

KwaNatal indaba to be held in secret

Mercury Reporter

THE public and Press will be barred from attending sessions of the KwaZulu/Natal indaba, which opens in the Durban City Hall on April

3.

This was confirmed yesterday by a spokesman for the organising committee who said that only the official opening at 10 a m would be open to the public.

Durban's Mayor, Mr Stan Lange, has been invited to officially open the indaba.

After the opening, the meeting will adjourn to the council chamber where all further sittings will be held in camera.

The spokesman said the decision to exclude the public and Press was to enable the participants to have 'free and frank' discussions on possible joint rule for KwaZulu and Natal at the second-tier level of government.

Sessions of the indaba, to which 37 organisations have been invited, will be held twice a week, possibly on Thursdays and Fridays from 9 a m to 4 p m.

The spokesman said no timetable had been laid down.

'It could take anything up to three months or longer, depending on how soon consensus is reached,' he said.

The deliberations will be chaired by Judge S Miller with Prof Desmond Clarence, former principal of the University of Natal, as deputy chairman.

The indaba is being organised jointly by Natal's senior MEC, Mr Frank Martin, and Dr Oscar Dhlomo, KwaZulu Cabinet minister and secretary-general of Inkatha.

Mabuza was under pressure says Buthelezi

X DAILY NEWS
13 MARCH 1986

SIR — I am writing to you in connection with the article entitled "Buthelezi slams chief's visit to the ANC" (*The Daily News*, March 7). Mr Enos Mabuza, Chief Minister of Kangwane, made a number of remarks after he had visited Lusaka. In these he attempted to bring the South African Black Alliance into disrepute and he attempted to cast me in the light of one who has feelings of racial animosity towards South Africa's coloured people.

I decided the best way to handle these remarks was to issue a Press statement in which you will see no word of criticism for the fact that Mr Mabuza had discussions with the ANC. What I criticised was that Mr Mabuza fabricated a mischievous reason for withdrawing from the South African Black Alliance, and I told the truth about why he, in fact, was thinking of doing so. He has been under pressure by forces of violence in Kangwane.

My statement was a strenuous objection to the politics of intimidation and of those who become intimidated and behave so as to be divisive in black society. Both the intimidators and the intimidated are culpable.

We face life and death issues in black politics. I pursue the politics of non-violence in a situation of escalating violence. Do you judge my efforts to be of so little consequence that you must add your interpretations to my statements in such a way that you add to the divisiveness of what Mr Mabuza is saying?

Anybody reading your article would be justified in assuming that you approve of Mr Mabuza being intimidated and grant him the right to justify his actions under intimidation.

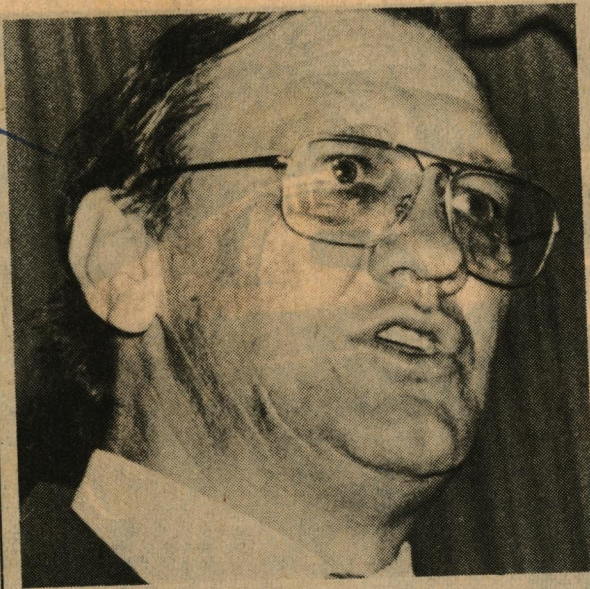
Mangosuthu G. Buthelezi
Chief Minister
President of Inkatha

ULUNDI

Chief Buthelezi is correct in saying that the report did not state that his remarks were made in reply to criticism by Mr Mabuza. This was unintentional and there was no sinister motive on our part. Any wrong impression is regretted.

The Daily News has repeatedly expressed approval of and support for Chief Buthelezi's stance of non-violence. — Editor.

Reassessment of S A economy a critical need



Jan Steyn

IN A MAJOR address to the Royal Institute of International Affairs the director of the Urban Foundation, Mr Jan Steyn, yesterday gave the following assessment of the South African economy:

Since September 1984 South Africa has in its major metropolitan areas experienced lengthy periods of unrest which have shaken the confidence in South Africa's future and underscored the need for immediate but lasting remedies.

It is true that the level of unrest is not in general as severe as it was two months ago, and that black school-children are back at school after more than a year of class boycotts. But an uneasy truce prevails.

It must be recognised that much of this unrest has been the expression of frustration and anger over the inherent injustices, inequities and discrimination of the apartheid system. It must also be recognised that the National Party government under President P W Botha has indeed started a process of dismantling apartheid, even though the pace and clarity of that process is open to critical debate. Sight must not be lost, however, of the fact that the weak state of the South African economy and massive unemployment have hit the black community more than any other section of our population and have increased the level of existing tensions.

The rate of inflation, which reached 20,7 percent in January, the highest in 66 years; the rapid increase in the past few years in government spending, which now stands at 27 percent of GDP; the staggering costs involved in maintaining the separate systems demanded by the apartheid ideology; and the effect of the debt standstill which, though South Africa and its 30 major international creditor banks recently reached broad agreement on resolving the immediate foreign-debt crisis, nonetheless brought into sharp focus the negative impact on the economy of even private financial decisions.

But they are as much a part of the severity of the current situation that we face as black unrest itself.

In order to provide you with a perspective or focus by which you can compare your own experience or knowledge of our economy I intend to develop three themes under this heading.

The first is that after decades of delusion we must now finally realise that South Africa is not a developed or 'First World' country. While it is true that its mineral wealth, the richest in the world, has become the basis of a potentially modern economy, South Africa is nonetheless still a developing country of considerable potential but with a very great need for investment.

Deepest drop

The fact that we (and the world) are only gradually reaching this realisation has partly been the cause of and partly been caused by the Government's economic policies. It has also been partly caused by the consequences of its political policy.

The lack of confidence in the Government's policies is to some extent mirrored by the 17 percent drop that has occurred in fixed investment during the past four consecutive years — the longest and deepest drop since World War II.

These policies have also caused a fall-off in foreign investment which in turn has affected economic growth. It is generally accepted that we can finance about 90 percent of investment from our own resources. However that additional 10 percent of foreign investment makes all the difference between, say, a 2 percent and a 5 percent growth rate per annum.

This is well illustrated in a comparison of the 10-year period 1964-74 when foreign investment amounted to 10 percent and GDP growth rate was 5,1 percent. In the following 10 years, from 1974 to 1984, there was an average outflow of 0,5 percent of foreign capital which saw the Government having to

draw on reserves to meet the shortfall, and which saw an average annual growth rate of only 2,6 percent.

Because of rapidly escalating spending by government for a considerable number of years (in part attributable to the high cost of administering and maintaining the apartheid structure), capital spending on the country's infrastructure of essential services has declined dramatically. This, in turn, has had a limiting effect on growth potential. Government spending has also seen a growing tax burden imposed on the private sector which, in turn, has reduced the volume of resources available for reinvestment.

Desperate

In short, South Africa is a country desperately short of development capital.

The second theme I wish to develop concerns domestic capital.

South Africans have not traditionally been poor savers. On the contrary, there has been a consistent historical pattern of high rates of domestic savings. But more recently there has been a steady dwindling of such savings, as a percentage of disposable income, from 12 percent in 1977 to 3 percent in 1984.

In these circumstances the need for investment from abroad becomes yet more acute. To people considering such investment I must unequivocally say that there is no question that South Africa has the managerial skills and the infrastructure to absorb planned investment.

Yet under existing policies not only are we not receiving foreign capital nor are we finding it from domestic sources, but such capital as is available has been going into less critical areas and not into vitally important areas of development.

As an example, South Africa spent about 5 percent of GNP on residential development in 1984, which is much more than that spent by most developing countries and as much as that spent by most developed countries. Our trouble is that we spent that 5

percent in the wrong way, on the wrong people, and in the wrong places, and did not achieve real developmental aims.

Housing is, of course, a stabilising factor in any society. Our housing provision in South Africa must cater for a black urban

policies has been stressed by the lessons learned by the World Bank in financing development in its member countries.

Successful national development has been based on a strategy that focuses on two elements — a macro-economic frame-

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population that is expected to double by the year 2000, and should be geared to Third World standards rather than to those of the First World, where the emphasis has been up to now. Traditional brick-and-mortar developments are still necessary but the critical need is to come to grips with massive provision of serviced sites, upgrading of informal housing and new self-help housing projects to cater for the enormous number of people who are part of the urbanisation process and who initially will be able to afford only appropriate standards of service and shelter.

Besides creating a sense of belonging, such schemes would create jobs and develop skills on a large scale — a need that has been lost sight of in the country's dash after capital-intensive projects in the past decade.

This brings me to my third theme.

This is that it is critical that both the public and private sectors in South Africa now totally reassess what is the real South African economy. That reality must take cognisance of the high population growth rate which sees approximately 350 000 to 400 000 new work-seekers coming on to the market each year when there are already between one and two million who are either unemployed or under-employed.

There is, then, the need to scrap apartheid policies, such as influx control, which have denied the free mobility of people and prevented access to a free-enterprise system.

It is critical that a start should be made on macro-economic policies that are appropriate to the stage of development in which our country finds itself.

The importance of these

work of policies to stimulate economic growth and elicit desired behaviour from both public and private entities; and a public-sector investment programme that allocates scarce resources to high-priority public needs.

It has to be realised that in South Africa there can be no genuine development until both the public and private sectors understand the kind of economy South Africa really has — and only then begin to make investment decisions based on that instead of on some illusion of a vibrant First World economic base.

Of course, if South Africa were to be left to itself it could still have a reasonably acceptable economy, with a limited export market and import substitution providing industrial expansion. The rapid and necessary urbanisation of the black community could also begin to create a market of some substance.

No oil

But South Africa has no oil, and while water resources in southern Africa can easily sustain development massive investment will be needed to ensure adequate supplies to the Pretoria-Witwatersrand-Vereeniging hub.

For South Africa to become an economy of real stature it must be able to draw in foreign investments and link up with the economies of the rest of the southern African region. The dismantling of apartheid has begun. The agencies in South Africa that have facilitated this process have a proven track record of success as catalysts for change, require resources and skills to give even greater impact to both their developmental and reform initiatives.

U.S. Favors Black Rule in S. Africa

3/13/86

By David B. Ottaway
Washington Post Staff Writer

A senior State Department official said yesterday that the Reagan administration favors black majority rule in South Africa and regards members of the militant black African National Congress as "freedom fighters" in their battle against the white apartheid regime.

Testifying before the House Foreign Affairs subcommittee on Africa, Assistant Secretary of State Chester A. Crocker was asked by its chairman, Rep. Howard E. Wolpe (D-Mich.), whether the administration supported "the creation of a system based on [black]

majority rule and the protection of [white] minority rights."

"I think that's inherent from everything we're said," Crocker replied.

"Does that mean [black] majority rule?" Wolpe persisted.

"Yes," replied Crocker, who is regarded as the architect of the administration's "constructive engagement" policy toward South Africa, an effort to quietly encourage reform of the white minority apartheid system.

Wolpe and his aides said this was the first time any high-ranking administration official has publicly endorsed black majority rule in South Africa in five years of testimony before the subcommittee. However,

a State Department spokesman said former U.N. ambassador Jeane J. Kirkpatrick had endorsed the principle of majority rule in South Africa in August 1984.

The spokesman said Crocker did not feel that he was "breaking new ground" in making his statement and had simply meant that a democratic constitution, which the administration has long urged the South African government to adopt, "implies majority rule with built-in protection for minority rights."

At another point, Crocker also said the administration regards the ANC's guerrillas, who have been battling South African whites for

See POLICY, A31, Col. 1



CHESTER A. CROCKER
... calls guerrillas "freedom fighters"

U.S. Favors Black Rule in South Africa

POLICY, From A1

years," as "freedom fighters in the generic sense."

While administration officials have previously urged Pretoria to release imprisoned ANC leader Nelson Mandela, none has ever publicly referred to the guerrillas as "freedom fighters," a term usually reserved by the administration for anticommunist rebels in Angola, Nicaragua and Afghanistan.

Crocker's comments seem certain to anger conservative groups such as the Heritage Foundation, which were already pressing the White House to dismiss the controversial assistant secretary for African affairs because of his alleged opposition to U.S. military aid to anticommunist guerrilla forces fighting in Angola.

Crocker insisted yesterday that he favored providing "effective and appropriate" U.S. aid "in every sense" to the Angolan rebel leader, Jonas Savimbi. But he again made it clear that he believed his pursuit of a negotiated settlement in southern Africa's many disputes should be regarded as one form of support for Savimbi and his cause.

Crocker was also unusually harsh in his criticism of South Africa on other issues. For instance, he denounced as "a sham" the white government's offer to negotiate with black South Africans while at the same time imposing restrictive "banning" orders on two black leaders.

The United States "condemns in the strongest possible terms" the banning orders imposed Tuesday on Henry Fazzie and Mkhoseli Jack, moderate leaders of the United Democratic Front in Port Elizabeth, Crocker said. The orders, which last for five years, restrict the two men to the city during the week and confine them to their homes on weekends.

Crocker said Fazzie and Jack were "the kind of leaders who can help defuse racial tensions in South Africa. For the South African government to state that it wants negotiations with black leaders and then to put under banning restrictions people who have to participate in those negotiations is a sham," he said.