

Zuma survives latest putsch, but likely S&P debt downgrade into ‘junk’ imminent

By Sebastian Spio-Garbrah, Chief Frontier Markets Analyst

While South Africa’s President Jacob Zuma has once again survived an attempt by forces loyal to his deputy, Cyril Ramaphosa, to oust him from power, the country still faces an imminent debt downgrade into junk by S&P. While Fitch and Moody’s decided last week to maintain the country’s investment grade ratings, S&P has consistently signaled that it is very concerned about the country’s political governance and won’t flinch from a downgrade announcement in coming days. With Zuma’s survival, a cabinet reshuffle is likely before the end of December with South Africa’s finance minister Pravin Gordhan’s job hanging by a thread.

While the top leadership of South Africa’s governing African National Congress (ANC) party: Deputy President Cyril, Ramaphosa, Speaker of Parliament Baleka Mbete, General Secretary Gwede Mantashe, Deputy General Secretary Jessie Duarte and Treasurer Zweli Mkhize are said to privately want President Jacob Zuma to step down from the country’s highest office, they are outnumbered by a vocal loyal majority of South African cabinet ministers and party National Executive Committee officers, made up of many former Umkhonto we Sizwe (MK) ex-security apparatchiks and veterans (‘Siloviki’) who remain firmly opposed to Zuma’s ouster.

Zuma upon taking office purged most of the independent senior officials he inherited from President Thabo Mbeki who did not belong to the loyalist MK-faction within the party leadership. Only 10 cabinet ministers who served under President Mbeki have also served under Zuma. Of those Mbeki-era ministers who were invited to join Zuma’s government, 70% are former MK veterans. Of Zuma’s 60 cabinet appointments since 2007 most have hailed from an MK-security background.

President Jacob Zuma, like all other post-Apartheid ANC leaders before him, has since winning power in 2007 dramatically revamped both the membership of the ANC’s top party organ as well as the South African cabinet with party officials who share his ‘Siloviki’ worldview. The predominance of Umkhonto we Sizwe veterans around Zuma reflects his security/intelligence ‘Siloviki’ mindset. Zuma, a dyed-in-the wool Umkhonto we Sizwe (MK) former security/intelligence/counter-intelligence apparatchik has since the 2007 Polokwane party conference removed and replaced key party and state officials who do not hail from the MK-Siloviki background and replaced them with loyal comrades who do. Zuma’s actions have virtually insulated him from being forcibly removed from office despite the widespread unhappiness within the party over his leadership.

Despite the recent collapse of Zuma’s political capital, and attempts by other sidelined groups within the ANC political confederation to oust him from power, (even if ultimately successful), Zuma’s MK-Siloviki clique will continue to control major levers of power within the ANC and South African state until the next party conference, with consequential implications for Deputy President Cyril Ramaphosa, (who hails from a non-MK background), were Zuma to finally step down.

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