

THE DAILY NEWS, WEDNESDAY, OCTOBER 21, 1987

BACKGROUND/WHAT CAUSED THE CRASH

A FEW DOLLARS MORE

Little guy saves the day as Wall St bounces back

Ramsay Milne in New York

THE New York Stock Exchange produced a roller-coaster ride yesterday that saw the Dow-Jones blue chip indicator open Wall Street's early-morning proceedings at a phenomenal comeback of 200 points over Black Monday's disastrous 500-point loss, and end the day with a record-breaking climb of 102 points.

It was a mystifying yo-yo, in which, after its 200 point opening surge, the Dow dropped to a net loss of 24 points at noon, before ending the day in a handsome position — but one that has done little to allay fears that the US economy, and possibly the world's, is heading for serious trouble.

With a trillion dollars lost to investors on Monday, the worst day in the exchange's history, the scene seemed set for a repeat. But the market yesterday rebounded because of three main factors:

■ The first was the assurance by Mr Alan Greenspan, chairman of the Federal Reserve, that the Fed would guarantee any required loans to banks and other financial institutions that needed funds to meet their short-term commitments. That made many breathe more easily;

■ The second was the announcement of a cut in interest rates by two major banks, Midland and Chase Manhattan, although this was tempered by the fact that these two banks had earlier raised their rates and were, in effect, simply returning to more compet-

itive positions;

■ The third and possibly more important reason was the reaction of the "ordinary" American investor. In a day in which very little was clear, stock market analysts agreed that one of yesterday's most significant factors — and saving graces — was that the holders of mutual funds did not sell. That was taken to imply a basic confidence in the economy by the average consumer and investor, the "little guy".

In a market manipulated by the "big guys", it was the one note of stability and rationality in a market that many had been warning for some time was hugely over-valued — one that was clearly heading for the fall that finally arrived on Black Monday. Had there been a concerted selling of mutual funds, say the experts, Monday's collapse would have been far more catastrophic.

Yesterday's partial recovery, however, has been received with guarded optimism, with many economic experts, including Mr John Kenneth Galbraith, the noted Harvard financial "guru", pointing out that President Reagan's assurances that the US economy was sound and would remain so were paralleled by President Edgar Hoover, who said exactly the same thing on the second day after Wall Street's Great Crash in October, 1929.

Nonetheless, after these events that are reminiscent of the worst days of 1929, many are asking whether the after-shocks will be as devastating to nations and to individuals. Most economists say no. There are many safeguards in place today that did not exist in 1929.

ACCEPTABILITY OF REGIONAL SOLUTIONS

One of the major factors in rejections from the Left

BY the proverbial stroke of a pen, the Natal/KwaZulu Indaba drew a line through apartheid and set itself up against the rest of South Africa.

"Or did it?" asks Professor Dawid van Wyk, Director of the Indaba, says in response to his own statement.

He raises what has been one of the major factors from the left in rejecting the Indaba proposals, namely regionalisation of the problems of South Africa.

Legal academic of the University of Natal, Professor Laurence Boule, places the regional as opposed to a national solution at the top of his list of problems with the Indaba.

By advocating a federal solution the proposals are at odds, he says, with the historic demand of the freedom charter which is supported by the major political groupings such as the ANC, UDF, PAC and Azapo as well as the trade unions.

The maximum devolution of power, he claims, would require massive social engineering on a scale similar to that used to separate KwaZulu and Natal.

Executive member of the Natal Indian Congress, Mr Mewa Ramgobin, who has been at the forefront in putting the case against the Indaba from the left, says the proposals will destabilise popular resistance and unity in the region which must lead to destabilisation of national unity and resistance.

What should be sought instead were the means to effect the birth and growth of national democracy.

No political, administrative or functional arrangement could exist in isolation from the economic whole.

Natal industrialist Mr Chris Saunders says from the very outset the objective was limited — the Indaba could not presume to take on all political, social or economic

problems.

But he goes on to argue against the point that the proposals are divisive in the struggle to rid South Africa of racial domination.

Firstly, he says, it would reduce racial domination in the region and it would also dismantle a major apartheid structure with the KwaZulu government becoming the first homeland government "to put itself into voluntary liquidation..."

In the vacuum of negotiations for central government "it seems infinitely preferable to allow those who have marshalled the courage to make a start on the road to a new non-racial South Africa to run their affairs..."

Professor van Wyk says the integration of the Indaba proposals will not create a severe problem but to suggest there would be no problems would be misleading.

He emphasises the region would only have certain listed powers with

the rest being for the account of Parliament in Cape Town.

The successful integration of a decentralised representative Natal system into surrounding institutions of government would need careful planning and challenge the abilities of the South Africa public service.

At the end of the day however, these will be the first steps towards re-structuring the country's political and administrative structures.

A dispensation that was non-racial would put pressure on a racial system in the rest of the country which in the end would mean that separate politics would have to go.

Or as political commentator, Professor Lawrence Schlummer puts it, it was precisely because a national solution was so remote that the regional initiative started.

"Insisting on national solutions if there is a chance of regional progress is like waiting for Godot."

PROTECTION OF RIGHTS

DAILY NEWS 2/10/87

The group factor and fears from both the left and right

THE right wing, including the National Party has selected what it perceives to be the lack of protection of group (and by that it means race group) as the stick with which to beat the Indaba.

But it is the group factor that the left uses as well to reject the Indaba — because it has race group protections.

Co-sponsor of the Indaba, Dr Oscar Dhlomo, general Secretary of Inkatha, says to have a chance of winning wide spread support in South Africa a political solution will have to recognise the legitimate rights of the majority to exercise political power commensurate with their numerical strength.

Simultaneously it would have to re-assure minority groups, possibly for specified periods of time, that the political power of the majority "shall

not be exercised at the expense of minority, religious and linguistic rights.

"The Indaba proposals, together with the Bill of Rights, attempt to realise both of these difficult objectives."

Natal University legal academic, Professor Laurence Boule, states bluntly that the proposals prefer group rights to majority rule — the preference being shown in the second chamber and with the protection of group rights.

It was probable that not only cultural or linguistic rights could be protected but also material rights.

The combined English and Afrikaans groups could absolutely veto constitutional amendments.

Mr Chris Saunders, chief of the Tongaat/Hulett Group, says the Indaba appeal lies in the fact it has

come up with non-racial power sharing.

Academic Garhard Mare, although conceding the proposals do not amount to apartheid, says ethnicity continues to be given "spatial, political and administrative form."

The only way to get rid of racial divisions would in his opinion probably be "the politics of the working class" or else a national rather than an ethnic populism.

Constitutional academic, Professor Marinus Wiechers, rejects that claims that the constitutional model is based on the racially defined group saying it could be impossible in terms of the Bill of Rights' non-discrimination and free ownership clauses.

But at the same time the Indaba gave protection to community groups on the basis of freedom of as-

sociation — a "fundamental break with current Government dogma."

The white objections to the proposals were based on losing the overall veto for whites.

The major lesson of the Indaba was that this was not acceptable to the majority.

Dr Johan Steenkamp, who represented the Afrikaanse Kultuurverenigings (FAK) who has rapidly developed a reputation since his election to Parliament for his ultra conservative views, in his article spells out his concern with group protection.

And his demands are even narrower than just for whites — his specific concern are for the 26 percent of the whites in Natal who are Afrikaners, the smallest of all the minority groups.

He dismisses the second chamber, designed to protect "community" interests, as a booby prize.

In the final analysis, he says, the proposals amount to black domination with white co-option.

In a summing up article political commentator Professor Lawrence Schlummer says history and current world politics are replete with examples where ethnic minorities have pitted themselves against reigning majorities with tragic results.

He warns if surface experience is one of ethnic mobilisation and the group feels threatened then active resistance tends to follow.

The Indaba faced the choice of either trying in advance to suppress ethnic consciousness or give it some living room while integrating it into a broader functioning political unity.

Maggie Thatcher ... 'wants the West to invest in apartheid and blacks to buy shares in it'

Thatcher and her officials advanced arguments, drawing on a more sophisticated analysis developed by Anglo-America, which held up alternative 'high road' and 'low road' scenarios for S A's future — the former involving the unleashing of economic forces, the second being a result of sanctions.

For the first time they put a time frame — 20 years — on the emergence of a non-racial South Africa. But, if in closed meetings, Thatcher advanced the argument against sanctions as badly as her officials did in briefings, it's not surprising she was isolated from the rest of the Commonwealth.

Judgement

Emerging from one briefing, a journalist from a leading US newspaper quipped: 'Thatcher wants the West to invest in apartheid and blacks to buy shares in it.' It was a harsh judgement but understandable given the officials' reductionist argument that economic expansion and demographic forces alone would bring about the dismantling of apartheid. 'I thought that was exactly what apartheid was intended to control,' said a sceptical Canadian official.

Yet, there can be no denying the validity of Thatcher's argument when she said: 'The real importance of the statement we have agreed is that in it there is implicit recognition that further progress can't be made down the sanctions path.'

'There is no proposal for further sanctions actually there. They could not get further sanctions agreed by all members of the Commonwealth. Now if they say "yes" they are absolutely vital but we are not going to put any extra ones on, it does seem to be pretty telling.'

Thatcher held the view that South Africans were

prepared to change. Sanctions were an impediment to change. To back her sentiments she quoted both Helen Suzman and Alan Paton.

'There has been a change of minds and of hearts within S A which has come at a time also of economic expansion. It has come at a time when a number of companies, quite a lot of them British, others South African, have been been forward in their thinking.'

'They have set up black South African unions as you know full well and they have been very active,' she argued.

Spurious

Later she repeated the rather spurious claim that companies had set up black trade unions.

While she was not prepared to say Britain would act to dismantle sanctions already adopted, it seemed clear that having completely broken ranks with the rest of the Commonwealth on South Africa, such an action — which would be in line with the arguments advanced in favour of economic expansion — was not out of the question.

This was later reinforced when she deliberately distanced her government from the ANC. The rest of the Commonwealth, however, will be moving in the opposite direction. Thatcher dismissed this commitment

to sanctions as 'muddled thinking' and implied some countries were guilty of hypocrisy.

But it was also a result of the case for sanctions being argued more strongly than the case against it. A case in point is one involving Kenya's Daniel Arap Moi. He is reported to strongly oppose denying landing rights in Nairobi to aircraft flying to S A.

According to a frontline official this is not just because he is concerned over a loss in revenue, but because he genuinely doubts the efficacy of sanctions. Yet Moi joined the other 46 Commonwealth leaders in adopting new measures against S A.

A Canadian official, who has met leading S A businessmen and been extremely impressed by their arguments against sanctions, said British attempts to argue along similar lines at the summit came over as shallow, lacking both coherence and commitment.

In spite of attempts by the British to embarrass him, Canadian Prime Minister Brian Mulroney emerged from the summit with the support of all members except Britain for a package on S A that contained every element his officials were predicting it would more than two months ago — increased aid to frontline states, a committee of foreign ministers to monitor

developments in S A and stepped up monitoring and implementation of existing measures.

As the only other G7 nation in the Commonwealth besides Britain, Canada, with Mulroney at the helm, has emerged as the leader of the sanctions lobby. Mulroney said: 'We came here in an atmosphere that sanctions were to be set aside. Sanctions it was said did not work. It is very important that the Commonwealth, with the exception of Great Britain, reaffirms completely this commitment to sanctions as an instrument of social change to bring about justice in a society which is clearly and demonstrably founded on an evil concept.'

Limited

However, he recognises that, unlike Britain, Canada's limited links with S A reduces its effectiveness. As such he is reluctant to break all links with S A, saying: 'Once you do it you take yourself out of position to influence dialogue.'

Perhaps as a result of an inability to affect S A by the adoption of new trade sanctions, the Vancouver summit, to quote Mulroney, 'ended in a process, not in a list'. And, in spite of the absence of Britain from the 'process' it would be unwise to underestimate the affect of measures agreed by the rest.

'S A experts' spring up all over the show

Mulroney a master of negotiation

NTO

lls, Brian Mulroney is on
that have eluded many an

on election to test support
on free trade.

d Liberal leader John
Turner called the treaty
'a hothouse deal done in
haste' that will jeopard-
ize Canadian economic
sovereignty and strip its
industries of protection.

Mulroney, 48, draws
strength from his birth
into an Irish family in the
mostly French communi-
ty of Baie Comeau, Que-
bec. Fluently bilingual,
he was known as a good
labor negotiator before
entering politics.

Blarney

Some accuse him of
falling prey to Irish blar-
ney, and the speaker of
the Commons often cuts
short his tirades against
the opposition. Said to
follow media coverage
closely, his relations with
the Press are icy.

Corruption, conflict-of-
interest and incompe-
tence charges cost him
seven Cabinet ministers
in the first 30 months of
his administration, with
the worst cases still
pending.

Scandals

There have been per-
sonal scandals, too, such
as the revelation that he
used party funds to build
a closet for 84 pairs of
shoes in his official resi-
dence.

Throughout 1987, his
party has languished
third in the polls, with
barely 25% support, even
though the Liberals have
been self-destructing in a
feud over Turner's lead-
ership.



Canadian Prime Minister Brian Mulroney ...
'an acknowledged master at negotiations
that come down to the wire'

For the first time in
Canadian history, the so-
cialist NDP is competing
for the top spot — in spite
of its pledge to pull Cana-
da out of NATO.

U S sources said one
reason the Reagan Admi-
nistration tried hard to
reach a free-trade accord
was to bolster Mulroney's
Conservatives against the
NDP.

A Gallup Poll released
last month found that 35%
of voters would like to see
Broadbent as Prime Min-
ister, while only 17% fa-
voured Mulroney.

Yet Mulroney can point
to many economic accom-
plishments and increased
international visibility
for Canada.

The Government says
907 000 jobs have been
created since it came to
power in September 1984,
and unemployment is at
9%, a five-year low. Can-

ada's economy is growing
faster than any other de-
veloped nation's, and tax
reform is promised next
year.

In foreign policy,
Mulroney has put Canada
at the forefront of inter-
national efforts to pres-
sure South Africa into
ending apartheid. He
hosted the 37-nation
Francophone Summit in
Quebec last month, and
will welcome some 47
world leaders to the Com-
monwealth Conference in
Vancouver starting today.

Trivia

'Trivia, personalities
and half-truths of media
reports have too often
taken centre stage and
overshadowed the impor-
tant issues of govern-
ment, our past record and
our vision of the future,'
said Deputy Prime Minis-
ter Don Mazankows-
ki.—(Sapa-AP)

COMMENT

THE INDABA CATALYST

BEHIND the razzmatazz and often unreasoned perception-politics, a real debate in which the issues are jelling is underway over the internationally attention-grabbing Natal/KwaZulu politics.

For the first time this debate, with its multitude of conflicting and often contradictory arguments, has been comprehensively presented in a special edition of the magazine of the Indicator Project South Africa of the University of Natal.

The Indicator Project has again confirmed its ability to tackle major problems of the country presenting the full scope of opinion.

The debate in this edition, which appears under the title, New Frontiers — The KwaZulu/Natal Indaba, however is not limited to what many consider the quaint regional politics of a maverick province.

Repeatedly in the 16 articles in the

**SPECIAL
REPORT**

Bruce Cameron, Daily News Political Correspondent, after an exclusive pre-publication look at the forthcoming issue of Natal University's Indicator magazine, examines some emerging themes on the Indaba which have national significance



publication the point is made that the Indaba, if nothing else, could be the catalyst for greater things.

In four accompanying articles The Daily News has extracted various brief points made by various contributors to the publication to highlight the debate.

Whether the Indaba has a future in its own right and most of the contributors appear to doubt this.

Professor Karl Maygar of the Department of International Relations at the University of the Witwatersrand points out the problems of

the country have been several decades in the making and — “we cannot expect to undo them in eight short months of political negotiation.”

But he adds the Indaba could be the beginning of a solution that will take much, much longer to attain.

Well-known political analyst, Professor Lawrence Schlemmer, in a summing up article says there is cause for hope, caution and despair in the arguments and proposals presented in the Indicator review.

“It is clear from the essays carried

in this review that the major problem with these proposals is their location in the political cross fire between deeply polarised political viewpoints in South Africa.

“It is possible that, falling between the two political currents, they may be lost in the tide of history.

“On the other hand, their position in the cross fire may be the surest indication that they represent a creative resolution.”

Against this Gerhard Mare, Research Fellow at the Applied Social Sciences Centre at the University of Natal claims the Indaba achievements are not only exaggerated but are “simply dangerous to democratic social change as a whole”.

Much of the debate deals with the pressing political and socio-economic demands of South Africa and virtually the full range of proposed political solutions.

The arguments over the Indaba proposals themselves boil down to four basic issues — legitimacy, pro-

tection of individual or group rights or a balance of both, the economic feasibility and the acceptability of regional solutions. Many of the writers have avoided certain issues often altering facts to present their cases.

Some of the arguments also tend to become submerged in often meaningless political jargon, such as the buzz phrase “participatory democracy” which is used from those clearly more marxist than democratic through to the other side of the political spectrum.

But this is not the fault of the Indicator and probably only serves to underline the often dogmatic approach of the various sides.

Apart from the contributed articles the research editors, Karin Roberts and Graham Howe, have summarised sections and brought in background documentation and information.

The special publication will be generally available from the end of the month at a cost of R25.

LEGITIMACY

ECONOMIC VIABILITY

THE CITIZEN

Wednesday 21 October 1987

Convention too late: Buthelezi

FRANKFURT. — It was now too late for a national convention to settle South Africa's political problems, chief Mangosuthu Buthelezi said in Frankfurt tonight.

He was addressing the Hessischer Kreis, an organisation which periodically invites world leaders to inform top West German opinion makers on matters of international import.

What could still bring peaceful change, the KwaZulu Chief Minister and Inkatha President told the Kreis, was an

ongoing, multi-strategy approach involving a wide range of organisations and leaders working towards a common democratic purpose.

"A peaceful transition can only be made if common cause can be established not only between race groups but between the various political groups working for non-violent change," he said.

Such common purpose could evolve only from a growing recognition of the need to salvage the best there was in the existing society and to eradicate the worst.

For example, the country had an education system capable of producing admirable results — it was the inequality of Blacks' access to it which was the real problem.

This system needed to be preserved while racial discrimination was removed from it. The same applied to the mining, banking commercial and

industrial infrastructure and to the "very sound" civil service.

There was a time when a national convention could have avoided the escalation of violence, but the reality of violence had made that now too late.

"Such conventions, or Lancaster House-type negotiations occur only when there are a limited number of major parties among whom one or more has been brought to the point of having to sue for peace," Chief Buthelezi said. — Sapa-AP.

SA reform continues: Buthelezi

FRANKFURT. — Government recalcitrance did not mean that there was no movement towards reform in South Africa, Chief Mangosuthu Buthelezi said here on Monday night.

The KwaZulu Chief Minister was speaking at a dinner hosted by the vice-president of the West German company, Kwu-Mulheim, Mr H Hirschmann.

There was, he said, a vital need for Western democracies to continue dialogue with Pretoria and to mount ever-increasing pressure of the kind capable of making the government more realistic in the search for a democracy.

History itself was at work struggling to establish the kind of industrial democracy in his country which would make a very distinctive contribution to the development of the whole of Southern Africa and beyond. — Sapa.