

INTERNATIONAL

Chase Stops Loans to Firms In South Africa

By PHILLIP L. ZWEIG

Staff Reporter of THE WALL STREET JOURNAL
NEW YORK—In one of the toughest moves by a major bank against South Africa, Chase Manhattan Bank has stopped making new loans to companies and banks operating in that nation, banking sources said.

Separately, in Washington, House and Senate conferees agreed on a compromise bill that would bar new bank loans to South Africa's government and impose other sanctions, including a ban on the U.S. importing of Krugerrand coins.

The move by Chase, the third largest U.S. bank, means that it won't renew loans or lines of credit to companies operating in South Africa, and won't advance additional funds under existing lines of credit. Included in the ban are loans to South African units of multinational corporations, the sources said.

It is understood that Chase Manhattan currently has about \$400 million in loans outstanding to the private sector in South Africa. This represents less than 0.7% of Chase's total loan portfolio, which was \$60.79 billion at the end of June.

A Chase spokesman in New York denied reports circulating in the South African banking community that the bank was planning to close its representative office there. But he did say, "We're evaluating the situation continually." The spokesman also declined to give the details of Chase Manhattan's loans to banks and other corporations in South Africa, citing customer confidentiality. He noted, however, that Chase Manhattan hasn't made loans to the South African government or government-owned companies since 1977.

Many major U.S. banks have adopted policies against making new loans to the South African government or its agencies, but they have continued to lend to corporations and banks there.

These policies generally allow these banks to lend to companies in South Africa if the nonwhite population stands to benefit.

The decision by Chase appears to have been based primarily on the economic risks of doing business in South Africa, a concern heightened by the official state of emergency that exists there.

Citibank, which owns a banking subsidiary in South Africa, said yesterday it will continue lending to companies in that country. Noting that Citicorp hasn't any outstanding loans to the government of South Africa or its agencies, a spokesman said, "We plan to continue our South African banking operations with the private sector. We believe our continued presence, along with other U.S. companies, provides a positive force for opposition to apartheid and for substantial assistance to black South Africans."

Police Patrol in South Africa Township Confronts the Silent Hostility of Blacks

By STEVE MUFSON

Staff Reporter of THE WALL STREET JOURNAL

DUBUZE, South Africa—Blacks stare sullenly from the windows of their cinder-block homes at four white policemen and 10 helmeted soldiers armed with shotguns, rifles and tear gas.

"Foot patrols are better than armored cars," says Warrant Officer J.C. Laing. "You have closer contact with people, and it's better for the figure." He pats his ample stomach.

A black woman speaks sharply to two small children and they avert their eyes from the patrol. One child steals a backward glance at the men and the woman slaps his head.

Cain has returned to this black township of 35,000 that erupted in rioting early in July, but a day with police patrols shows clearly the mutual distrust between the people and the police.

Blacks vs. Blacks

Sgt. Ezekial Ngqu, the only black policeman on duty, takes visitors to what was his home for seven years. He stands in the doorway; a rubble of cinder blocks lies on either side. Other blacks burned down his house and his mother's house in May. They also took his chickens, leaving the bloody heads inside the remains of the house.

"My neighbors don't talk to me anymore because they fear that if they do their houses will be burned down, too. No one even greets me," says Sgt. Ngqu. He now lives with his wife and two children in a different town.

Two visitors walk behind the burned house and ask a woman gardening in a pink dress and white wool hat whether she knows Sgt. Ngqu, her next door neighbor

The Congressional measure still faces two stumbling blocks: a possible filibuster from Sen. Jesse Helms (R., N.C.) or other conservatives because of the Krugerrand provision, and a possible veto from President Reagan, who has ruled out sanctions under his "constructive engagement" policy.

The compromise bill would:
—Bar new U.S. bank loans to the South African government, or government-controlled corporations, except those providing educational, housing or health services on a nondiscriminatory basis.

—Suspend the import of South African gold Krugerrand coins to the U.S. Last year, the U.S. imported \$578 million of Krugerrands.

—Ban the export of computers and computer technology to South Africa security agencies that enforce apartheid.

—Prohibit trade with South Africa in nuclear technology.

—Require U.S. concerns with more than 25 employees in South Africa to adhere to the series of fair-and-equal employment practices known as the Sullivan Principles. These rules currently are voluntary.

for seven years. "No," she says curtly. "Never met him." She turns back to her hoe.

Black township residents allege that police are to blame for the atmosphere of suspicion. The allegations of police abuse are many and difficult to document.

One woman, Sinsin Zingwe Dike, alleges that two weeks ago she was sitting in her kitchen when a black policeman chased a black youth into her house and fired four shots that hit the woman. The policeman allegedly pursued the youth into the bedroom, found him under the bed and shot him in the head. White policemen arrived, complimented the black policeman and took photographs of the youth. The wounded Ms. Dike remained unattended, though two of the gunshots had hit her in the face, she says. When the photography was finished, the police finally called for an ambulance.

In another incident last week, police scaled a fence of a school where schoolchildren had locked themselves in and shot, and killed at least two youths, according to the father of one of the dead youths.

Dozens of affidavits from blacks allege that police beat residents, break windows and shoot suspects. Black residents allege that black doctors living in the townships have been threatened with arrest for treating gunshot victims. "Mr. (President P.W.) Botha is declaring war against the residents," says David Sullo, a resident of the township of Zwedi.

Many say that police taunt residents. At a funeral in Kwathema for victims of a police shooting, white police allegedly called to mourners: "This country belongs to us." During a drive through the township of New Brighton, a soldier in an armored car casually tossed a banana peel at a young boy on a bicycle.

Policemen may be teenagers, need only have a tenth-grade education and may be paid as little as \$70 a week. Under the state of emergency, any officer in uniform, of any rank or color, can arrest anyone without charge, warrant or hearing.

Few Police

The police presence is remarkably small, considering the tensions in black townships. There are 36 soldiers and about a dozen police in Dubuze, authorities say. A permanent police station is just being organized.

One member of the patrol says his work generally doesn't make him nervous, but that he has had anxious moments facing hundreds of angry blacks. He is armed only with a gun that shoots rubber pellets designed to hurt, but not kill. The pellets must be loaded one at a time.

He volunteers that riding in the armored cars frequently used by police can be unpleasant, too. The car seats two in front and 12 in back with gunports and bullet-proof windows. The top of the car is open and rioters often try to throw rocks inside. "Sometimes it looked like it was raining stones," the policeman says.

House of Anti-Apartheid Figure Raided by Police During a Protest

By ALAN COWELL

Special to The New York Times

8/7/85

DAVEYTON, South Africa, Aug. 6—South African police officers today raided the home of Winnie Mandela, a leading foe of apartheid, after firing rubber bullets and using whips to break up a demonstration outside her home.

Lawyers for Mrs. Mandela, the wife of the jailed nationalist leader Nelson Mandela, said a 20-month-old grandchild had disappeared after the raid near Brandfort, in a remote part of the remote Orange Free State.

Mrs. Mandela has been banished to Brandfort for the last eight years. At the time of the raid, she was in Johannesburg to meet a visiting United States congressman.

According to a police spokesman, police fired tear gas into Mrs. Mandela's house to evict demonstrators who had taken refuge inside. Thirty people were said by the police to have been arrested and charged with public violence.

Meanwhile in Daveyton, a township close to Johannesburg, Bishop Desmond M. Tutu, the Anglican leader, negotiated with white police officers today to avert a confrontation after the

South African Army used armored cars, troops on horseback and foot soldiers to encircle the funeral of a black victim of the unrest.

The army operation represented the biggest clampdown to date on political funeral rallies by township activists, and it was staged with air support by two helicopters.

The show of force appeared designed to signal to restive black townships that officials are ready to use still harsher measures against black defiance.

Vowed to Disobey Regulations

Last week, the Government placed restrictions on funeral rallies, virtually the only form of lawful assembly and public expression available to blacks. But Bishop Tutu, citing the Scriptures, said today that he would ignore new regulations preventing clerics from addressing political issues.

"If I am to go to jail for preaching the gospel of the Lord Jesus Christ," he said in a funeral address in a tent under

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House of Anti-Apartheid Leader Raided by Police During a Protest

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a dusty willow in a township yard, "then so be it."

It was the first time the Bishop, winner of the 1984 Nobel Peace Prize and the first black Bishop of Johannesburg, had threatened defiance within an area affected by a state of emergency decree, now in its third week. The decree was imposed around Johannesburg's industrial sprawl and in the restive Eastern Cape.

In the past, police and army units have tended to keep in the background during rallies at funerals, which have often turned into mass protests calling for the overthrow of the Government and its apartheid policies.

Frequently, after burial services, when large crowds of blacks are dispersing, there have been conflicts with the police, whose presence is seen by many black activists as provocative. The police depict their role as that of preserving law and order and preventing black crowds from exacting retribution on fellow blacks accused of being stooges for the white authorities.

Mandela Home Not Under Decree

Brandfort, 40 miles from the Orange Free State capital of Bloemfontein, is not included in the 36 magisterial districts covered by the emergency decree.

The police said a crowd gathered outside Mrs. Mandela's home earlier today demanding the release of her husband, who has been in prison for more than two decades. He is a leader of the outlawed African National Congress, the main exiled group fighting to overthrow a white ruling system that excludes the black majority from political power.

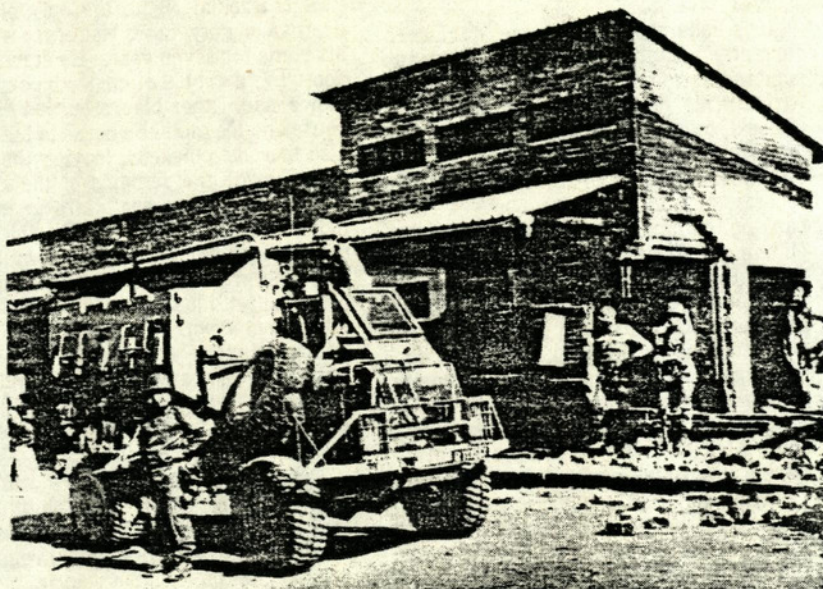
The police said demonstrators threw rocks and a gasoline bomb at police officers who arrived to break up the demonstration. Mrs. Mandela, who met on Monday with a visiting United States Representative, Stephen J. Solarz, Democrat of Brooklyn, was not available tonight to comment on the raid. She was said by friends to be driving back to Brandfort with her lawyers.

She Has Been Banned Since '66

Mrs. Mandela has been under various forms of restriction for most of the last 20 years. She became what is called a banned person in 1966, meaning that she may not address public gatherings or meet with more than one other person at a time.

Brandfort is a conservative, white rural settlement. Mrs. Mandela may travel from her home there only with police permission and must follow a route established by the police.

Mrs. Mandela has set up a clinic in one part of the three-room home. Visitors come away from talking to her with a sense of a person who relishes sophisticated conversation, has clear and incisive views and articulates her



South African soldiers standing guard outside a burned-out store in Daveyton.

opposition to apartheid with vigor.

Continued unrest, meanwhile, was reported Monday and overnight in several parts of the country, including Soweto, outside Johannesburg; Bethal, in Orange Free State; Mamelodi, near Pretoria, and New Brighton, near Port Elizabeth.

Townships near Durban, which have been calmer than most in the country, erupted Monday, the police said, with buses stoned and schools closed. The outburst came after protests against the assassination last week of Victoria Mxenge, a prominent civil rights lawyer.

The police said today that 1,429 people had been detained under the emergency powers and that 249 had been freed.

A police spokesman was quoted by a South African newspaper as saying that "we are finally winning" and that the level of unrest had fallen since the state of emergency was imposed.

Later, however, a police spokesman said that in continued unrest in KwaMashu township near Durban, a black man had been shot dead by a black police officer whose home and automobile were burned by a crowd. More than 200 people, by the official count, were killed, many by the police, in the months of unrest preceding the emergency decree, whose purpose has

been to crush public shows of dissent.

In Daveyton, outside Johannesburg, the funeral today was for Elizabeth Khumalo, a 16-year-old shot dead by the police after a funeral on July 24. Miss Khumalo, witnesses said, was on her way back from the cemetery and was on Eiseien Street, the township's main thoroughfare, when the shooting started. Four people died that day.

The Rev. Stephen Mochane, who lives in Daveyton, said that he had wanted to rent an assembly hall or a stadium for the funerals of two of the victims but that the authorities had refused to agree.

Under the new rules covering the funerals of victims of the unrest, there may be no outdoor gatherings before the burial, no political speeches or speeches by people other than ordained ministers and no discussion of the state of emergency decree. Only one person may be buried at a time.

The restrictions were ignored last weekend in Port Elizabeth, and 1,500 people, a far fewer number than usual, paraded through the streets of Zwile township to bury 11 people at one ceremony. The intention of the police today seemed to be to quell such shows of defiance.

Opposition Figures Decry S. African Funeral Ban

SOUTH AFRICA, From A1

They have been filled with angry rhetoric and the flaunting of outlawed slogans and banners. Many have flared into violence.

Government officials, including Law and Order Minister Louis le Grange, have said the new measures were designed to defuse tensions in the townships by denying activists one of their most important forums for stirring unrest. But opponents warned that the restriction, by closing off one of the few remaining channels of legal protest, would only make things worse.

The new government ban forbids outdoor services for anyone who died of unnatural causes in any of the 36 districts around Johannesburg and Port Elizabeth covered by the state of emergency.

The measure also includes a ban on any political statements at a service, and forbids the use of public address systems and the distribution or display of flags, placards and posters. It orders that the presiding clergyman "shall not . . . in any manner defend, attack, criticize, propagate or discuss any form of government, any principle or policy of a government of a state, any boycott action, the existence of a state of emergency or any action by a force or a member of a force."

Anyone who violates the ban could face up to 10 years in prison and a \$10,000 fine.

In an interview on British television, Tutu said he was "appalled" by the ban on funerals, because the authorities "are now trying to prescribe to the black community when and how to mourn, and I think that is . . . quite intolerable."

He said he did not know what the government's reaction would be if he spoke about the political situation at Thursday's funeral, and added: "If we are going to be able to exercise any kind of control and call people to be restrained, we surely need to re-

er to the situation in which they find themselves."

At the mass outdoor funerals, he said, people were able to "give expression to their hurt, and there was a kind of healing . . . It was possible for religious leaders then to be able to exercise some form of control and influence on how things developed from that kind of situation."

The South African Council of Churches, in a statement by General Secretary Beyers Naude, asked the government to reconsider the move, warning that "anger will increase and we fear that a situation may arise where the community, in their frustration, will eventually defy such restrictions, thereby causing more conflict and clashes."

Boesak, a Dutch Reformed minister who is a founder of the United Democratic Front opposition movement, said the restriction was "sure to cause more confrontation and bloodshed."

In the other matter affecting Boesak, the South Africa Media Council dismissed a complaint brought by the security police against The Johannesburg Star. The newspaper had published articles earlier this year reporting that police had helped distribute pamphlets and tape recordings, alleging that the minister, who is of mixed race, was having an affair with a white woman.

The council ruled that "certain members of the security police, whose identities are not clear from the evidence, were implicated" in disseminating the materials to The Star and possibly to other newspapers. It ruled that two police colonels had admitted this to two reporters in interviews, although they had told the reporters they would deny the admissions if they were published.

Boesak, who has said he had a "very close" and "unique" relationship with the woman, said the ruling confirmed police had conducted a "dirty tricks" campaign against him.

Police also announced today that

they had arrested eight persons in connection with the murder of Maki Skosana, an alleged police informer who was stoned and burned alive July 20 by a mob.

Incidents of unrest continued today in several black townships, police reported.

In the eastern Cape Province town of Cathcart a man was killed by shotgun fire when police dispersed a stone-throwing crowd that had attacked a town councilman's house.

The death was the 25th since the emergency was proclaimed by President Pieter W. Botha to quell the unrest that has rocked this country for the past 11 months. The death toll since last September is now about 500 people.

Police announced 44 new arrests today, bringing to 1,259 the total made under the emergency proclamation. Thirteen persons have been released.

EC Commission Urges Sanctions Against S. Africa

Manchester Guardian

BRUSSELS, July 31—The Commission of the European Community called for economic sanctions against South Africa today, unless the Pretoria government changes its attitude to apartheid "as soon as possible."

In a toughly worded statement delivered to the South African ambassador to the European Community, Petrus Meyer, the commission said apartheid "has no future."

European Community Trade Commissioner Willy de Clercq told the ambassador that the commission considers sanctions to be "inevitable" unless there is a change in attitude.

South Africa Sanctions Approved

SANCTIONS, From A1

one of several particular steps toward ending apartheid.

If South Africa does not make progress toward ending apartheid within the next year, the president would be required to recommend stiffer sanctions for congressional approval, including a ban on new private U.S. investment in South Africa, a denial of most-favored-nation tariff status or a prohibition on coal and/or uranium imports.

Although administration sources have said Reagan is unlikely to veto a sanctions measure along the lines of the House-Senate compromise, official spokesmen continued to stress the president's opposition to economic sanctions and refused to comment on his plans before seeing the final measure.

Senate conservatives, led by Jes-

se Helms (R-N.C.), similarly refused to rule out the possibility of a filibuster against the conference report, which would delay final consideration until after Congress returns from its August recess.

Several conferees said rising violence in South Africa in the wake of the declaration of a state of emergency there had made it more urgent that sanctions be approved. In addition, U.S. sales of krugerrands have dropped by about 80 percent over the past year, although they are still thought to be running at more than \$22 million a month.

Agreement came without a formal vote of the conferees. Under the legislation, the sale of nuclear technology would be banned and computer technology would be curbed. U.S. firms with more than 25 employees in South Africa would

be required to abide by the "Sullivan principles" mandating promotions and preferential hiring for blacks.

"We are saying kaddish for the policy of constructive engagement," said Rep. Stephen J. Solarz (D-N.Y.), referring to the Jewish prayer for the dead. The compromise "has the sticks of immediate sanctions in it," he said later, "but it has the carrot of a potential waiver if [South Africa] is making progress down the line."

The steps that would be considered progress under the measure include an end to forced relocations, negotiations for a new political system with full rights for nonwhites, a settlement of the status of South African-controlled Namibia, freedom for all political prisoners, access to jobs and joint family housing for nonwhites, and an end to "de-

nationalization" practices of segregation.

The measure provides for the minting of new U.S. gold coins in the same sizes as the banned krugerrand, in order "to let Americans vote with their purchases," said Senate Foreign Relations Committee Chairman Richard G. Lugar (R-Ind.).

It also provides \$34 million of Agency for International Development funds for scholarships through fiscal 1987 for black South Africans to attend South African colleges and secondary schools.

Sen. Charles McC. Mathias Jr. (R-Md.) said, "The situation has deteriorated" in South Africa since the Senate voted July 11 on its approach. "I think we have to do more than we originally contemplated."

The new state of emergency and the ensuing violence has killed scores of blacks and sent more than 1,250 people to jail since the Senate vote. In addition, France has imposed strong sanctions and the U.N. Security Council voted 13 to

1, with the United States and Britain abstaining, to urge all nations to impose sanctions against the Pretoria government.

Rep. Howard E. Wolpe (D-Mich.), chairman of the subcommittee on Africa and a leading advocate of strong sanctions, said those events left the United States "way behind" in responding.

"Economic sanctions are the only alternative to an absolute bloodbath," he said, because the white minority government will engage in serious negotiations with the black majority population "only at the point when they are convinced they have more to lose than to gain" by preserving apartheid.

The conference was briefly interrupted by an outburst from a spectator, Daki Napata of Baltimore, who has said he will fast on the Capitol steps until Congress acts against apartheid. "I take exception to your talking about gold coins when black people are dying in South Africa," he shouted. Police hustled him from the room.

Conferees Approve Economic Sanctions Against South Africa

Opposition Figures Hit Funeral Ban

8/1/85

By Glenn Frankel
Washington Post Foreign Service

JOHANNESBURG, July 31—The South African government issued a sweeping new ban today on outdoor funerals with any political content in black townships, a measure immediately denounced by opposition leaders who warned that it would increase tensions in the riot-torn communities.

Nobel Peace Prize winner Bishop Desmond Tutu quickly vowed to speak at a funeral scheduled for Thursday, and said the government is "playing with fire" in banning the funerals, which have served as a "safety valve" for "a people already battered by vicious and draconian laws."

Another man was killed in clashes with police in the eastern Cape Province area today, and unrest continued in the Cape Town and Durban areas not covered by the state of emergency the government declared 11 days ago. Meanwhile, a private media council upheld published allegations that security police had conducted a smear campaign against the Rev. Allan Boesak, one of the country's leading activists against the system of strict racial segregation called apartheid.

Funerals for blacks killed by police during episodes of unrest have become a principal means of publicly demonstrating opposition to the government in recent months, drawing as many as 70,000 people.

See SOUTH AFRICA, A22, Col. 1

Action Repudiates White House Policy

By Joanne Omang
Washington Post Staff Writer

House and Senate negotiators, in a clear repudiation of Reagan administration policy, agreed yesterday on a package of economic sanctions against South Africa, including a ban on the importation of South African kruggerand gold coins and a halt to new U.S. bank loans in that violence-wracked country.

The measure, which could go before the House and Senate for final consideration today, initially would have slight if any economic impact on the Pretoria government.

But it would put Congress on record for the first time in opposition to South Africa's official apartheid policy and could lead to stiffer actions in a year if the South African government does not take specified steps to end apartheid.

The legislation represents congressional dissatisfaction with President Reagan's policy of "constructive engagement" with South Africa, which has entailed low-key diplomatic pressure for change while opposing economic measures as more harmful to black workers than to the government.

The agreement came when Senate negotiators approved the kruggerand ban approved in the House version of the bill. In return, House negotiators accepted language that says all sanctions could be waived if the president finds, and Congress agrees, that South Africa has taken

See SANCTIONS, A23, Col. 1

Europeans, in Recalling Envoys, Show Division on S. Africa

By Celestine Bohlen
Washington Post Foreign Service

HELSINKI, Aug. 1—The foreign ministers of the European Community split over the adoption of joint economic sanctions against South Africa early today, agreeing instead on the symbolic gesture of summoning their ambassadors home from Pretoria "for consultations."

The ministers of the 10 member countries, plus Spain and Portugal, spent four hours debating how to protest South Africa's racial policies and its reaction to recent violence.

The meeting, held while the European ministers were here for a commemoration of the 1975 Helsinki accords, showed divisions in Europe on how to deal with the politically and economically sensitive subject of South Africa's system of apartheid, or racial segregation.

The South African government attempted to play down the EC move, issuing a brief statement denying that the recall had any political meaning, correspondent Glenn Frankel reported from Johannesburg. The Department of Foreign Affairs cited "discussions" with an unnamed "official European Community spokesman" on the action.

Several ministers here said the final result was a compromise that had involved concessions on all sides.

"A common position implies suggestions and concessions made by the whole delegation," said French External Affairs Minister Roland Dumas.

Britain and West Germany have taken public stances against sanctions, which they say are not effective in bringing about change. France and Belgium have pushed for a tougher response, particularly since

France late last month unilaterally decided to recall its ambassador from Pretoria.

The strongest of the measures agreed on jointly by the community involves the return to Europe this summer of the community's ambassadors to South Africa for "consultations" in preparation for another foreign ministers' meeting on Sept. 10.

The word "summon" apparently was chosen over the word "recall" after lengthy debate. As diplomats explained it, the formula allows each country to decide whether to send its envoy back to South Africa.

At a press conference today, British Foreign Secretary Geoffrey Howe made a point of drawing a distinction between recall and summon. He said he had opposed sanctions, because "we do not believe we are likely to advance the process of change by applying economic sanctions."

Prime Minister Margaret Thatcher said later in London that the ambassador return

for the meeting "but he will be returning to South Africa. It is my view that he should be able to report from there."

The ministers' statement condemned the state of emergency declared in South Africa and the failure of the white-minority government to pursue talks with black leaders such as Bishop Desmond Tutu.

The ministers also asked for an inventory of measures and guidelines already used by individual countries to control South African investments and to draw up further measures that could be taken to "contribute to the abolition of apartheid." These measures are to be considered at the Sept. 10 meeting.

West German Foreign Minister Hans-Dietrich Genscher told a press conference it was important that the community establish a "political strategy with a clear aim." "We must not jump from one special step to another," he said.

Genscher, noting that his country and

Britain shared a "principled attitude" on sanctions, said the decision to summon the envoys was an "important political symbol."

France took the decision to recall its ambassador three days after a previous European Community meeting had agreed on calling on South Africa to lift its state of emergency. "When we met on July 22, I said France was not satisfied," said Dumas at the time. "We made several suggestions at the time that were not taken. So France took its own initiative."

Today, Dumas said "progress" had been made among the members of the Common Market since then. "England and Germany have made concessions in our direction and not without pain," he said.

Luxembourg Foreign Minister Jacques Poos, whose country now heads the EC Commission, said, "There are certain reservations among the members states against economic measures against South Africa."

Balm for Botha and Shots at the Sandinistas

A British anthropologist once discovered a tribe in Burma that changed its entire conception of the universe according to the seasons. In the summer months, when the tribe lived up in the hills, its theology was sanguine and its political philosophy democratic. In the winter, when the tribe moved to the valley floor, this benign outlook gave way to a grimmer, more tormented eschatology and to authoritarian political beliefs. The Reagan administration, reflecting the sophistication of a civilization "higher" than that of the Burmese

Viewpoint

by Alexander Cockburn

tribe, manages similarly radical shifts in its beliefs without even moving out of Washington, and in the time frame not of a year but of a week and even a single day.

Take the cases of South Africa and Nicaragua. Since the beginning of Mr. Reagan's first term the administration has galloped over the South African veldt in pursuit of the chimera of "constructive engagement," otherwise known as "quiet diplomacy" or "negotiation behind the scenes." Thus liberated from noisy diplomacy or public arm-twisting, the white, racist government of South Africa has intensified its repression of the country's 20 million disenfranchised blacks, managing to murder 300-400 of them in the past 10 months.

In the face of detailed descriptions of torture, as of the Rev. Simon Farisani, the Reagan administration remained complacent. The murder of those detained in prison aroused little or no concern. When the South African police shot down unarmed men, women and children earlier this year, President Reagan suggested that these victims had somehow brought it on

themselves. In 1984 the Botha government promulgated a new constitution that accurately summed up the effect of four years of "constructive engagement": This constitution provided parliamentary representation without power for Indians and coloreds (by which are meant South Africans of mixed race) and nothing at all for the 20 million blacks. The sole engagement, constructive or otherwise, that the constitution made with the democratic aspirations of these blacks was a single clause, that the "control and administration of black affairs shall rest with the president."

The emergency announced by the Botha government on July 20 signaled an intensification of the repression. More than a thousand people are already being held, and the aim of the police is clear: to "decapitate" black protest by locking up every organizer and leader they can find. If the fate of one such leader, Matthew Goniwe, is any guide, some of these organizers will not survive their sojourn in prison. At the end of June, Mr. Goniwe, one of the most admired of black leaders, failed to return from a meeting in Port Elizabeth and his mutilated and charred body was subsequently discovered next to a highway amid the widespread belief that the police were responsible.

At long last the administration, against rumbles from Congress about economic sanctions, has itself begun to make noises and strike the odd rhetorical pose, while continuing to insist on the utility of constructive engagement. Almost the only piece of good news is that a State Department Intelligence study has concluded that present turmoil in South Africa does not represent, in the words of a White House official, "a revolutionary or a pre-revolutionary situation." If this is the word from the masterminds who saw no serious problems for the shah in 1979 and no serious military threat from Egypt to Israel in the fall of 1973, we may expect Nelson Mandela to assume power by Labor Day.

Now mark the abrupt shift in theology

and general world outlook as the administration (and, it goes without saying, the editorial outlook of these pages) swivels from South Africa to Central America. During four years of thickening night in South Africa, the Nicaraguan government, by contrast, produced a constitution that was attended by the first democratic election in the nation's history. The torture practiced by the agents of Anastasio Somoza, a dictator with whom the U.S. had the most constructive and, indeed, prolonged of engagements, has been ended along with the death penalty.

But since torture and judicial murder have been abolished by the Sandinistas, the U.S., abhorring a vacuum, has made

On one day the folk in Congress talk about sanctions against the South African government; on the next they clear the way for funding an Angolan "proxy" of that government.

sure that such practices survive, by financing and training the contras, whose tortures and murders of Nicaragua's civilian population have been abundantly documented. This export of terror into Nicaragua by the U.S. has been accompanied by other forms of destructive engagement, including a trade embargo and the blocking of multilateral aid. And, adding final insult to extreme injury, the president recently singled out Nicaragua, along with four other nations, as one that was itself "exporting" terror. Thus has Nicaragua been rewarded for its own gestures of constructive engagement with the U.S.

Congress has lately showed itself to be in sympathy with the president's efforts to improve the volume of his country's terror

exports. External AFDC (aid to the families of dependent contras) has been approved, along with other gestures of good will toward the White House such as the repeal of the Clark Amendment, thus permitting aid to Jonas Savimbi's contras in the Angolan bush. This vote in Congress would have left that Burmese tribe dizzy with admiration. On one day the folk in Congress talk about sanctions against the South African government; on the next they clear the way for funding of a "proxy" of that government, which has been of extreme importance in maintaining South Africa's illegal occupation of Namibia. This is the sort of "signal" from Washington that is greeted with raptures by Mr. Botha and his men.

If this "signal" was not enough, there is now a report, by Alfonso Chardy in the Miami Herald's Washington bureau, that among officials in the White House and Defense and State departments there is being mooted the idea of a "freedom fighters bureau" to coordinate anti-communist insurgents around the world. Preliminary estimates of the cost of this "White International" of counterrevolution tote up to \$1 billion, although the rapacious corruption of the intended recipients—former national guardsmen in the Nicaraguan contras, Afghan bandits and feudal landlords, allies of Pol Pot in Cambodia, hirelings of the South Africans in Mozambique and Angola, to name but a few—will doubtless multiply that sum greatly.

Over the months to come we can expect Burma Syndrome to continue apace. On one day, howls of denunciation against the white South African police state, with an escalation of diplomatic protest; on the next, hearty endorsement of all the forces kindred to that police state in philosophy and behavior, along with avoidance of the fierce economic measures—serious economic sanctions and embargoes—that might actually impel the Botha regime to recognize the rights of the majority of the country's citizens.

House Backs Economic Sanctions Against Pretoria

Continued From Page A1

veto even if it set the stage for a sharp confrontation with Congress.

The sanctions are intended to put pressure on Pretoria to end its policy of apartheid, or racial separation.

The officials said the National Security Council had reached a consensus against signing the bill.

Both the House and Senate have already voted for economic sanctions by margins sufficient to overturn a Presidential veto. A coalition of conservative House Republicans urged President Reagan to sign the bill. It warned that support for the Administration's position was "deteriorating" and said a veto could not be sustained.

Supporters of the sanctions had been pushing to complete work on the bill before Congress adjourned for its August recess. But that hope was thwarted when Senate opponents of the measure

threatened a filibuster.

Senator Bob Dole, the majority leader, told the Senate that the bill would have to be carried over until September. It would take two days for the Senate to cut off debate, and the legislators are planning to adjourn Friday.

An aide to Senator Lugar said a group of eight senators had vowed to mount a filibuster.

The aide, Mark Helmke, said the opponents included Senator Jesse Helms, Republican of North Carolina, and Steven D. Symms, Republican of Idaho.

"We'll just have to take it up in September, which is unfortunate but predictable, given the way things work around here," Mr. Helmke said. He noted that the sanctions measure originally passed the Senate 80 to 12, and he predicted the changes made by the conference committee would not undermine this broad support.

Mr. Lugar plans to meet with Admin-

istration officials during the August recess. He will urge Mr. Reagan to respond to the increasingly violent situation in South Africa by enacting the sanctions with his executive authority.

The bill approved by the House would bar sales in the United States of Krugerrands, the South African gold coin, and it would bar bank loans to the South African Government. Most American banks voluntarily suspended such loans about seven years ago.

The measure would ban sales of goods used in nuclear production and computers. It would require the President to impose further sanctions after 12 months if South Africa failed to make significant progress toward ending apartheid.

Supporters acknowledged that its provisions were largely symbolic and unlikely to force any immediate changes in South Africa's system of apartheid. A series of speakers from both sides of the aisle contended, nonetheless, that Congress should approve sanctions because they represented the strongest American condemnation to date of South Africa's racial system.

"The legislation makes a moral statement that far exceeds economic leverage, as important as that economic leverage might be," said Representative Dante B. Fascell, the Florida Democrat who is chairman of the House Foreign Affairs Committee.

Representative Mickey Edwards, an Oklahoma Republican and chairman of the American Conservative Union, also supported the bill. He said, "If what is happening in South Africa doesn't stir moral outrage, nothing will."

'As Important as Ending Slavery'

Representative Jim Leach, Republican of Iowa, evoked the heritage of the Republican Party in support of the sanctions. Recalling that Abraham Lincoln, the first Republican President, signed a declaration freeing the slaves, he said, "Ending apartheid in this century is just as important as ending slavery was in the last."

But Representative Dan L. Burton, Republican of Indiana, warned that sanctions "bode ill for the free world."

Tutu Urges Repeal of Funeral Curbs

Continued From Page A1

Bishop Tutu declared before a crowd in Tumabole estimated at between 8,000 and 10,000 people.

The Bishop's comments, and the turnout at the funeral in a small town, seemed to show that the state-declared emergency had not, so far, achieved its apparent aim of enforcing quiescence on the nation's black majority. According to police reports in recent days, unrest has now spread on a small scale to areas outside the area affected by the emergency.

Tumabole itself lies outside the 36 magisterial districts around Johannesburg and in the Eastern Cape covered by the emergency and so was not touched by the new restrictions on black funerals.

South African journalists said there seemed little prospect that the Bishop's appeal would be heeded by a white Government that seems, in the words of an Afrikaner political analyst, to have "battered down" after acknowledging the failure of a program of limited racial change that has excluded the nation's 23 million blacks.

The Government's immediate tactic, the commentators said, seemed to be to devote its energies to enforcing calm on black townships, some of which have become ungovernable after months of unrest.

Thereafter, an Afrikaner journalist said, the Government's options seem limited since many of President P. W.

Botha's Afrikaner supporters have become disenchanted with his policies, arguing that they seem to have produced unrest rather than racial peace.

After a meeting with prominent business executives today, President Botha was quoted by participants as having said he remained committed to racial change and would lift the state of emergency as soon as possible. But he gave no date for ending the emergency.

Previously, burials of activists killed in unrest that has claimed over 500 lives in 11 months have become occasions for large, open-air rallies addressed by speakers from political organizations.

On Wednesday, however, the authorities invoked the emergency regulations to ban open-air funerals and restrict those addressing funerals to ordained ministers. The curbs forbade the discussion of political issues at funerals, thereby closing the only channel for open political discussion available to black people in the emergency area.

The first major test of the authorities' new ruling on funerals is expected this weekend in Port Elizabeth, where two schoolchildren are to be buried. According to witnesses, the students were shot dead by black security policemen who broke up a political meeting in a school hall and opened fire on unarmed protesters.

In a sad counterpoint to the political fervor surrounding some funerals, a

woman in her 20's, Maki Skosana, was buried in Soweto, outside Johannesburg today. Few attended her funeral. She had been denounced by a crowd as an informer at a funeral rally in Duduza township east of Johannesburg on the day the emergency was announced. Miss Skosana was beaten and then burned to death, and television footage of her grisly death provided justification, for many whites, for the imposition of a state of emergency. Some activists said later that she had been burned by mistake.

Antiboycott Campaign

Elsewhere in the Eastern Cape, in the small town of Graaff-Reinet, in the semidesert called the Karoo, the police invoked emergency powers to seal off black and mixed race townships to non-residents and embarked on what seemed an antiboycott campaign that might be used as a model, the police said, for action elsewhere.

High school students, who have been boycotting classes since April, were ordered back to their schools by police officers who, residents said, went from house to house to issue the order.

The police indicated that black-owned shops in the townships might be closed to break a boycott of white-owned shops in white areas. In much of the Eastern Cape black political activists have formed committees to enforce boycotts of white-owned shops that bring rare pressure on whites to acknowledge black grievances.

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WEDNESDAY 8/1/85

Black Cops Feel Alone in S. Africa

By Marcia Kunstel

Newsday Special Correspondent

Dennotta, South Africa — Like thousands of South African blacks, Michael Modise is a young man in prison.

Unlike the others, he is not behind bars. He is isolated by the blue police uniform he wears.

The stigma of being a black police officer is so severe in these explosive times that Modise has lost his friends, his house has been destroyed by firebombs, and he has been forced to physically abandon his place in the black community.

"They said they are fighting apartheid," said Modise, obviously bewildered by the gangs who have targeted police. "But I don't know why they should attack houses like this."

As of July 19, unrest in the black townships had scored a high toll among police: the homes of 294 black police officers had been burned down, seven officers had been killed and 113 assaulted, according to a spokesman for the South African police.

The police are symbols of a hated government.

Modise, 27, and his wife and daughter now live in a 9-by-12-foot tent in a guarded compound with 19 other black officers on the grounds of the police headquarters here.

His wife does not go out to shop. It is no longer safe for his 12-year-old daughter, Prudence, to go to school.

All 34 police officers in the nearby black township of Duduza have been burned out by their black neighbors.

Duduza has been among the townships hardest stricken by violence, which included the deaths of four young blacks blown up by defective hand grenades.

The 19 Duduza police officers clustered in this miniature tent city are a spot of black in the white township of Dennotta, where blacks normally are not permitted to live.

The police station that is home carries clear signs of the blacks' position in this family. Placards label separate white and black parking spaces, separate white and black toilets, separate white and black entries to the courtroom and separate white and black sections at the complaint desk.

These police are tragic middlemen. Their black skin makes them unacceptable among whites, while their jobs as enforcers of the white man's law makes them anathema to blacks.

Some, at least, do not understand how they landed in this no-man's land.

"I am always in danger," said Steven Mona, 28, who was burned out of Duduza on June 17. He lives in a tent here, but has sent his wife to stay with relatives elsewhere.

To Mona, the gasoline bombs are inexplicable.

"In fact they are fighting against me, not the government. I am not the government. I am just an employee," he said.

Mona, in civilian clothes when interviewed at the tidy compound, wore a cross pinned to a scrap of cloth on his shirt, bearing the letters ZCC. It stands for the Zion Christian Church, a large black denomination that believes government carries out the mandates of God.

Mona, a police officer for four years, said he does not understand the reasons behind the unrest that has ripped through his country for nearly a year.

"I don't know why they are fighting," he said. "I think they want their freedom, but I don't know."

Similarly, Modise seemed perplexed over the racial strife. He has what he considers a good job because of the government, earning 457 rand or nearly \$230 a month, which is much more than a veteran black schoolteacher makes and nearly 10 times as much as some unskilled black workers.

"I don't like any protest," Modise said. "With this South African government, I'm in a good condition."

He is not in such good condition when he must go back to work in Duduza, which is four miles and an economic light year from the white township its people serve.

His job is still to investigate crime in Duduza, a complex of rutted dirt roads linking matchbox houses. But he goes only at night, Modise said, because it is too dangerous for him to be seen in daytime.

The community wanted him out so badly that his house was attacked three times before the final firebombing finished it off May 19.

"Even our friends are now afraid of us," he said. "If they see one of my friends talking to me, as soon as possible, they are going to burn him. To death. Set him alight."

One friend did approach him and told him he must resign, Modise said.

"I said, 'No, I can't do otherwise.' It is just because I want to help the black people."

House Backs Economic Sanctions Against South Africa, 380 to 48

Senate Action Delayed by Threat of Filibuster — Veto Is Expected

By STEPHEN ENGELBERG

Special to The New York Times

WASHINGTON, Aug. 1 — The House of Representatives today overwhelmingly approved economic sanctions against South Africa, but final action on the measure was delayed until September after Senate opponents threatened a filibuster.

In a sign of growing support for the sanctions in Congress, the House voted 380 to 48 to accept a bill put together Wednesday by House and Senate negotiators.

President Reagan has opposed the sanctions, and authoritative Administration officials said today that Mr. Reagan would veto the bill moving through Congress.

Some Form of Sanctions Expected

Senate Republicans have said they believe that Mr. Reagan would accept a bill containing moderate sanctions, such as the one they adopted. Senator Richard G. Lugar of Indiana, chairman of the Foreign Relations Committee, plans to ask President Reagan to impose sanctions of some form under his executive authority during the August Congressional recess.

At talks in Helsinki, meanwhile, in a signal of displeasure over the situation in South Africa, 11 more Western European countries decided to recall their Ambassadors from Pretoria for consultations. [Page A4.]

"He is not for it," a senior aide said, referring to Mr. Reagan's position on the bill. "It is his honest conviction that it is the wrong way to go." Officials said Mr. Reagan's advisers favored a

Continued on Page A4, Column 1

Time of Reappraisals For Ties to Pretoria

The making and remaking of U.S. policy on South Africa. Washington Talk, page A8.

Executives at many of the 300 American companies in South Africa are uneasy, and some want to reduce their involvement. Page D1.

Tutu Asks Government to Cancel Restrictions on Funerals of Blacks

By ALAN COWELL

Special to The New York Times

JOHANNESBURG, Aug. 1 — Bishop Desmond M. Tutu, the Anglican leader, appealed to South Africa's white authorities today to cancel newly announced restrictions on funeral rallies by blacks.

At the same time, the Bishop, South Africa's most prominent black cleric, said he would break laws he considered unjust.

"I appeal to the authorities," he told mourners at a funeral for a black political activist near Parys, 75 miles south of here, "please do not try to find reasons for confrontation to make worse a situation which is already bad."

Civil Rights Lawyer Is Killed

Bishop Tutu, winner of the 1984 Nobel Peace Prize, was referring to regulations issued Wednesday under South Africa's 12-day-old emergency decree imposing severe curbs on black funerals, which have come into use as forums for black political expression.

In a separate development, the police said Victoria Mxenge, a civil rights lawyer, was gunned down outside her home in Durban tonight. Mrs. Mxenge was the widow of Griffiths Mxenge, a lawyer and former political detainee slain in 1981 in a case that the police never solved.

Mrs. Mxenge was an attorney in the coming treason trial of 16 leaders of the United Democratic Front, the biggest nonparliamentary opposition movement in the country. The police said four men arrived at Mrs. Mxenge's home and "did the shooting," but said no further details were known. The motive remained unclear.

The police, meanwhile, reported continued unrest in several black townships. They said that since the state of emergency was proclaimed, 1,329 people had been detained without charges, but that 47 of them were now free. They did not explain why the 47 were freed.

"I do not want to break the laws of this land," Bishop Tutu said. "But if they pass laws which are quite unjust, quite intolerable, then I will break that law."

"I will not be told by any secular authority what gospel I must preach,"

Continued on Page A4, Column 1

CHASE ENDS LOANS TO SOUTH AFRICANS

Action Likely to Put Pressure
on Other Big Banks in U.S.
to Change Policy, Too

By ROBERT A. BENNETT

The Chase Manhattan Bank has stopped making new loans to private borrowers in South Africa, and it will refuse to renew existing loans, banking sources said yesterday.

Earlier this week, according to these sources, Chase informed officials in its Johannesburg office of the new policy. Although Chase's loans to South Africa are relatively small—reportedly totaling less than \$500 million—its prestige in international banking circles as the third-largest American bank is expected to put pressure on other banks in this country to adopt similar policies.

Chase and most other United States banks stopped lending to the South African Government about seven years ago.

Chase told its representatives in South Africa, according to the banking sources, that the policy was changed for economic reasons rather than political reasons. They are closely related, however. Because of the political turmoil in South Africa, lending to businesses there is now considered very risky. Even banks that said yesterday they would keep lending to private borrowers in South Africa added that they would closely monitor that country's political stability.

Cost Bank Studying Move

At least one other large American bank, the Security Pacific Corporation, this nation's seventh-largest, said yesterday that it is considering following Chase's lead. "We're down to very few loans to South Africa's private sector," said Richard A. Warner, executive vice president of Security Pacific, which is based in Los Angeles. "We have some lines of credit to South African banks, and these are also being reduced."

But this country's two largest bank holding companies, Citicorp and the BankAmerica Corporation, said yesterday they were not planning to change their policies.

In New York, Chase declined to confirm or deny the reports. "We are maintaining our presence in the country and are following the situation closely, but in terms of lending relationships that is a matter between Chase and its customers," a Chase spokesman said.

Banks elsewhere in the world that are big lenders to South Africa, especially British banks, are reported to be angry about Chase's move. Most of Chase's South African loans are part of syndicated credits that were organized



South African college students demonstrating at campus at Pietermaritzburg. They called for the release of eight students who were detained last week by the police and for the dismissal of two professors.

by other international banks, and its action may make it difficult for the syndicate lenders to refinance those credits when they mature.

Shift in Loan Patterns Seen

A British banker with close ties to South Africa said Chase's move, even if followed by all other American banks, would have little effect on the ability of South African companies to obtain foreign loans.

"Whatever pressure American banks put on South Africa, the Japanese banks take off," said the British banker, who asked not to be identified. "South Africa's a good investment for people who can stand the political heat."

Citicorp, the biggest banking enterprise in the United States, said it would continue lending to private borrowers in South Africa. "We believe that our continued presence along with other United States companies provides a positive force for opposition to apartheid and for substantial assistance to black South Africans," said Wilfred D. Koplowitz, director of international public affairs for Citicorp. Citicorp declines to disclose the extent of its loans to South Africa, but the total must be less than \$1.2 billion because if it were greater than Citicorp would be required by Federal law to disclose the amount.

"We're not planning to change our

South Africa policy," said Peter S. Magnani, a BankAmerica spokesman. "We do not lend to the Government or Government corporations—only to the private sector."

The total amount of loans made in South Africa by American banks was about \$4.5 billion in June 1964, the latest figure available from the Federal Reserve Board. Most of the loans were made to South African banks, with the bulk of the rest to large private corporations.

Chase Manhattan's decision is expected to begin taking effect shortly because most of its loans to South African borrowers will mature within about a year. Some, however, will run as long as nine more years. Chase will not close its representative office in South Africa.

Rumors about the Chase action affected currency trading yesterday, sending the South African rand down sharply. It fell to 45 cents late yesterday in New York, from 49 cents the day before.

Response of Pretoria's Critics

Critics of American business involvement in South Africa welcomed the Chase move. "This is extremely important," said Richard V. Knight, head of corporate research for the United States Committee on Africa, a New York-based group that lobbies for divestiture of South African holdings.

He said Chase's move indicated that "it is getting harder and harder to justify involvement in South Africa."

Representative Stephen J. Solarz, a Brooklyn Democrat and a sponsor of House legislation that would ban all new bank loans to South Africa, said, "It reflects growing awareness in the American business community that in view of widespread domestic unrest in South Africa new investments and loans there are neither politically tenable nor economically justifiable."

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Tutu to Defy Funeral Ban

SOUTH AFRICA, From A21

organized, with an elaborate program of speeches and stewards keeping a tight control over the worked-up crowd while armed police watched from distant rooftops.

Several of the organizers said in interviews that they had come out of hiding to help with the arrangements, and would return "underground" after the funeral.

Speakers appealed to the crowd to give refuge to activists if they knocked on their doors at night. To try to stop this, the police reportedly are enforcing an unofficial curfew, ordering people into their homes at 7 p.m. each evening.

Today's funeral in Tumahole was for three persons killed in a clash with police Saturday at a rally to commemorate the first anniversary of an uprising in the township against an attempt by township administrators to increase house rents.

As at other such funerals, the three-hour ceremony in a community hall quickly turned into a political rally with the packed crowd unfurling banners, chanting slogans and singing freedom songs, all of which is prohibited under the banning order that applies to the main emergency areas around Johannesburg and in eastern Cape Province.

An early test of whether black activists and churchmen will defy the ban in the emergency areas, and of how the authorities will react if they do, will be provided Saturday when a funeral is due to be held in Zwijds township in eastern Cape Province.

Tutu said in an interview today he would not be at that funeral, but might attend another in Duduza township, near Johannesburg, next week.

Tutu was impassioned in his plea to the government to lift the ban on political speeches and processions at the funerals, which have provided the main occasions of black political expression during the 11 months of rebellion against the apartheid system of segregation.

"You say the funerals are becoming political, but

where else can we speak?" Tutu asked. "We cannot enter your Parliament. I asked to speak to your state president, but he refused. Now how are we to tell you how we feel?"

Tutu said it is part of African tradition for the community to share in a family's grief.

"How then are you going to keep the people away?" he asked. "Last week, in Kwa-Thema township there were 50,000 people at the funeral. How do you tell them there must be only 1,000?"

"How do you disperse 49,000 people, unless it is that you intend using the police and the Army and having a confrontation in which more of our people will die?"

Imploring the authorities not to create new points of confrontation that would make an already bad situation worse, Tutu said: "We ask you, for the sake of our children and of this land, please withdraw this legislation. Please allow us to bury the people who have been killed because of apartheid as we would like to bury them. Do not rub salt into our wounds."

Switching to a more determined tone, the Nobel laureate warned that if the government did not respond to his plea and the ban remained, "then I shall speak as I always do, and if to preach the Gospel of Jesus Christ as I believe God commands me to preach it means that I must go to jail, then I am ready to go."

Police headquarters in Pretoria said tonight a black police officer and two suspected insurgents were killed today in a shootout between police and a guerrilla band near East London.

Two other insurgents and a police officer were wounded in the clash, which the statement said took place when the guerrillas were intercepted on their way to sabotage a power station.

In an attempt to stamp out student activism in the eastern Cape Province village of Graaff-Reinet, the local police chief, Brigadier J. Kotze, today promulgated emergency regulations making it a crime for any pupil to be outside school classrooms in the village's black township of Adendorp between 8 a.m. and 2 p.m.