Conservative Party (which to date has said it will stick to constitutional means) and, still more, the far right Herstigte Nasionale Party, the Afrikaner Weerstandsbeweging (AWB), the Boerestaat Party and others have declared their undying opposition to Mr. de Klerk's reforms. The latter are prepared and willing to employ arms to achieve their ends.

At the other end of the political spectrum, there are radical non-Whites who want no part of negotiations but a simple turnover of power. Amongst these is the Pan Africanist Congress (PAC) whose slogans still include "one settler, one bullet". The Black Consciousness Movement, AZAPO and others are only slightly less aggressive but may go along with the ANC to avoid being left out of the reform process. The ANC itself is far from monolithic in its policies and leadership. Rivalry exists between some of the exiled leaders and those who carried the torch within South Africa for over a quarter of a century. The ANC rank and file are restless, the young being more impatient and radical and attracted to the hard line of the PAC. The Robben Island returnees have still to consolidate their positions. Finally, Chief Gatsha Mangosuthu Buthelezi, as political leader of the Zulus and of the million and a half strong Inkatha, represents another strong element of opinion within the Black community.

The Economy 1990

The slow down of the South African economy in 1989 seems destined to continue in 1990. Apart from Mrs. Thatcher's symbolic act of lifting the British voluntary ban on new investment, the international community has shown no signs of relaxing sanctions until there is clear evidence of the dismantlement of legislative apartheid and progress toward a new democratic, non-racial constitution. As long as this situation continues, the South African Government will be obliged to maintain its current policy of strict fiscal and monetary restraint. Its aim, as outlined by the Minister of Finance in his latest budget statement, is to restructure the economy, suppress inflation and seek to redress the inequities of the apartheid past. The latter will be sought through increased investment in housing, education and the elimination of poverty. As a start, a total of R3 billion have been earmarked by the Government for these purposes.

Both the Minister of Finance and the Governor of the Reserve Bank, backed by the State President, have made it clear that the Government's efforts this year will be concentrated on reducing inflation. This is needed to ensure a substantial surplus in the current account of the balance of payments in order to finance repayment of foreign debt. Fiscal and monetary restraints will continue. While bank rate is unlikely to rise, barring unforseen external influences it will only fall gradually, in keeping with efforts to ensure positive real interest rates. The prime rate will therefore remain in the area of 20%. The Reserve Bank has set its guidelines for growth of money supply (M3) in the range 10-14%, though past experience suggests this may be unduly optimisic.

The modest growth of 2.1% recorded in 1989, is expected to decline further to under 1% in 1990. The economy is currently moving toward stagnation and could slip into negative growth by the year's end. Inflation, the Government's prime target, should come down a notch to around 13%. Consumer expenditure and investment in fixed assets will be flat and could end in negative growth. The 1990/91 budget accorded only nurses, police and some other security personnel wage increases and promised to look at the remuneration of the lowest paid public employees. Wage increases generally are not expected to exceed the rate of inflation. While some fear the tax relief offered by the budget might be inflationary, the consensus suggests this will not be unduly so. Budget concessions to savers and investors, along with higher spending on social services, offset by lower security costs in real terms, are expected to have a positive effect overall.

The prospects for better labour relations and industrial peace improved substantially following a meeting in March between the Minister of Manpower and representatives of the major trade unions, COSATU and NACTU. This resulted in an unprecedented joint statement which committed the parties "to reaching the broadest possible consensus and consultation on future labour legislation". The Minister further committed himself to seeking amendment of the Labour Relations Act during the current session of Parliament, based upon an agreement between the trade unions and SACCOLA, the employers federation. Against these hopeful developments is the general increase in unrest due to the raised expectations of non-Whites following on Nelson Mandela's release and the Government's promise of reform. Given the need for an economic growth rate of 5 to 6% to accommodate the annual increase in the number of economically active workers, the prospect of a stagnant economy in 1990 can only add pressure to the existing explosive unemployment situation.

Increased exports and lower imports in January and February 1990 combined to produce both a trade surplus of just under R 3 billion and optimism concerning a possible current account surplus for the entire year of R 7 billion. Nevertheless, a slowing world economy, continuing international sanctions and the tendency of mineral prices to fluctuate widely, militate against over optimism at this time. Agriculture is not expected to contribute as much to GDP as it did in 1989 and there is the prospect of a need to import wheat. Much will depend on the price of gold which after an improvement in the latter half of 1989, declined again early in 1990 and, along with arms, was among the losers in January-February exports. Minerals generally, especially the rarer ones, should hold their own over the year. Manufacturing, still suffering from lack of fresh investment and faltering demand, could decline again in 1990.

The key to an improved and growing economy remains the lifting of international sanctions and a substantial inflow of investment capital.