

South Africa: Charges dropped against Zuma in run-up to election

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In the latest development in the longstanding legal conflict within South Africa's ruling elite, the public prosecutor dropped corruption charges last week against African National Congress President Jacob Zuma. In elections later this month Zuma will now almost certainly become the next South African president. Business leaders are reported to be "generally positive" about the populist leader taking office, relying on him to diffuse the mounting discontent in the majority impoverished population.

Zuma's lawyers produced transcripts of telephone conversations between the former head of the National Prosecution Authority (NPA), Bulelani Ngcuka and Leonard McCarthy, leader of the Scorpions, an anti-corruption unit set up by former president Thabo Mbeki that has since been disbanded. In the transcript McCarthy—since rewarded for his services by being appointed vice president of the World Bank—referred to "planning a comeback strategy". It demonstrated that the decision to charge Zuma for corruption—taken immediately after he was elected president of the ANC in December 2006—was politically directed by Mbeki against his rival Zuma.

This was enough for the judge to withdraw the charges against Zuma, although he made clear it was not an acquittal so that charges could be taken up at a later date—reminding Zuma that he must take care not to offend the South African establishment.

Zuma first faced charges of corruption and fraud in 2005 when his "financial adviser", Schabir Shaik, was jailed in connection with a multi billion arms procurement deal made with British, French, Italian, German and Swedish manufacturers in 1999. It was said by the judge at the time that payments and gifts to Zuma, then deputy president, "can only have generated

a sense of obligation in the recipient." Zuma was sacked by Mbeki, but the charges against him were dropped in 2006 on technical grounds.

Zuma took the leadership of the ANC with the backing of the South African Communist Party (SACP) and the Congress of South African Trade Unions (COSATU). His demagogic claims to be concerned with the plight of the poor were well received, as Mbeki was associated with a decade of free market economics in which a small number had become rich at the expense of the vast majority of the mainly black population—traditionally the supporters of the ANC.

The case that was begun against Zuma in December 2006 was thrown out of court in September last year when the judge ruled that the prosecution was invalid because there had been political interference. After this, Mbeki was forced to resign as president of the country and interim president Kgalema Motlanthe took his place. However the Supreme Court overruled the judge's findings in January this year and the charges against Zuma of corruption, racketeering, tax evasion, money laundering and fraud were reinstated. It is this latest attempt to indict Zuma that was dropped last week. Recently Schabir Shaik was released on parole, allegedly for health reasons, after serving only 28 months of a 15 year sentence.

The *Times* of South Africa reported high investor confidence in Zuma, with no fall in the markets after the announcement that the court case had been dropped. Jerry Vilikazi of Business Unity South Africa said, "In the past year I have travelled to all four corners of the globe and the overall feedback is extremely positive, especially from those who have met him." He did not expect major policy deviations, especially with the current economic downturn. Business Leadership SA CEO Michael Spicer said Zuma's "legal and moral

difficulties will be a burden, but he has personal strengths” and Mvelaphanda Holdings CEO Mark Willcox said business would be pleasantly surprised by the Zuma regime. “For the disenfranchised ... there is a hope. He is aware foreign investment will make their lives better.”

ANC spokespersons have insisted that Zuma will continue with pro-business policies and that he has no major policy differences with the current minister of finance, Trevor Manuel, who was responsible for the economic measures taken under Mbeki. Manuel may well continue in government after the elections.

In an attempt to win popular support the ANC have embarked on a public works program, which it claims will provide 4.5 million jobs over the next five years. The first phase is said to be providing over a million jobs by this year, mainly in infrastructure projects such as road building. Official unemployment stood at 3.9 million, or 21.9 percent, at the end of last year but the real figure is much higher as many people depend on the informal sector.

Other measures pushed for by the SACP such as renationalization of the steel industry have been quietly dropped. However, even the limited ANC policy to create jobs is already being overtaken by a growing move to recession that is producing even more unemployment. Factory output fell by a record 15 percent in February, following a contraction in manufacturing by 22 percent in the last quarter of 2008. Overall GDP fell by 1.8 percent in the same period—the first time it contracted in the last decade—and is expected to fall this quarter leading to official recession.

The slump was particularly severe in the automotive industry, but a 5 percent rise in the rand over the last year has also hit exports in the dominant mining sector. Minerals—platinum, gold, aluminium, etc.—make up more than half of South Africa’s exports and will be hit by the fall in demand in the world economy.

Reserve Bank governor Tito Mboweni made a key speech warning the government against any optimism for a quick economic recovery, and cautioned against any perceived shift in policies to the left: “Whatever party comes to power after the elections will have to confront this reality, and I’m very sorry to say there is very little room for manoeuvre.”

Despite the fact that opinion polls show that even

amongst ANC supporters only 51 percent believe Zuma is innocent, the ANC is expected to maintain its substantial majority in the elections. There are widespread illusions that Zuma will at least bring some improvement in the appalling social conditions faced by the vast majority. A record 23 million people have registered to vote, with a huge increase in those under 30 years old.

The largest opposition party, the Democratic Alliance (DA), is predicted to improve its voting but is perceived as a predominantly white party. Its leader, Helen Zille, has concentrated on campaigning against corruption, demanding that Zuma should stand trial. She has recently called for votes against the ANC to prevent it getting more than the two-thirds majority necessary to make changes to the constitution. She alleges that it would use such changes to stop legal proceedings against its leaders, even though it has had such a majority for the last five years without doing so.

The Congress of the People (COPE), set up last December by disgruntled defectors from the ANC, mainly Mbeki supporters, is expected to get even fewer votes than the DA. It has failed to present policies to challenge the ANC’s vague promises of social improvement and it has been widely portrayed as led by rich black businessmen. It has sided with the ANC against Zille in opposing an independent inquiry into the 1999 arms deal, reportedly fearing some of its leaders could face corruption charges. COPE’s main leaders, Mosiuoa Lekota, an ANC leader who was imprisoned on Robben Island, and Mbhazima Shilowa, a former COSATU leader, could not agree on who should head the election list and eventually handed over the lead position to an unknown, Bishop Mvume Dandala, wrecking their election prospects even further.



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