The wealth of the nation underpins all the party plans. How has Britain fared under the Tories? It all depends, | Awards

writes VICTOR KEEGAN, on who does the accounting

## Being economical with the truth court



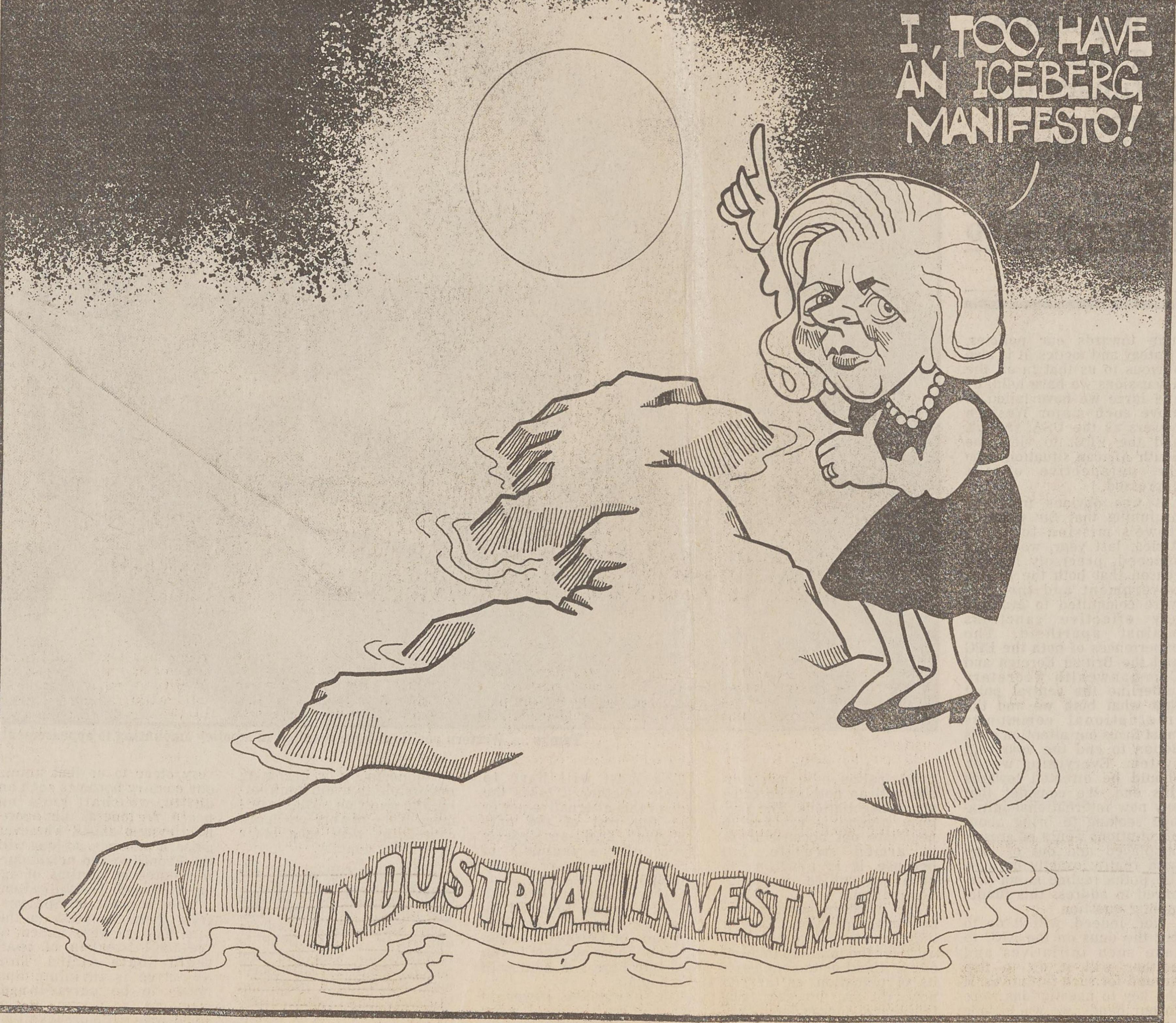
## THE MAJOR ISSUES

THE election campaign has, thus far, generated surprisingly little debate about how the economy has been run.

Yet all the arguments about education, the health service, unemployment, law and order even defence lead inexorably back to economic management. If the national engine of wealth creation stalls then electoral promises to improve health, education, defence, the inner cities and to fund the dole queues will be so much empty rhetoric. The difficulty of projecting a "balanced" view of what is happening is underlined by the fact that highly intelligent economists expound contradictory interpretations of what is happening.

These range from the view that the Thatcher government has "blown" the once and for all bonanza of North Sea oil in a temporary orgy of consumer spending to the equally strongly held view that the opportunity of North Sea oil has been used to erode union power, break inflationary expectations and build up assets abroad in a manner that will banish the British disease and pave the way for years of steady growth.

There is no doubt that economic growth during Mrs Thatcher's second term has been both better than expected at the time of the last election and much faster than during her first term Just over three per cent a year in 1983-1986 compared with almost zero in the four previous years). So if the Prime Minister is to be judged on her second term alone growth is very respectable. But if the Government is judged by what it has achieved since 1979 then average growth of 1.4 per cent is pretty undistinguished and certainly not enough to generate sufficient taxes to pay for expanded health and ecucation services let alone make any impact on the un-



Cartoon by Peter Clarke

Sea donated £60 billions of windfall tax revenues to the Government and bestowed £34 billion on the balance of payments thereby freeing the economy from the debilitating stop-go cycle of the post war years?

The Government argues that much of the oil revenue has been invested wisely where abroad against the day when feeling North Sea oil runo

restrictive practices. Yes, either an enevitable consesay, critics, but why can't you have growth in manufacturing as well as services? In Japan and West Germany bath to bring the nanny state manufacturing is far higher as a proportion of the economy (30 per cent as opposed to small price to pay for more 20 per cent) than in the UK sustained growth in the and compared with the US future. where there is a growing

quence of North Sea oil pushing up the exchange rate or else a sad but essential cold back to its senses then it may prove to have been a

one and probably will be for some years until it is known whether the UK economy is truly on a trajectory of sustained non-inflationary

Recently the Government has emphasised Britain's strong growth compared with tries. It has even claimed that the UK has gone from bottom of the growth table soned (of admittedly care)

two per cent) and partly because UK economic policy has been transformed by what critics call a series of U turns. Instead of tightly controlling the money supply (ie cash and bank deposits or Sterling M3), the Government has allowed it to ex-

Monetarism, the ar



higher than the average of

the leading seven nations to

being almost the same. But

since then it has worsened to

the stage where it is now

about 74 per cent higher

(four per cent against 2.3 per

cent). So, if the object is

sustained growth without in-

flation, the UK is doing bet-

ter on the growth side

(maybe temporarily) at the

cued from the consequences

measure from the nadir of

the last cycle but quite nor-

mal if you measure it over a

longer period. What is differ-

ent, however, is that in past

cycles, Britain produced

higher output per person

while at the same time pro-

ducing more manufacturing

wealth. Since 1979 output per

person is up but manufactur-

ing output, eight years on, is

still lower. Was this really

inevitable as we discovered

North Sea oil or should out-

put have shot ahead on the

back of our increased

riches? That remains the

Here the critical point is

There is a physical limit to

how much productivity can

more output from the same

men and machines. Sooner

must be laid down. But man-

ufacturing investment,

though up on the low point

per cent below the level of

1979. In ordinary circum-

stances it might have been

expected to go on to a fresh

cyclical peak say 15 per cent

above the last one — so the

underlying shortfall may be

around 35 per cent. Surely.

say critics of the government

the coming of North Sea oil

should have enabled us to

aim even higher than a rise

of 15 per cent instead of

which we got a drop of 20

later new investment

key question.

We have been partly res-

spurt of productivity

expense of higher inflation.

Chris Barton

of worse inflation because of WHO wouldn't be a surrogate child? Conceived in growth in manufacturing which — like so many other | single-mindedness; muchfigures — looks good if you | wanted at birth by one, perhaps both, blood-tie families; the possibility of the best of social and legal decisionmaking being deployed, with unaccustomed speed, to determine whether either one of them is good enough for you; competition amongst the tabloids to put money in trust and to make funds immediately available for the adults in your life; and a comprehensive range of public comment about the validity of your very existence.

Whatever view eventually obtains with regard to the setting up of such deals, the manufacturing investment. law is at least on familiar ground when faced with the reality of the birth of such be increased by squeezing babies ... any serious commentator is likely to be content with the existing legal criterion for the upbringing of minors now to be found in Section 2 of the Guardianship of Minors Act, 1971, of the recession, is still 20 whereby children's welfare shall be paramount, a principle which already includes surrogate issue within its wider embrace.

> But what is needed in order for the law to take an interest in a child's placement within a family and her treatment thereby? Sadly, it is dependent upon the accident of someone, or something, triggering court proceedings. The parent(s) are likely to act as such

Apartheid is at the crossroads. Which way will the West turn? asks the President of the African National Congress

## The white world's moment of truth



COLUMN

"... it is becoming impossible to avoid confronting the question of the legitimacy of the powers which are contending with each other within our country..."

Oliver Tambo

THE SEPTIC boil caused by the apartheid system is ready to burst, as the brutally repressive casing which contains the putrefaction of this system ruptures irrevocably and for all time. South Africa is at the crossroads.

It has taken many years of struggle to reach the point at which we are today. In that period, tens of thousands have been killed, injured and imprisoned within South Africa. Thousands of others have suffered a similar fate in Namibia. The rest of Southern Africa has also seen enormous numbers of people die, economies forced to the verge of collapse and social programmes brought to a halt.

Precisely that scale of destruction has only served to confirm the view among the victims of apartheid violence that they dare not give up, but have to fight with everything they can lay their hands on, to end the system that has brought about so much suffering. Above everything else, it is that resolve and determination by millions of people which guarantees the defeat of the Pretoria regime and the liquidation of apartheid.

And yet there are those in this country who doubt the certainty of our victory. These calculate that the racist regime is so powerful, and the white minority so steadfast in its commitment to the maintenance of its domination, that the oppressed are condemned to a futile and self-destructive battering at the ramparts of the racist fortress. But, of course, these doubting Thomases also profess an abhorrence for apartheid and declare a desire to see it brought to an end.

These positions have resulted in a policy which amounts to appeasement of the apartheid regime. Of cen- move such major Western tral importance to the logical powers as the USA, the UK integrity of this policy is the and the FRG, to view the notion that the Pretoria! South African situation from regime can and must be per- the perspective of the suaded to turn itself into its oppressed. opposite. Accordingly, it is required and expected that the racists should themselves dismantle the oppressive system they have instituted.

The governments of the principal Western powers have, especially during the last 12 months, entered into direct contact with the ANC and have repeatedly called on the Pretoria regime to enter into negotiations with everybody concerned, including the ANC. Why?

The Western powers have realised that the argument that they were seeking change by talking exclusively to the Botha regime can no longer be sustained. It has lost credibility. In addition, and as the Commonwealth tive seeking to bring about Eminent Persons group understood and reported, it has become clear to Western | with reality exactly because governments that the the Botha regime is not premajority of our people within / pared to address this funda-South Africa recognise the ANC as their political reprethemselves as brokers, honest or otherwise, these governments would have to be

seen to be talking to the ANC. However, the decisions taken in the various capitals to relate to the ANC, did not in any way imply that there had been any change of atti-

tude towards our policies, strategy and tactics. It is also obvious to us that in all the discussions we have held, by and large we have failed to

beginning that Sir Geoffrey Howe's mission to South Africa, last year, would not succeed, precisely for the reason that both the British Government and the EEC were committed to avoiding any effective sanctions against apartheid. The experiences of both the EPG and the British Foreign and Commonwealth Secretary underline the central point that what both we and the international community must focus our attention on is action to end the apartheid system. Everything we do should be directed towards this end. We consider that any new international initianegotiations would be grossly misplaced and out of tune mental question.

Nor, indeed, will it do to sentative. Hence it was put the onus on the ANC to inevitable that, if they were take such initiatives and still interested to project | neither will it do to fish around for such initiatives. If the key to negotiations were in our hands, we would long ago have used it to open the door. Such measures as have been proposed for us to adopt, namely, the cessation of suspension of our armed struggle or the unilateral

It was obvious from the

proclamation of a moratorium, will do nothing to bring about negotiations. The Pretoria regime is refusing to negotiate not because there is armed struggle, but because it is unwilling to domination. The Western powers are

now in the position in which they have to choose either to work for the total elimination of apartheid or to connive at its perpetuation, as they do now. We are, however, certain that sooner or later, they will come to realise that there has emerged an alternative democratic power within South Africa, which holds the future of South Africa in its hands.

The West will have to decide whether it takes the side of this alternative power and the rest of the anticolonial and anti-racist forces of the continent of Africa made up of nearly give up white minority 500,000,000 people, or whether it ties itself to the doomed course followed by far less than five million Africans of European origin. It is no longer possible to run with the hare and hunt with

> the hounds. The alternative power in our country is as real today as it is impossible to vanquish in future. It is here to stay and will grow in strength despite all efforts to suppress

As a consequence of this

development, it is becoming impossible to avoid confronting the question of the legitimacy of the powers which are contending with each other within our country.

These two cannot coexist as fascism and democracy could not, but have to give way one to the other. The times demand progress from opposition to apartheid to identification with and support for the democratic movement for national liberation in Namibia and South Africa This evolution can no longer be avoided.

When we say we are fighting for a united, democratic and non-racial South Africa, we mean what we say. It is our country becomes such an entity, we shall know no peace. As long as this apartheid system exists, whatever guise it assumes, so long will the Frontline and neighbouring states be victims of aggression and destabilisation.

very clear to us that unless

The boycott campaigns, from their inception in the late Fifties, were aimed at the total isolation of apartheid South Africa. This objective is inviolate and needs to be pursued with even greater vigour. At the same time we must take into account the changes that have taken place over time. In particular, as in almost every other field of human endeavour in South Africa,

has grown into a mighty stream, distinct from and in opposition to the warped and moribund culture of racism. Its foremost exponents are today part of the democratic movement.

As in politics, trade unionism, education, sports, religion and many other fields, these developments at the cultural level, both contributed to and are part of the emergent alternative democratic power at whose head stands the ANC.

The moment is upon us when we shall have to deal with the alternative structures that our people have created through struggle and sacrifice, as the genuine representatives of these masses in all fields of human endeavour. We have these structures in almost all fields, be they political, trade union, educational, sports, religious, cultural or otherwise. Not only should these not be boycotted, but more, they should be supported. encouraged and treated as the democratic counterparts within South Africa of similar institutions and organisations internationally Thus the world community should act together with them to isolate apartheid South Africa and to bring into being a democratic society in our country.

terrible collision between ourselves and our opponents is inevitable. Many battles will be fought and many lives will be lost throughout our region. In preparation for this, the Pretoria regime has identified the defeat of the democratic movement as the centrepiece of state policy. Yet the outcome is not in doubt. Having reached the crossroads, the masses of our people have decided that our country must advance as rapidly as possible to the situation where they, black and white, will govern themselves together and as equals. Whatever the cost, there is no doubt that we will win.

This is an extract from the 1987 Canon John Collins Memorial lecture delivered last night in London by Oliver Tambo, President of the African National Congress.



Tambo ... Western positions have resulted in a policy amounting to appeasement

COMMODITIES

GUATEMALA

first civilian President in 20 years, he made it clear that he was not going to risk his presidency through his determination to put the outgoing little change in the of poverty and fear.

the last step of the path to only analgesic. Post-independemocracy," but after 16 | dent countries inherit and months, of Christian Demo- entrench the imbalance. He crat government, Wands sees gives many instances, from little change in the daily diet | Bolivia to India. Asymmetri-