
CONCEPT NOTE | The ANC, the GNU, and economic contestation

IEJ Economic Justice Matters discussion series | 4

Platform: Broadcast on SMWX
Broadcast Date: 30 June 2025
Topic: One year of the GNU, and 70 years since the Freedom Charter, what are the prospects for economic justice?
Moderator: Sizwe Mpofu-Walsh
Panel: Fébé Potgieter-Gqubule, Sithembile Mbete, and Neil Coleman

The discussion will focus on what contestation in the GNU could mean for economic transformation. Assessing the contradictions, the political dynamics, and the possibilities for new directions.

Background

1. The ANC faces an existential threat arising from a loss of its majority in the 2024 elections.
2. Widespread expectations of a rightward shift under GNU, & entrenchment of greater economic conservatism, given the presence of right-wing parties in government.
3. But under pressure from its constituency, and the new political reality- 1 year later, ANC has taken a posture suggesting a possible move away from the neoliberal economic trajectory established over last 30 years - cf. budget (first real expansion after years of austerity). But is this shift rhetorical or borne out concretely? Too early to say.
4. This tentative progress, however, looks weak when measured against radical social democratic commitments of Freedom Charter, 70 years anniversary this week.
5. In particular, when measured against commitment that Everyone shall Share in the Country's Wealth- against reality that inequality and concentration of wealth has grown since 1994, and redistributive efforts remain tepid.

So, how do we assess the current moment?

The GNU

1. The GNU is likely to be a feature of our politics in the foreseeable future, and possibly the dominant force. So this is a reality progressive forces have to contend with and navigate. The question is, are there significant possibilities of using spaces to advance progress through engagement, or is opposition the only route? Alternatively, is there a dialectic of engagement and contestation that avoids the dangers of either oppositionism or cooption?
 2. What are the possibilities, complexities and contradictions Inherent in this moment, and is a new direction, particularly on economic strategy, potentially on the table?
-

3. Changing political reality creates a new dynamic of: political uncertainty, political competition, and political accountability. These have the potential to open up space for progressive contestation.
4. The extent of the social crisis and the political pressure this places on the ANC in the run-up to the 2026 and national elections creates *political uncertainty*. This has the potential to shift the ANC in a more progressive direction on policies that it had previously been reluctant to embrace, particularly macroeconomic policy.
5. The GNU gives other parties in government access to power to profile themselves, generating *political competition*. This also puts pressure on the ANC to show that it is able to deliver, improve governance, and fight corruption more effectively.
6. The absence of a majority party, combined with the above, also creates pressure for *political accountability*- in this context Parliament has to a degree become a more dynamic site of contestation, & place where executive is held accountable, particularly on the budget
7. Progressives had justifiable concerns about the danger of conservative parties exercising countervailing power by vetoing decisions (under the 'sufficient consensus' GNU model). However, this apparent power of the GNU parties, particularly the DA, has not materialised to the extent expected. The DA, despite contradictions in its own ranks has clearly decided that it has more to gain from being inside the GNU, & to live with policies it doesn't agree with.
8. Public perceptions of the GNU also seem to be fairly positive, and sections of the electorate harbour the hope that it will stabilise our society, and make progress in resolving multiple crises. However, the patience of the electorate should not be overstated.
9. It will be interesting to see whether this positive dynamic in perceptions shifts the massive alienation with political parties expressed by voters in 2024. However, the levels of political alienation remain extremely high particularly amongst the youth

Opposition parties, democratic institutions, and macroeconomic policy choices

1. The GNU presented a major opportunity to **opposition parties**. However, political parties outside the GNU, particularly the 'left forces', have with limited exceptions, failed to advance a coherent alternative
2. **Courts** are playing an interesting role in holding the government accountable on social and economic rights, including on the VAT issue and the SRD case
3. There is growing recognition that **neoliberal economics** and the austerity agenda have run out of road. Cf Godongwana announcing that austerity economics had failed to resolve the rising debt: GDP, while exacting a high social price.
4. For the first time in decades, the possibility exists (though small) of a fundamental shift in macroeconomic policy, after a long period where the Treasury's conservative economic paradigm has dominated.
5. In reality, there has always been contestation within the ANC, and within government on related issues. Changed material conditions now create greater space for these differences to manifest themselves more openly.
6. Contestation around the budget creates greater confidence and legitimacy for those wanting to advance an alternative paradigm.
7. Treasury, their agenda, and unaccountable policy power are now being seriously challenged for the first time. Nevertheless, they remain dominant.

ANC policy stances in government

1. The ANC has shown willingness to stand up to coalition partners on some issues eg fiscal austerity, BELA, NHI, Expropriation, but not yet clear on others eg BIG.
2. It can be argued that the government's MTDP reflects ANC priorities to a degree, but it lacks specificity.
3. At the same time, elements of economic conservatism being advanced include a one-sided focus on structural reforms (conservative supply-side economics mainly aimed at greasing the wheels of business); a growing trend towards the role of the private sector in public services, etc.
4. So, economic policy directions remain contradictory and unclear.
5. Aspects of economic policy stance contradict each other eg slightly expansionary fiscal policy undermined by contractionary monetary policy, and push for lower inflation targets.
6. While there is an acknowledgement of social crisis, still a degree of isolation/ denial by the ruling elite of the extent of the crisis of hunger and poverty in the country. Recent debates around whether the official unemployment rates are accurate reflect this readiness to deny the problems rather than confronting them head-on.
7. So in this highly fluid situation, mobilisation of civil society, progressive political formations and progressive elements in the alliance, and the state, will determine on whose terms these contradictions are resolved. Addressing the current weaknesses of working-class and mass-based formations will be a key factor in determining this.
8. Failure to assert a mass-based progressive organisation could see our politics give way to various right-wing pathologies, including ethnic chauvinism, xenophobia and deeper misogyny.
9. Without a clear shift in economic strategy, political initiatives, including the National Dialogue, will remain marginal/tinkering around the edges.
10. Critical here will be a preparedness to take on the power of big capital, in navigating a new economic policy direction, and negotiating a form of accommodation that asserts the interests of the majority, an accommodation that doesn't represent subordination.

Economic transformation: What needs to be done?

1. Naturally, there are numerous takes on this across the political spectrum. But what can be agreed on is that the trajectory of key metrics is negative, that multiple crises continue to deepen, and that bold interventions are needed to shift this.
2. One take on what needs to be done to address this is contained in the IEJ blog, *The ANC, the GNU and Economic Transformation*:

"The ANC is faced with a choice: double down on failed economic policies, or boldly shift direction to embrace developmental economic policies which have a proven track record. The ANC can try to make this progressive shift within the tight parameters of the GNU; or if that fails, find a different governance arrangement which makes this possible.

A progressive shift must address both elements of our current economic crisis and the associated political economy. Developmental interventions are needed which:

- Unleash inclusive economic growth, economic diversification and employment; and

- Open avenues for economic activity, currently closed off, that are not dependent on the state for illegitimate economic accumulation

What could such an alternative economic package look like? In brief, I have [argued elsewhere](#) that we need a package of economic measures which *Stabilise, Stimulate, and Structurally Transform* the economy in a carefully sequenced manner.

Fiscal resources should be mobilised to introduce high impact interventions, such as basic income which stimulate economic activity in depressed communities and generate broader economic demand and production; critical interventions to fix strategic areas of state capacity; mobilising capacity to repair and defend infrastructure; and so on. This needs to be coupled with a shift in monetary policy to spur investment in the real economy.

These interventions would aim to get the wheels of the economy moving and restore confidence, while structural economic transformation is taken forward. Some policies will take longer to roll out, including new infrastructure projects and diversification of the economy, and would need to be undertaken in parallel.

Much is made of the economic limitations we face, with some even making the ludicrous claim that “we have run out of money”. There are no doubt serious challenges, but bold and creative thinking will enable us to mobilise resources and make high-impact interventions, with the necessary political will and imagination. The IEJ and others have outlined proposals to mobilise domestic resources, and have shown that there are many examples of untapped funds, including the GFECRA fund which Treasury had previously claimed to be unavailable.

There is a strong “business case” for these economic alternatives, including the fact that such an approach would create a large demand stimulus across the economy; build important infrastructure and state capacity; stabilise society; and generate opportunities to invest in a broader range of productive activities. Could this constitute a basis for the proposed national dialogue?”

3. The question is, does the political situation described in Sections I-IV above allow for a bold programme of this nature, whether the interests of the ruling elite are open to a social settlement along these lines, and whether the political will can be marshalled to make it a reality? What needs to be done by progressive forces in political parties, in civil society, and in the state to give impetus to such a strategic shift?

Other key questions include:

- Does the above assessment of the current reality fairly reflect the dynamics at work?
- Are there other important elements that should be considered, for example, relating to the international situation?
- What are the high-impact interventions needed to arrest the crisis, build confidence in the feasibility of material change, and shift the current economic trajectory?
- What are the political implications of this analysis for a progressive agenda in South Africa?