

BP\ATES S,

ECONOMIC growth is measured by changes in Gross Domestic Product (GDP),

which represents the total

output of an economy. But the

question can be asked whether GDP manages to capture all goods and services produced.

Grossly Deceptive Product is how a recent article in the Economist referred to GDP. It asked the question: Are the numbers on which

governments base their economic -

policies wrong?

Changes in real GDP may not be a true reflection of economic growth, as the contribution of the

so-called informal sector is ignored.

SA's official statistics are troubling. Growth is inadequate to meet the burgeoning demand for employment. Economists estimate that a growth rate of at least 5% to 6% in real GDP a year is required to cope with employment in the next few years. !

Instead, 3% seems to be about the limit before balance of payments

problems come into play.

Stelle; economics Professor Sampie Terreblanche says the secu-

lar stagnation of the SA economy over the last 13 years caused a dramatic decline in the creation of job opportunities. At the same time, per capita incomes declined by about 1% every year. R

From 1960 to 1974, 160 000 job opportunities were created every year. Since 1974, only 60 000 job

opportunities were created annually, while

300 000 people enter the job market

every year, according to Terre-

blanche. :

How do people survive in the face
of these statistics? Or do the figures
not tell the whole story?

While economists run econometric

models to forecast growth and
hence employment opportunities
the shadow economy thrives.

The Small Business Development
Corporation's Ben Vosloo recently

noted that one estimate of the size of

the unrecorded economy in the US
was as high as 20% to 30% of GDP.

- In SA it would seem that the un-
recorded sector is equally prevalent.
It is currently estimated more
than 500 000 businesses out of one-
million in SA are unrecorded, provid-
ing an income base to as many as 3,5-
million people, Vosloo said.

~ But the economist noted in its ar-
ticle that the different measures to
estimate unrecorded activity ex-
duce wildly different results. -
mates of America's black economy

'Has SA an
o BUSINESS hny Sos/pe |
informal sector?
Deceptive
Productivity?

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OKANTOR. .

range from 4% of GDP to 33%, Brit-
ain's from 2% to 15% and West Ger-

The economic indicators used to .

measure informal sector activity include;

[The demand for . This approach assumes that the black economy is a cash sector;

O The number of large-denomina-

tion notes in circulation is thought to indicate the strength of the cash sector; and

O Variations in the different measures of GDP.

The black market's size relative to SA's GDP remains a . area.

Economists say that what's important - '

. compelling evidence

tant is not so much the actual size of

the informal sector relative to GDP, but: rather whether unrecorded, but is growing as a percentage of

GDP. In other words is the informal sector growing formal sector? If the answer is yes, then real growth in GDP is un-

derstated and not a reflection of'

economic growth.

Economic indicators and surveys>

show that the unrecorded sector's contribution to economic growth is probably becoming more significant.

UCT economics Professor Brian Kantor regards currency demand in SA as compelling evidence of unrecorded economic activity.

Kantor, writing in an issue of Intercom, says South Africans should be using relatively fewer notes to transact their activities credit cards, interest on deposits and the availability of credit should result in less cash in the economy. =

But the opposite is true. The note

faster than the

issue has been growing much faster

than the other media of exchange. The latest Reserve Bank Quarter-

Run

ALLS BY Soviet leader Mikhail Gorbachev for radical political ponents as his reform drive enters its fourth year, sparking rumours of conflict in the top echelons of power. The opponents stand accused by Pravda, the Communist Party mouth-

tive political platform and Gorbachev himself says dissent has penetrated party ranks, a rare admission for a Soviet leader.

Analysts say these developments are

economic restructuring campaign launched by Gorbachev in April 1985 and , they could have dramatic implications for continued Soviet liberalisation. They say some of the Kremlin leaders' _who embraced economic reform have grown alarmed as Gorbachev extended new freedoms to the media and culture, and now fear his promised restructuring of the political system could undermine party control. i

Problems

Gorbachev is the first to admit his problems, speaking recently of a head-on collision of opposing views.

The administration-by-command system and its worshippers are not surren-

this month.

A veritable struggle in real life, in party and local government organisations, in work collectives and in all sectors of society, has erupted over this central issue. -

Looming over the conflict is the ghost of Josef Stalin, whose legacy is now un-

der attack as the root of Soviet decline.

Boris Yeltsin, the fiery Moscow party . chief, was ousted last autumn after denouncing the pace of reform as too slow.

An outspoken progressive, he was reported to have attacked Ligachev.

changes have emboldened his op- |
piece, of seeking to promote an alterna- Âf
an unforeseen result of the perestroika .
dering ground without a fight,â\200\231 he said
. suggesting

|
More recently, Ligachev's name hasâ\200\231
be}vÃ@g linked with a deeply conser_vatwg
newspaper article defending Stalin an

ing that Kremlin reform was un-

dermining socialism.
Shocked

rticle, published on March 13 by
S(EfrÃ@(\tasĩ-\20laya Rols)siya and quickly circulat-
ed for discussion at local party educa-
tion sessions, shocked Soviet %ro-
gressives and prompted a sharp hen-
unciation in Pravda early this month.
According to reports clrculatlng
among diplomats in Moscow, the S(ziv% -
skaya Rossiya article was eâ\200\230ndorsed by
Ligachev who was later repr}mgnde y
Gorbachev with Politburo backing. ;
Pravda, giving credence to rumours 0

organised opposition to reform, said

â\200\230nostalgia for the pastâ\200\231 could be under-
stood but a Soviet press organ was wrong
to give the impression that people were
being offered a new political platform.

The central issue is how far Kremlin
reform should go in dismantling the sys-
tem of tight state centralisation imposed
by Stalin and consolidated under the

. late Leonid Brezhnev.

Ironically the battle over reform has
come into public focus thanks to Gorb-
achevâ\200\231s glasnost (openness) policy, a by-
product of the perestroika he launched
on April 23, 1985.

Overhaul

ORBACHEV, then aged 54 and in
power for just over a month, told a
plenum of the partyâ\200\231s policy-mak-
ing Central Committee that he planned

|] Ã@bachev admits dissent has penetrated party ranks
s [os /88 g ' â\200\231

urs o
conflict ln
â\200\230Kremlinâ\200\231s
Politburo Â°

Special Correspondent, Moscow

Mikhail

â\200\230Speak the language of truth

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Gorbachev ...

With responsibility for ideology, Ligachev has since become identified as the leader of conservatives advocating a cautious approach to reform.

Leverage

His position as the effective Kremlin number two gives him weighty leverage in the current debate.

Analysts say there is no doubt of Ligachevâ\200\231s support for economic renewal through tightened discipline and a crackdown on corruption as outlined at the 1985 plenum.

But Gorbachev radically extended his reforms the following year by defining glasnost as a key element of perestroika, saying economic modernisation could not proceed without public knowledge of the facts behind Soviet decline.

Guilt' . :

Under the glare of glasnost, cracks in the monolithic facade of Kremlin power have become even more vivid in recent months.

In the partyâ\200\231s strongest condemnation of Stalin to date, Pravda said he bore tremendous and unpardonable guilt for orchestrating the repressions of his 1924-53 rule. ? :

A flood of articles giving Soviet readers new details of the extent of Stalinâ\200\231s party purges and the devastation wreaked by his farm collectivisation drive have appeared in the press since the Pravda critique was published.

Well-informed Soviet sources say these reports are a prelude to the re-

sults of an investigation by a Polity mission set up last November to re-overhaul the countryâ\200\231s economic machinery to combat stagnation.

He announced his intention to give greater power to the party rank-and-file

and insisted that officials speak the language of truth.

He also oversaw the appointment of

among them Yegor Ligachev. -

A ; - did in his 1956 secret three new men to the ruling Politburo, E(I);

view the Stalin era. ;

They say the results will be read to a party conference in June in an effort to galvanise public rejection of the Stalin legacy and support for reform, as Nikita

party on Stalin's purges.

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Crucial

The June party conference, the first since 1941, is shaping up as crucial for the fate of perestroika.

Gorbachev hopes to win backing for economic and social changes already under way and for the start of political reform. :

He said last month that the conference would discuss "far-reaching restructuring of the political superstructure",

Ideas floated in the run-up to the conference include limited terms of office for party officials at all levels, age limits for Politburo officials and direct election of party secretaries in multi-candidate secret ballots.

Oppose

Analysts say conservatives strongly oppose such changes as a first step to the collapse of the party's monopoly on power and will seek to put the brakes on reform at the conference.

They say delegate selection procedures make it probable the conference

will be dominated by party bureaucrats instead of the rank-and-file on whom Gorbachev counts for support.

But even if grass-roots members pre-dominated, they say, resistance to perestroika is so widespread it is uncertain whether Gorbachev would prevail. .

Retain

Soviet intellectuals say the broad masses deeply distrust reform, which has so far failed to fill shops with more food while threatening new uncertainties such as job losses, higher prices.

They say a vast silent majority, if given the chance, would vote to retain the system inherited from Stalin.

This point was not lost on the backers of the Sovetskaya Rossiya article, who appear to have timed it to rally opposition to Kremlin reform ahead of the party conference. ¶

As the formerly subterranean rumblings of conflict spill into the open, some proponents of reform have expressed concern that Gorbachev could face a serious threat as party leader.

But Western analysts contest the idea that he is in imminent danger, saying the stature which Gorbachev has acquired in the international arena â\200\224 and his involvement in long-term arms control negotiations â\200\224 undoubtedly buttress his hold on power.

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come GDP.

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- Inthe , there was a tight rela-

R tlonship tween currency demand

- and spending.

If the past relatlonshxp between :

~ Foreign Service

peace in Angola and Namibia is attainable if the re-engagement in diplomacy begun in London continues constructively at the next meeting, the chief US mediator, Assistant Secretary of State, Dr Chester Crocker predicted yesterday. ;

The next meeting, scheduled to take place at an African venue within weeks, would step up the pace of the process, focusing South African, Angolan and Cuban attention on highly specific, concrete details still to be worked out.

Positive results would depend on South Africa and Angola. A ceasefire agreement and the untangling of the entangled forces would be necessary for settlement negotiations to

~succeed.

= America would continue to offer its mediatory services. He warned

against the risks of pursuing military solutions, adding: "It is, after all, their (South Africa's, Angola's

and Cuba's) boys who are dying in

. these wars, not ours."

. The scope for a settlement capable of gaining influential US/Soviet backing was within reach if outlined more clearly. Gt

That, he suggested, would depend

" very much on the political will of

South Africa and Angola to pursue diplomacy through compromise and mutual agreement by narrowing the gaps between their demands.

Dr Crocker put the four-nation London talks into perspective at a press briefing several hours after a joint South African, Angolan and Cuban statement emerged, saying the meeting had been constructive and progress had been made.

Earlier, the South Africans said they believed progress had been achieved as the talks amounted to getting to know each other's points of view on the issues surrounding the

Cuban withdrawal and Resolution 435, directly from the other partiesâ\200\235.

There was a common â\200\234deep and genuine desire for peaceâ\200\235.

Dr Crocker said: â\200\234Whatâ\200\231s been going on here represents a re-engagement in diplomacy, but does not represent a settlement.â\200\235

The London meeting focused on the basic issues of principle â\200\224 the technical specifics, over which there

~were major differences of opinion,
~ remained to be tackled.

He said: â\200\234We would emphasise that while progress has been made

and an important step taken, there

South Africaâ\200\231s Piet Koornhof

are big and tough issues lying ahead, and gaps needing to be bridged.

â\200\234It is clear to us there are some gaps to be narrowed (between Sou African and Angolan demands), but it is also clear on both sides there is a readiness to take necessary decisions to do that. We will see.â\200\235

Dr Crocker said he had not detected an unwillingness on South Afri-

caâ\200\231s part to withdraw from Angola.

â\200\224 â\200\224â\200\224â\200\224 T â\200\224â\200\224â\200\224

Cubaâ\200\231s Alfonso van Dunem

â\200\230Many gaps to fill: Crocker

Asked about the Namibian element of Angolaâ\200\231s demands, he said: â\200\234The questions of Namibia and Angola are closely related. We do not see any other way to settle it, and apparently the parties do not either.

â\200\234Within the broader context of international relations, he said, the An-

golan issue was relevant to the Unit-

ed Statesâ\200\231 relations with the Soviet Union.â\200\235

He also pointed out that _Swipoâ\200\231s,

and Unitaâ\200\231s interests were not being sidelined by the latest Angolan diplomatic initiative.

â\200\234The outcome of this process has implications for both movements.

â\200\234The question of removing foreign forces from Angola is the best way to create conditions in which internal peace and reconciliation can occur, so the issues and interests relating to those parties are by no means being put on one side. They are very much in the minds of the people involved.â\200\235

He said the London talks had taken place between the sovereign governments, â\200\234by mutual agreementâ\200\235, but this did not mean Swapoâ\200\231s and Unitaâ\200\231s interests were being ill - served. {

He emphasised that America â\200\234has no intention of ending its relationshipâ\200\235 with Unita, adding that this had been the subject of bilateral talks with Angola. Â¥ it

However, Americaâ\200\231s relationship with the rebel movement was not a feature of the four-nation peace talks. : el
â\200\234We did not come here to negotiate issues which are not part of the settlement and our relationship with 9 Unita is not a bargaining chip in these discussions.â\200\235 B

Unita was nevertheless a vital element in the Angolan spectrum, Dr | Crocker said. 14 \

â\200\234 AN order that a member of the

' and of Inkatha pay damages of

A senior member of the KwaZulu Police said yesterday that police were alerted school by a caller who said a truck load of armed men : dpremsseg. However, when they around no evidence of outsiders having been brought to the school, : 24

They found the body of 3 21-year-old matric pupil been stabbed and who had also been stabbed, was taken to hospital.

had gone to the rived, they

who had

to trouble at the

burnt. A second pupil,

Inkatha man to;contest assault

e AT

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KwaZulu Legislative Assembly a Clermont woman he allegedly assaulted has been set aside.

Miss Thokozile Miriam Shabalala was granted the damages in a default judgment in the Supreme Court, Durban, last month against Mr Bekizizwe Samuel Jamile,

Miss Shabalala claimed that Mr Jamile and others arrived at the

~ * Mr Jamile, who said he was a herbalist trading under the name Mhlohlo Mlotshwa in Clermont, said he had known nothing of the case. He denied assaulting Miss Shabalala and intended defending the action.

He could not understand why he was cited by Miss Shabalala as there had been no disagreement between them. ;

He suspected the matter might

have political overtones because

house where she lived with her fiancée, Mr Joseph and her fiancée were ordered to accompany the men. Her fiancée was taken into the bushes, where he was allegedly shot dead. Miss Shabalala said she was severely assaulted. The default judgment was made when Mr Jamile did not defend the action, Asking for the rescinded, Mr Jamile said yesterday that the first he knew of the

~action; l&l 5\({}\7Qrâ\200\230()mg%magÂ\$Â\$4 o%%aSldEi~\202

case was when he read of it in the newspaper,

He denied any knowledge of the assault on Miss Shabalala. He said that after consulting his attorney he saw the summons. It had been served on his daughter by a white man. ;

His daughter did not understand English well. She was given a document which she signed and the white man went off with all the papers, he was a Member of the KwaZulu Legislative Assembly and a member of Inkatha. He suspected Miss Shabalala might be a member of the United Democratic Front or Cosatu. Â\$:

He said the police had investigated charges of murder and attempted murder in connection with the incident, but the Attorney-General had announced he | was not proceeding with the case. â\200\224 Sapa.

Khumalo. She

judgment to be

" The Afrikane

C\TzEN s/os/8R :

CORDING to Dr Denis Worrall, the lead-

er of the Independent Party, the era of Afri-
-kangrdominationinSouthAfrinnpoliï~\201esis

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some form of Black domination â\200\224 Zulu or

Xhosa orientated â\200\224 or it could be a non- |
-racial democratic South Africa.â\200\235

Presumably by Xhosa-orientated domination,

- Dr Worrall is referring to the ANC, and by

- Zulu-orientated domination he is referring to

- Chief Mangosuthu Buthelezi and his Inkatha

organisation.

But neither of the two is in any position to oust
the present government, which is dominated

~ by the Afrikaner, though it is getting increas-
ing support from English-speakers. -

There are other Jeremiahs like the Afrikaner

intellectual who frightens businessmen by

telling them that power will be taken over by |

~ the Blacks in 25 to 30 years â\200\224 or even 15.

And there is a Prog newspaper which crypti-

cally says: â\200\234Like it or not, power is going to

change hands in the foreseeable future, no

â\200\230matter what any exclusively White govern-

ment wants.â\200\235 |

Presumably it means power will pass into

The ANC is regarded in liberal circles as the

â\200\234liberationâ\200\235 force that will oust the Afrika-

ner from power and it rather fancies itself in

' that role. But there is no indication it will

Stephen Robinson, of the London Daily Tele-

graph, who recently visited the Lusaka head-

of the ANC, reported that the

exiled leaders of the ANC are undergoing a

- period of heart-searching as they contem-

- creasingly assertive and self-confident South

African Government. :

â\200\234Senior ANC members

accept that the heat

â\200\234has gone out of the organisationâ\200\231s combined

military and political offensive against Pre- | -

â\200\234'lh?ey-admittedininterviewsthattl;e.organiâ\200\224~
saï~\201onâ\200\231smoralewasatabwebb,because"

ANC, Right-wingadvaminWhitepohues,

or even sanctions. : -

â\200\234The ANCâ\200\231s military wing, Umkhonto we Siz-

-we(SpearoftheNation)hasfniledsequously

to challenge the SADF in three years since a-

heightened military offensive was an- |

nounced.â\200\235 &

Robinson concludes: â\200\234The ANC, founded in

1912, is probably the oldest liberation move- |

ment in the world. I did not have it in my

heart to tell them I suspected it would be

around for many years yet.â\200\235

As for the future of the Afrikaner, we do not

think that Dr Worrall, who is clo_set.to

Whitehall than to a return to the old South African
apartheid system, is a good judge. %
Not to do it so as to establish a new
papers in the Afrikaner, hence their
own lack of political clout. :
To liberals, the National Party Government's
claim to represent the 'people' of South Africa,
including the Blacks, is not genuine, because it
will not accept that one man, one vote is the
principle they believe, therefore, that it will fail.
The NP, on the other hand, is looking
for other democratic models. It does not in-
tend to hand over to majority rule and it
has the strength and resources to ensure that
it is therefore proposing to negotiate a new
deal in which the rights of all minorities
will be safeguarded. S
The Afrikaner Right, however, is gaining sup-
port on the basis of its opposition to the
White man's chances of survival.
Thus, whether it is the reformist NP or the
old CP, Afrikaners still dominate
South African politics. T
it is the Afrikaner who will determine the

Dr Worrall and the

-

Defence calls for recusal -

CAPE TOWN. â\200\224 The judge in the terrorism trial of 15 alleged ANC â\200\230members yesterday refused to withdraw from the hearing. .)
. Mr Justice D M Williamson said he found himself â\200\230â\200\234totally unpersuadedâ\200\235 by the arguments which had

.

on behalf of 12 of the accused for Mr Justice Williamson to recuse himself on the ground that he had failed to conduct an inquiry before clearing the public gallery last week and that it would be difficult for him to disregard the six-month sentences imposed on the accused for contempt of

G B

court after making a noise in court. :
â\200\230Miss Yasmina Pandey

self, said she feared that the judge would sentence

Judge refused

to

stop

and

withdraw |
C trial

ed, Ashley Forbes, to death

Mr Justice Williamson said he had appealed repeatedly to the public and the accused not to make a noise.

â\200\234My appeals were ignored and the noise continued.â\200\235

This state of affairs could not be allowed to

carry on, the judge said.

â\200\234I felt that the proper way to deal with it was to

exclude the public for a

couple of days.â\200\235

The submission that he

should have conducted an

- inquiry into who was re-

sponsible for the gallery

"They cannot claim thq'r

â\200\234would sentence her fianc2'

were unfairly treatedâ\200\235.

Miss Pandyaâ\200\231s submis-

sion that she feared he

to death was â\200\234ludicrous and melodramaticâ\200\235.

Mr Donen asked Mr

Justice Williamson for an

adjournment, saying he

found himself in the â\200\234em-

barrassing situationâ\200\235 of -

not being certain whether

he still had a mandate

from the accused. 1

The other accused are

Mr Ashley Forbes (22), |

Mr Peter Jacobs (23), Mr

Nicklo Pedro (20), Mr

Nazeem Lowe (24), Mr .

Anwa Dramat (19), Mr

Clement Baadjies (19),

Mr David Fortuin (22),

Mr Jeremy Veary (22),

Mr Walter Rhooode (23), |

Mr Wayne Malgas (22),

Mr Colin Cairncross (22),

Mr Ashraf Karriem (20),

Mr Colin Pietersen (23),

and Mr Leon Scott (29).

The trial continues.

indaba, EQ Loposals Â¥

to be studied:

MR FRANK Meintjies . . . Cosatu will study unity
- talks proposals. o :

THE Congress of South
African Trade Unions is to
study a proposal aimed at
bringing it and the

National Council of Trade.

Unions together for unity
e

has offered to host a

meeting between the two -
South African rival
federations = to explore

possibilities of unity
between them. ;
Cosatuâ\200\231s information

officer Mr Frank

hana-based labour -

By THEMBA MOLEFE

Meintjies said yesterday
that the federation would
study the proposal made
by OATUU general
secretary Mr Hassan

Adebay Summonu on
the eve of May Day in

Harare.

â\200\230Cosatu and Nactu

shared a platform at the
seminar hosted jointly by

OATUU-: and" the Inter-

national Labour Organ-
isation. The seminar was

also attended by

Namibian, Zimbabwean

â\200\230and Mozambican trade

unionists.

Mr Summonu said
after announcing the
unity talks offer: "What I
find most interesting is
that both sides agreed
that there is need for
unity in the labour
movement and are
committed to that

common goal. How the -

unity is to be achieved is a

matter to be negotiated:

when the two parties
come together to talk." Mr Meintjies said

VCAosatu had always called

Cosatu

for one union, one,
industry, and the
federation is to discuss
OATUU's proposals and
how to implement
decisions after they had
received a full report
from their delegates in

Speaking immediately
after the seminar, Nactu
president, Mr James
Mndaweni, said Nactu
appreciated the assurance by
OATUU that it would
always assist in the
struggle against apart-
heid. :

Barend

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clamps on growth

FINANCE Minister Barend du
Plessis yesterday unveiled

measures aimed at restraining

total economic growth..

He emphasised in a statement
that the aim was to contain the
recent excessive growth in expen-
diture, fuelled by credit, w. ich

could in the long run do more harm

than good.

The new measures are: i
I The debtors allowance on sales
tax payments will be phased out
over a period of a year. At present,
half the tax due on a purchase is
paid immediately with the balance
over the life of the hire purchase
agreement\

ent. : :
" Legislation would be included in

the 1988 Income Tax Act Amend-

ment. .

" He said the effect would be that
the allowance of any tax period
beginning before July 1, 1988,
would be reduced by 5% at the
beginning of each month, so that
the allowance would be fully
hased out by April 1, 1989, before
AT commenced;

O The valuations placed on com-
ganyâ\200\230 cars would be adjusted to
ring them closer to current mar-
ket values and from June 1 these
would be increased by about 15%.
The new tables of revised values
would be gazetted soon;

O Limits under the Usury Act and
Credit Agreements Act have been
raised substantially. The present
ceilings are R70 000, subjec to the

Usury Act, and R100 000 under the

Credit Agreements Act. From to-
~ day, the maximum amount for all

new financing transactions under both Acts will be R500 000. The limit for smaller sums under Section 2

of the Usury Act will be raised

from R4 000 to R6 000;

00 Minimum deposits on all transactions under the Credit Agreements Act will be raised by one fifth of the present requirement, for example, a deposit of 10% will

-

Standard reconsiders bond

GRETA STEYN

GERALD PROSALENDIS
and HAROLD FRIDJHON

become 12%. No change is being made to the maximum repayment period. This change will be gazetted today;

[Leasing transactions will be included under the Usury Act and the Credit Agreements Act. This provision will apply only to agreements which run for periods of more than three months, including any exist-

ing transaction. The provision ofâ\200\231

minimum deposits and maximum payment terms will in future apply also to rental transactions concluded from May 9.

Du Plessis warned that the public should not incur financial liabilities that could not be met in more difficult circumstances.

â\200\234] refer specifically to the granting of home-loans via overdraft facilitiesâ\200\235â\200\230with the house itself as

Outlining the economic background to the introduction of the package Du Plessis said: -

O The volume of manufacturing production, measured at a seasonally adjusted annual rate, rose by about 18% in the first quarter of 1988, compared with the fourth

@ DU PLESSIS ... greater stability
AL

THE Standard Bank is to reconsider its access

Bond after the Reserve Bank said
taken not to encourage the financing
spending by home-mortgage loans.

id care should be
g of consumption

terms of the Standard's scheme, homeowners
can borrow the amount they have paid off on their

bonds to use for whatever

purpose

they want to.

Standard's Dennis Matfield said last night De
Kock's statement would be considered in a serious
light by the bank's senior executives. |

At this early stage, however, he did not think bond-
holders who mbedm,dego:egt their surplus funds in

their bond accounts would

affected.

~ current account of the

quarter of 1987; :

] Wholesale sales, in constant
prices, rose by 15% and retail sales
by 4%; : :

O New-car sales were up 35%;

O Merchandise imports and value
of building plans passed also rose
sharply. ;

The accelerated tempo of economic
activity was accompanied
by an increase of 24% in the broad
money supply and by an inevitable
upward pressure on interest rates.

He said gross domestic product
was rising at an annual rate of
nearly 5% in the fourth quarter of
1987, while gross domestic expenditure
rose at an annual rate of as
much as 6,5%, and was still rising.

This had led to the surplus on the

balance of
payments virtually disappearing
as merchandise exports were lag-
ging. The rand had come under

pressure, its average weighted value against the basket of currencies depreciated by 79% between December 31, 1987, and April 30.

He welcomed the improvement in the general economic situation but said constraints under which the economy was labouring made it necessary to hold the upswing within affordable limits so that it could continue for as long as possible. The limitations placed on SA's economic growth capability by the balance of payments could not be ignored.

From savings, a growth rate of 2% to 3% could be generated, but a rate of 5% or 6% could not be maintained even under the most favourable circumstances. !

A proper balance had to be maintained between the growth rate in the savings and investment sectors.

er growth rate in the savings

term on the one hand, and growth

stability in the general price level on the other. ; 5B

The package should not halt growth in the economy, but simply damp down excessive expenditure.

THE Bank rate would be raised from 10,5% to 11,5%

" with immediate effect, the Reserve Bank said yesterday.

" Bank Governor Gerhard de Kock said the move was part of the package of economic stabilisation measures announced yesterday.

The Bank had also requested all banks and building societies to slow down the rate at which they were expanding their credit to the private sector.

In particular, it asked that they strain in extending consumer : granting of mortgages for the financing of homes.

De Kock said if consumer spending was not curbed timeously, the rise in spending might result in new demand inflation, balance of payment difficulties and downward pressure on the exchange rate of the rand.

The decision had followed a marked improvement in domestic economic conditions and an increase in real gross domestic expenditure during the first quarter of 1988 to a level more than 10% higher than in the first quarter of 1987.

Total credit

De Kock said: "While the upsurge in demand has further momentum in real output and income, it showed signs of imparting undue pressure on domestic resources and imports, at a time when exports were declining."

He said during the first quarter of the year total credit granted by the monetary institutions rose by an annual rate of 26%, after only rising by 22% on average for the whole of 1987.

To support this increase in demand for credit, the banks had to obtain additional reserves from the market and their efforts to do so placed upward pressure on short-term interest rates.

The Bank continued to moderate the upward movement in interest rates. It now deems it imperative to restrict its own credit creation.

@ DE KOCK
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Discount window

After talks with the banks and buildings societies, the Bank had decided to introduce these measures: : | '

0 It intended to reduce its lending facilities to the private sector and would only use its accommodation facilities to smooth out large month-end and other seasonal fluctuations in the money market;
0] Accommodation through the discount window would only be provided by rediscounting or extending 200\230 might loans against the security of liquid assets; ;

[The Bank 200\231s rate on overnight loans to discount houses would be increased by 1%. This meant the rate was raised from 12% to 13% for overnight - loans covered by Treasury bills and short-term government stock, from 12,25% to 13,25% for loans covered by liquid bank debentures and bills and from 12,75% to 13,75% for loans covered by liquid bank acceptances; b

0 Overnight loans to banks would increase by 1%. Overnight loans to banks in exceptional circumstances against the security of non-liquid assets would be granted at 16% for the first day, and this rate could be increased for any bank that might

' make excessive use of that facility.

demand for home loans to outs

The Bank said: 200\234The prevailing tendency for the t well result in further upward tments in the home mortgage rates of banks as well as built societies. FE 4 ;
The hoped the effects of the new restrictions of accommodation policy would encourage importers and exporters to make more use of foreign-based trade credit facilities. 200\224 Sapa..

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WINDHOEK â\200\224 Police fired rubber bullets, a bomb caused minor damage and two Owambos were killed in an accident, as Namibia remembered the SADFâ\200\231s raid into Cassinga yesterday. ! The raid, 10 years ago, which left more than 520 dead, was the SA Defence Forceâ\200\231s largest operation and is said to have been the largest paratroop operation since World War 2. " Minor damage was caused in a bomb blast at a train bridge in Windhoekâ\200\231s southern industrial area yesterday morning, police said. . About 200 g of explosives were used in the blast. There were no casualties. Â¢

Police reported that about 3000 school pupils marching through Katutura township, outside Windhoek, to commemorate the 10th anniversary of â\200\234Cassinga Dayâ\200\235, were dispersed with rubber bullets.

Chief Inspector Kierie du Rand said about 400 schoolchildren began marching through the township in the morning. The crowd had grown to 3 000 by the

. time they had reached Katutura police station, where they were warned to disperse peacefully.

When they ignored the police orders and began throwing stones at the police, the procession was dispersed by a volley of rubber bullets, he said.

Some of the protesters carried placards reading | â\200\234Botha you will not stop the Namibian revolutionâ\200\235 | and â\200\234SADF go homeâ\200\235. Aty

In Oshakati, two Owambos were killed when a | lorry transporting troops to a SADF parade collided with two other vehicles. |

One of the victims was a member of 101 Battalion and the other a civilian. Fifteen people were injured, six of them critically. ' 45

The SADF commemorated Cassinga Day with an impressive show of strength in Oshakati.

More than 70 vehicles, including Eland armoured | cars, Ratel armoured troop-carriers and- artillery pieces, drove in a 800 m-long procession through the streets of the town. The parade was accompanied by a fly-past of aircraft of the South African Air Force, including spotter planes, helicopters and Impala strike jets. ' : -

SA Army Chief-of-Staff Lieutenant-General Ian Gleeson told a medals parade that the raid on Cassinga on May 4 1978 had been a significant one for the SADF. He said it was the largest-ever South African

â\200\230Dutch govt answers uranium charge

The Starâ\200\231s Foreign News Service

â\200\230ROTTERDAM â\200\224 The Dutch Govern-
- ment says it cannot be accused of using
illegally imported Namibian uranium
in an enrichment process at a plant in
Holland because the origin of the ura-
nium cannot be proved.

This is one of the points made in its
written deposition in a civil case at
The Hague which it is defending. The
deposition was filed this week by legal
experts at the Foreign Ministry.

The government, which runs an ura-
nium-enrichment plant in Almelo, Hol-
land, in partnership with Britain and
West Germany, was sued on July 14
last year by the UN Council for Nami-
bia. The council accuses the Dutch
state, the company Urenco-Nether-
lands, and the plant Ultra-Centrifuge

Netherlands (UCN) of â\200\234collaboration in
the international and illegal plunder of
Namibian mineralsâ\200\235.

This is the first time a UN body has
filed such a lawsuit against any gov-
ernment, and anti-apartheid activists
regard it as a test case.

The deposition says that although the
Government officially recognises the
council, it does not accept that it has
any legal standing over the Urenco
matter within Holland.

It contends that the council cannot
prove that the Almelo plant actually
enriches Namibian uranium because
the products used in the chemical pro-
cess come from a variety of uranium-
producing countries. A

The deposition said Namibiaâ\200\231s urani-
um industry provided only 10 percent
of the world uranium market.

raid in Angola and the
biggest operation using |
paratroopers since World
war2. 753 g

More than 600 people
died in the fighting at
Cassinga, including about
two dozen Cubans, who
were killed when they
were attacked by South
African air-and-ground
units as they went to the
aid of the Swapo camp.

General Gleeson and
other veterans of Cassin-
ga â\200\224 including former
Army chief General Con-
stand Viljoen â\200\224 denied

_that the camp at Cassin-

ga had housed refugees.
Colonel Jan Breyten- .
bach, brother of poet
Breyten Breytenbach, re-
marked that if the people

; in the camp were refu-

gees, then â\200\234they were the
best armed refugees
everâ\200\235. Colonel Breyten-

. bach led the assault and
. later commanded the

The Star Bureau

report back to the Government.

LONDON â\200\224 Negotiators from South Africa, Angola
and Cuba are to meet again in Africa in a matter of
weeks to continue exploring a peace formula for An-
gola and Namibia. .

A settlement is still a long way off and there are
clearly substantial differences between the three.
Participants said a key common interest identified
during the talks was a desire for peace. Details of the
technical differences have yet to emerge.

Diplomats emphasised the delicacy of the initia-
tive.

The two-day talks in London ended at midday yes-
terday with a brief joint statement saying the discus<;
sions â\200\234took place in a constructive atmosphere and
progress was made. The parties agreed that a follow-
up meeting should take place at an African venue in
the near futureâ\200\235. f ;

The South African delegation has returned home to

controversial 32 Battal-

ion of former Angolan

guerillas.

Cassinga Day this year
has been declared an in-
ternational Day of
Prayer by the World
Council of Churches, and
church services are
planned this week
throughout Namibia. /

Swapo is also planning
to hold a rally in Wind-
hoek of Sunday, and polit-
ical observers here are |
speculating that the auth- |
orities may place a ban
on that gathering. â\200\224 |
Sapa, The Starâ\200\231s Africa
News Service.

â\200\231 See %gge 11.â\200\230

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mocratic Movement to

A e R S g :T"" [ot
decide on political future,

At the first congress of
NDM), to be hel

Es marÃf'van_ der Merwe S / oS b
Mr Wynand Malanâ\200\231s National Democratic Move-
Randburg tomorrow, a new stage in the development

ay poiâ\200\231â\200\230ical group, formed in October last year, will be intro-

the agenda is an election strategy for future participation in parliament-
ary politics â\200\224 an issue that will be spelt out for the first time. â\200\230

The congress will be attended by about 250 delegates.

- Experts in white as well as black

- politics will analyse the present polit-
' ical situation and, against this back-
- ground, decisions will be taken re-

garding future political strategies. =

Issues that will be dealt with in-

" clude â\200\234lasting securityâ\200\235, law and
order, emergency powers, human
rights, the economy and constitution-

al guidelines.

During the six months since its for-
mation the NDM has kept a low pub-

lic profile, concentrating on its first

aim of establishing contact with vari-
4 ra-parli political .

Ol e ta-par lÂ\$mgntagy po twal - Mr Wynand Malan

o breakthrough by the year's end.

| groups. ~ i i

_In an interview with The Star, Mr
Malan said that the NDM was ready
to pursue its next goal of mobilising

â\200\230the next general election.

tually every extra-parliamentary
group in the country. We made very
significant breakthroughs and re-
ceived widespread support for our
philosophy.â\200\235 '

politics by â\200\234processâ\200\235 politics, aimed
at reconciling all parliamentary and
extra-parliamentary groups in prepa-

about the countryâ\200\231s political future.
~â\200\234The only legitimate politics is in-
in establishing one South Africaâ\200\235

parliamentary support with a view to -
â\200\234We have had discussions with vir- -

~ This philosophy involves a replace-
ment of â\200\234systemsâ\200\235 and â\200\234struggleâ\200\235 -
ration for meaningful negotiations

Mr Malan said that, during the

.. a significant

NDMâ\200\231s first six months, about 40
branches had been formed. =
â\200\234Thousands of peopleâ\200\235 supported

- the movementâ\200\231s ideology although

â\200\234the recruitment of active commit-

~mentâ\200\235 had not been a priority.

This infrastructure would be deve-

loped further during the next six
months and members would now ac-
- tively be signed up. &

The NDM would identify consti-
tuencies where it had strong support
â\200\234with a view to winning parliament-
ary seatsâ\200\235. He wanted to break new

ground in traditional NP strongholds.

â\200\234Our potential powerbase is not

Â© PFP supporters, but voters wi
g S Is in- traditionally voted NP.

clusive politics. We cannot afford the
| luxury of division, of two regimes. All
political groups should work together S

At theâ\200\230:enc; of the year

make a significant breakthrough in
terms of our acceptability in parlia-
ry and "exttâ\200\230ï-\201-â\200\230.parâ\200\230]hmen A

circles,â\200\235 Mr Malan said.

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Cuba cannot be t

- From The Starâ\200\231s

-~ Washington Bureau !

As negotiators from four of thei
volved countries haggle in London
over the Angolan civil war, it is

worth asking why the Cubans are at

the table anyway.

~ Arenâ\200\231t the Cubans just the hired

guns, the Third World mercenaries -

sent in by Moscow to do the dirty

work? Why waste time with them?

Why not talk directly

in the Kremlin?

In a new publication, Mrs Helen

Kitchen, one of Washingtonâ\200\231s most

respected Africa analysts, argues

that the twin concepts that the So-

viets use Cubans as a proxy force

and tell them where to go, and that

Havana makes a nice profit from its

~ activities in Africa are simplistic

views. :

The actual situation is far more

- complex, she says. '

- Mrs Kitchen, director of Afri

studies at Georgetown Universityâ\200\231s

Centre for Strategic and Internation-

al Studies, notes that while many

Cuban activities in Africa synchro-

nise with Soviet policies and while

Cuban operations could not take

place without Soviet assistance, the

. two countries do not have a master-

puppet association. S

â\200\234Cuba has often taken the lead in

establishing relations with African

states, sometimes pulling the Soviet

Union into a relationship with a state

faster than Moscow intended.

â\200\234At other times, Cuba has sought

African relationships in order to con-

â\200\230vey independence from Moscow. And

once Cuba is involved in a country,

its interests do not always coincide

with those of the Soviet Union,â\200\235.

Mrs Kitchen provides two in-

stances where the Cubans and the So-

- viets had different approaches to

e

to their bomb :

.The

Castro . . . earning respect in the Third World.

African situations. One was active Cuban involvement in the defeat of an attempted coup by MPLA hardliners against President Agostinho

Neto in 1978 while the Soviets did nothing. g

The second was an unsuccessful effort by the Cubans to persuade Moscow to support Mr Robert Mugabe and his Zanu party during the Rhodesian conflict. The Soviets insisted on supporting Mr Joshua Nkomo and Zapu who were the big losers.

There is evidence that the Cubans don't always make the profits in Africa that they are reputed to be making. They have been known to waive costs when their African clients have not been able to meet the huge financial burden of a Cuban military and civilian presence.

So why are they there?

One factor is Castro's ambition to be recognised as a leader of importance and to enhance Cuba's international prestige Kitchen says.

By appearing to save black Angolans from attack by white-ruled South Africa, Castro earns prestige for Cuba. Similarly, Havana hopes that the role of Cuban medical and other civilian personnel in a wide range of African countries will encourage Africans to regard Cuba with special respect and support Castro in various international debates, including Cuba's long-term squabble with the US :

Mrs Kitchen argues that among

- the lessons Cuba has learnt in Angola

are these four :

@ African wars can be unexpectedly long and difficult, pulling Havana

in much deeper than originally intended. ' : 5

Such involvement can cause unintended conflicts with the Soviet Union. :

Involvement in an African war can be a long-term economic drain, rather than a source of economic

- benefit.

Cuban casualties eventually cause social problems at home, as do fears associated with the prevalence of Aids in Africa. 5

~ On the plus side, she says, the An-

golan experience has proved that

much respect can be won in the Third World by standing up to South Africa.

As the 1990s approach, Mrs Kit-chen forecasts, Cuba is likely to think - carefully before getting involved mil-

itarily elsewhere in southern Africa

e

ca.

at the level it is now involved in Angola. : 2

~ Havana will want to continue to

appear to fight apartheid, however, and therefore may consider providing training in the use of Soviet arms while staying well back from any front lines with or within South Afri-

~ It may choose to send more civilian personnel (doctors and teachers) to additional states in southern Africa and provide more scholarships in Cuba. : , :

Havana may also provide technicians to help rebuild infrastructure destroyed by South Africa or South African-associated guerrillas, and it may help in the training of local militias' that fear attack from South Africa. T AL

that Crocker would tell

Lurssen: The Reagan Administration is in its eighth and final year and next year there will be a new Assistant Secretary of State for Africa unless, of course, the next President invites you to stay on in the job. Does the approaching transition give you a sense of urgency about achieving US policy goals in South Africa?

- Crocker: A great many foundations and structures have already been

built and accomplished and are in place in terms of our policies. And I

think many have stood the test of an appropriate and proud response to the circumstances for the region and the circumstances of our own national interests. I don't see it as a question of the clock ticking toward the final two minutes, of sand running through the hourglass, of the fourth quarter of the game.

There are a couple of exceptions to that. I think the most obvious is the Angola/Namibia negotiations. Once our country gets involved fully in its political transition with all that implies, an opportunity could well be lost for all those who have the most at stake - South Africa, Angola, Namibia, the Frontline states. And it could be some time before the opportunity comes again.

In other respects, our message to South Africans about what we care

about and what we stand for remains clear. Obviously, we would like to see bold moves by South Africa's leadership, both governmental and non-governmental: to move ahead again on the agenda of - change negotiations. But if that doesn't happen, our values and our

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plete a negotiation in which much has been accomplished already ...

Crocker ... Open the windows of promise for the future.

principles, what we stand for, what

we try to do, remain very clearly articulated. We are not the losers.

- If you look more broadly in the region, there have been some very

difficult times, but there have been

times when things were getting done. We obviously want South Africa and its neighbours during the course of this year and beyond to come to realistic assessments of the need to co-exist on some basis. And there is some evidence: that that is already happening â\200\224 though there are real challenges and real prob-

â\200\230lems too. Y

I guess, to answer your question, I donâ\200\231t seeâ\200\231t in terms of sand in the hourglass but we are going to - sue, as long as it seems worthwhile, this very ope ti?_x}al effort to com-

This administration has paid a price for the courage of its convictions and we have no regrets in that regard because history will prove us right. I have no doubt about it â\200\224 history is already proving us right.

History is proving you right? Are you referring to your warning to the Congress that US economic

â\200\230sanctions would cause a reduction of American leverage in South Africa?

Yes, but also to something deeper â\200\224 that with reflection, in time, many

_of the most ardent advocates of . sanctions will come to see their

limits. And some already have seen it. Gy

People will come to see that a South Africa which is without restraint, which does not feel under obligation to be judged by Western standards, which has a contracting economy if that is the long-term result or, indeed, a less vigorous one is not a South Africa in which black advancement is going to come and

in which black bargaining power is

going to be advanced.

If you had an oâ\200\230; %rtunity to address the South African Cabinet, what advice would you give them about holding off more sanctions this year

or tough actions by a future Administration? : \

I guess I would say that the imperative for movement and decisions is

first and foremost one that is based-

in South Africa itself and I would not counsel any government to do things in order to try to stay out of our newspapers or try to curry favour with majorities in the Congress or what have you. Foreign policy in our country is very much -part and parcel of domestic politics and I just don't think that would be a credible argument to make to the South African Cabinet.

What I would say is that it is in South Africa's interests to get its house in order and to open the windows of promise for the future which are not currently open, to chart a course, to define strategies, create facts that will get the attention of people and capture their imaginations and focus attention

away from destructive strategies.

If that were done, it would have good consequences as well as South Africa's external relationships but, above all, it would have good consequences inside South Africa.

We see that in the light of what has happened since late 1984. The

illusions of imminent revolution

have been shown to be hollow in South Africa. The staying power, in purely physical terms, of the white

SA Cabinet

: : S 102

Extracts from an interview with Dr Chester

Crocker, US Assistant Secretary of State for Africa, by Neil Lurssen of The Star's Foreign News Service on behalf of Leadership magazine.

: structur@ there has been made pret-

ty clear. The determination of the black majority to keep going with the struggle for equality and freedom has also been demonstrated.

And so, in a sense, after all that various groups of people have done to prove themselves to each other, there would be a chance for progress, but only if the Government were prepared to explore it to

get something done.

There have been signals and hints from Moscow recently that the Soviet Union may become a little

. more flexible on southern Africa.

What do you think about this possibility? :

We take these hints as you call them as things to be tested, not rewarded. There are those who argue that when you hear a pleasant speech from your adversary, you should, reciprocate by changing your own position. I am not of that school of thought. But I think it very important to find out what these suggestions mean because they may be serious. And so we are in the business of doing that, most notably in the case of Afghanistan.

As far as Angola/Namibia is concerned, I think the jury is still out as to what they may mean. Maybe the Soviets have been studying the regional realities and have found that the East-West approach is not going

" to work. Although the Soviets talk - about a need for a political solution,

it is not clear that they are prepared to put their weight behind the settlement process. We shall have to