

# Policy Backgrounder: South Africa's Election

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In South Africa's recent election, the African National Congress (ANC) lost its parliamentary majority for the first time in the 30 years since the end of apartheid rule. The result was a testament to South Africans' discontent, driven by the country's high unemployment rate, worsening economic inequality, heightened violent crime, corruption, and the failing power grid. President Cyril Ramaphosa of the ANC will now lead the nation's first coalition government in its democratic history alongside the pro-business Democratic Alliance (DA) which placed second in the election, rather than combining with left-wing parties.

- International investors [favored](#) the ANC-DA coalition, as President Ramaphosa is expected to continue pushing for policies allowing the private sector to generate renewable energy.
- South Africa's rand [strengthened](#) to a near 11-month high of 17.9200 against the dollar on June 19, the day of Ramaphosa's inauguration. Ramaphosa is expected to make his cabinet appointments in the coming days.
- South Africa has one of the highest rates of [violent crime](#) in the world. The country's murder rate sits at a twenty-year high of 45 per 100,000 people in 2022/23, the highest in 20 years. This figure is roughly equivalent to that of Ecuador's and higher than Honduras.

## A Shift in Power—and Emphasis?

Disillusioned by the country's high unemployment rate, rampant economic inequality, and skyrocketing violent crime, much of South Africa's population is fed up with the status quo. On May 29, South Africans went to the polls to express this discontent and denied the ruling ANC a parliamentary majority.

Just over a week before the election, South Africa's former president, Jacob Zuma, was [barred](#) from running for Parliament as the constitutional court ruled that Zuma's 15-month jail sentence for contempt of court disqualified him from running. (The constitution prohibits anyone given a prison sentence of 12 months or longer from sitting in Parliament.) Zuma, who was forced to step down as South Africa's President in 2018, had fallen out with the ANC and for this campaign formed a new party called uMkhonto we Sizwe (MK), named after the ANC's former armed wing. In the election, the MK placed third with 14.6 percent of the vote.

This meant that for the first time in the 30 years since the end of apartheid rule, the ANC [lost](#) its parliamentary majority, securing 40.2 percent of the vote, exactly matching an Ipsos [poll](#) released in April in which only 40.2 percent of respondents expressed support for the ANC. Support for the ANC has been in a steady decline over the past 20 years, with the party losing around three to five percentage points per election. In this election, however, the party dropped 17 percentage points from the 57.5 percent it won in 2019, with many shifting to MK. "The way to rescue South Africa is to break the ANC's majority and we have done that," said John Steenhuisen, the leader of the main opposition Democratic Alliance party.

## Backdrop of the Election

### Slow Economic Growth and Unemployment

South Africa's economy has been at a near [standstill](#) for over a decade, with economic growth averaging 0.8 percent since 2012. The country's debt-to-GDP ratio is projected to reach 74.1 percent in the current fiscal year, with debt-servicing costs consuming a greater share of the national budget than education, social welfare, or health. It also has one of the highest [unemployment](#) rates in the world, trapping much of the population in poverty and leaving millions of people reliant on social welfare programs. In 2023 the unemployment rate stood at 32.4 percent, nearly 10 points higher than when the ANC came to power in 1994.

According to the World Bank, South Africa is the [most unequal](#) country in the world. Black South Africans, who make up 81 percent of the population, bear the burden of the country's dire economic situation. Unemployment and poverty are highly concentrated in the Black majority while the country's White population is largely employed and enjoys higher wages. In 2023, the [unemployment rate](#) for Black South Africans stood at 36.5 percent with the rate for Whites at 7.7 percent. Company ownership remains highly unequal as well, with average non-White ownership of Johannesburg Stock Exchange (JSE)-listed firms standing at 30 percent in 2022. In 2022, no JSE-listed firm was completely Black-owned.

### Inadequate Power Grid

South Africa's power grid is unable to generate enough electricity to meet demand and has resorted to what is known as "load-shedding," scheduled [power cuts](#) imposed by state utility Eskom. Eskom, which has become dysfunctional in part from [coal theft](#) and [sabotage](#), has been struggling to keep its ageing fleet of coal-fired plants in operation. Power outages along with decaying transport infrastructure have deterred critical investment. In February, Eskom in February named a [new CEO](#), Dan Marokane, to address corruption and the country's crippling blackouts which shut off electricity to homes, businesses, and hospitals for up to ten hours a day.

### Violent Crime

South Africa has one of the highest rates of [violent crime](#) in the world. High poverty and unemployment rates coupled with the growth of organized crime and illegal weapons have sent the country's murder rate soaring to a twenty-year high of 45 per 100,000 people in 2022-23, the highest in 20 years. This figure is roughly equivalent to that of Ecuador's and higher than in Honduras. Other [serious crimes](#) are also on the rise with a 41.7 percent increase in reported kidnappings, 13.7 percent increase in attempted murders, and an 8.5 percent increase in reported carjackings in 2022-23. The World Bank estimates that South Africa's violent crime [costs](#) the country almost \$40 billion a year—10 percent of its GDP.

The country's approach to combatting mounting levels of crime has been to expand policing, with the police budget nearly doubling in the past 20 years, an [approach](#) some experts say is no longer working. "The state's approach, largely focused on recruiting more police, has changed little since the 1990s," said David Bruce, a policing consultant with the South Africa-based Institute for Security Studies. "The South African policing systems needs to adapt to a changing world. The ANC plans to modernize policing, with the party's manifesto promising to develop capabilities to solve cybercrime and gang violence utilizing data-driven approaches.

## Ramaphosa's New Coalition Government

On June 14, the new Parliament [reelected](#) President Cyril Ramaphosa to serve a second term (there is no direct popular vote for President). Ramaphosa ran against Julius Malema, leader of the far-left Economic

Freedom Fighters, winning 283 votes to Malema's 44. The vote came just hours after Ramaphosa's ANC and the party's main rival, the Democratic Alliance (DA), agreed to form a Government of National Unity. The pro-business DA came in second place, securing nearly 22 percent of the vote and 87 seats in Parliament. The ANC-DA coalition reflects Ramaphosa's [centrism](#), which disappointed more leftwing factions of the ANC that sought a coalition with breakaway parties from the ANC that back nationalism and initiatives such as the seizure of land.

International investors and the local business community [favored](#) an ANC-DA coalition, as Ramaphosa is expected to continue pushing for policies in favor of allowing the private sector to generate renewable energy to help solve the power shortage. The two parties signed a "statement of intent," which includes a commitment to a "merit-based, non-partisan and professional civil service" (the ANC has faced criticism from the DA for appointing its supporters to public sector positions).

Ramaphosa sought the broadest coalition possible: the Inkatha Freedom Party (IFP), a Zulu nationalist party which received 3.8 percent of the vote, has also joined the coalition, which may help deflect criticism of the ANC for working with the DA. The right-wing Patriotic Alliance (PA) along with the GOOD Party and the Pan Africanist Congress are also [expected](#) to join. Former President Jacob Zuma's MK party and the leftist Economic Freedom Fighters party have both refused to join the coalition. "The voters of South Africa did not give any single party the full mandate to govern our country alone. They have directed us to work together to address their plight and realize their aspirations," President Ramaphosa said at his inauguration ceremony on June 19.

The President is expected to make his cabinet appointments in the coming days. The DA may seek the position of Deputy President, which would give the DA significant power in the government. In March, President Ramaphosa [reappointed](#) Lesetya Kganyago as Governor of the Reserve Bank of South Africa, so it is likely he will continue in that role.

## Conclusion: A New Era for South Africa

As he was [sworn in](#) for a second term, President Ramaphosa promised South Africans that a "new era" had begun. Ramaphosa's ANC along with the market-oriented DA have agreed to a common agenda focused on repairing the country's infrastructure, providing basic services such as water and power, and jobs. However, the two major parties, along with the IFP, [disagree](#) on how to solve several of the country's major challenges, including land redistribution policies, the electricity crisis, and approaches to affirmative action. While addressing the nation, Ramaphosa said the people of South Africa "have been unequivocal in expressing their disappointment and disapproval of our performance in some of the areas in which we have failed them." The President also recognized that South African society "remains deeply unequal and highly polarized," which could "easily turn into instability."

The partnership and broad coalition government is ultimately a move to the [political center](#), as the ANC's left-wing breakaway parties rejected the invitation to join the unity government. Zuma's MK party did not attend the inauguration and boycotted Parliament's first sitting. MK has since joined a counter-coalition of opposition parties including the Economic Freedom Fighters and has vowed to oppose the policies of what he described as an "unholy alliance" between Black and White elites to benefit the markets instead of the people.

President Ramaphosa faces severe challenges during his second term and will lead the first coalition government in South Africa's democratic history—one made up of parties that are ideologically opposed and disagree on how to approach the country's major challenges and a vocal counter-coalition on the left. Questions remain as to whether the more market-oriented coalition will be able to attract significant investment to meet the challenges. The optimistic case is that South Africans delivered a clear vote for change and the coalition should have enough support in Parliament to be able to enact its ultimate proposals easily.

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