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taking on two new important dimensions - that of a fiscal crisis of the state; and a cris is 0% cont;
capital in the economic policies of the Bethe regime. Both these aspects are expected tn be highligh
African budget due to be presented on March 18th - ten days earlier than originally sched uled. This a
to analyse the signititance of these developments and assess some at their implications h ath fer the
inside South Africa and the regional struggle.
The first quarter of 1985 has seen evidence of a deepening of the u.CDOmTE crisis in Sout h hfrica. Tt'
Since the aid 19705 Apartheid South Africa has been characterised by a multiple crisis - an economic cr;si ,
crisis, ideological crisis, and a crisis in relations with regional states.
variations over this period the general trend has been towards a deepening of the criSis at each of the .
deepening nultiple crisis has been seen by analysts as revealing deep seated irreconcilia hie centred12t:.r.
thus been described as an 'organic crisis' (1).
Developeents on any one at the above described four levels - ecnneeic, peiiticai, ideolsg izai end re:;ie7
course had profound effects on each of the others. In this sense the various dimensions o f the neitipie e
have been intimately inter-retated. At the sane time, however, it is important tn recegni se that :3 :2
particular level have had their nun dynamic and specificities cannot be nechanisticaiiy r edueed ta
developlents at another level. At different conjunctures during the preinnqed perind ef d eepening crzzzs
at different levels have been the dominant feature.
Turning to the conteeporary situation, it is clear that the six tenth peried .ig - s.rce September e
significant deepening of the organic crisis confronting the rulers :4 Apartheid Eneth .fF TCa ?-V
Septenber to December the dominant feature of this was a deepening of the political CFTEL S. inn- . _
the largely successful boycott :anpaign against the eiecticns fer the en-called "cninhred i end "i. iani i-a
tri-canarai parliament and the uprising in the black residential areas 3% the Fast T'ieng ie and eleewh:-:
also saw a two day Istay anay' strike, described by one academic as V the east successful stay-aeay 5 5;;
was first adopted 35 years ago" (2). By the end of the year a number at observers were ce nciu:;2g
developeents had seriously called inte question the Bethe regime's entire 'rer'nrn'I prog ramme (3).
been increasing signs of that the regime has lost its way and has no clear idea of where tn proceed
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Although there have L593 cyclical
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Certazniy there have
The first three nonths of 1985 has seen no indicatiun whatsoever of the Bethe regime recu
perating its pceziien at this
level. 0n the contrary, ,e
in black residential areas - notably the Crossroads ’squatter camp" in the Western Cape;
and an impertant
the regime’s ’dialogue’ initiative - reflected above ail in the refusal of Neison handeia
tn at:ept Bethe
conditional release.
i NeverthelessI the deeinant feature of the firet quarter of 1985 has been a deepening of
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capital.
2. The Deegeninq Economichrisig; hacra-Indicatnrs
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Available lacro-ecanolic
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ihdicaters paint to a serious deepening hi the receesion in South Africa ever tie
the period has seen the continuation of sehobls boycotte in several areas; ivrzher upr .
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- A negative real growth rate was recorded in 1984, the third in succession. Economic tar ecasters are unanimeus that
1985 will probably also see negative growth and SANLAH’S economists believe that 1985 may even he 5 thSE year than
1984. Even the lost optimistic forecasts see little prospect for recovery before the secn nd haif at 135: :43.
- the price at gold which stood at $313 per ounce at the beginning of the year fell to he tcn $300 in SiiJiff and there
has also been a fall in the price of platinum (5).
- Press repnrts speak of the naize harvest being "a disaster", while the debts of (white) capitalsst rarmers have
soared to R 10 billion (6).
This deepening recession has reiected itself, on the one hand, in a rapid increase in the number :"’
on the other, in lay-nfts of workers. It has been calculated that in ene month at the end of 1084 . t: African
courts protessed bankruptcy cases involving assets valued at R 27 hilliens t7). Fi-ares a t ley-. t. ,. the entire
econoey are not available, but seae idea of the trend eaerges tram these for the mate: in dustry which as" see" 11.000
lay-offs in the past three years (8).
tr htcies and,
At the sale tine it is clear that the econony remains characterised by intense inflatisna ry pressures,
- It is estimated that the money supply grew by 422 in the first 11 months at 1984, while the rate at ;h%;et;an reached
142 (9).
- The first quarter of 1985 saw a 402 hixe in fuel prices which can only serve to push up the rate at :hfiatihn to even
higher levels (10).
All of this has had severe effects on South htrica’s balance of payments position and the internaticiai Jalue at the
Rand.
- Bold reserves uhith stood at 12 million ounces in 1991 fell to less than 7 miliian hy the end at 19 7 i’;1.
7.7.1
- The Rand plusneted to below 50 US cents and there are forecasts that it coutd fall to 25 cents withzt izur years and
perhaps even go as low as 10 cents (12).
Three years of negative qrnuth have severely affected the capacity of the state and state careeratizns - Finance their
activities. By the third quarter of 1984, it was calculated that actual state expeneiture had e seedee :gigeted levels
by R 1.8 billions, leading the Director-Beneral of Finance, Dr Jncp de Loor, to camhent that the state 355 "technically
insolvent’t13). The uidening budgetary deficit has up to new largely been financed by leans - eon; "y loan levies
imposed on tax payers, but also , very importantly, loans raised abroad. The total value sf exte’nai 3:-t by the state
and state corporations rose from 5 6.000 millions in 1981 to 5 13.600 hiilinns in 1984 (143.
Houever, this increase in external indebteUness has Dccurred at a time of diminishing :hnfidence oh the ::’t of foreign
lenders. As the Sunday Star put it:
"A year ago bankers here enthusiastic about lending to SA orqanisatisns. Today they have a note jaundiced
view and have pushed up the test at borrowing - the surest Sign in the international ti tiai harkets of a
hmkm’scmcmn’(mh
At the sane tine the disintestiEht tanhaigh has Snowballed and is beginning for the first time to shew signs at
real teeth - partieuinrty 1n the United States. These two factors have led to the withdrahal 0f 5 number 2’
loans and even certain important disinvestnents. Thus:
having
planned
- Citibank announced in January that it would refrain from eating any further leans tn South
was Iade shortly before the introduction of legislation in the New York
Krugerrands (1b).
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state legislature ta hen the sale of

- The first quarter saw the merger at Ford South Afrita and Ancar i an Angle American subsidiary 3. Tris was a coeproeise solution in a situation in which it was clear that Ford were considering pulling cut of South #4r::a. At the time of the merger Ford announced it would not be making any new investments in Tooth Africa i1?).
- The same period saw Ceca-Eola selling its bottling plant to South African Breweries for R 35 eillians :15).

The growing ditticulties being encountered in obtaining external finance have Ted to recourse te the sni; alternative - austerity. Soee measures have already been introduced. Public service employees has their bonuses c.t iy 51 end pragraeees to equalise salaries in the state and private sectors have been ahendehed. Further measures :5 ti 5 sort are expected to be announced in the March 18 budget - whose presentatinn 10 days earlier than expected is see; as an indicator of the extent at the fiscal crisis (19).

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The Bethe regiee came to peuer as an alliance between the major Atrikaner esnepoties and top military :eneanders. Initially it attracted an unprecedented level of support for a Nationalist Party quvernhent Trom nan-hfritaner munopoty capital. This was reflected above all in the Carlton and Bend Hope conferences between leading capitalists and state officials in 1979 and 1981 respectively.

The recent deepening of the economic crisis has houever seen growing signs that monopoly capital has tost confidence in the Bethe regime. The Eigengigl_hgjl consented in Februarv:
t these
’Seldnn has the contidence of businessmen been at such a lea ehb...hhat is lacking is the beliet the
e they are
running the country and steering the ecanony have a firm grasp of what they are about and knee wher going" (20).

" For the first time in the country’s long history the feeling is increasingly growing that things have got out of hand and that the government - in the visible fare of E Finance hintsterT hr du Tessie - sieply has no answers...’ (21).

There is also such talk at the end at the "spirit of Carlton and Good HopeH.

This growing Tack of confidence dates visibly free the tine of the November stay-auay strike. The arrest of trade union leaders by the regime Ted six leading capitalist organisations to submit a neharanduh complaining that the regime’s heavy handed actien was threatening to underline ’industrial relationsn. Significantly the memorandum was also signed by the Afrikaner Handelsinstituut (AH!) whose President said that "ethnic considerations" nu i:nger had the sane height along his eeebership as in the past (22). The AHI also associated itselt with a memorandue eresented to visiting US Senator Edward Kennedy in January. This called for political rights Tor all South Africans, and the AHI’s endorsement of this document was seen as a further index of its growing distance from the Bathe regime.

The lack of confidence by leading capitalists has also foccussed nn Barend du Plessis, the Finance hi ter. Appointed to succeed Uuen Horueod in the eiadle GT 1984, du Plessis was regarded as an arch technocratic yegl’g’e, a man very ouch in the Iould of P.H.Bethe hinselft Ever since he eade a speech in December referring sarcastic L
t Bod of grouth’ and ’so-calied tree iarket principles", he has been the butt of increasingly :rit cat comments by leading capitalists. The intluentiel Financial hail called him a Jimmy Carter style p’eulist as distinct from a Reagan ennutarist (23). He has also been aciuSed of incompetence.

Sole reports also speak of differences between du Plessis.and Reserve Bank Sevenor, Gerhard de Kat. The latter is described as favouring lore rigid nonetarist policies (24).

The budget to be introduced on March 18th Hill be one of the most important in South htri-a e hxetsry. It can confidently be predicted that it will have inpurtant repercussions both domestically and in the region.

Firstly, as an uausterity budget", it is expected that it will have some impact an unemployment. Bir::t1y, it is likely to invulve certain measures to restrict employment in the state sector. Indirectly, t5 the exzent that it attelpts to reduce the money supply, it can be expected to have deflationary effects on the ecunnmy generatiy.

Secondly, it will be inpnrtant to see to what extent austerity measures extend to the structres at the "new constitutional dispensation". Sett1nq up the sn-called ucoloured" and "indian" chambers of the triecahsral partiament has been an expensive exercise. Any new system of local administration - the regime's "snluticn" tn the tproblen' of the 'urban blacks' - ten be expected to be costly as Hell.

Straddling both dunestic and regional dimensions, a further key question will be the extent to which miiitary expenditure is or is not effected. while there are clearly strong economic pressures on the regime to trim military expenditure, the delands of the continuing war in Namibia, nun complicated by the discovery at substantial etl deposits off the Namibian coast, can be expected to exert powerful countervailing pressures.

Finally. a point of significance at regional level, it is clear that in the prevailing climate both the wiilinqness and capacity of South African capital to invest in the region is severely restricted. Indeed, there ha/e been signs fur sane years that South African mnnnpolies are trying te hedge their bets by making large investments cutaide at Southern Africa altogether. A further example at this trend was the decision announced by Shhthh's mining eubsid:ary,8encer, to invest R 75 millions in ventures in Europe (25) . It will be important to see in the cnntext of substantial outflows of Kapital, nhether or not the regime feels it can continue with its current "free marketn appreach inwards capital novenents. If any restrictions are introduced it can be expected that investments in the region will be affected.

5. Ihengtgg 13/12/1984, Eghq_3_gi_l_y_tjg_i_l_ 18/1/1985.
7- ieeeeLEteteee 16/9/1984
9. 1mm 31/1/1985
9. The Star 18/1/1985.

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15. Ibid.
.16. The Guardian (UK) 9/2/1985.
19, Financial Hail 25/1/1985.
20. 1/2/1985.
21. 19/1/1985.
22. See Financial Hail 18/1/1985.
23. Financial Hail 14/12/1985.
24. 8g11x_!ggg 18/1/1985.
25. Financial Hail 1/2/1985.