# RMB Economics A point of view



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> "Vavi supporters are convinced they will receive the majority support at the special congress to re-instate him..."

"....Failing such an outcome, it's very possible Cosatu would split..."

### Domestic politics: Cosatu et al

I recently had the opportunity of enjoying another lunch with political analyst Aubrey Matshiqi. The food was good, the conversation as usual was stimulating and, even better, he insisted on paying the bill. Of the topics we covered, the ongoing saga in Cosatu "consumed" most of our afternoon.

Q: In September 2012, Zwelinzima Vavi was re-elected as general secretary of Cosatu, and in May, following allegations of corruption, he survived an attempt to have him removed only to be suspended a few months later for having an affair with a co-worker. Numsa says this is an attempt to get rid of a firm critic of the ANC leadership before next year's general election? What do you think?

AM: The tensions in Cosatu originate from the ANC. For some time now there have been rumours of the existence of Project 2020. This project is supposedly based on a plan to ensure President Zuma is succeeded by someone from KwaZulu-Natal after the 2019 general election. According to some Vavi supporters, those who oppose the president and are considered a threat to the successful implementation of this project must, therefore, be neutralised. As Vavi is perceived to have become a risk in this regard, his backers, in particular Numsa, are convinced the decision to suspend him is part of a broader political campaign to purge critics of the ANC leadership, hence the call for a special congress, which has subsequently been granted, but the timing of which is unclear. Vavi followers, not having support in Cosatu's Central Executive Committee, at whose behest Vavi was suspended, are confident they will receive the majority support at the special congress to re-instate him.

### Q: If Vavi supporters don't get their way, surely it raises the odds of Cosatu splitting? If so, how do you think the split will unfold?

AM: Numsa has been unambiguous in its insistence that Cosatu will crack if the Vavi matter is not handled to its liking. Indeed, were this to happen, it's entirely possible that Numsa breaks away to form a rival labour federation with other Vavi-supporting unions. In contrast, if the Vavi faction wins the battle at the special congress, they will have no incentive to leave Cosatu, something that will make life quite difficult for the anti-Vavi camp.

## Q: What about Vavi and his backers breaking away and aligning with the new Workers and Socialist Party (WASP)?

AM: That's also a possibility. According to media reports and Numsa-insiders, Numsa has been having exploratory talks with WASP. Strategically, the choice of WASP as a potential political partner is premised on the view that there's a market on the left of the ANC. Opposition to the National Development Plan (NDP) is part of an attempt to shift ANC policy from the centre to the left, failing which, Numsa and others might seek political opportunities to fill the vacuum. In fact, recent studies seem to imply that



"The ANC is very worried that growing tensions within Cosatu could affect its performance in next year's general election"

"In essence the ANC in Gauteng's intention to call on Mbeki's help in the 2014 election campaign amounts to a vote of no confidence in president Zuma" the majority of Cosatu shop stewards would be prepared to abandon the ANC if a labour or workers party were to be formed.

Q: Regardless of what happens to Cosatu, it seems the ANC is left with an unstable alliance partner. And this at a time when opposition politics is getting ever more interesting. The ANC can't be happy with growing threats from both its left and right?

AM: You're quite right. That's why the ANC has asked some of its top leaders to mediate. One of them is ANC secretary-general Gwede Mantashe. The problem with his inclusion is that Irvin Jim, the general secretary of Numsa, has accused Mantashe and Blade Nzimande of being behind the tensions in Cosatu. This they deny, of course.

Be that as it may, the ANC is obviously concerned about how tensions in Cosatu may affect its performance in next year's general election, as Cosatu historically has played a key role in mobilising support for the ANC. Because next year's election will coincide with the country celebrating 20 years of democracy, the failures of the ANC will be an important factor in the election campaign of opposition parties. Also, existing as well as new political parties, such as Agang and Malema's Economic Freedom Fighters, will certainly exploit the impact internal alliance conflict might have on the ruling party.

Q: Let's switch to economic policy issues. Despite the ruling party having given the green light to the NDP in December, the ANC just over a month ago proposed the creation of the Presidential Growth Commission and, following the alliance summit at which economic policy differences between the ANC and Cosatu were debated, an Alliance Task Team was set up to monitor progress, or the lack thereof, in the policy sphere. What's going on?

AM: All this is happening against the backdrop of gaps of trust between business and labour, and between business and the ANC government. Given already negative investor perceptions, the American Chamber of Commerce warning about strikes and their impact on US companies based locally, and the IMF expressing similar concerns about the damaging effect of deteriorating labour relations, it has become ever more imperative for the country to get its act together. With rating agency season approaching, there's growing apprehension that policy and political uncertainty may conspire to further worsen perceptions about our economy to the detriment of our sovereign ratings.

As far as the Alliance Task Team and the Growth Commission are concerned, these are steps in the right direction. The former may succeed in mediating policy tensions within the alliance, while the latter may help bridge the trust deficit between business, labour and the government. If this happens, it should be possible for the different social partners to unite behind the NDP. However, the main challenge remains, and that's to make sure the broad vision contained in the NDP is, through the necessary technocratic work, turned into a set of workable policies, government programmes and positive private sector input.

Q: I believe the Gauteng ANC intends to enlist the help of former president Thabo Mbeki in the 2014 election campaign. Shouldn't Gauteng be relying on President 7uma?

AM: Effectively, the Gauteng ANC position amounts to a vote of no confidence in the president. Some are clearly worried that having Zuma as the face of the ANC campaign would



be damaging to the ruling party in that it might fail to attract the black middle class. There are genuine fears the ANC might lose power one day to the Democratic Alliance (DA), or a coalition of opposition parties in Gauteng if the black middle class abandons the ruling party.

Still, as genuine as these fears are, the call for Mbeki to campaign in Gauteng has caused unnecessary friction within the Gauteng structures of the ANC and between the national leadership and the Gauteng leadership. In 2009, the ANC won 64% of the Gauteng vote, the DA 22%, and opposition parties combined 36%. For the latter group to gain an additional 15% to beat the ANC might be a tall order. Anyhow, if support for the ANC falls again in Gauteng, what will remain is speculation about the number of elections it would take to eventually lose power in the province.

Q: Two last questions: First, do you think Mbeki will accept the invitation and, second, if you were in the anti-Vavi camp in Cosatu, would you allow the special congress to take place?

AM: I think Mbeki will give Gauteng a very simple response — something like this: "Your invitation is the same as asking me to cook at your wedding after accusing me of witchcraft." That being said, as a member of the ANC, nothing stops Mbeki from campaigning for the ANC anywhere in the country with or without an invitation. As for the Cosatu special congress, the anti-Vavi camp has the option of sabotaging it by not turning up if they think the balance of support favours Vavi. If they don't turn up in sufficient numbers, the congress will not be able to reach a quorum. Such a turnout of events may well be the final straw that breaks Cosatu's back.

Thank you

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