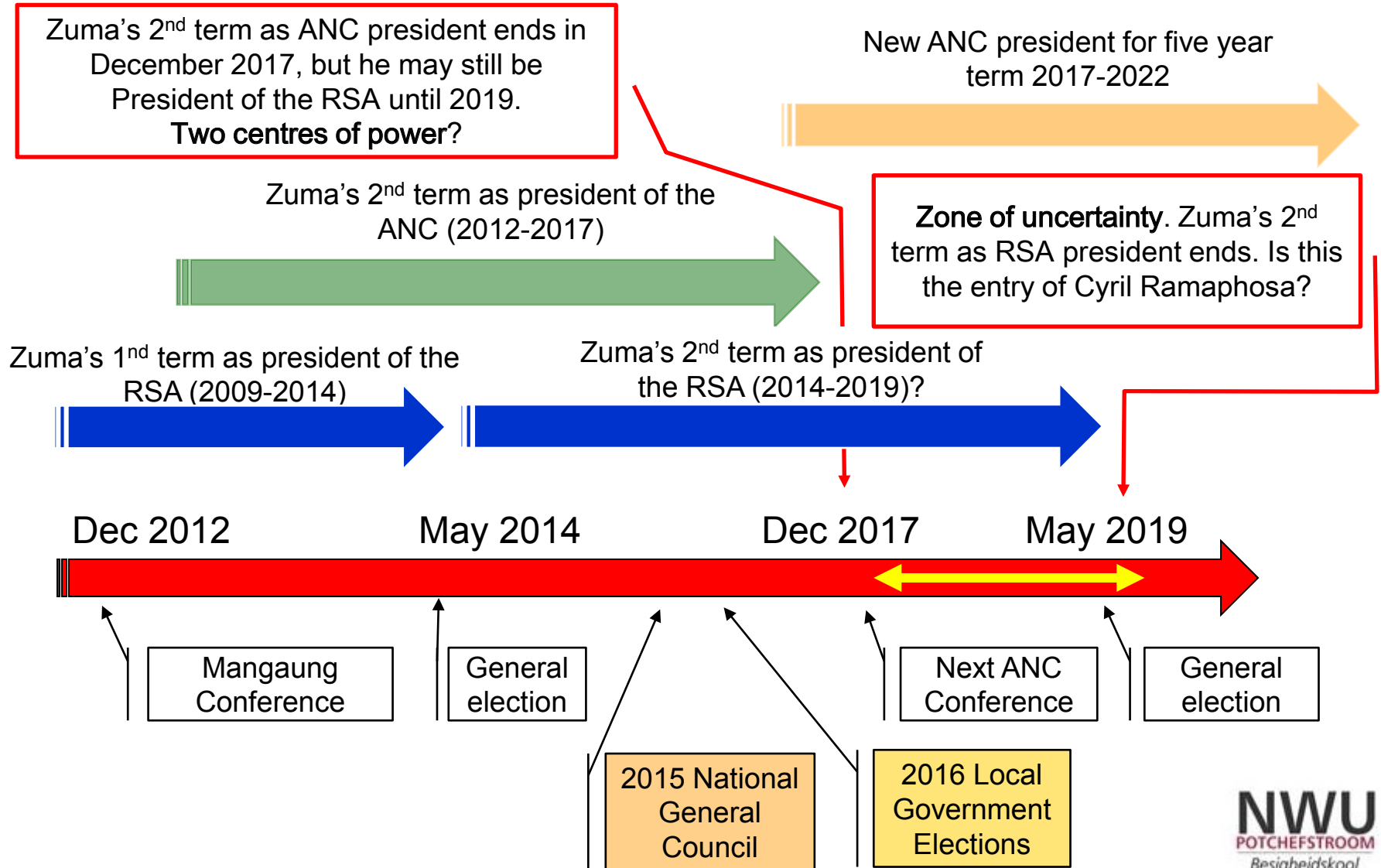
South African Risks: Vicious Cycle

- ✗ SA has high reliance on portfolio inflows;
- ✗ Huge income disparities and very high Gini co-efficient with poverty and rural underdevelopment;
- ✗ High unemployment rate with huge structural unemployment;
- ✗ Poor labour relations record;
- ✗ Negative impact of HIV/AIDS;
- ✗ High crime and violent crime rate;
- ✗ Bureaucratic inefficiency and concern about local government; and
- ✗ Unreliable energy provision until 2014 but concerns up to 2025.

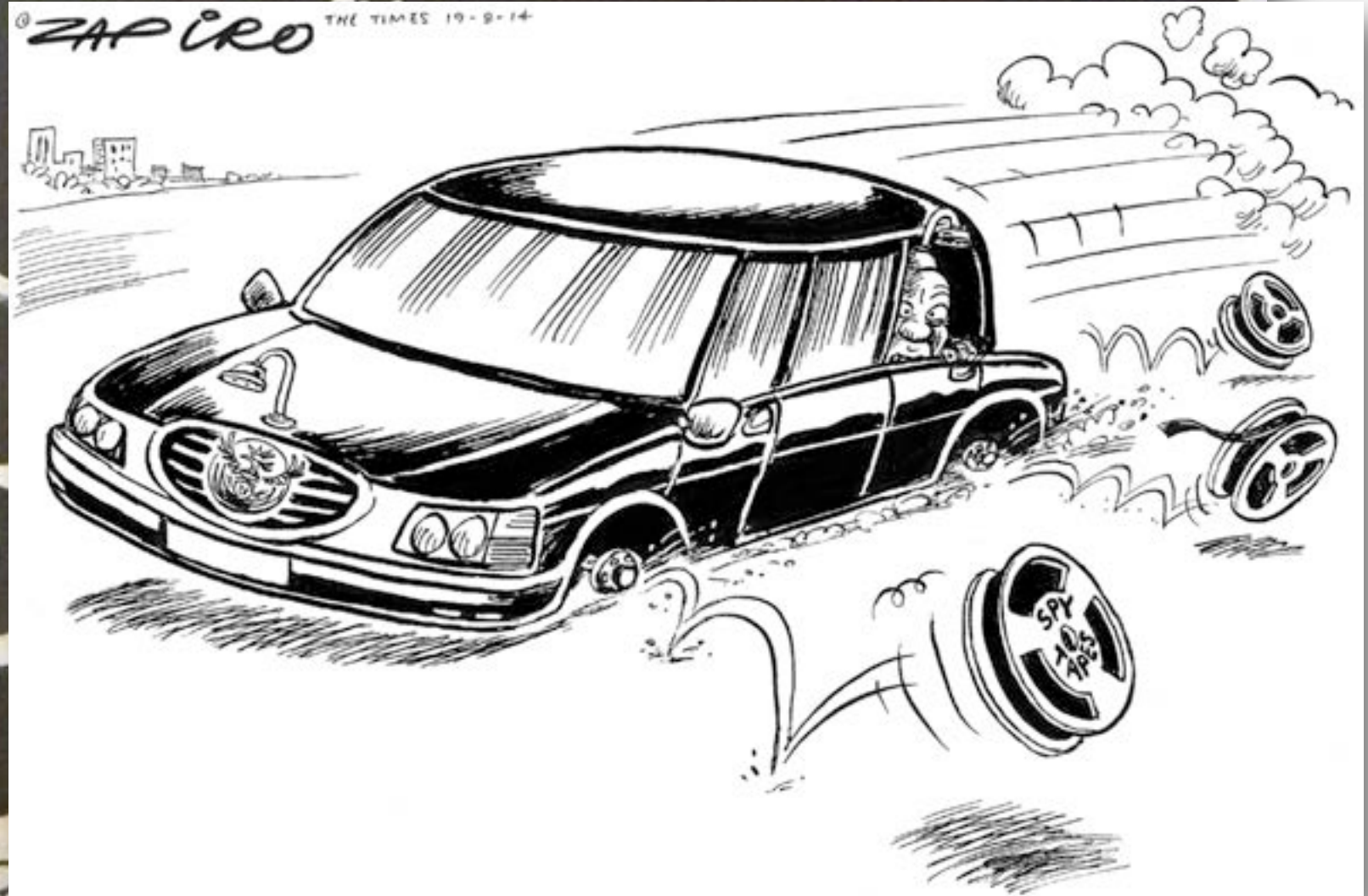
South African Risks: Virtuous Cycle

- ✓ Very good banking and financial system;
- ✓ Relative well developed infra-structure;
- ✓ Ability to manage mega-projects such as the Soccer World Cup 2010, Gautrain;
- ✓ Well-functioning legal system;
- ✓ Prudent macro-economic policies;
- ✓ A moderate debt burden;
- ✓ Well-functional legal system;
- ✓ Stable political institutions;
- ✓ Well positioned to service Southern Africa.

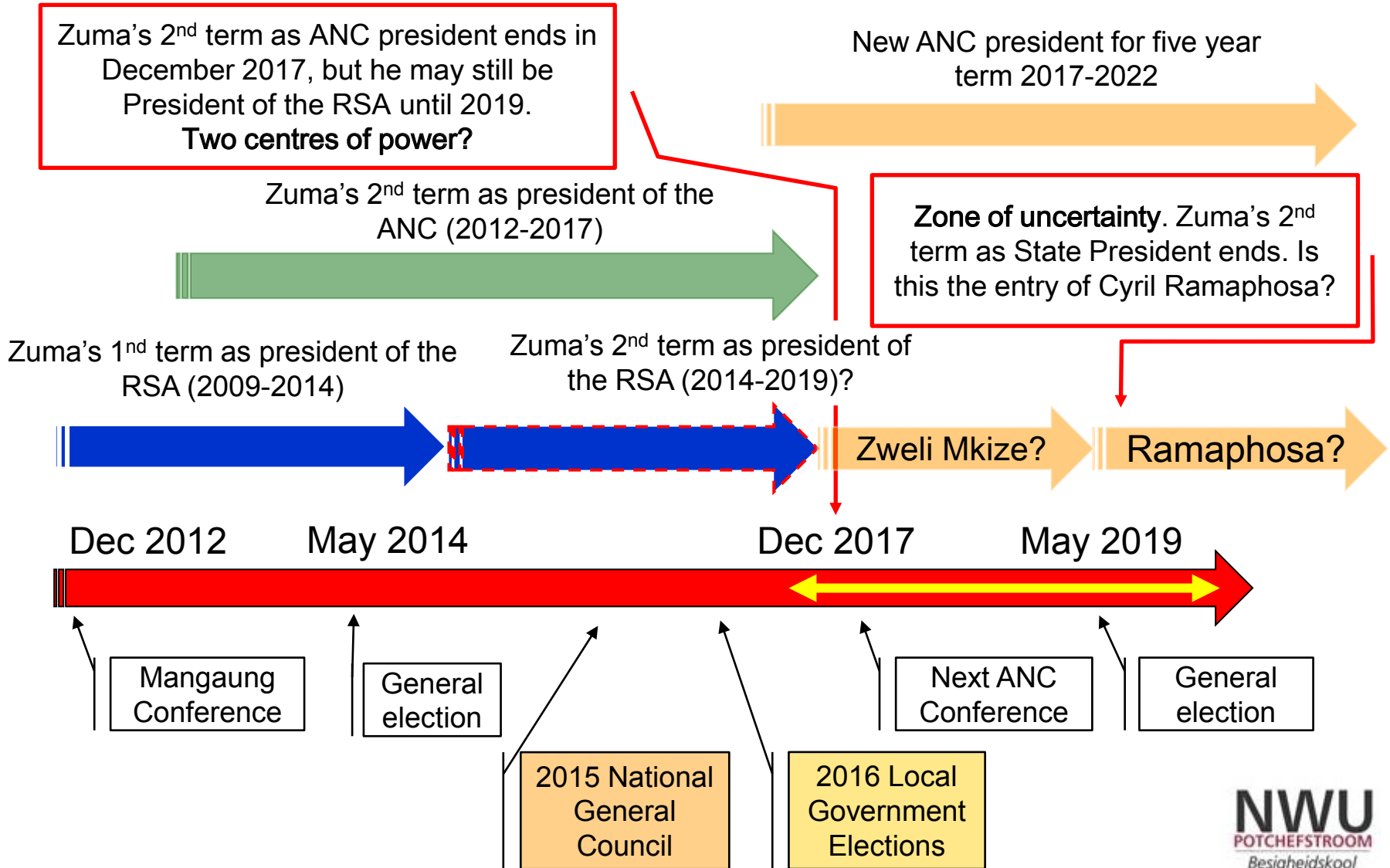
ANC Leadership Challenges: Pre-2014 Election



A full term?



ANC Leadership Challenges: Post-2014 Election



Zuma at his best!



What to expect 2014-2017

1. Pravin Gordhan is already making an impact in local government.
2. Zuma in his second (and last) term may be more focussed.
3. EFF will remain the village idiot/clown of SA politics, but they determine the agenda in part.
4. 2015 General Council of ANC will be very important.
5. 2016 Local Government Elections already determining some policy decisions.
6. Power struggle in the ANC already started, preparing for 2017 ANC Conference (Leadership election).
7. Decision to start with hydraulic fracking will be taken in the next 18 months.
8. Our labour relations situation will remain vulnerable, especially in the mining and manufacturing sector.



Thank You

