

South Africa: New showdowns brewing

by Linda de Hoyos

Nelson Mandela was inaugurated on May 10 as the first black President of the Republic of South Africa, after his African National Congress (ANC) won a 62% victory over its opponents in the country's first multiracial elections April 26-29. During the period of the election process and immediately thereafter, Mandela has emerged as a symbol of national unity and reconciliation, as South Africa emerges from its international isolation.

Admiring rumors that the election results had been agreed upon by participating parties before the actual vote, the ANC will dominate a new government of national unity. The ANC won the overwhelming majority, but did not tally the two-thirds majority that would enable it to change the Constitution unilaterally. The Inkatha Freedom Party was also able to win the majority of the hotly contested state of Kwazulu/Natal, giving the IFP the look of a major contending opponent of the ANC down the line.

The composition of Mandela's cabinet indicates the fragile balance in South Africa today. The unity government is to include six ministers from the former ruling National Party and three from the IFP of Zulu chief Mangosuthu Buthelezi. Buthelezi has been named the interior minister, which gives him significant political power. On the other side, Thabo Mbeki, secretary general of the ANC, and South Africa's former President F. W. de Klerk were appointed first and second executive vice presidents, respectively. Also named in the cabinet were leading members of the South African Communist Party, which holds major posts in the ANC. This includes Joe Slovo (housing and welfare minister), chairman of the SCAP, who is known to have significant British backing and first suggested the idea of a national unity government.

The cabinet appointments represent an attempt to postpone the economic reckoning that will soon hit. In an effort to reassure the business community, Mandela kept Chris Stals as head of the Reserve Bank, and also kept Derek Keys as finance minister. The London *Financial Times* hailed the decision to retain Keys, whom it described as a "tough fiscal disciplinarian . . . [who] has halted the rise in government spending and reined in the budget deficit," as demanded by the International Monetary Fund (IMF).

Economic issues central

Such fiscal discipline will make it well-nigh impossible for the ANC to carry out its Reconstruction and Development

Program, which promises housing and electricity to South Africa's long-deprived black population. An editorial in the Johannesburg *Business Day* complained that Mandela had already struck "a discordant note" in his inaugural address, "when he warned cabinet partners would have to accept the ANC's reconstruction and development program, failing which there would be serious strains."

The government has named ANC professor Ben Turok, known for his opposition to the IMF, as head of the regional development plans for the heavily populated PWV region. But, as the *Financial Times* happily noted, the ANC's "Jay Naidoo has been appointed minister without portfolio and is expected to oversee the ANC's development program, though it is not clear how much power he will have over Finance Minister Keys."

The ANC has already outlined plans to bolster the living standards of the majority population. The new Water and Forestry Minister Kader Asmal, of the ANC, announced on May 19 an effort to bring clean, safe water and sanitation to millions of deprived people in rural areas. The government, he said, would proceed with the Lesotho Highlands project designed to supply the Johannesburg industrial heartland with water.

The ANC also wants to lift the value added tax on food and to increase food subsidies. It is seeking government funds in labor-intensive infrastructure projects in road-building and irrigation. It has also vowed to bring electricity to the rural population.

But on the other side, the ANC has essentially pledged that its budget, to be presented June 22, will adhere to the "mock budget" of the National Party, dating from March, which calls for cuts in government expenditure. While the ANC hopes to reshape government spending by significantly decreasing military spending, there is an inherent contradiction between the ANC's commitment "to deliver" and its also-stated commitment to abide by the free-trade rules of the IMF. The British and British-dominated business press of the country is already warning that if Keys or Stals were forced to resign over a collision between economic reconstruction and the demands of the IMF, this would be "a disaster for South Africa."

But the British, whose corporations, such as Anglo-American, initiated the negotiations in 1985 that brought the ANC to power, believe they have their options covered. The May 5 *Business Day* noted that "there is a strong argument to be made that keeping cabinet colleagues to their spending limits will take more than Keys's determination and understanding of the economy; it will require someone with deep ANC roots and party authority to have those limitations accepted in the cabinet and by an expectant populace."

Whether the new South Africa can avert the disaster that has collapsed eastern Europe and Russia at the hands of the IMF, will depend upon the ability of the ANC leadership to prove *Business Day* wrong.