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Mr PIET "SKIET" RUDOLPH, secretary-general of the AWB, flanked by several khaki-clad men outside the Krugersdorp Magistrate's Court yesterday where Mr Rudolph appeared on a contempt of court charge.

Rudolph objects to 'foreign' magistrate

Citizen Reporter

IN FAILING to return to a court in which a Coloured man was presiding, he was not questioning the magistrate's ability in the administration of justice but his capacity as a "foreigner". Mr Piet "Skiel" Rudolph (54), secretary-general of the Afrikaner Weerstandsbeweging, told the Krugersdorp Magistrate's Court yesterday.

Mr Rudolph appeared on a charge of contempt of court and conducted his own defence.

The charge arises from Mr Rudolph's appearance for a speeding offence, of which he was later found not guilty, when he refused to stand trial on July 17 before a Coloured magistrate and a Black prosecutor.

During that appear-

ance, Rudolph left their seats and objected.

Mr Rudolph left the court during an adjournment and failed to return to the building. He had warned the magistrate that he would not return.

Mr Rudolph said yesterday that he could not allow a "foreigner" to have control over his life. "If this is wrong then I stand before the court as Martin Luther King did and say 'God help me — I have no option'".

"To me, a citizen means a person who has the right to vote, who is responsible for government, who makes laws and who makes sure that those laws are upheld."

"A person who does not meet these basic requirements — is just a foreigner — in duty of

Mr Rudolph said the situation in court on July 17 was created to embarrass him.

The magistrate at Mr Rudolph's previous hearing, Mr J Jasson, in giving evidence for the State, said that if the situation was created to embarrass Mr Rudolph he had no knowledge of that.

Mr Jasson said when he tried cases he never looked at the person's colour but at the facts before him.

When questioned on his capabilities as a magistrate he said he was qualified.

He said he felt a certain amount of fear when people in the court room jumped up after Mr Rudolph said he would not continue.

The case was postponed to February 4 for

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X PC Committee differs from ANC-Cosatu body

CAPE TOWN. — The President's Council Committee for Economic Affairs has no intention of creating competition for the National Institute for Economic Policy established by the ANC-Cosa-

tu alliance over the weekend.

The committee proposed the creation of a forum to set objectives for the economy by way of consensus.

"The forum proposed

by our committee would have as its objective designated leaders of all interest groups negotiating a means of fighting inflation and committing their organisations to specific objectives," the Chairman of the President's Council, Dr Willie van Niekerk said at a media briefing yesterday.

He said the ANC-Cosatu organisation seemed to be aimed at dealing with macro economic issues whereas the forum reorganised industry, agriculture, commerce, labour, financial services and also consumers. — Sapa.

Govt must show action, results

GOVERNMENT should embark on a strategy to create an economic environment in which well-informed consumers made optimum use of the opportunities offered by a smoothly functioning market economy to maximise their wealth.

This was one of the recommendations of the President's Council report on consumer action against inflation.

The report said the co-operation of the entire population, as well as all participants in the free-market economy, in the fight against exploitation should be obtained by placing the credibility of the government and its policies beyond doubt.

This should be done by means of consistent action that yields visible and positive results within a reasonable time. — Sapa.

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X Job creation by govt essential for trust

THE government should gain the public's confidence that the free-market system would be able to create the necessary jobs and distribute welfare equitably by means of open opportunities to participate in the system, said the President's Council report.

Job creation was essential for achieving this objective and the committee recommended that job creation should always be a prominent objective of government. This would ensure the acceptance of the free-market system and raise confidence in the government's hand-

ling of the economy.

It was important that the government should also, when acting as a consumer, fulfil that role with the same responsibility that it expected of private consumer.

The powers at work in the monetary sphere, and their effect, were discussed mostly in highly technical language which was unintelligible to the greater part of the general public and the committee recommended that a specific attempt be made to make the information available in easily understandable terms.

The report said activities of the informal sector that arose owing to insufficient opportunities for entry into the formal sector, rendered an important service towards the creation of jobs and increased competition.

The "stokvel" move-

ment showed that a considerable degree of capital formation was present in the Black towns, and the committee recommended that an investigation be conducted into the possibilities of "stokvels" developing into a formal financial sector serving the Black community.

The report said evidence before the committee showed that many of the disappointments consumers experienced with business transactions were attributed to consumer exploitation.

It was also found that the economic system did ensure justice for consumers, that deviations were the exception and not characteristic of the system as a whole and that consumers complained too frequently about problems that could have been avoided if reasonable care had been taken. — Sapa.

Organised sector expected to guide

THE costs of poor management and shop lifting should not simply be recovered from consumers but should rather be avoided through better business management, said the President's Council report on consumer action against inflation.

The report said it could be expected of the business sector to continually take into account its responsibility towards the free-market system on which its existence depended.

The organised business sectors should consider it their task to guide their members in supplying proper information to the consumer, and to deal with the consumer as the entity that gave the business undertaking its reason for existence. — Sapa.

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'Give Right fair share of media'

Citizen Reporter

THE leader of the Boerestaar Party, Mr Robert van Tonder, yesterday called for a general boycott of a possible referendum unless Right-wing political groupings had fair access to the publicity media.

Reacting to a statement by President De Klerk that he was confident of winning a referendum, Mr Van Tonder said Mr De Klerk was partly right.

By saying that he would win a referendum, Mr De

Klerk at the same time tacitly admitted that he would lose an election. He was not prepared to subject himself to the procedure which brought his party to power.

"The Right-wing cannot successfully fight a referendum if the Left-wing dominates the radio and television services. Also not if the Leftists control every daily and Sunday newspaper and brainwashes the voters through these powerful media", he said.

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'CP will prove unitarianism has failed'

By Cathy Thompson

WHEN the Conservative Party takes over, it will provide the leaders of the different groups with proof that the unitary state had failed and that it was marked by violence, unrest and war, the national secretary of the CP, Mr Andries Beyers, said in Potchefstroom last night.

Mr Beyers, who is also the CP's candidate for the up-coming parliamentary by-election in Potchefstroom, told supporters in the packed town hall the New South Africa had already failed.

"It has failed piteously — it has caused unhappiness among people, torn people apart and not solved one single problem, but rather worsened problems.

"We have unprecedented violence, an unheard of level of crime, and our vision for the future had been taken away," said Mr Beyers.

It was impossible for a single constitutional dispensation to serve people who differed as radically as did South Africa's inhabitants, and "at the end of the day what matters is who has the power".

Mr Beyers, who was addressing his first public meeting in the town, extended a "friendly invitation" to his opponent, the National Party candidate, Mr Theuns Krüger, to participate in three public debates with him.

* Referring to a meeting he had recently with Mr Krüger, Mr Beyers said he believed opportunities had to be created for the respective policies of the NP and the CP to be publicly expressed.

"The CP is busy uniting its own people to become a force to withstand the onslaught of the ANC and the Patriotic Front and to give the NP/ANC alliance a devastating setback," he said.

The rights of people were being trampled in their own fatherland, and the NP had chosen precisely the path against which it had warned voters in the 1989 general election.

"The record of this government is shameful. One has to ask whether there is still law and order in South Africa."

At no time in the history of South Africa was crime as uncontrollable as in the time since a terrorist organisation was legalised, he said.

Mr Beyers added that it was not, however, a time for tears, but rather a time for "us to roll up our sleeves and find freedom for ourselves and our children".

The CP wanted a "new republic" and had a vision of a bright new future for the "folk" and their chil-

PC report slams govt

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ernment as an element of stability in uncertain times.

"On the contrary, it blames the government for contributing to the increase in uncertainty.

"At the same time the confidence of the general public in the free-market system is undermined. Increasing pressure is exercised on government to intervene by, among other things, increasing State expenditure on social programmes.

"This causes further inflation, further distrust and further demands for intervention, which again lead to another vicious cycle.

"The committee is convinced that it is not only essential that government action be consistent and produce tangible results within a reasonable time, but also that the general public be informed constantly of the detrimental effects of inflation, the nature of anti-inflation measures, the expected results and the possible time needed for these.

"In this way confidence in the government to maintain economic stability can be restored and the co-operation of the consumer public can be obtained in order for these actions to succeed."

The report suggests that in order to restore confidence in government economic policy, a public forum should be created to set up, by consensus, objectives for the economy and to propose policy measures to realise these objectives.

The forum should include government policy-makers as well as organised industry, agriculture, commerce, labour, financial services and consumers.

It should report to the State President at least on an annual basis and its re-

port should be studied by the Cabinet Committee for Economic Affairs.

In looking at inflation, the Economic Affairs Committee of the President's Council says that among "disruptive economic factors" are the separate departments for separate race groups, leading to a proliferation of departments, which "caused administrative costs, to skyrocket".

International sanctions, the capital outflow and the reduction in job-creation gave added momentum to inflation. Another factor was aggressive trade union action, with wage demands unrelated to productivity.

"The rising cost of living owing to inflation, the shortage of job opportunities and the increasing number of unemployed, especially in the Black community, have led to widespread, discontent among the entire population.

"The committee is convinced that the deeper-rooted problems of the South African economy must soon be solved through a long-term strategy that is founded on economic principles."

This was necessary in order that "the confidence of the public can be won, and they can be convinced that a restructured economy will be able to create the necessary job opportunities and distribute wealth fairly.

"Such a strategy should especially focus on more job opportunities, since labour income plays such an important role in the defences of the consumer.

"The committee believes that the government's recently announced restructuring policy will, if implemented, do much towards bringing about this situation."

The report says that economic restructuring

must be seen to be of benefit to members of the public, by creating opportunities for greater individual participation in a free-market economy.

"Only in this way can it be ensured that the government will be able to rely on the co-operation of the broad consumer public in its fight against inflation and exploitation."

Continuing Conservative Party gains from the National Party were proof of the government's lack of credibility, Mr Clive Derby-Lewis, CP economic spokesman in the President's Council, said yesterday.

He told the President's Council that the council's report on consumer affairs repeatedly referred to the need for the government to establish public credibility. But this would not happen while government actions differed so dramatically from its words.

The report referred to Eskom increasing its tariffs by less than the inflation rate, but it did not refer to SABC licence fees, which had increased from R80 to R120 and then R150, over a period of 13 months.

"How can a government maintain credibility when it does that sort of thing?"

In June 1990, the Minister of Finance, Mr Barend du Plessis told the President's Council that the government had already "prepared a plan" to reduce inflation, lower individual taxation, promote job creation and improve competition in the market-place.

Yet the President's Council Committee for Economic Affairs had spent two years on a report on these issues,

which contained "the strongest condemnation of the government yet to emanate from a government-dominated body".

The public's dissatisfaction was shown in CP gains from the NP recent municipal by-elections. In Somerset West, the Democratic Party recently won a municipal seat from the NP.

Mr Derby-Lewis quoted a headline in the Sunday newspaper, Rapport, saying: "economy driving Virginia to the CP". If this was true in Virginia, why should the voters of Potchefstroom act any differently?

"In Virginia, the National Party is heading for a jolly good thrashing," said Mr Derby-Lewis.

Mr Issy Pinshaw, NP, a President's Councillor, said the government and business should jointly consider whether, by self-regulation, they could more effectively and in a less costly way protect consumers.

"Business should, in order to offer consumers adequate protection, use all the possibilities of self-regulation by means of codes and voluntary agreements," he said during the debate.

From an analysis he had made, it appeared the apparent volume of consumer complaints was highly exaggerated.

"In 1990 the total value of retail sales in the Republic was over R71 billion and if we assume the value of an average purchase amounted to R5, then over 14 billion transactions were affected.

"The total number of complaints received by the SA Co-ordinating Consumer Council over the same period was 39458, which is relatively insignificant in comparison."

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Conference told all armed forces must integrate

By Keith Abendroth

A CONFERENCE of geo-political and defence strategists heard yesterday that the military wing of the ANC, plus other radical Right and Left-wing militarists, would have to be included in a new-look defence force in the new South Africa.

At a conference in Pretoria on the Southern Africa security scenario, delegates were also told

that many officers and career soldiers in the existing SADF were uncertain of the future, following its extensive reorganisation.

Said Dr Jakkie Cilliers, director of the Institute for Defence Politics: "They fear for their careers and have, in many cases, become demoralised."

"The result is that a proud and battleproven

machine is losing expertise and experienced personnel at an alarming rate."

The conference was held jointly by Pretoria University's Institute for Strategic Studies and the Defence Institute.

Brigadier M G Ramushwana, chairman of Venda's National Unity Council, said that a new security force was clearly

in the pipeline for the new South Africa, and that it would have to be structured and reoriented to adapt and adjust itself to the new constitution.

"The integrated security forces should be neutral and free of any political involvement, with the integration mechanism worked out by all the players, such as the SADF, ANC, MK, Azapo, Inkatha, the AWB and the PAC."

"The integration of the armed forces of the TBVC countries (Transkei, Bophuthatswana, Venda and Ciskei), the SADF, MK, AWB and others is no longer a question."

"What is of cardinal importance is the process, agreed norms and the other requirements to finalise the issue to the satisfaction of all involved."

Dr Cilliers said that yesterday's conference was an acknowledgement that South African security could not be divorced from its regional context, and that there was little doubt that the country's security and prosperity was best served within some type of regional security arrangement.

"The single most important implication on an appropriate military culture for South African military forces is that they should be firmly directed towards their primary task in society — deterrence and defence against external attack," he said.

The continued semi-permanent deployment of the SADF in countering mass unrest and helping the police maintain law and order was not conducive to impartial, accountable and non-interventionist armed forces in the long run.

Inevitably, said Dr Cilliers, the involvement of military forces is highly politicised.

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Pik: We met Renamo chief

FOREIGN Affairs Minister Pik Botha yesterday evening confirmed that he and State President De Klerk held meetings with the leader of Renamo in Nairobi, earlier this year.

Mr Botha said the meeting with Mr Alfonso Dhlakama took place during the State President's visit to Kenya in June.

It was part of South Africa's efforts to procure a cease-fire in Mozambique and to facilitate the process of reconciliation in that

country.

There had been additional meetings with Mr Dhlakama and other representatives of the South African Government.

All these meetings took place with the full knowledge of Mozambi-

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Renamo chief

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can President Joaquim Chissano, and were conducted as part of the overall effort to achieve a peaceful settlement in Mozambique.

According to a Johan-

nesburg newspaper report, Mr De Klerk had questioned Mr Dhlakama during the meeting about allegations that Renamo was acquiring arms from South African syndicates. These allegations were denied, the report said. — Sapa.

THE CITIZEN COMMENT

Stop it

WE are all so pre-occupied with the criminal violence in our towns and cities that we tend to overlook the political violence that continues to tear this country apart.

It is particularly bad in Natal/KwaZulu, where the death toll mounts daily.

After recent massacres on the Witwatersrand, the violence has become more sporadic.

The slayings on trains have been stopped and the safeguards introduced, and to be introduced, should make the lives of commuters safe.

In the Free State, the death toll at No 4 Shaft of the President Steyn Mine has reached 86, with eight more miners killed on Sunday night.

State President De Klerk told businessmen at a banquet on Monday night that the unnecessary violence occurring around the country, and the revolutionary and radical rhetoric surrounding it, were hazards snagging the multiparty process.

These factors served no purpose but to cause despondency at home and to create the gratuitous impression abroad that South Africa was an unstable country.

"Both are to the detriment of all South Africans since they undermine the confidence required to stimulate the foreign and domestic investment we need — the confidence which is an essential catalyst for the economic growth required to help us counter poverty and growing unemployment."

Earlier, Mr De Klerk appeared more confident.

Many steps had been taken to quell violence.

"We can expect a much improved situation.

"Firstly, because we have upgraded the capacity of the police in one year by 10 000.

"Furthermore, we have a Peace Accord where various mechanisms have been agreed upon.

Those mechanisms are now in the process of being put into place. The judicial commission has already been created under Judge Goldstone."

Most importantly was the fact that "we are starting with a multi-party conference where the followers of the leaders of those parties where we really have faction fighting between them will be seeing their leaders in public in an amicable way negotiating a peace settlement".

Mr De Klerk repeated his warning that if even stronger action became necessary, the government would not hesitate to take that step.

ANC leader Nelson Mandela, speaking at a dinner at the French Embassy, said the ANC would have liked violence "to end tonight" and was taking positive steps to end it.

There was a sense of urgency for political stability to be achieved, "and we are not the only party that feels that sense of urgency."

Unfortunately, while the leaders of the main parties talk peace, the warring continues.

We doubt whether, given the struggle for power and the tribal animosities between Xhosas and Zulus in particular, there will be peace for a long, long time.

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We do not think that the Peace Accord is going to work while some of its provisions, like not slanging each other, are broken, and while the ANC refuses to hand over its arms caches but insists that the Inkatha Freedom Party's supporters be deprived of their "traditional weapons".

We are especially saddened that the multi-party talks will start against a background of continuing violence, whereas it was always understood that a climate of peace was necessary if the negotiations were to succeed.

It is also a shame that the talks are to be held against a background of consumer boycotts — a Black Christmas in which White shops are boycotted is to be staged in some areas — threatened stayaways and prolonged strikes.

It is time the leaders on all sides stopped their rhetoric and addressed the question of violence, of peace and stability with the vigour they reserve for trying to score points off each other.

The violence, the jockeying for advantage, the mass mobilisation, the boycotts, strikes and stayaways are creating the very conditions of unrest in which violence breeds.

Let's have an end to it all for the sake of the country and for the sake of the future.

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Brothers attacked by ANC, not enemy

The killing of the PAC member, Abner Mongwagelwa, by ANC members in Munsieville is an act of immeasurable irresponsibility and stupidity. It sparks unwanted violence between the African National Congress and the Pan Africanist Congress of Azania. It is hopeless ... a shame.

The PAC is not known for attacking other political movements. It is not known for such callous killings. It is best known for its slogan "Peace among the people, war against the enemy". The ANC members on the other hand are known for their bully-tactics of forcing people to join their marches ... to indulge in consumer boycotts without being consulted. Worse, to stab people who differ with them ideologically and "necklace" them. That has always been the motto of their "struggle against apartheid".

Many of us know very clearly that on certain levels the ANC can be likened to the Inkatha Freedom Party which attacks its own brothers rather than the enemy itself. We thought that maybe once we had formed a Patriotic Front there would be a halt to the notorious "necklacing" of our people. I know that mentioning all this could lead to an attack on me but I am not afraid. The truth must be said: "A man dies who remains silent in the face of tyranny."

These people should stop this wanton and senseless killing of those who differ with them ideologically. The ANC has in the past attacked Azapo members and members of other political thinking differing from theirs and this has caused them a painful delay in their struggle for reform.

Monageng Mogapi

Mohlakeng,
Randfontein

The Star 27-11-1991

PAC uses Zanu tactic

The Government has warned that the Pan African Congress's continuation of the armed struggle was "seriously imperilling its involvement in peaceful negotiations" (The Star, November 7).

The random killing of a police constable would seem to be pointless in the circumstances now prevailing; not however, if regard be had to the statement from PAC's military wing — "it would continue the armed struggle until the government is overthrown" — and the place where the statement was made. It is not insignificant that it emanated from Harare.

The landslide victory by Zanu in the Zimbabwe elections following the Lancaster House settlement was owing mainly to it being perceived (unlike Zapu) as

having continued the armed struggle against the Smith regime throughout the negotiating process. Zanu and the PAC have had a long period of close association, stemming from their common link to Red China. Mugabe has made no secret of the special relationship between PAC and Zimbabwe. Both were inspired by and subscribed to the Mao school of revolutionary mischief, albeit the PAC being hitherto content (mercifully) to substitute for the barrel of the gun, a spout which emanated an endless stream of menacing rhetoric.

The killing of the policeman may thus mark the PAC's first step in the deployment of the Zanu tactic, by projecting itself as the only uncompromising black movement against the

white establishment in the run-up to any elections in the new dispensation, while having regard to the suspension by the ANC of its armed struggle to facilitate negotiations.

It seems inconceivable that the ANC did not, as a condition of the alliance within the Patriotic Front, insist on "level playing fields" between the parties, by the uniform suspension of the several armed struggles of the alliance members, throughout the negotiation process.

This development has evoked no response from the ANC. Does its silence stem from an abundance of prudence, lest any protest is judged as confirmation of having been outmanoeuvred by the PAC?

A Ebrahim

Fordsburg

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PAC to attend talks despite split in ranks

By Kaizer Nyatsumba
Political Staff

Despite opposition from some of its members, the Pan Africanist Congress will attend the preparatory meeting for multi-party talks on Friday, according to PAC publicity secretary Barney Desai.

Mr Desai said yesterday that at the talks the PAC would demand that round-table talks be held in a neutral venue outside the country so that Pretoria would not have an "unfair advantage".

He said the PAC rejected the Chief Justice as convener of the talks

because he was "a functionary of the State".

His confirmation comes a day after some members of the PAC, calling themselves the Joint East and West Rand Facilitating Committee of the PAC, attacked the PAC for its willingness to take part in talks with the Government.

Members of the "facilitating committee", who claim to have the support of various PAC structures across the country, called for a national consultative conference to be held in Katsiehong on Saturday to "address the crisis in the PAC".

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Call for interim rule

LONDON — British MPs tabled a motion yesterday calling for rapid agreement on an interim government for South Africa. The motion, tabled by the influential All-Party Parliamentary Southern Africa Committee, has the support of 53 MPs.

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NP's model for consensus is a formula for paralysis

THE difficulties Gerrit Viljoen experienced in getting the political parties to agree to Friday's steering committee meeting in preparation for the multiparty conference were a foretaste of the consensus politics the National Party wants to be the basis of a new constitution.

There was no big issue at stake. It was a matter of agreeing on a convener, the chairman to assist him and a date for the conference. But one party's quibbling caused repeated postponements while an embarrassed Dr Viljoen rushed around trying to get his consensus together. The result was to delay the conference by nearly a month.

If we are going to have so much trouble getting decisions on trivial matters, what is going to happen when the issues are important? Imagine having to get the NP, ANC and Inkatha to agree on every executive decision that has to be taken, in the Presidency and the Cabinet, and on every item of legislation that has to pass through Parliament.

It's a formula for paralysis.

In this and other respects the implications of the NP's proposed constitution seem 'not yet to have dawned on white South Africans. This is largely because the Government has managed, quite falsely, to put over the idea that it is modelled on the German and Swiss constitutions.

There are elements taken from both, it is true. But in its totality this is a unique constitution, the only one in the world that provides for both statutory conditions and consensus decision-making.

There are many coalition governments, but they are formed voluntarily and, except in rare instances, when there is no clear majority in parliament.

To compel the forming of a coalition by law even when there is a parliamentary majority is another matter. Combine that with the consensus requirement and the NP's plan to load representation in favour of minority parties and you have a system that is both impracticable and a distortion of



Allister Sparks

democracy.

The Government argues that its purpose is to prevent domination and to accommodate cultural differences. But this confuses "domination" with majority rule. Democracies function on the basis of parliamentary majorities. It is only if the majority oppresses minorities that it is appropriate to talk about domination.

What a constitution needs to do is to prevent such oppression. It can do so with various mechanisms to protect the legitimate rights and interests of minorities.

But to go further, as the NP's proposed constitution does, and require that legislative and executive action can be taken only if minority parties consent to it, is a negation of democracy. It nullifies

the will of the majority and empowers the smallest minority, which can go on saying no until its demands are met.

This is not to ignore the importance of minority fears. Reconciliation is our country's crying need, and a prudent black majority party would do well to make a gesture by inviting representatives of other parties and interest groups to join its first Cabinet. There could even be an agreed formula for joint participation for an interim period.

But not a requirement written into the constitution. That makes it a formula for frustrating the majority and sets up the constitution as a target of resentment.

Consider the undemocratic distortions the NP proposal would be likely to produce. There will be one-person-one-vote elections, with proportional representation, to a legislative assembly.

So far so good. But representation in the Senate — the more important House of Parliament because it has the final say on what

is passed into law — will be on a regional basis, with every party that polls more than a minimum percentage in each region getting the same number of seats.

The Executive will be a "Presidency" consisting of the leaders of the three largest parties, who will appoint a multiparty Cabinet. Both must take decisions by consensus.

Assume Party A wins 60 percent of the votes in a general election, Party B 20 percent and Party C 10 percent, and that the voting pattern is more or less the same in all regions. It means B and C together have only half A's support but double its representation in the Presidency and Senate.

It also means C alone, with its 10 percent voter support, can block any Executive decision.

It would be difficult to imagine anything more explosive than to block the will of the majority in this way. Here we are saying that apartheid is over and that we are going to have a new, democratic South Africa. We allow the blacks

to vote and their chosen party to win a majority, expecting that this will enable it to start redressing the gross inequalities that are the legacy of apartheid.

But then we have a constitution that prevents that majority from meeting the expectations of the millions of people who voted for it; that allows the NP or even the Conservative Party to veto whatever they don't like and so preserve the status quo.

Why did President de Klerk ever embark on this course with his famous speech of February 2 1990? Surely because the failure of the tricameral constitution to satisfy the overwhelming majority of the population had led to an upsurge of internal strife and external pressures that made the situation in the country untenable.

So why do the same again? Who stands to gain from a constitution that, by frustrating the majority of people, causes renewed alienation and political turmoil? Surely not anyone. □

A major issue was submerged by the anti-VAT strike, says Mike Siluma

Showdown looms over the economy

THE Congress of South African Trade Unions' demand for the formation of an economic forum to deal with economic issues in the transition to a nonracial democracy — a call that tended to be submerged in the furor surrounding this month's anti-VAT strike — has paved the way for a new battle front between Pretoria and the ANC-SACP-Cosatu alliance over control of the economy.

In the strike's aftermath, Cosatu and its anti-VAT allies threatened sustained action over VAT, but debate within the alliance is pointing increasingly towards an even more fundamental showdown with the Government on overall economic policy.

Cosatu has expressed fears that the Government is hastily restructuring the economy to protect whites' interests and ensure that a new government would not be able to meet the economic needs of the underprivileged majority.

Jay Naidoo said: "By restructuring the economy during a period of transition, the Government is trying to ensure that the democratic movement enters political negotiations with one arm

tied behind its back."

The roots of the union drive for a macro-economic negotiating forum, or an economic policy forum, lie in last year's watershed agreement between Cosatu, the National Council of Trade Unions, employers and the State on new labour legislation. Parties to the agreement acknowledged the need to "discuss, in an appropriate forum, the impact of labour relations issues on the economy".

In the interim, Cosatu and allied organisations have moved with speed to formulate their proposals for an economic forum, but not before dealing with some prickly tactical questions raised by the concept of such a forum.

Chief among these are:

- How to link the alliance's participation in constitutional talks (which are, in any case, bound to impinge on the economy) with Cosatu's campaign for a separate economic forum.
- Whether Cosatu should attend the multiparty talks as a separate entity or as part of the ANC-SACP alliance, given Cosatu's determination not to be relegated to the spectators' stand in the talks.

- How the forum would relate to existing advisory bodies such as the State President's Economic Advisory Council and the National Manpower Commission.

- Whether, by taking part in a forum including the Government, Cosatu and its allies would make themselves co-responsible, in the eyes of their followers, for the country's economic problems.

The forum — which would include the Government, the main political parties, the unions and organised business — would deal with macro-economic policy, including VAT and the Budget; socio-economic needs, including housing, health and welfare; and labour market policy.

This means the forum cannot get off the ground without the participation of the Government and the employers. But what are their views on the matter?

While the employers and the Government say they are committed to some form of "appropriate forum" to discuss labour and other economic issues, they have not put forward their views on its structure and functions.

Bobby Godsell, the labour

spokesman for the employer body the SA Consultative Committee on Labour Affairs, said no agreement had been reached on what would constitute an "appropriate forum". "It's my opinion that most employers acknowledge the need for ways in which key economic stakeholders like the unions and business can make an input in economic matters in an orderly and constructive way. But there is no developed Saccola position on the issue."

The Government seems to believe any forum on the economy should be subordinate to political negotiations. Before moving from his portfolio as Manpower Minister, Eli Louw said the Government's view was "while organised labour and organised employers are important players in the economic debate, they are not the only ones", and there was a need to link economic initiatives with constitutional talks.

He added: "Having parallel talks (on the constitution and the economy) is an option, but there are other options. The Government cannot make any prescriptions." □

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The Star

Established 1887

South Africa's largest daily newspaper

Lost Virginia

THE NP is going to lose, and lose badly, in the Virginia by-election unless something very dramatic happens to change the voters' minds between today and tomorrow. This is a worrying prospect for President de Klerk, but it should be placed in its proper context.

All-white elections no longer carry the weight they used to. The Government has, to be sure, been haemorrhaging white support to the Conservative Party as negotiations have stumbled forward, but the issue is no longer how many seats the Official Opposition occupies in the House of Assembly. The issue is whether the Government can hold on to enough white support, long enough, to scrape by in a referendum on a new constitution.

Virginia, like all by-elections a very specific case, will not in itself answer this question. Constituency delimitation favours the CP and the swing to the Right cannot be extrapolated on this basis.

But losing is still going to be a painful experience for the NP. It might, for one thing, prompt Mr de Klerk to take a lesson from President Bush — and start spending more time at home attending to domestic unease, rather than savouring encores on the world stage.

The Star 27-11-1991

Come Friday, SA politics get serious, writes Political Editor Shaun Johnson

Let the (real) games begin!

FRIDAY'S meeting of the "steering committee" for next month's multiparty talks is an important curtain-raiser to the final rounds of the new South Africa challenge, on two levels.

Obviously, it will lay the pieces at the negotiating table. But its significance goes beyond the dotting of organisational 'i's and crossing of logistical 't's: when the members of the steering committee take their seats around the table, they will do so on the unspoken understanding that real politicking will henceforth begin to replace mere grandstanding.

Throughout this year, the key parties have enjoyed the luxury of making broad policy pronouncements without looking themselves into detail. Thus, in many vital areas, the impression of a high degree of consensus among rivals could be created — without spelling out the substance.

Terminological gymnastics was

the useful method employed: the public could be forgiven, for example, for assuming there was not much difference between the NP's proposed "transitional arrangements", the DP's "transitional government", the PAC's "transitional authority" and the ANC's "interim government". There was, of course, and still is.

Friday marks the beginning of the end of this period of cosy, mutually beneficial ambivalence. The various parties mean entirely different things in using these terms, and the formidable task of the multiparty talks is to thrash out a detailed compromise.

The NP, strategically alert as ever, is already playing publicity with the concept in preparation for some smart moves at the negotiating table. From an initial position that held that the Government's authority during transition was sacrosanct — and the likes of the ANC could hope at best for an "advisory" role — the party is

suddenly releasing trial balloons on methods of pre-emptive power-sharing.

The NP is playing with the ingenious idea of softening its opposition to the notion of interim government — thus appearing flexible and conciliatory — while subverting the meaning and purpose of the concept as envisaged by the ANC.

The ANC wants an interim government that would wholly usurp the powers of the State for a limited period, constituting the transition to majority rule elections. The NP is thinking in terms of such a structure accruing powers — and responsibilities — incrementally, and developing an (indefinite) life of its own. The apparent convergence in terminology, therefore, disguises diametrically opposing strategic objectives.

For the ANC, the idea is to get the NP out of the political driver's seat as soon as possible. For the

NP, it is quite the reverse: allowing a few back seat drivers on board might ensure that President de Klerk is able to keep his grip on the steering wheel well into the journey.

The ANC is already showing signs of not being quite sure of what the NP is up to, but instinctively assuming the worst. The latest edition of the ANC mouthpiece *Mayibuye* observes: "It is reliably learnt that the NP wants a drawn-out transitional process with an interim constitution and Interim Government taking 10 years or more." (Note that the ANC is preparing itself for the possibility that the NP will take the wind out of its propaganda sails by agreeing to an "interim government". A key ANC slogan could thereby be rendered worthless.)

Mayibuye continues: "With this kind of weird approach and with its unworkable constitutional proposals, the position of the NP is

therefore tenuous. It has few friends as more and more forces ... join the quest for a fair and just transition."

This interpretation might be a useful tonic for the troops reading *Mayibuye*, but it is exceptionally sanguine under the circumstances. The use of the word "weird" in describing NP strategy suggests a degree of ANC confusion.

In truth, the NP idea is — from its own point of view — anything but weird. "Shrewd" would be a more appropriate term. If the party can succeed in looking its opponents into a form of shared rule on its own terms, it will benefit on many levels. The exercise of power, even pieces of power, will have an inevitably moderating effect on those who have previously been confined to the role of critics; the image of representativity at government level will lessen the pressure for "all-or-nothing" constitutional solutions; and the urgency for holding an election will decrease.

Then there is the ANC assumption that the NP is increasingly friendless as the countdown to the new South Africa begins. What is in fact remarkable is the extent to which NP proposals for avoiding a "winner-takes-all" result are receiving sympathetic hearings, notably in international circles. In the US, most of Europe and the Soviet Union, a uniquely South African solution — including "weird" arrangements restricting a new government's power — are anything but anathema.

The world in 1991 is very different from that of 1980, and foreign governments now listen carefully to any proposal they think might ensure that the future does not dissolve into ethnic chaos, as in Yugoslavia. For these reasons the ANC might be well advised to confront and combat politically NP tactics, rather than dismiss them. And, come Friday, the time for starting to do that will be well and truly nigh. □

The Citizen 27-11-1991

Gen suing PW for alleged defamation

By Tony Stirling
and Fred de Lange

THE former State President. Mr P W Botha, has declined to comment on a report that General Hendrik van den Bergh, original head of the Bureau for State Security (Boss), which eventually became the National Intelligence Service (NIS), intends to sue him over remarks attributed to Mr Botha at the weekend.

The remarks were contained in transcripts of a tape recording of a recent conversation with the cur-

rent head of the NIS, Dr Niel Barnard, concerning the destruction of the tape recording of his 1989 meeting with the ANC president, Mr Nelson Mandela.

Gen Van den Bergh is reported to have instructed his attorneys to sue for defamation over remarks attributed to Mr Botha that Boss was a "corrupt department" and a "sorry lot" when Mr Botha appointed Dr Barnard to take over as head of the department, after Mr Botha became Prime Minister in the late 1970s.

The transcription of his

conversation with Dr Barnard was released by Mr Botha.

Speaking from his farm near Delmas yesterday, Gen Van den Bergh said the matter had been handed to his lawyers on Monday after details of the discussion between Mr Botha and Dr Barnard were widely published in the weekend Press.

He said it was possible that other former Boss personnel might also consider suing Mr Botha and that he had received calls to this effect from former colleagues.

"They are shocked. I believe they might also sue."

B/Dag 27-11-1991

NUM men on hunger strike

KLERKSDORP — Eighty-three awaiting trial prisoners being held on intimidation charges at Klerksdorp Prison in the Western Transvaal had refused food for 11 days, the Correctional Services Department confirmed yesterday.

The prisoners, all NUM members at Buffelsfontein Gold Mine, were arrested on charges relating to intimidation after the anti-VAT strike on November 4 and 5, Western Transvaal police spokesman Maj B van Heerden said.

Correctional Services spokesman Maj Dave Smit said none of the 83 was in a serious condition.

Cosatu said five of the hunger strikers were admitted to Tshepong Hospital, but Maj Smit said two of these had been sent back to prison on the advice of doctors treating them.—Sapa.

B/Day 27-11-1991

VERA VON LIERES

ABOUT 1 200 miners at the President Steyn gold mine in Welkom agreed in talks with management yesterday that they would not return to work last night and discussions would continue today, an Anglo spokesman said last night.

About half the workforce at the mine's No 4 shaft hostel returned to work on Monday night and yesterday morning and the mine was calm, Anglo spokesman James Duncan said.

About 1 200 hostel residents had by yesterday

Talks at President Steyn mine continue

been moved to a hostel at another mine as an interim measure to ensure their safety following the recent violence, he added.

Duncan said there were no major points of contention between the parties — they just needed more time.

Talks between head office management, NUM representatives and other employee representatives aimed at finding a permanent solution to the prob-

lems at the mine, resumed yesterday and will continue again today, Duncan said.

NUM acting general secretary Marcel Golding said the union raised several issues at Monday's talks, which would be pursued at mine level. These included the question of a living-out allowance for miners to enable them to choose where they wanted to live, and the stepping up of mine security.

Duncan said the talks were very constructive and management was optimistic about reaching an agreement with the labour representatives.

He confirmed the issue of a living-out allowance was raised and said it was being considered by management.

Management was definitely prepared to look into improving the security arrangements, he said.

Eight miners were killed and 17 admitted to hospital in renewed unrest at the mine's No 4 hostel in the early hours of Monday morning.

Anglo announced an investigation into the causes of the latest outbreak of violence, which brought to 84 the death toll on the mine in recent weeks.

Sapa reports the committee established to inquire into the causes of the violence at the mine will hold its first meeting on Friday.

B/Day 27 11-1991

Officials raise issue with Nujoma

PAC to flex muscles over talks venue

THE PAC will present Friday's preparatory meeting called to arrange all-party talks with its first challenge by proposing that the talks be held at a neutral venue, probably Namibia.

The proposal is believed to be part of a PAC attempt to demonstrate its ability to make an impact on national decisions.

PAC deputy president Dikgang Moseneke was in Windhoek yesterday for discussions with Namibian President Sam Nujoma and Foreign Minister Theo-Ben Gurirab.

PAC information secretary Barney Desai said Moseneke and PAC foreign affairs secretary Patricia de Lille had briefed Nujoma on developments in SA and had discussed Namibia as a venue.

On arrival in Windhoek, Moseneke refused to comment on whether a Namibian venue would be discussed, but said the PAC was looking into a number of venues in southern Africa.

As a result of yesterday's meetings, the PAC hopes to be able to put before Friday's meeting solid information on what it would require to arrange a Namibia venue.

A source in the Namibian foreign ministry said the former SA territory could be an ideal venue because of its own recent experience of peaceful transition based on negotiations. Delegates would be able to see in Namibia's stability the utility of negotiations.

The venue issue has been dismissed as unimportant and even trivial by ANC, government and Inkatha sources.

However, it conceals an anxiety within the PAC leadership to show its constituency that it can have a decisive impact on negotiations.

PATRICK BULGER

The ANC has been careful not to reject a foreign venue out of hand partly because the PAC's presence at the talks adds legitimacy to the process.

The PAC's Namibia proposal was given qualified support by Transkei leader Maj-Gen Bantu Holomisa, who said he would agree to an outside venue if that was the consensus on Friday.

The PAC is facing intense grassroots pressure not to go to the negotiating table. A faction styled the Joint East Rand and West Rand Facilitating Committee has said it will host a national consultative conference at Katlehong at the weekend to try to change the PAC's stance.

Desai, however, dismissed the faction, saying the PAC had decided at its congress last year to engage government in a meeting to sort out modalities for the election of a constituent assembly. He conceded that "there are people in the PAC who genuinely feel apprehensive about the talks" but said the movement was keeping its branches fully informed.

Meanwhile, the ANC's national executive committee yesterday finished a meeting in preparation for the onset of negotiations. Among the issues discussed was whether there should be separate NP-government representation.

ANC negotiator Mohammed Valli Moosa said the matter had yet to be finalised with government. Discussions were continuing, he said.

Friday's meeting, to be held at the Jan Smuts Holiday Inn, is taking place to arrange a venue, chairmanship, convener and title for the multiparty conference.

B/Day 27-11-1991

AWB invited to QwaQwa

VENTERSDORP — The government of QwaQwa in the Free State has invited the AWB for talks about a "free state".

The talks — between QwaQwa Chief Minister T K Mopeli, members of the QwaQwa cabinet and AWB leader Eugene Terre-Blanche, members of his chief council and Free State "commandos" — will take place today at the chief minister's official residence.

The QwaQwa government's invitation to the AWB, which was signed by the government's commissioner-general, W A Odenaal, explained the purpose of the meeting would be "to hold talks" between two leaders. — Sapa.

B/Day 27 11-1991

British MP meets missing witness

LONDON — A British MP says she was present when the "missing witness" from the Winnie Mandela trial, Katiza Cebekulu, told new Zambian president Frederick Chiluba how he was kidnapped by the ANC and his roommate allegedly murdered.

Conservative Party MP Emma Nicholson, in a newspaper interview, said she raised the issue of Cebekulu, 23, during a personal audience with Chiluba in Lusaka on November 4.

The president immediately arranged for him to be brought to them.

"He told President Chiluba that the

KIN BENTLEY

ANC kidnapped him. He woke up and watched a man (in the same room) being stabbed to death. He was just whisked away."

Nicholson said: "My large concern, which I know is shared by President Chiluba, is the physical safety of Mr Cebekulu, and it is of importance that the world should know that this is a man at risk and why. I have no knowledge of whether his evidence is accurate, but I believe it should be tested in a court of law."

B/Day 27-11-1991

Defence force's future analysed

GERALD REILLY

PRETORIA — Problems in the way of reaching agreement on the future structure of SA's defence force were outlined yesterday by Pretoria University Institute of Strategic Studies director Prof Mike Hough.

Addressing a conference on southern African security relations towards the year 2000, Hough underlined the yawning gap between the aims of the ANC and the SADF on the issue.

It was argued, he said, that the SADF should be the basis for any future defence force because of its size, expertise and sophistication.

The counter argument was for a totally new defence force including elements of the homelands' armies and the ANC's Umkhonto we Sizwe.

Those favouring the SADF as the anchor in the security system claimed Umkhonto could be absorbed into the SADF either as a separate unit or its members could be accommodated in existing structures.

The ANC claimed this could marginalise

Umkhonto and that only the SADF structure would be retained.

The official SADF stand, confirmed recently by Defence Minister Roelf Meyer, was that Umkhonto was the military wing of the ANC and could therefore not form part of a national defence force.

The ANC's Chris Hanan countered however that Umkhonto was not a private army and would not be dismantled.

He could not foresee Umkhonto being integrated into the SADF as the ANC saw the SADF as the military wing of the NP.

Hough said the SADF stand seemed to indicate that it should continue to be the basis of a future defence structure.

The integration model favoured by the ANC argued for a smaller defence force which would mean an increased Umkhonto presence in the structure.

He said the conscription issue would have to be resolved in the process of reaching a political settlement.

B/Day 27-11-1991

NP confident of Virginia victory

THE NP candidate for tomorrow's Virginia by-election believes SA's recent sporting breakthroughs and improved world relations have boosted his campaign substantially.

"This morning I had a man coming up to me and saying he was switching from the CP because the world was opening up to us," Jac Kloppers said yesterday. The incident was not an isolated one, he said.

CP claims of a 3 000-vote majority win were "wildly exaggerated".

Monday night's NP meeting in Virginia, addressed by Foreign Minister Pik Botha, attracted more people than a simultaneous CP event at Welkom at which party leader Andries Treurnicht spoke, he said.

The CP says it has a more than 2 000-vote advantage over the NP in special voting for the by-election.

Kloppers said he did not dispute this, but pointed to the 1989 general election in which the CP had been far ahead in special voting but lost the election by 47 votes to the NP.

Political Staff

The successful candidate, Piet Clase, retired as an MP and Minister of Education and Culture earlier this year, giving rise to the by-election.

"The CP candidate from 1989, Hannes Meyer, is one of those people who has joined the NP, and he agrees that things will be different when people actually turn out on polling day," said Kloppers.

The CP sees things differently. Its campaign manager, Gustaf Claassens, is confident candidate Kobus Beyers will win by some distance.

He said general unhappiness with President F W de Klerk's reforms — seen by most as a denial of the right to white self determination — continued to provide the CP with rich potential for recruitment.

Statisticians have predicted that if voting in the by-election follows recent trends the swing from NP to CP could be about 7%, giving the right-wing organisation a majority of about 1 000.

B/D Aug 27-11-1991

Police killing of Daveyton 12 probably unlawful — inquest judge

POLICE who shot 12 people dead during a confrontation with Daveyton residents earlier this year exceeded the legal limits of self-defence and were probably guilty of murder or culpable homicide, an inquest judge found yesterday.

Mr Justice B O'Donovan, who heard the inquest in the Rand Supreme Court, also found that six unknown Daveyton people who killed Sgt Jan van Wyk were probably guilty of murder.

The judge said a record of the inquest proceedings would be sent to the Transvaal attorney-general, who will decide

whether to prosecute.

The deaths occurred on March 23 after police gave about 200 Daveyton ANC supporters 10 minutes to disperse from a field where they had gathered while Inkatha held a rally in the township.

Van Wyk and 12 Daveyton people were killed. Another 37 people were injured. An eight-year-old girl walking nearby was also shot dead.

The judge said according to the evidence the ammunition which killed her was not the same calibre as that used by the police. No evidence had been placed before him on

SUSAN RUSSELL

which he could make a finding in respect of her death, he said.

According to police witnesses, the crowd attacked after Van Wyk climbed out of a Casspir and another policeman fired tear-gas at the crowd.

Daveyton people testified that the Casspir drove at high speed directly towards the crowd. Van Wyk jumped out and fired, and two people fell.

Mr Justice O'Donovan said he accepted the police evidence, but added: "What this

version fails to explain, however, is why it was necessary for the purposes of self-defence for the police to fire more than 250 rounds of ammunition.

"It appears to me that the police involved in the incident were guilty of excessive use of firepower in their defence.

"In stating this view I must of course give due weight to the fact that a state of mayhem existed. Members of the police directly involved would not have had the opportunity to carefully weigh up the pros and cons of the action they should take."

However, making all possible allow-

ances, the judge said, he still held the view that the police had exceeded the limits of self-defence.

He said he took a more unfavourable view of the evidence of the Daveyton people. "Not a single resident was prepared to admit he recognised any of the assailants who attacked Van Wyk." In the light of evidence that Daveyton was a closely knit community this simply could not be true.

He also rejected their evidence that Van Wyk had shot down two people after the Casspir had driven towards the crowd at high speed.

BID by 27-11-1991

Council to act over DP defeat

THEO RAWANA

THE Johannesburg City Council's management committee would polish its act after the defeat of the DP-NP alliance in the recent Houghton/Killarney by-election, chairman Ian Davidson said yesterday.

Reviewing the past year at the monthly meeting of the council last night, Davidson said the committee was examining ways of achieving effective, two-way communication between Johannesburg residents and the council.

"Quite soon we intend to put forward an approach that does justice to the concerns and wishes of residents and business alike," he said.

Meanwhile Sam Moss, the independent who beat the DP candidate in the November 13 election, read a letter from 50 Johannesburg ratepayers who voiced dissatisfaction with the way the council was addressing their complaints regarding rates.

The ratepayers alleged that Johannesburg had a valuation roll that reflected land values that were inconsistent with market values.

"We have a rate on inflated values almost the same as the rate on the previous roll, approximately 4c in the rand. Usually when a new roll appears, the rate is lower to cushion the effect of increases in land values," the letter read.

The ratepayers made demands, some of which were that the existing valuation roll be replaced by a new roll to become rateable from July 1, 1993.

From February 1, next year, rates for residential properties should be based on the amount of rates paid in terms of the immediately preceding financial year, plus 10%.

They gave the council until January 1 to respond to the demands, failing which the councillors would be requested to resign.

B/Dog 27-11-1991

COMMENT

Left, left

U NDAUNTED by history, undeterred by present reality and unswerving from its path to a perfect future, the South African Communist Party marches on, knowing it is the rest of the world that is out of step.

Well, most of the rest of the world. Cuba, too, sees the collapse of communism in the Soviet Union and Eastern Europe as a betrayal of the principles on which communism was founded. But it's lonely out there; communist parties are disbanding on both sides of what was the Iron Curtain. Even Albania, once a bulwark against the revisionism spreading from the Kremlin, is considering political reforms and a market economy.

No such weaklings here. Gwede

Mantashe, chairman of the SACP's new PWV region, says the party is committed to the realisation of scientific socialism based on Marxism-Leninism. Unlike Joe Slovo, Mantashe doesn't need even to ask if socialism has failed; railing against unemployment, poverty and disease, he declares it is capitalism that has let mankind down. A man who encompasses the world in one magnificent sweep will not be disturbed by churlish reminders of the truths of the Soviet or South African economies.

Such strengths will be in evidence at the SACP congress next month. They will be needed by that dwindling band. It is not easy to keep pace and direction when the rest of the world is striding eagerly the other way.

B/Day 27-11-1991

—LETTERS—

Dear Sir,
ANC president Mr Nelson Mandela was once heard to say he knows little about economics. The article on wealth taxes by ANC member Neva Seidman Makgetla (Business Day, November 22) makes one realise this lack of economic knowledge is ubiquitous within the ANC.

The article focuses on a simple presumption — a wealth tax can be levied on the "rich" which will hardly affect their standard of living while providing the state with a considerable quantity of funds. Ms Makgetla then utilises a myriad of statistics to prove her point and, in a time-honoured tradition, uses examples of successful countries (in this case West Germany) which applied redistributive policies without adversely affecting economic growth.

Ms Makgetla makes three major mistakes. Firstly she never differentiates between a stock and a flow of wealth. A family might own a car and house worth a collective R400 000, but have an income of only R3 000 a month. To place a 3% tax on

this family's wealth (a stock) would render an amount of R12 000 a year payable from their income (a flow). The real tax rendered would be a horrendous 33% of income before other taxes are paid.

The article's second major flaw is its assertion that there exists no present system of wealth redistribution. South Africans and their companies are among the highest taxed in the world, and redistribution is substantial. For many economists, the root of our economic malaise is the overburdening drain of state spending. The '80s were a period of reduction of the size of the state sector in practically every country in the world, including most recently that showpiece for the ANC — Sweden.

The final mistake Ms Makgetla makes is using examples of other successful countries which have utilised one or two of the ANC's flawed economic policies. There is no way the economic programmes of post-war Germany or Japan, or even the latter-day Asian Tigers, resemble that of the ANC. Were the ANC to

adopt the policies of Konrad Adenauer's post-war government, we would all have a prosperous future.

ADAM BLOW
Parkhurst

PANC's leaders are privately eager for business initiatives that can be used to defuse popular calls for nationalisation or increased state intervention in business. They are aware that state intervention could be inimical to economic growth and job-creation in SA. Unlike the Britain observed by Adam Smith during the industrial revolution, SA has little hope of developing economically despite government.

The trend in SA is towards political democratisation. We need the same in business to allow decisions to be taken as low as possible in the management or control chain. SA's pervasive pyramids tend to stifle energies. Managers of productive firms, for example, could be blocked from raising new capital by controlling shareholders several rungs up the pyramid ladder.

It is worrying that nationalisation remains on the agenda and that popularly acceptable options have not been devised by business. This past weekend, Nelson Mandela inveighed against the groups he described as "monopolies", claiming they inhibited the development of small businesses and stood in the way of economic growth.

Presumably his comments were calculated to appeal to a particular constituency. But he made the point that though nationalisation was on the ANC's agenda, it was only one of several economic options.

One option, suggested by some businessmen and strenuously opposed by others last year, was that every quoted company should increase its share capital and donate the newly created shares to an independent trust established to uplift the less privileged and financed by dividend receipts.

The suggestion was modest — share capital should be increased by a mere percentage point, but that would represent an endowment of more than R5bn based on the market capitalisation of shares on the JSE.

Opposition understandably came from people who control firms through pyramids — the effective distribution would in their case have been multiplied by the number of blocks which make up the control pyramid.

It was also argued that donating newly created shares would dilute

earnings. It would, briefly. But if it provided a face-saving retreat from nationalisation demands, business confidence would soar and, with it, economic growth. Growth from expansion of the economic base could be expected to outstrip any temporary earnings dilution.

Any future government will be faced with the problem of how to raise money for necessary social and infrastructural spending without levying taxes at rates that stifle initiative or productive investment. The tax system must be designed to encourage not only investment but a greater spread of ownership of the country's resources.

The tax system can be like a rapier — a subtle means of spreading wealth and of encouraging growth and job-creation. For that it has to be used creatively.

Unproductive investment, on the other hand, should be discouraged, particularly if it is seen as a device for protecting economic power as happens with the pyramids — frowned on elsewhere but a common feature of SA's economic landscape.

Dividends and interest represent a reward for capital, and they are essential if investors are to be persuaded to put money into productive ventures. But why should dividends remain tax-exempt as they move unproductively through Byzantine pyramid structures? Revenues generated by productive firms are taxed as they are created. Perhaps dividends should be treated in the same way in the hands of purely investment companies, and taxed.

What, it might be asked, do listed pyramids such as Pickwick, Amgold,

CG Smith, Libvest, Beycon, Avhold, Gencor, Belerendo or Rembrandt Controlling contribute to the productive wealth of the country? In practice they are simply post boxes for transmitting dividends paid by productive underlying investments. Typically they exist to allow control of extensive underlying assets to be maintained with comparatively small investments.

Collapsing the pyramids, as Derek Keys suggested for Gencor, would destroy no wealth. And it could free managers whose time is taken up with routine jobs in non-productive organisations to provide consultancy services to the productive underlying enterprises. To justify their existence as productive enterprises, the pyramids might consider providing management services for a competitive fee. Consultancy departments in the mining houses do that already.

Government does not need to legislate punitive measures. It would simply need to use the tax system creatively. The aim would not be to tax the incomes of investors who provide clearly productive capital — investors in companies that directly generate sporting incomes — but to tax the dividends of firms that do not exist to create wealth.

Used imaginatively, the tax system could help spread wealth rapidly without confiscation. If pyramids were to be collapsed and their underlying investments distributed to their shareholders, the stock market's liquidity (and therefore its abil-

ity to raise capital) would be enhanced. Insurance companies and others that mobilise long-term savings would be treated the same as individual investors. It would be clear that partnerships or joint ventures are not the same as pyramids.

Taxing the dividends of non-productive pyramids would raise money for the state, but would not discourage entrepreneurial investment in new businesses. Nor would it discourage mergers that might be necessary to achieve economies of scale. Furthermore, if it succeeded in making investment in expansions or grassroots projects more attractive than non-productive acquisitions, it would help direct long-term contractual savings towards real growth investments.

At present, scrip shortages and exchange controls colour the thinking of investment managers. They are understandably concerned that if they sell an investment, it may be difficult buying it back at a better price later. But if pyramids or conglomerates were to be collapsed and the shares in underlying investments distributed to shareholders, equity markets would in all likelihood become less constrained.

Uncertainty over tax liabilities on investment realisations has been an important constraint on institutional investors. We need clarity on capital gains and a fair system which does not levy tax on the illusory gains which stem from inflation.

Better to sit on an investment that might be performing poorly than sell and incur a capital gains tax liability even if the sale proceeds could be invested more profitably in a growth

business. Anglo could sell its Gencor and FNB shares without fear of a charge because it had held them for more than 10 years and would not face capital gains penalties. But many firms are probably continuing to sit on unproductive investments because of capital gains tax uncertainties.

The introduction of capital gains tax payable at any stage would help clear the market — investors would no longer be persuaded to hang on to shares until 10 years had passed and no tax liability would be incurred.

Apart from the purely financial benefits unbundling could bring, there are other fundamental ones. At the weekend Mandela took a swipe at the media which, he claimed, was monopolised by the state and big business. He claimed this meant it was difficult for the ANC to put its views across.

He has a case. For years the SABC has been the slavish mouthpiece of a narrowly based NP government, and its old habits die hard. But Mandela's statement was ominous. Did he intend to imply an ANC government would decide what would be printed or broadcast? Heaven help us if he did. We have gradually been moving away from bought Afrikaans nationalist political hegemony! It would be tragic if it were to be replaced by another hegemony and not a vigorous democracy.

The SABC's reputation for partiality is justly deserved. Sadly, though, a vigorous independent mainstream Press is often portrayed as the tool of its controlling shareholders.

In the 70s some independent parts had to be put out of the sticky reach of a government intolerant of criticism. Pre-empting a repeat performance could again be necessary.

There have, for example, recently been suggestions that shareholdings in Times Media or Argus should be sold to a foreign media mogul. The idea was foreign ownership would deter politicians threatening nationalisation. More sensible in the now SA might be an arrangement in which ownership of the newspaper companies was spread widely and employees or an employee trust given a voice in their management.

The Press is SA in microcosm and the debate over its future management is a reflection of our larger economic debate. If we are successfully to navigate the next difficult years, we need to devise strategies that will devolve economic and political power. A vigorous economy and democracy are inseparable.

Creative taxes can topple pyramids and spread wealth

B/D Day 27-11-1991
JIM JONES