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CONGO:

MONUC's chief calls on EU to strengthen force amidst fresh rebel offensive

[©SouthScan v23/21 24 Oct 08] The UN Secretary General Ban Ki-Moon's special representative in the DR Congo, Alan Doss, is calling on the European Union for a boost to troops and funding for the UN Mission in the Congo (MONUC).

His plea at a Contact Group meeting, which includes Belgium, France, the UK, the Netherlands, the UN and the European Union, followed a similar call to the UN a week ago.

It came just as the rebel force led by Gen. Laurent Nkunda took over for the second time in three weeks Rumangabo, a major government army base north of Goma.

The Contact Group, meeting in Brussels on Friday, had been briefed about the situation in the Kivus in the eastern Congo, which had seemed to be calmer after the outbreak of fighting earlier this month (SouthScan v23/21).

Peace implementation

Challenges ahead, said Goss, included the demobilisation and disengagement of the armed groups and the implementation of the peace deal agreed in January in Goma by government and militia representatives from North and South Kivu.

Doss told SouthScan he was expecting an answer to a similar request put the week before to the UN Security Council, but he would appreciate the EU's support in strengthening MONUC's capacities. The cost of the additional support would only represent "a small fraction" of MONUC's total expenditures (estimated at more

than a billion dollars per annum), but would make a significant difference in the field because it would allow the blue helmets to intervene faster.

One of MONUC's problems is that 30-40 percent of the 5,000 to 6,000 UN troops deployed in North Kivu cannot be used for peacekeeping missions because they are busy on logistical tasks in an area a tenth of the size of the UK, Doss said.

Doss' plea to the EU also comes amidst competition from the UN's various peace missions for increased funding.

Doss said the ceasefire was "very fragile". The UN wants to re-establish separation zones between the army and the rebel groups and says there is no reason why it should not work, arguing that the rest of the Congo is at peace and that sooner or later this will also be achieved in North Kivu.

But he faces a familiar problem - other commentators, such as 'Libre Belgique' Africa editor Marie-France Cros, told SouthScan that the UN may find it easier to get the warring parties in the Congo to conclude peace agreements than to get them to respect their own commitments.

Overall improvement

Overall the situation has improved dramatically over the past five years, said Doss, who travelled recently to the Eastern Kasai province capital, Mbuji-Mayi. The province, once split between a government-held zone and a rebel one, has been reunified and development programmes are on the go.

Some improvements are also noticeable in South Kivu, and North Kivu should follow suit, Doss said.

But at the same time, the relations between the DRC and Rwanda needed to improve; current tensions between the two countries are not helping the situation, he said. Relations between the political parties also needed to improve and Doss called for more tolerance. The solution to the problems would not be achieved only through the use of force he said, in what seemed a comment on the military push against Nkunda by the Kinshasa government.

Rwandan involvement

The Congolese government is under pressure. Nkunda has used the de facto complicity between the Congolese army and the Democratic Forces for the Liberation of Rwanda (FDLR) Hutu rebels, including perpetrators of the 1994 genocide, to justify the continuation of the war, as he repeated in a telephone interview with the independent APA news agency on Tuesday.

The government clearly failed to persuade the UN Security Council of Rwandan involvement in Nkunda's latest military operations against its armed forces (SouthScan v23/20).

On Tuesday it "strongly" condemned Nkunda's call for a national insurrection, but completely ignored Kinshasa's accusations against Kigali.

Instead of buying this conspiracy theory Belgian Foreign Minister Karel De Gucht told the Belgian parliament on Wednesday that Rwanda and the DRC should show "political courage" and normalize their relations in order to allow the pacification of the Eastern Congo.

These responses probably contributed to a statement from the Congolese army chief of staff threatening the FDLR with forced repatriation if they continued to resist a voluntary return to Rwanda. It remains, however, to be seen whether the Congolese armed forces have the political will or the means to carry through on these threats.

MONUC may not either have the muscle to assist the Congolese army in exerting pressure on the Hutu rebels. In the past their joint actions have consisted mainly in disbanding the rebels but not in arresting and repatriating them, thus allowing them to regroup elsewhere.

In De Gucht's view, MONUC will always be confronted with an impossible mission as long as the parties involved in the process do not demonstrate that they really believe in it - or

worse, as long as they use the process simply to buy time and prepare military campaigns. Although the Belgian minister did not name the authorities in Kinshasa it was crystal clear that he was referring to the government.

De Gucht is calling for a change in MONUC's mandate, which expires on December 31, to allow the blue helmets to carry out preventive operations against armed groups that threaten civilians. However, he ruled out a European military operation like Artemis, carried out in Ituri in 2003.

Call for EU troops

Some EU lobbying groups have been calling for EU troops to be sent to the eastern Congo to back up MONUC. The Brussels-based EurAc (European Network for Central Africa) said last week the EU should consider deploying "extremely short term military action to help securitize eastern Congo".

It noted that the European Battle Groups (EU BGs) have been fully operational since the beginning of last year and comprise 1,500 troops who can be mobilised within 10 days, for up to three months. "The question remains as to whether the political will can be found to send this kind of European force to North Kivu", the group said.

CONGO:

Governance issues still undermine national army

[© SouthScan v23/21 24 Oct 08]
Confusion prevails in Kinshasa over military governance issues that are seen as necessary to solve before the national army can become a credible force.

François Malutshi, the chairman of an inter-ministerial committee appointed by the outgoing prime minister, Antoine Gizenga, to control the number of Congolese troops, has been arrested, according to reports on Thursday. Malutshi had been appointed after recommendations from the World Bank and International

Monetary Fund aimed at streamlining defence expenditures.

Biometric controls and other checks have been organised in a bid to cut fraud, and as a result thousands of 'ghost soldiers' have been identified and a number of officers in charge of human resources inside the Congolese army and suspected of having cashed the salaries have been arrested.

There are also concerns that President Joseph Kabila's apparently deliberate attempts to delay a lasting solution in North Kivu might be linked to a desire to maintain a certain level of insecurity in order to justify the high military expenditures.

At the same time, finance ministry officials are reported as resisting

calls from the IMF and World Bank to show more transparency in the management of "sovereign expenditures". Current confusion would allow money earmarked for defence expenditure to be siphoned off for the personal benefit of some officials, say diplomatic sources.

The situation as it relates to the military is thus becoming increasingly complex. It is not clear whether Malatshi is an accomplice in irregularities or was arrested because he revealed them. In any case, his party, the Unified Lumumbist Party, condemns what it calls political maneuvers from the presidential side. And the new prime minister Adolphe Muzito has not been able yet to form a new government.

REGION:

Pentagon's programme may stabilise oil-rich Ugandan border

[© SouthScan v23/21 24 Oct 08]

As the Pentagon's Africa Command (Africom) came formally into being this month around 150 US Special Forces troops were active in northern Uganda, working jointly with the Ugandan army in constructing roads, rehabilitating and rebuilding hospitals, and performing other development efforts in the war-ravaged region.

This is part of a US expansion programme in Uganda where USAID is set to open a regional office to coordinate rehabilitation that may cost around \$300m annually. The US aid will include environmental projects. The Pentagon's activity fits in with the formal aims of Africom, which in part seeks to develop security through developmental work. It also fits with the Pentagon's new stability operations doctrine, also formally launched this month.

The intention is to strengthen fragile states, but local analysts say the US military effort, which spreads from north-western to western Uganda, is also intended to stabilise a region that includes the oil-rich Albertine basin, on the border with the DR Congo.

Darfur dimension

There is speculation in Uganda that the operation has an additional dimension and is concerned with security in the wider region, including the conflict in the Darfur province of Sudan. Uganda has just taken up its two-year seat on the UN Security Council and says that it will use the platform to boost both the need for regionalization, particularly in East Africa, and the issue of the rebel Lord's Resistance Army.

This 20-year old insurrectionary force has extended its reach beyond northern Uganda and is now based in the Garamba park in eastern Congo, making sorties into neighbouring territories. Some analysts believe it is working with the Sudanese authori-

ties and are now describing the LRA as a regional mercenary army. The Ugandan parliament heard on Tuesday claims that of the 30,000 children abducted by the LRA, nearly 10,000 were deployed in Darfur, in support of the Khartoum government. Ugandan security officials have already delivered a list of names of alleged LRA financiers - some in US and Britain - to the International Criminal Court in The Hague. President Yoweri Museveni, while on a visit to the UN in September, met with UN Secretary General Ban

Ki-moon and discussed an increased role for the UN in fighting the LRA. But to reach Darfur may need a campaign that will allow Uganda to re-enter the DRC - to fight the LRA. Increased LRA activity near the border has since the beginning of October led to influx of 2,000 Congolese refugees in north-west Uganda, according to the UN High Commissioner for Refugees. Now Uganda has deployed an infantry brigade in north-west Uganda, near the border with Sudan and the DRC, apparently to guard against LRA infiltration.

ANGOLA:

US boosts coastal oil security

[© SouthScan v23/21 24 Oct 08] The US is providing Angola with ships, radar and intelligence as it moves to become Africa's biggest oil producer. Most of its crude is shipped to the US and last year was worth US\$12.85 billion.

The announcement by US Admiral Mark Fitzgerald, commander of US Naval Forces Europe comes after a visit by top Pentagon official Theresa Whelan earlier this month (SouthScan v23/20).

Fitzgerald said it was vital to build a partnership quickly, even if the US, which once backed the losing Unita side during the civil war, had some "baggage".

As well as several small ships and radar equipment, the US navy has provided Angola with computers, training and low-level intelligence, and helped it to build a command and control centre to monitor its coastal waters, US naval officials said.

A US naval frigate recently visited Angola, and US trainers, working with Portugal, Spain and France, have been training Angolan authorities in coastal policing.

The US navy is also assisting Mozambique on the other side of Africa (SouthScan v23/20). There the Malaysian state oil company, Petronas, has become the fifth foreign company to gain a licence to explore for oil in the Rovuma basin.

ANGOLA:

Chinese oil companies strengthen position

[© SouthScan v23/21 24 Oct 08]

Two Chinese oil majors are ready to strengthen their presence in the Angolan oil production. Sinopec and China National Offshore Oil Corporation (CNOOC) have reached an agreement with Marathon Oil to purchase 20 percent in the offshore block 32 for \$1.8 billion.

The Chinese companies were competing for the bid with Brazil's Petrobras company and the Indian ONGC Videsh corporation.

Sinopec and CNOOC are considered the second and third biggest Chinese oil companies.

In 2007, China ranked as the second largest importer of Angolan oil with a total of \$10.6 billion representing 28 percent of Angola's exports.

ANGOLA:

Journalists suspended

[© SouthScan v23/21 24 Oct 08] Two journalists from Radio Nacional de Angola (RNA) and one of their contributors from the independent press were suspended on October 17 after the broadcast of a programme a week earlier on the government reshuffle (SouthScan v23/20).

The director of the independent weekly 'Novo Jornal', Victor Silva, had commented that the appointment of two deputy ministers was not a

promotion. He also referred to press criticism of two other members of the government. The official reason for his suspension was "deviation" from the public radio's editorial line, he told the Portuguese Lusa news agency.

Six months ago disciplinary measures were also taken against state television TPA's anchorman, Ernesto Bartolomeu, after he acknowledged the existence of "censorship" in Angola's public television.

SWAZILAND:

French army trains local soldiers

[© SouthScan v23/21 24 Oct 08] French soldiers have been training the Swaziland army to integrate it into regional forces.

The 10-day training was aimed at preparing the army for tours of duty with Southern African Development Community and African Union forces, according to French brigade leader Bruno Bourdoncle de Saint Salvy. The 37-member French team was part of the French Armed Forces in the Southern Area of the Indian Ocean (FAZSOI).

FAZSOI covers Tanzania, Comoros, Malawi, Zambia, Mozambique, Lesotho, Botswana, Namibia, Zimbabwe, South Africa, Seychelles, Madagascar and Mauritius.

SA-Botswana meeting

Military co-operation between South Africa and Botswana was high on the agenda at a four-day meeting between the two countries that in Cape Town this week.

The Joint Permanent Commission on Defence and Security (JPCDS) would also look at co-operation between the two countries to combat firearms and drug smuggling, and human trafficking, South Africa's defence ministry said in a statement on Monday. Security arrangements for the 2010 Fifa World Cup Soccer Tournament were also discussed.

• The African Union's Standby Force should be operational in the first half of 2010, according to the head of its support operations, Ban Sivyuilé.

Planning for the police component of the force has been fallen behind schedule, Sivyuilé said.

REGION:

Burundi peace hangs on name change

[© SouthScan v23/21 24 Oct 08] The main sticking point in peace negotiations between the Burundi government and the rebel Palipehutu party is its name.

This emerged as the SA defence minister Charles Nqakula and the foreign ministers of neighbouring Tanzania and Uganda met there this week after earlier discussions between Burundi President Pierre Nkurunziza, the leader of the Palipehutu-National Liberation Forces, with Nqakula as facilitator.

Nqakula said the stumbling blocks to restoring peace to the region included Palipehutu-FNL's name, which is seen by government as against the letter and spirit of the constitution.

"Palipehutu" means "for the Hutu

alone", a struggle therefore of the Hutus against the other tribes in Burundi", Nqakula said. An associated problem was Palipehutu-FNL's registration as political organisation, for which they needed to change their name.

REGION:

Blocs agree to set up combined free trade zone

[© SouthScan v23/21 24 Oct 08] Three trading blocs, the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC) and the Southern African Development Community (SADC), agreed on Wednesday to create a free trade zone spanning 26 countries and to establish joint infrastructure and energy projects.

The zone would help streamline access to markets within African regional bodies with an estimated gross domestic product (GDP) of \$624 billion.

ZIMBABWE:

High frustration all round in dying days of talks

[© SouthScan v23/21 24 Oct 08] The level of frustration at the Robert Mugabe regime in Zimbabwe is running at an unprecedented high. But there was at time of writing little indication that there would be a breakthrough in the impasse over the allocation of ministerial portfolios. A meeting was scheduled for early next week in Harare after a gathering of the 'troika' in Swaziland was aborted.

In a hard-hitting statement on Monday the Botswana government called for new elections. It said, "This failure which is a result of one party seeking to dominate power, cannot be allowed to go on unchallenged" and added, "The only way forward is a re-

run of the Presidential election under international supervision".

The stand-off intensified after Mugabe awarded his ruling Zanu-PF disputed ministries and appointed two vice-presidents. Meanwhile he is proceeding in government as usual. The Zimbabwe Electoral Commission has announced plans to organize by-elections to fill six empty parliamentary seats. War veterans made the call this week for Mugabe to go it alone. The group's leader Jabulani Sibanda said, "[MDC leader Morgan] Tsvangirai lost the elections and efforts to accommodate him in the inclusive government should not make it appear as if he is important".

President Ian Khama has written to SA President Kgalema Motlanthe, who is the current chair of SADC, the Southern African Development Community, and to the chair of the African Union, Tanzania's President Jakaya Kikwete, as well as to the Secretary General of

the UN, Ban Ki-Moon, calling for urgent intervention and making the case for a new election.

The president of SA's ruling African National Congress, Jacob Zuma, addressing a US audience in Washington this week, also called on SADC to "put its foot down". But he has rejected, again, sanctions against the regime.

On the other hand, in a minor shift in tone the US has dangled a tentative carrot before Mugabe, telling the Wall Street Journal that it would lift sanctions once Zimbabwe has "a government that represents the will of the people." Earlier Washington and the EU indicated they would wait to see whether a new transitional government was seen to be working before lifting sanctions.

In another possible relaxation the Global Fund to combat AIDS and TB has said it may plough massive aid into the medical system in Zimbabwe. Zimbabwe applied for at least US\$500 million for HIV/AIDS, malaria and tuberculosis programmes earlier this year. However, Global Fund officials said it was "considerably premature" to announce that the Zimbabwe applications would be approved.

Of the 1.7 million people living with HIV in Zimbabwe, only 100,000 are accessing treatment free government treatment, but 320,000 people are still in need of antiretroviral drugs.

There is wide international support for humanitarian aid for Zimbabwe and in particular for food aid for the country, where food shortages threaten millions. SA this week announced R300 million for Zimbabwe's short-term food requirements, but subject to "a recognised multi-party government" agreeing on a role for international food relief agencies.

Mbeki mediation

The mediation by ex-president Thabo Mbeki has finally run into the sands. According to reports in the opposition supporting ZimOnline, he backed Mugabe's allocation of ministries as well as a suggestion by the

splinter MDC group run by Arthur Mutambara that the home affairs portfolio, that controls the police, should be shared on a rotational six-month basis with Movement for Democratic Change leader Morgan Tsvangirai. The MDC was reported to have issued a sharp rebuke to Mbeki and called on him to "retire" as mediator. But there is nothing to fill the gap beyond some suggestions that Zuma takes over.

The Botswana suggestion of a fresh election faces serious problems and is unlikely to be regarded as a realistic option at this juncture, both because of cost and because the country is diplomatically isolated in the region.

The Botswana government believes this current round of negotiations will be the last because of South African impatience, and its suggestion of an election re-run may have been the only way of having some offer on the table for when the current deal collapses.

It is clear that the ANC's verbal hostility to Mugabe has increased. ANC treasurer general Mathews Phosa last week called for more pressure on Mugabe and said his party supports Khama's position, though he did not mention new elections.

Phosa said at an official function last Saturday in Francistown that the ANC believed that SADC should be empowered to act against dictators. "We must put pressure on the ZANU-PF leader, Mr Robert Mugabe to abide by the principle of democracy and the rule of law," he said.

Statements like these play well in the unions and on the left of the ANC, a crucial segment in its current internal crisis, but may not result in any action. The general paralysis extends to the Left and the Congress of SA Trade Unions (Cosatu) and seven other organisations could this week only call for the removal of royalist Swaziland, which bans political parties, as chair of the 'troika', SADC's organ for security, politics and defence.

So it remains doubtful whether the ANC will back its harsher tone against Mugabe with tangible pressures. Zuma has rejected the one measure that

would have an effect, a cut-off of fuel and other supplies, and in any case the ANC, in the midst of its worst internal crisis since taking power, is not paying full attention.

Even sanctions by SA may be a useless lever at this stage - Zimbabwe's economy has reached a level at which one of its major resources is now outside the country in SA - the 3-4 million Zimbabweans who live there and in Botswana and who send remittances back to their families.

In addition, Botswana officials are aware of their isolation in the region, where they have been backed only by Zambia and now with verbal support from the ANC. Beyond the government's hardline statements there has been little attempt to extend its diplomatic reach either.

ZIMBABWE:

Shares gain in flight from cash

The African Banking Corporation and Johannesburg Stock Exchange hosted a seminar in SA on investing in Zimbabwe this week.

This follows the spectacular flight from the Zimdollar into shares on the local stock exchange - the Zimbabwe Stock Exchange has been one of the best performing exchanges in Africa. Acute hyperinflation may mean that the Zimdollar will soon cease to have a function as dollarisation proceeds (SouthScan v23/18). This month, Zimbabwe's inflation officially rose to 231 million percent. The shops are empty, cash is impossible to come by, unemployment is rising and foreign-owned companies have ring-fenced their Zimbabwean operations.

ZAMBIA:

EU will not send election monitors

[© SouthScan v23/21 24 Oct 08] European observers will not monitor the October 30 presidential election in Zambia.

Derrick Fee, head of the European Union's delegation in Zambia, said that the EU had too little time to organize an election monitoring mission. Instead, only 100 people from European diplomatic missions in the country will be deployed to monitor the poll.

The Southern African Development Community has said it will deploy 100 monitors to ensure a free and fair election in Zambia. The Common Market for Eastern and Southern Africa will also launch its observer mission next Monday.

Zambians will choose a new leader to succeed the late president Levy Mwanawasa who died on August 19 after a stroke. Four presidential candidates are currently conducting campaigns.

MALAWI:

Mutharika favoured in presidential race

[© SouthScan v23/21 24 Oct 08] Malawi's President Bingu wa Mutharika has been endorsed as his party's candidate in next year's presidential elections, a party official said on Wednesday.

The presidential poll is being held simultaneously with legislative elections.

Mutharika, who is leading a minority government, is tipped to win the race against his arch-rival, former president Bakili Muluzi, and opposition figure John Tembo of the Malawi Congress Party.

The sanguine view in SA, as Friedman set out, is that the alliance partners are being co-opted by the "ANC leadership" and brought into policy discussions "in the hope of defusing tension" so that the current direction of economic policy can be maintained.

However, quite who the ANC "leaders" are right now is uncertain. Other analysts say that currently SA Communist Party leader Blade Nzimande and Cosatu chief Zwelinzima Vavi have free rein, with Nzimande in particular conveying the impression that he is in charge. The pro tem state president Kgalema Motlanthe is staying out of the limelight.

At the same time Gwede Mantashe, secretary general of the ANC and also chairman of the SACP, has criticised Zuma for telling investors that economic policies will not change. In an address this week to delegates at the United Transport and Allied Trade Union national congress Mantashe insisted, "That is not true ... there will be change where we see that something is not working and there will be no change when things are progressing."

Mantashe has asserted he is capable of carrying out his twin leadership functions in two 'democratic centralist' organisations - with the implication that they will not make decisions that contradict each other.

SA ECONOMY:

Double-talk on economy aims different messages at home and abroad

[© SouthScan v23/21 24 Oct 08] A Triple Alliance summit meeting last weekend spelled out a shift in economic policy that would make SA a 'developmental state', in which the motor for change would be industrialisation policy, replacing market forces in directing investment.

But in today's fluid political and economic climate there is a wide measure of incredulity in SA about the policy statement. One contributor to a news blog noted sourly that the road to hell was paved with good intentions, and analyst Steven Friedman insisted that it did not represent a shift to the Left. Instead "the framework within which [policy] adjustments are made will remain the same."

And on Tuesday Finance Minister Trevor Manuel delivered his medium term budget proposals to parliament and imbedded in his speech a rebuttal of "dogmas and ideologies".

He defended stoutly the macro economic policy that he had been largely

responsible for since 1994, but also signaled the kind of changes that would be welcomed by the Left. These included more spending on infrastructure and a focus on job creation and welfare.

There were other flags in his speech to warn a new ANC government not to swing onto a populist path. "Our policy decisions have sometimes been controversial", he said. "But if our economic policies were designed for their populist appeal, if we tried to finance everything, at once, for everybody, then short-term gains would quickly give way to long-term misery."

To drive the message home ANC president Jacob Zuma on Wednesday told the Corporate Council on Africa in Washington that there was "no question" of changing the independence of the Reserve Bank, which is responsible for inflation targeting. Zuma also said exchange controls had "saved the day" for South Africa during the current global financial crisis.

Perceptions

The ANC leadership is concerned about the perceptions of overseas investors - whether they will see the upcoming policy shifts as populist gestures, as an acceptable leftward swing, or as a paradigm shift towards a socialist economy.

Just words?

The view that the alliance statement is just words fits well with the ANC's history of opacity in government; policy papers and invitations to join in wide debate - such as Zuma again issued this week - are generally seen by ANC leaders as steps in a complex political dance rather than something substantive.

United Democratic Movement leader Bantu Holomisa on Monday dismissed the economic summit's declarations as "pre-election rhetoric" promises. In the 2004 elections, the ANC made similar promises.

"After the elections there is no accounting of why the jobs don't mate-

rialise and how that money is spent," Holomisa said in a statement.

Indeed,, this time round there may be even more reasons for constraint. Following four years of economic expansion at 5 per cent a year, the revised GDP growth estimate for this year is 3.7 per cent and next year 3 per cent, while private analysts set a still lower figure.

Political situation

However, today's political situation is significantly different from the past, and not only because of the global crisis.

The industrial policy on which last weekend's meeting focused has been the defining thread in the SA Communist Party and the wider Left's demand for change towards the 'developmental state'. It is a strategic aim that involves a substantial structural change in the economy and the Left is now in the best place since the early 1990s to fulfill it.

Political fluidity in SA today is unparalleled since the end of apartheid. The ruling party is split, and the SACP and Cosatu have more influence than ever before within the rump ANC and therefore more capacity to activate their views.

The question is therefore not

whether the new policy statements differ from current policy. The Left's policy positions are not radical in the sense that they cut free from current policy, as Friedman notes in his Business Day piece this week, but their progressive application - especially more state direction of investment - would result in a significant crimping of market forces.

Expectations in the townships are high, and there is likely to be increasing pressure inside the ANC for high-profile measures after next year's election. Populist gestures are likely. These may be well-publicised expropriations of white farmers, or similarly well-publicised rules limiting the salaries of investment bankers, both mentioned in last weekend's policy documents; or increases in corporate tax rates. In a global financial climate in which welfare spending will be limited by the cost of borrowing, symbolic deeds could acquire a special significance.

But measures that make a real difference to the lives of the poor also need to be taken quickly if the social fabric is to hold. This week the UN-Habitat executive director Anna Tibajuka, from Tanzania, delivered a blistering judgment in Johannesburg on SA's massive inequality gap - perhaps the largest in

the world. She said the gap between rich and poor was not only increasing in South Africa's urban centres, but was also becoming more entrenched, "which suggests that failures in wealth distribution are largely the result of structural or systemic flaws". Those structural flaws will not be dealt with by a simple continuance of current policy.

UN-Habitat figures show that South Africa's urban population is now at 58 percent, and of the total urban population, 33 percent are living in slums and squatter camps where basic service delivery is poor.

More than half of the population is in the grip of extreme hunger and poverty and in places entire rural communities go without food for days, according to a report tabled this week by the Archbishop Njongonkulu Ndungane. Failures in service delivery had the potential to cause social unrest, he said.

On the Left there is therefore a belief that if the new government does not make radical changes it may find that the current gradualist evolution of the neo-liberal GEAR (Growth, Employment and Reconstruction) plan into the welfarist ASGISA (Accelerated and Shared Growth Initiative of SA) may be brushed aside in the turmoil.

SA ECONOMY:

Leftwards move includes more centralisation

[© SouthScan v23/21 24 Oct 08] The summit meeting last weekend of the ruling African National Congress with its communist and trade union allies signaled major shifts in economic policy.

SA Communist Party deputy general secretary Jeremy Cronin said that "very important and fundamental paradigm shifts are occurring".

These would include the creation of a two-tier cabinet, a planning commission, and an industrial policy that focuses more sharply on job creation. Yet the centralization of government was initiated by ex-president Thabo Mbeki, and became an issue with his

opponents who saw it as increasing his control and cutting out involvement by parliament and the wider ANC.

The economic summit meeting agreed that policy must be guided by the Freedom Charter call that "The people shall share in the country's wealth" and said that decisive action was required to transform patterns of wealth production and distribution.

The theme of continuity and change, as well as "continuity in change", permeated discussions. "Not everything is broken", Cronin said, adding that there would be changes aimed at "fixing" policy and government departments that had not yielded results.

The planning commission, which Cronin said would come into effect soon after next year's election, would

be headed by the presidency and would have the power to align the work of departments and organs of state to support the state's developmental agenda.

"The planning commission would promote the alignment of government budgets with developmental planning, set broad targets through medium-term and long-term plans, conduct strategic risk assessment, and act as secretariat to the council of state," a statement released after the summit read.

Clusters of state departments, also an initiative of former Mbeki, were not working. "We need better co-ordination and hierarchy because ministers often clash," Cronin said. In a further centralization of power provincial governments, which have often been attacked for failing

properly to disburse central government expenditure and for corruption, could instead become administrative centres to implement policy.

Major changes to social security, industrial and trade policy and monetary policy were also mooted, and a new catchphrase of "decent work for all" was coined. Job creation will be the focus of all economic policies, including industrial and trade policy, the statement said.

The tripartite alliance is also considering a raft of changes to SA's social welfare system, including the creation of a department of social security, and a basic grant for all, BIG - rejected by the Mbeki government - may now be on the cards. That had been called into question because of its cost, and again the head of the ANC's economic transformation committee, Max Sisulu, cautioned that the alliance would have to cost the proposals. Critics say they provide cover that a West European country would envy.

The new social policy will be based on three elements - a social "endowment" ensuring free basic water, electricity, sanitation, basic education and subsidised housing; access to existing benefits such as disability and health insurance; and a bigger government role in regulating the private market to ensure consumer protection.

Other proposals are the extension of the child support grant from 15 to 18 years, a flat benefit for unemployed workers whose UIF unemployment insurance fund has expired, a mandatory social insurance system,

a uniform national pension scheme and a national health insurance scheme with free health care.

There is also a pledge to halve unemployment by creating five million jobs; SA aims to halve unemployment by 2014.

Investment policy is key to the industrialisation scheme. "Government should consider introducing requirements on investments" to promote investment in social infrastructure, housing for the poor and job creation. The alliance summit agreed that the systemic crisis in the global economy "could have serious short-term repercussions for South Africa but could ultimately mark a watershed in the world balance of forces, and close the chapter of the Washington Consensus".

SA POLITICS:

Zuma seeks to reassure US investors on stability

[© SouthScan v23/21 24 Oct 08]
ANC president Jacob Zuma's visit to Washington to reassure the White House and investors about South Africa's stability was carried through with panache.

He saw US Secretary of State Condoleezza Rice and in the White House corridors briefly met President George Bush.

Well-attended meetings were filled with analysts and experts from the Pentagon and State Department, aid and business agencies, lobbyists looking for business and former anti-apartheid activists.

At a Council for Foreign Relations meeting there were a smattering of SA's opposition Democratic Alliance members, including former leader Tony Leon, who is now a visiting fellow at the free-marketeering Cato Institute.

Zuma's right-hand man in the delegation was ANC treasurer Mathews Phosa, who has been given the task at home of unbundling the business deals that favoured ousted president Thabo Mbeki's elite and transferring them to Zuma followers.

Zuma's visit aimed to reassure the US administrative and business

elites that he is an amenable figure, that the split in the ANC is well within the capacity of SA, a "maturing democracy", to handle, and to dispel any notions that there is in addition a Leftwing putsch on the go inside the ANC. His entire message was simple - "Don't panic - everything is fine in South Africa". He assured his audience that the ANC would not "succumb to pressure and move to socialism".

He sought to dismiss concerns about the expropriation of land - restitution had been "too slow" and the law had perhaps been too complicated. But the land that had been reclaimed was often left unattended, and black communities that had been offered land or money and had often taken the latter. More effort had to be made to persuade them otherwise.

SA had two economies, he said, and the issue was how the first economy could help the second one to grow.

And then he noted that it was possible that the regulation of the first was "suffocating" the second.

This issue is a hot potato and Zuma's statement is likely to anger the trade unions who have regularly resisted calls from the DA to loosen labour regulation as a means to boost employment. Former DA leader Leon would not be drawn on what this meant and only commented with a grin, "Who knows?" when asked by SouthScan.

But the ANC has promised to create five million jobs and halve unemployment by 2014, a wildly ambitious figure unless there is a radical shift in macro-economic policy.

Case goes ahead

Zuma related at some length the tale of his pursuit by the National Prosecuting Authority on charges of corruption.

Meanwhile the judge who earlier threw out the charges on a technicality (SouthScan v23/15) this week granted prosecutors leave to appeal, meaning that the saga will continue into the new year and probably into the election period.

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920 M Street SE, Washington DC 20003,
USA
Fax: +1 202 5460676