



Political Survey
By GERALD SHAW

Sliding down the slippery slope toward economic ruin

CAPE TIMES 4 Nov. 1988

AS INTEREST rates soared and the rand slipped towards oblivion, it was yet another traumatic week for the South African man in the street, whose savings and living standards are eroding before his eyes.

As noted in a previous column, Mr. Johann Rupert, a leader in the Afrikaans business community, is going around saying that South Africa is becoming a banana republic.

Dr C B Strauss, a leading investment banker, puts it rather more gently, suggesting that the country is in danger of slipping "to join the world's less successful economies".

However you say it, it comes to the same thing. South Africa is heading for an economic disaster which will leave no one unscathed.

Dr Strauss, managing director of the Standard Bank Investment Corporation, outlined the situation in lucid fashion in an outstanding address to the Institute of Directors of Southern Africa recently which has now been published in the Standard Bank's Economic Review.

As Dr Strauss notes, it is neither pessimistic nor alarmist to suggest that the South African economy is under severe pressure.

In economic terms, this country has failed to adapt to important structural changes in the world economy since the beginning of the 1970s. Our growth rates have slipped from 6% in the 1960s to less than 0.5% between 1982 and 1986.

What has happened is that the industrialised countries of the First World, (held to ransom by the oil sheikhs) successfully reduced their dependence on primary products (such as oil and gold) by means of technological advance.

Those countries, like South Africa, which failed to adapt to the developing trends lost out badly. Those which did so adapt, such as Taiwan and Korea, have roared ahead — in spite of great adversity and lack of significant resources. South Korea, for example, had been flattened by Superpower conflict. Both countries are still subject to severe military, political and security pressures.

While South Korea and Taiwan were containing domestic consumption and, at the same time, boosting education and productivity, South Africa was going at full speed in the opposite direction.

In this period South Africa borrowed heavily on the international market. Much of the borrowing was to finance consumption expenditure rather than to increase fixed investment — in effect to maintain the unrealistic standards of living which white South Africa had come to expect.

As Dr Strauss notes, the disciplines of the market place are merciless. A country either increases productivity and the effective use of resources (at the expense of socio-political prejudice) or it faces economic mediocrity.

We have burdened ourselves with heavy security and other costs, he says, in support of a social and political structure which the country cannot afford. Yet South Africans still look for soft options — more controls, more restrictions and more repressive legislation.

In the Economic Review (October issue) Dr Strauss suggests various strategies of economic recovery which those interested may pursue in the columns of that invaluable publication.

As a political columnist since the mid-1960s, my own perspective is rather more political. Are we not reaping the fruits of 40 years of selfish, race-obsessed Afrikaner nationalism?

For at least part of the time, it should be noted, the National Party has enjoyed the support of powerful elements in the English financial establishment, the English-language Press (in the 1983 referendum) and, latterly, it has gained substantial backing in the English-speaking electorate.

It is difficult to explain why so significant a section of English-speaking South Africa should have chosen to collaborate thus in its own economic destruction.

The National Party, which has never disguised its primary commitment to the interests of Afrikanerdom, has cosseted the farmers and built-up a costly Afrikaner-dominated bureaucracy whose privileges, security and expansive lifestyle are lavishly maintained by the (largely English-speaking) taxpayer.

And military expenditure? South Africa can no longer afford the expense of military adventuring on the scale of the past decade. What have we gained by hanging on to Namibia anyway?

What have we gained by keeping ruinous civil wars going in Angola and Mozambique?

Afrikaner nationalism is the scourge which has all but destroyed our chances of building a peaceful and prosperous South Africa at the head of a thriving sub-continent.

In setting up and maintaining a welfare state for Afrikanerdom (and its allies) and then marching us all into laager to defend it, the National Party Government is dragging South Africa to ruin.

2 Cape Times, Friday, November 4, 1988

'Corrupt' Ciskei ripped off

By CHRIS CAIRNCROSS

ENDEMIC corruption and financial mismanagement in Ciskei allowed millions of rands to be siphoned off by South Africans and others who saw the territory as open to easy pickings, the Harms Commission heard yesterday.

There was a general perception, not without cause, that Ciskei government officials were open to bribes — and this had resulted in large amounts of money leaving the country, former Ciskeian Ambassador Plenipotentiary Mr Douw Steyn told the commission, which is investigating corruption and cross-border irregularities.

Mr Steyn said conditions within Ciskei, in which President Lennox Sebe had absolute power to circumvent regular channels and effectively change legislation at his own whim,

had created an atmosphere which encouraged cross-border irregularities.

Mr Steyn, who is a former Director-General of Agriculture in Ciskei, said he had brought the conditions to the attention to the South African government on numerous occasions, without any response.

Recounting his part in the Vito Palazzolo affair, Mr Steyn said it was necessary to take into account the deteriorating conditions in Ciskei to understand why efforts were made to help Palazzolo settle in the territory.

"We had to clutch at straws," he declared.

As the person responsible for attracting foreign investment to the territory, Mr Steyn said he had received hundreds of offers, most of which were scams to siphon off money at the territory's expense.

Mr Palazzolo's offer to invest \$2 million in Ciskei in exchange for

citizenship was the first time a foreign investor had offered to put money into the country.

From testimony submitted to the commission, it became clear that territories like Ciskei and Transkei were considered easy areas from which to enter South Africa illegally and establish permanent residence.

Within two weeks of arriving in South Africa illegally, Palazzolo was granted Ciskeian citizenship with the help of Mr Sebe, who used his veto to circumvent existing legislation.

With these rights, it was a simple matter for Palazzolo to apply for permanent residence in South Africa, and apply for a South African passport as a Ciskeian citizen.

Mr Steyn said it was East London Nationalist MP Mr Peet de Pontes who had helped Mr Sebe to redraft legislation that enabled Palazzolo to obtain citizenship so rapidly.

It was Mr De Pontes, too, who had been instrumental in Mr Steyn visiting Palazzolo in a Swiss jail during 1986 to determine his bona fides.

Mr Steyn said he had been impressed by Palazzolo and his perceptions of what was needed to improve financial conditions in Ciskei.

Ciskei speedily granted Palazzolo citizenship after his arrival, but he spent only about R50 000 on a small townhouse in Bisho, in which he never lived, while spending millions on properties in South Africa.

The Harms Commission is to complete its initial hearings concerning the Palazzolo affair and the Ciskei connection today.

It is understood that the commission chairman, Mr Justice Louis Harms, may prepare an interim report on his initial findings later this month for submission to President P W Botha.

Why Fatima Meer withdrew

CAPE TIMES
From Professor FATIMA MEER (Durban):

4 NOV. 1988

I HAVE withdrawn from the Weekly Mail Book Week in deference to the violations experienced by thousands of millions as a result of some of Salman Rushdie's writings.

It is a pity the Book Week platform has been interpreted by many, certainly by people whom I respect, as a Salman Rushdie platform and it is on that account that I withdraw.

I admire Salman Rushdie's literary genius — my regret is that, in the "Satanic Verses" in particular, he has desecrated the Islamic faith and falsified its history albeit in parody.

For the thousands of millions of our world who cannot live by their wits, who have not had the opportunity to sharpen their minds, and who combat the tyranny of materialism by their faith in an ideal or ideology, the absolute is imperative.

Rushdie has the right to take any position he chooses on the question of absolutes but not the right to licentious distortions that trample the sentiments of millions.

The parodying of such esteemed liberators of humankind as the Prophet Mohamed, of Jesus, or of the Lord Buddha is the parodying of the faith by which the generality of human beings live. Rushdie's own humanity must surely recoil against himself when he realises the enormity of the pain he has caused.

In the final instance, it is the Third World that Rushdie attacks, it is the faith of the Third World in itself, and in its institutions, that he denegrates, the Third World as he experiences it in India and Pakistan. His attack is all that more painful because of the brilliance of his writing and of the claim that he writes from the inside.

Rushdie's recoil from the decolonised Third World is not objective. It is a deeply-experienced subjective recoil, a recoil from his own self turned inside out and distorted into the grotesque and the surrealistic. His is not the inno-

cent surrealism of an Alice in Wonderland, it is a malicious attack on his ethnic past, a conscious compulsion to obliterate the memory traces of that past, by making it absurd, irrelevant, worthless, but good book material.

Rushdie the midnight child was offered his midnight opportunity to freedom by the liberators of his country. He could contribute his sharp critical faculty to realise that freedom and struggle with those who strive to reconstruct the traditional institutions to adjust to a modern world. He chooses instead to play the coloniser all over again, and to destroy them.

Local elections were held to manufacture black consent

From FRANK MOLTENO (Grassy Park):

THE recent municipal elections were not part of an honest effort to extend democracy but rather an attempt by the Government to manufacture consent among oppressed South Africans for their continued exclusion from real political power.

All the elections produced was a run of duds (no disrespect to the few candidates who made themselves available for election out of a naive belief that group areas, for instance, could be effectively challenged at the municipal level).

A minority of blacks might still be fooled or pressured into collaborating in the structures that oppress them. Most, however, will never give their consent to anything less than self-government.

PW not negotiating, says Buthelezi

CAPE TIMES
4 Nov. 1988
Political Correspondent

PRESIDENT PW Botha was not negotiating with black leaders in South Africa, Chief Mangosuthu Buthelezi told a meeting of the Paarl Rapportryers last night.

"Despite this ripeness of time, the politics of negotiation has not got off the ground," the Inkatha leader said.

"Whatever else is happening and whoever the State President may be speaking to, he is not negotiating with the leaders that the black society in this country

has thrown up as its leaders.

"I know, I am one of them and I am not involved in negotiations with the State President.

"Whatever he himself says, he is not involved with real negotiations with other black leaders either."

Chief Buthelezi said that in President Botha's "rather unfortunate" personal attack on him during a Benoni election meeting recently, Mr Botha said that he had on numerous occasions invited the KwaZulu leader,

along with other black leaders, to negotiate with him — but Chief Buthelezi had refused.

Chief Buthelezi said that at the meeting President Botha "talked and talked" to certain black leaders "but there were no negotiations".

"There was no negotiating agenda. There was no objective. There was no give or take.

"I know because I am in touch with black politics and I am in touch with the leaders the State President could possibly be negotiating with."

I give my life for Sanctions
 I travel all over the world to make SA
 a poorer country.
 If people are hungry & give them biscuits
 I put the blame for unemployment on
 apartheid. I go out of my



- EK OFFER MY LEWE OP VIR SANKSIES ^{way to create an}
- EK REIS DIE WÊRELD PLAT OM SUID-AFRIKA TE VERARM ^{understand for}
- AS MENSE HONGER IS, GEE EK HULLE KOEKIES ^{violence}
- EK PAK DIE SKULD VIR WERKLOOSHEID OP APARTHEID
- EK GAAN UIT MY PAD OM BEGRIP VIR GEWELD TE TOON

^{why} ^{why}
**WAAROM, O WAAROM, HET
 ALMAL MY DAN NIE LIEF NIE?**

^{Does my body love me}
 Does my body love me

Malawi's progressive govt

CITIZEN 4 Nov. 1988

shows up Marxists

MALAWI like most countries in Southern Africa has many problems but deals with them quite well under a sane and progressive government. When the country became independent in 1964 under the leadership of Dr Hastings Banda, manufacturing industry was practically non-existent.

During the nearly quarter of a century since then, the country has shown steady progress under the wise but firm leadership of Banda. By 1980, commerce and industry had developed over the years and more

than 250 companies had been granted industrial licences under the Industrial Development Act of 1966.

Malawi has built up a very healthy ethanol industry from small beginnings. Agreement with Malawi's four oil companies was reached whereby up to 20% ethanol could be blended with regular grade petrol. An additional benefit was that cheaper lower octane petrol could be imported and upgraded with etha-

nol. The Ethanol Company, together with partners and consultants throughout the world, is now in the process of building an ethanol from timber plant, and producing ethanol from either cassava or coffee-bean pulp.

Great Britain, SA, the USA and West Germany are Malawi's major trading partners. Imports exceed exports by \$90 million annually, but this is more than made up by remittances of foreign ex-

change form about 250 000 Malawians working on South African goldmines. One of the major differences between African Marxist governments and that of Malawi, is shown in their respective defence budgets. A typical example is Zimbabwe. Mugabe spends 14 percent of Zimbabwe's national budget on the military, while Malawi's expenditure on defence is less than 6 percent. That allows Banda to spend so much more proportionately on peaceful development of his country.

ONLOOKER

Pretoria

Blacks' greatest fear is losing jobs — survey

THE greatest fear of an overwhelming majority of Blacks in the KwaZulu-Natal area is losing their jobs and they are greatly concerned for their lives and property amid political violence, according to a survey released yesterday.

A smaller percentage — 49 percent — were worried about having to live under White rule.

The poll, among a sample of 802 Black adults revealed that:

- Ninety-four percent feared losing their jobs;
- Ninety-four percent feared and worried about their houses being burnt down;
- Ninety-one percent worried about not having enough money;
- Eighty-nine percent feared being caught up in street violence;
- Eighty-eight percent dreaded being hurt or killed in political violence;
- Eighty-six percent

feared being placed in detention;

- Forty-nine percent worried about having to live under White rule; and

Another 89 percent worried about the future of their children and 73 percent worried about being forced to live in certain areas.

Employment

● "The survey revealed alarmingly low levels of employment, income and educational qualifications among Blacks in KwZulu/Natal," according to the market research firm Research International, which conducted the poll between July and September.

"Concern over bread-and-butter issues far outweighs political aspirations among Black people in (the area)," it said.

The survey was commissioned by the KwaZulu/Natal Indaba.

The survey found that

60 percent of the respondents were unemployed. Twenty-nine percent were in full-time jobs and the remaining 10 percent were either students or part-time workers.

Shack-dwellers

Unemployment was more prevalent in the rural areas where 72 percent were without jobs, followed by shack-dwellers (59 percent) and urban areas (44 percent).

The majority — 65 percent — had a monthly household income of less than R500. Only nine percent earned more than R800.

The poll revealed extremely low levels of education among the KwaZulu/Natal inhabitants.

"Only 15 percent had completed primary school, nine percent completed high school and only one percent had received university education," Research International said.

Questioned on their fu-

ture needs and aspirations, "A representative sample . . . rated owning their own homes as their first priority." They formed 59 percent of those questioned.

Security

Fifty-one percent yearned for financial security, 43 percent wished they could have a good job, 30 percent wanted equality in education and pay.

Another 37 percent wanted to have themselves and their family educated. Twenty-eight percent wished they could own a car and/or a television set.

But only eight percent expressed a great desire for political rights.

"However, it was clear that the desire for political rights rose sharply once these primary needs had been met and improvements in the education in the education system had begun to take effect," Research International said. — Sapa.

THE CITIZEN COMMENT

Tougher times

4 Nov. 1988

HARD-PRESSED consumers are not going to like it; home owners are not going to like it; but the increase in the bank rate announced by the South African Reserve Bank was unavoidable.

Indeed, most economists and bankers had been calling for a higher bank rate for several weeks.

The higher rate has meant a rise in the prime rate — the interest banks charge their best customers.

Building societies, most of which raised mortgage bond rates by 1 percent only this week, will have to raise them by another 1 percent.

This means repayments will go up, forcing some home owners to sell their property.

Hire-purchase repayments will increase, unemployment will grow, and there will be an increase in insolvencies.

Economic growth will slow down.

All this sounds terrible.

But the country has been importing beyond its means, the value of the rand has sunk to record low levels, the country faces a balance of payments crisis, consumer spending has been too high, and inflation has not been tamed.

Tighter monetary control and dearer money were essential, the ultimate aim, according to Dr Gerhard de Kock, Governor of the South African Reserve Bank, being to counter inflation and remove the existing downward pressure on the exchange rate and gold and foreign currency reserves.

Some of the effects of the monetary policy which Dr De Kock announced will be felt immediately, as in the case of bond rates, dearer borrowings and hire-purchase rates.

Time lag

But Dr De Kock stressed:

"Since monetary policy always works with a time lag of many months, the main effects of the steps announced today will not be felt until the first half of 1989.

"But the stricter monetary policy now being applied and the return to interest rate levels that are materially positive in real terms should contribute in a fundamental way to the strengthening of the balance of payments and the exchange rate of the rand in the period ahead."

To consumers, reeling from other shocks that included surcharges on imports, rising prices, higher bond rates and a general lowering of living standards, the new economic measures are going to make matters worse.

And in the pipeline is an expected rise in sales tax to 14 or 15 percent.

It all sounds very gloomy.

Yet if nothing were done to check both spending and halt the downward pressure on the exchange rate of the rand and foreign reserves, the country would be heading for economic disaster.

There is a feeling, particularly in the banking and financial sectors, that the government delayed the bad medicine until after the municipal elections.

This is coupled with an equally strong feeling that political factors have been allowed to dictate economic policies in other respects.

It would be sad, if this is so, if the government continued along that path.

For it can only compound the problems facing the country.

More measures?

The signs are that further tough measures will have to follow. If this is the case, so be it.

South Africa cannot continue living beyond its means with a debased currency, a balance of payments crisis and the threat of hyper-inflation.

If bold and unpopular decisions are necessary, the government is obliged to take them, whatever political effect they might have.

The government cannot and must not pander to any sections of the community, whether farmers, public servants or any other interest groups, at the expense of the ordinary man in the street and the economy as a whole.

Indeed, the time has come to introduce an economic package that will pull the country right.

Though we must all bleed, it will be worth it if the country's economic health is restored.

Candidates for posts if Bush or Dukakis wins

CITIZEN 4 NOV 1988

By Michael Posner

WASHINGTON. — US political pundits are busily trying to read the mind of the next President to guess who will be the big players in Washington's new power game after the November 8 election.

For most career civil servants in the three million-strong government work force, it's a matter of who their next bosses will be.

But even for those whose own careers are not directly affected, the question of who Mr George Bush or Mr Michael Dukakis will pick to help them lead the country for at least the next four years is of keen interest.

Since the Republican Vice-President leads the Democratic Governor of Massachusetts in public opinion polls, most speculation is on his choices.

The odds-on favourite to win whatever job he wants should Mr Bush win is Texan James Baker, confidant of Mr Bush, former Chief of Staff to President Reagan and ex-Treasury Secretary.

Mr Baker, Mr Bush's campaign chairman, has not been shy about letting it be known he wants to be Secretary of State, so many commentators expect him to succeed Mr George Shultz in that job.

Old friend

Nicholas Brady, who succeeded Mr Baker at the Treasury in September, is an old Bush friend and is expected to stay on instead of returning to his Wall Street brokerage



Mr JAMES BAKER
... Secretary of State if Mr Bush wins?

firm.

So is Attorney General Richard Thornburgh, former Pennsylvania Governor and another Bush friend, who gets good marks for building morale in his department since succeeding scandal-tainted Ed Meese.

Labour Secretary Ann Dore McLaughlin may stay put or take over another Cabinet position.

To give his Cabinet an Hispanic touch, Mr Bush may favour Lauro Cavazos, newly selected Education Secretary.

Mr Reagan's national security adviser, General Colin Powell, one of the highest-ranking Blacks in government, is believed to be wanted by Mr Bush in his administration, though probably not in his current role.

Central Intelligence Agency head William Webster, highly respected in Congress, is expected



REV JESSE JACKSON... ambassador-at-large if Mr Dukakis wins?

to stay during a Bush term.

High marks

A man getting high marks among Bush aides is Brent Scowcroft, an ex-national security adviser. He could get Secretary of Defence, although John Tower is also being mentioned in that regard.

Mr Tower is a former Texas senator and close adviser to Mr Bush on national security.

One job reporters speculate about is Press Secretary. Some feel the likely choice would be former Bush campaign Press spokesman Pete Teeley.

What does Mr Bush say? "I can't let myself think about that (but) nobody believes me." If elected, he would "hit the ground running."

As far as Mr Dukakis is concerned, some insiders say Maryland Senator

Paul Sarbanes, an old friend and Greek-American like Mr Dukakis, may be considered for attorney-general, or even Secretary of State.

But Paul Brontas, another long-time ally, could get the Attorney-General post if he wants it, since as Mr Dukakis's campaign chairman he probably could have his pick of jobs.

For Defence Secretary, respected Senator Sam Nunn of Georgia has been mentioned as has Indiana representative Lee Hamilton. Hamilton is tipped by some as Secretary of State.

Post for woman

Madeleine Albright, former national security staffer under President Jimmy Carter, could become national security adviser or even Secretary of State — putting a

woman in that top job for the first time.

Treasury could go to New York investment bankers Felix Rohatyn or Roger Altman, or respected Black Representative William Gray, also seen as a possible Budget Director.

The Rev Jesse Jackson, the Black leader and former Dukakis foe, is in the background for a possible, unspecified job such as ambassador-at-large.

Mr Bush or Mr Dukakis could make about 3 000 political appointments, ranging from who runs the nation's parks to who handles the currency or advises on foreign policy.

When the President changes in Washington, the splash ripples throughout the bureaucracy. — Sapa-Reuter.