

August 25 1978

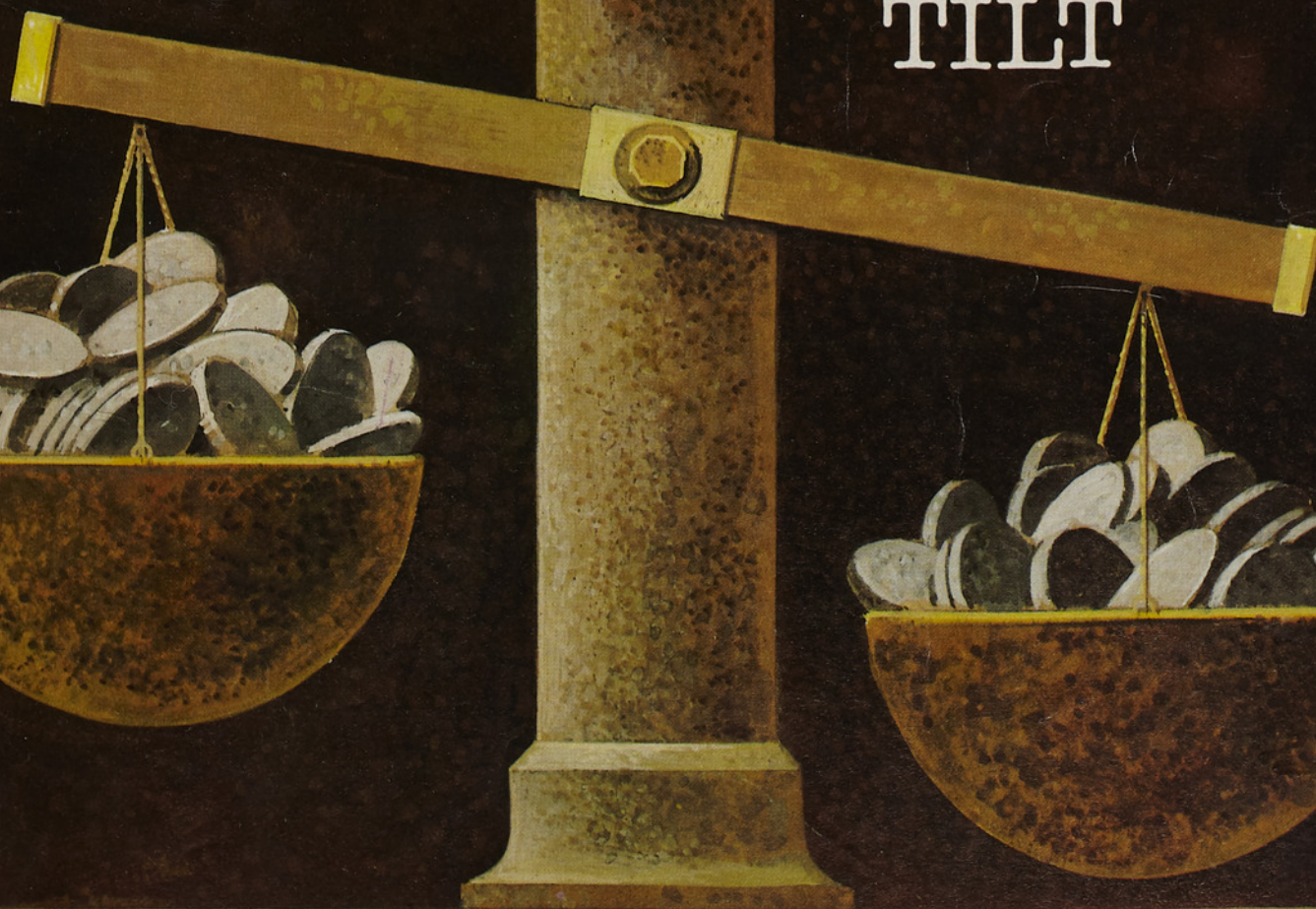
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Financial Mail



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Wernick

How strong the revival?

A substantial net outflow of capital of R1 064m, exceeding the surplus on the current account, was recorded in 1977/78 — Reserve Bank Annual Economic Report

There's the rub. While the economy is indeed moving again, it is still being blown off its course of maximum growth by the icy winds that blew in with the Soweto upheavals. Those winds have helped contribute to a steady and substantial drain of funds out of the country. And with such a drain to contend with, Pretoria has been unable — or unwilling — to do the things that are needed to push business back on to its long-term growth path.

Thus, despite growth of 3,5% in the June half-year, the Reserve Bank's Annual Economic Report notes that the growth rate for the full 12 months ended June 1978 was *minus* 0,25%.

The decline was due to decreases in manufacturing, construction, farming, and trade. Increases chalked up by mining and services were too small to offset these falls.

If one looks at the rate of increase in GDP at current prices, the fall was from 14% in 1976/77 to about 12% in 1977/78. The decrease was *entirely due* to a fall in the rate of increase of employee pay, from 14% in 1976/77 to 9% in 1977/78.

The report shows, however, that there has been some improvement in business conditions in the past six months or so. Declines in manufacturing and trade have been reversed. Unemployment is slowly falling. Consumer spending is rising. So is public sector investment.

Other areas covered by the report include:

- **Demand.** Growth in real gross domestic expenditure in the first half of 1978 was 4,5% (seasonally adjusted annual rate), compared with *minus* 2,5% in the second half of 1977. Increased private and government consumption spending offset continuing falls in real fixed and inventory investment. Private consumption expenditure increased substantially in durable goods markets — especially car purchases. Semi-durable goods sales fell off as a result, while non-durables held their own.

The biggest falls in fixed investment were in the SAR, private housing, mining, and manufacturing.

Inventories tumbled again. They have fallen now for 12 consecutive quarters. This means a boost to the upswing based on the replenishment of stocks may take place in the second half of 1978, says

Church Square.

- **Savings.** For the first time in five years savings exceeded investment. Corporate savings and depreciation provisions rose, as did the current surplus of the government. Personal saving, in contrast, declined sharply (a reflection of lower wage increases and higher spending).

- **Labour.** Hours worked in manufacturing fell by 1,5% in the seven months to January 1978 (latest figures). Real pay per worker in the non-farm sectors fell by 1,5% in the nine months ended March 1978, after rising by 1% in the year to June 1977.

This means that white pay packets have fallen now for three years running. Black incomes increased marginally over the period (see table on next page).

- **Prices.** Lower labour, machinery, and material input costs resulted in a slightly lower rate of consumer price increase: 11,4% in 1976/77, 10% in 1977/78.

There was a notable drop in the rate in the June quarter this year. The report was prepared before the news of the July jump in the consumer price index, which shows a year-on-year increase of 12,5%.

- **Current account.** This moved from a deficit of R353m in 1976/77 to a surplus of R984m in the year to June 30 1978. Merchandise exports rose 20%, chiefly because of volume increases, especially coal and iron ore. The value of gold exports rose by 31%.

Imports rose by 5,9% after falling by 5,7% in 1976/77. Imports of oil, ships, chemical products, and machinery and electrical machinery increased sharply. Drops were recorded in imports of textiles and defence equipment.

Net invisible payments rose due to higher transfers abroad of emigrants' funds, dividend payments, pay for migrant workers, and freight and insurance outlays.

- **Capital account.** The long-term capital account has moved into deficit and in the first half of 1978 a net outflow of R161m was recorded. The last time this happened was in 1964. Over the year as a whole the net long-term capital account was in the red to the tune of R2m.

"The inflow of long-term capital may ... continue to decline or even become negative until a new cyclical upswing is well under way," says the Reserve Bank.

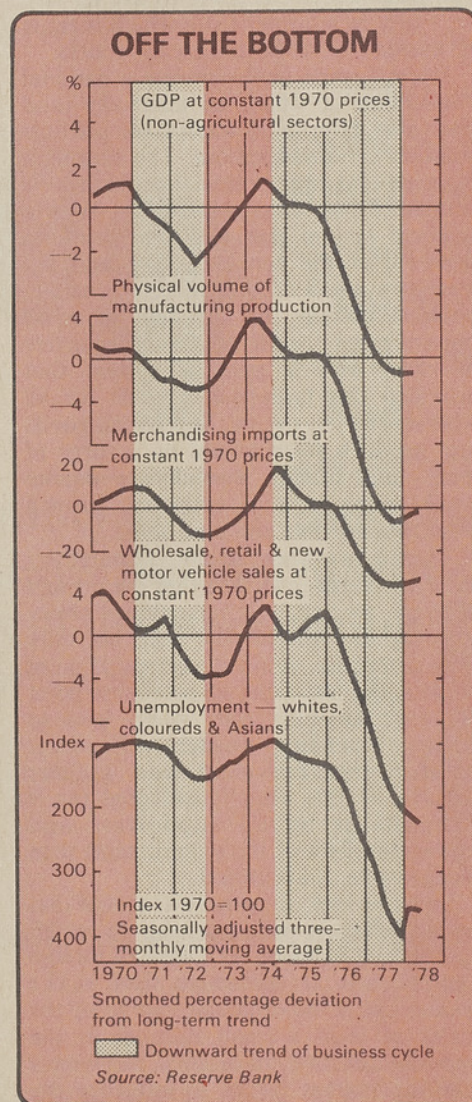
The short-term capital account recorded a deficit of R1 062m. Political uncertainties were strongly emphasised by the Bank as a major factor underlying the weakness on capital account. Other normal economic factors — such as the cyclical downswing and the decline in foreign financing of imports — also played important roles.

- **Foreign reserves.** Revaluation of the gold reserves helped push up the gross gold and foreign exchange to R1 929m at the end of June. But if only balance of payments transactions are taken into account they declined by R80m.

The net reserves increased by R149m, if valuation adjustments and short-term borrowings to bolster the gross reserves are excluded. Over the previous two years there were drops of R514m and R808m respectively in the net reserves.

- **Government finance.** After a low rate of increase in 1976/77, government expenditure accelerated in 1977/78. Exchequer issues began to increase faster, especially in early 1978, going up by 15% over the year.

Exchequer receipts went up even more to R7 514m — a 16% increase. Gold mine income tax and lease payments gave exchequer receipts a big boost,





Rupert . . . healthy rivalry has replaced ethnicity

US-controlled STC. He doesn't consider Altec an Afrikaans business. "My parents were Afrikaans-speaking and I went to an Afrikaans school, but I don't think of myself as an Afrikaans businessman. Altec is South African."

It's been a tough yet remarkably short struggle for the Afrikaner to find his place in the economic sun. If ever there was a story of a group of people pulling itself up by its own bootstraps to financial maturity, this is it.

Political punch

Of course he has been aided by ready access to corridors of political power, for it's been his government that has ruled the land during his rise to economic prominence. But the primary explanation for his success must go back to the early motivation engendered by Father Kastell to break the Barclays/Standard grip on banking and the Anglo/Barlows stranglehold on mining and industry. That is why the major thrust of Afrikaans business has been in banking, mining and, as the logical pool for his savings, insurance. Today Sanlam alone has R1,5m in premium and investment income looking for a home each working day.

With this sort of muscle, like the English financial and mining houses which were driven to industrial diversification by sheer weight of funds, the Afrikaners are doing the same. The original tribalism inevitably has been supplanted by a natural process of business growth.

This begs a question for SA's blacks. Isn't it time they formed their Reddingsdaadbond?

Trust as Afrikaans, Barclays as English and Nedbank as either?

One needn't look far to see how *volks-eenheid* is evaporating. Sanlam's Bankorp, and Volkskas, linked together for years in friendly association, are now fierce rivals. Publishing giants Nasionale Pers in the south and Perskor in the north are at one another's throats. The strong Afrikaner contingent in Stellenbosch Farmers' Winery has no qualms about playing it as tough with Anton Rupert's Distillers' Corporation as Distillers plays it with them.

While Afrikaner battles Afrikaner, there are as many instances of co-operation between English and Afrikaner. General Mining was formed by courtesy of Anglo. Triomf tycoon Louis Luyt owes his long life not only to backing from fellow Afrikaner farmers but to unstinting support in recent troublesome times from AECI.

That the distinction between English and Afrikaans business is blurring beyond recognition is endorsed by Bill Venter, chief executive of local electronics giant Altec, who bought out

THE INDIAN COMMUNITY

Minister Steyn disposes

Just what was this week's meeting between Indian Affairs Minister Marais Steyn and a delegation from the SA Indian Council all about?

For a start there is a new awareness among SA Indians that they cannot afford to back the loser in any black-white confrontation — so a tougher bargaining stance is adopted. And if government wants to keep its hand-picked leaders, who have adjourned their council indefinitely, it must give the SAIC something to deliver. In the event, the meeting in Pretoria ran for almost six hours, ending in agreement to meet on grievances again on September 1.

If Pretoria pays no attention to the SAIC's recommendations, what possibly can be its relevance on the political stage?

There are many who insist the council's reputation as an overpaid wind

ensemble is hardly overstated, and that it has no claim to speak for SA's 750 000 Indians.

The facts would seem to support this view. After all, the council is half nominated and half indirectly elected, and the process of making it a fully and directly elected body has dragged on interminably. To get anything done it has to approach government on bended knee — a convenient posture for being kicked at either end.

Sense of frustration

But it must be admitted that the council's sense of frustration is not its fault. It has had innumerable ministerial apprentices inflicted on it — Alf Trollip, Willie Maree, Frank Waring and now Steyn. Owen Horwood and Chris Heunis were respected, but were soon called away to grander portfolios.

Relations with Steyn have not been productive. When presented last November with a list of 18 resolutions that the SAIC claims had not been answered satisfactorily, he farcically came back with his very own list of 31 "achievements." They made little impact on the Indian community.

The council's concerns included resettlement of Indian platteland traders, housing, job reservation, free trading rights, and replacement of agricultural land used for housing — all of them burning issues in the fairly conservative Indian community, but hardly reflecting hard-line radicalism by any standards.

Steyn's "achievements" embraced admission of foreign brides, formation of an Indian industrial development corporation, compulsory education, book-making licenses, training of telephone technicians, and resettlement of stall-



Evicted Indian trader . . . just one step that led to the SAIC walk-out

holders from the burned-out Durban Indian market.

"We appreciate these things but there's nothing special about them," comments SAIC chairman Dr A J M Moolla. "They're things any citizen expects from the government of his country."

"You can hardly expect a Nationalist new boy to fight for Indian rights," is another frequently heard, bitter comment.

Matters came to a head when Steyn put on his Community Development hat and sanctioned the booting out of Indian traders from Pietersburg. This was the last straw and the SAIC accordingly packed its bags on July 26.

But as this week's meeting would indicate, dialogue is not at an end. "We want a declaration of intent," says Moolla, "that insofar as economic development is concerned the old policy formulated for the Fifties is out and new policy operates. We feel the time is long overdue for the government to break away from its rigid policy of separation.

"Economically, we are a single community and there must not be any watertight division on racial lines in trade, agriculture, employment opportunities, the professions, government services, etc. Another fundamental issue is the rigid manner in which the Group Areas Act has been applied. It has resulted in Indians having to pay at least 50% more for residential land than their white counterparts. Either repeal the act or apply it

with such flexibility that it will bring equality between us and the white people with regard to occupation and ownership of land."

The council's quite valid complaint is that these matters have been discussed time and again with no tangible result.

The council's life, due to expire in November last year, was renewed for another year. What happens if, by this November, the SAIC has not resolved its differences with government and is still adjourned indefinitely? Elections were due to have been held to make it a fully elected body, but since October 1976 only 285 000 out of a possible 400 000 voters have been registered. The delimitation commission requested six months ago has yet to be appointed.

No tripartite solution

To further complicate matters the council has rejected the government's proposed new constitution, envisaging three parliaments. Moolla points out that since the Coloured Representative Council gave government a large piece of its mind, coloured people have been viewed with more respect in official circles. It is hoped that similar frankness from Indians will produce the same result.

Wishful thinking? Indians do not press upon white consciences in the same way as coloureds do on those of more thoughtful Afrikaners. Politically, they are a sadly unloved people.

It is not difficult to trace the origin of

some of the social pressures now being expressed through the Indian Council. University of Durban-Westville studies show that about three-quarters of SA's Indian population is concentrated in the Durban-Pietermaritzburg area. This has put intolerable pressure on local authorities to provide housing and, though progress has been made, over-crowding appears to have become incurable.

Improved education brought about a dramatic change in employment patterns in the Sixties as Indians shifted into technical and clerical posts, and higher earnings created higher expectations. But the principle of taxation (property rates, not to mention income tax) without representation (if only on the Durban City Council, for example) appears more inequitable than ever.

But there are anomalies. It is taken for granted that Indians own property in white areas through white front-men — in much the same way as Indians owned racehorses before it became legitimate and they were able to run them in their own colours.

Whites and Indians work together in offices and wine and dine together in "international" hotels. The SAIC is hardly demanding the moon. If the government cannot get on with representatives virtually of its own choosing — indeed the meekest of suppliants — its chances of living happily with elected representatives who will make ever more concrete demands seem non-existent.

price, and in claims on the government sector, should outweigh what looks like a sizeable fall-off in internal balance sheet items for the Reserve Bank and the National Finance Corporation.

INFLATION

The other way now

The consumer price index (CPI) rocketed in July. The increase was greater than expected despite the reduction in sales duties to offset the introduction of gst. It looks as though SA may still face double-digit inflation at the year-end.

Department of Statistics figures show that the lower income group suffered most due to the high increase in food prices, which went up by 5,9% over June levels. Food makes up a larger proportion of poorer peoples' expenditure.

As a result, the year-to-year increase in the CPI was 13,6% to July for the lower income group. The figures for the middle and upper income groups were 12,2% and 12,4% respectively. For all income groups it was 12,5% compared with 8,2% in June.

Obviously the introduction of gst was the major cause of the jump — but it wasn't the only one. Assocom president Koos van Eeden told the Consumer Conference in Pretoria this week that many businessmen had been absorbing cost increases for some time. They passed them on together with gst.

The decline in prices in the first half of the year was unduly fast, and the same is true for the July hike. Hopefully Van Eeden is right when he says that there was probably a delay in the implementation of reduced sales duties as shops got rid of old stocks.

However one bank economist is worried that the sales duty reductions will *never* be passed on to the consumer. If he's right profits will benefit at the expense of the consumer and the economy as a whole.

Does all this mean that prices will stay at the 12% level? No, say forecasters. They expect a downward trend to be evident in the second half of the year.

Senbank's Rudolf Gouws, Barclays' Johan Cloete and Standard's Andre Hamersma all see the rate between 10% and 11% at year's end.

FINANCIAL MAIL

BUTHELEZI'S TRIP

Nothing doing August 25, 1978

Chief Gatsha Buthelezi's tour of the US has turned out a let-down for Carter administration Africa strategists and key US black leaders, writes the *FM's* Washington correspondent.

Buthelezi is widely regarded as the

black leader most favoured by US policy makers, and the tour was apparently planned as a means of projecting Buthelezi in the US public mind as the kind of man who could take over SA and rule it wisely without tampering with its industrial infrastructure.

They obviously favour Buthelezi's pro-Western stance and hoped that his trip would place him in centre stage as a charismatic representative of SA Africans. His tour has, however, been a disappointment, most sources reckon. Those he did not bore, they say, he



Buthelezi . . . it's tough going over there

offended.

Carter administration officials refuse to take any responsibility for this disappointment. But there's no doubt that they would have liked events to turn out otherwise.

Buthelezi's rambling speech before the National Press Club was finally cut off the air by the broadcasting crews covering it live, and subsequent reports of it on later broadcasts were cancelled. The same thing had happened to Buthelezi's address to the Urban League where black leaders such as Julian Bond, Andrew Young and Vernon Jordan listened with increasing coldness to the chief's assertion that, "as the most important black leader in SA I have come to the US to give policy makers here my perspectives on the situation."

But perhaps the most serious anticlimax of the trip may have been Buthelezi's. Part of the reason for the

trip, put about by Jason Ngobane, Buthelezi's representative in the US, was that the chief was also going to have "top level" talks with leading New York bankers. Nothing much came out of that.

SA-US TRADE

What's happening

Last week's brouhaha over the parlous state of SA's trade with the US needs to be put in perspective.

True, imports from America have fallen sharply this year, while purchases from our other major trading partners — Britain, Germany, France and Japan — zoomed up. According to Washington's figures, US exports to SA were 12% lower in the first half of 1978 than in January-June last year, having dropped from \$568,7m to \$499,7m.

It is wrong, however, to assume that the drop was entirely — or even largely — due to SA buyers switching orders for political reasons from American to other suppliers.

Some switching has taken place, especially in the computer field (*FM* last week). But with US computer companies in SA claiming rising sales and heavier stockpiling, it seems unlikely that the switch to other suppliers would have made much difference to the trade figures.

More likely is that many local companies have delayed shipments from the US until some of the fog surrounding President Carter's commercial policies on SA clears. For instance, it is believed that imports of trucks fell sharply in the first half of the year, but that they are now picking up.

SA figures for the first four months of this year (latest available) show that the fall in imports was concentrated in two sectors — machinery and electrical equipment (down from R135,5m to R119,7m) and transport equipment, including aircraft (from R89m to R36m).

Shipping lines plying the SA-US route say that cargoes of several large items have held up well. Mining and earthmoving equipment, tractors, cranes and chemicals, for instance. Shipments of consumer goods are down. One product mentioned is air-conditioners, classified as electrical machinery.

The lines also report that recent bookings for southbound vessels have picked up appreciably, so there's hope that imports from the US will soon start rising again.

With all the fuss about imports, few have noticed the astonishing surge in SA's exports to the US. In January-June sales totalled \$9 44,7m, no less than 70% up on the \$553,9m recorded in the first six months of 1977.

The biggest jumps were in Kruger-

rands (sales of which in the US pulled in nearly R180m in January-July), diamonds, steel, ferro-alloys and coal. A feature has been the increase in exports of manufactured goods, including castings, clothing, furniture and wooden floorboards.

Exporters are obviously not too worried about the future security of their American markets.

TRADE TALKS

Still under wraps

Hopes are still high that the Tokyo round of multilateral trade negotiations, which have dragged on for almost five years, will be wound up by next January. SA's negotiators, however, are keeping mum on how the talks are likely to affect local industry.

"We are trying to make a contribution which won't harm our particular development needs," Secretary for Commerce Tjaart van der Walt tells the *FM*. Organised business asked government to press for better entry to foreign markets for about a dozen SA products (including canned fruit, *FM* Aug 11), and Van der Walt confirms that lists of requests for specific tariff and non-tariff concessions were submitted to some of our trading

partners.

"It is still too early to say whether SA will derive many benefits from these requests," he says. "However, many indirect concessions will come our way as a result of tariff cuts and other concessions made by our major trading partners." That is because, under Gatt's cardinal rule, customs duties negotiated with one member must apply to all others.

Details of the negotiations are still secret, though Van der Walt concedes that SA is trying to get the EEC to lower its duties on certain "sensitive" exports like fresh and canned fruit and wine, which previously enjoyed preferential entry to the UK.

"It will become clear to what degree we have succeeded when the negotiations have been formally wound up. I can't say at this stage when that will be," he says.

BOYCOTTS

Thai ties cut

Thailand, one of SA's most stable Far East trading partners, has unexpectedly slapped a boycott on trade with the Republic.

The ban took effect on August 1, and, say Thai newspapers, was prompted by UN pressures. Some local traders suspect

however, that SA's competitors in the Thai market may have played a role in persuading Bangkok to embargo SA goods. Though the boycott applies to all trade, tourism is not affected. TFC Tours, for instance, reports no interruption in getting SA visitors in and out of Bangkok.

Trade ties with Thailand have been close. In the past the Department of Commerce regularly published reports on SA-Thai links, and the commercial consul in Hong Kong has made many trade promotion visits to Bangkok.

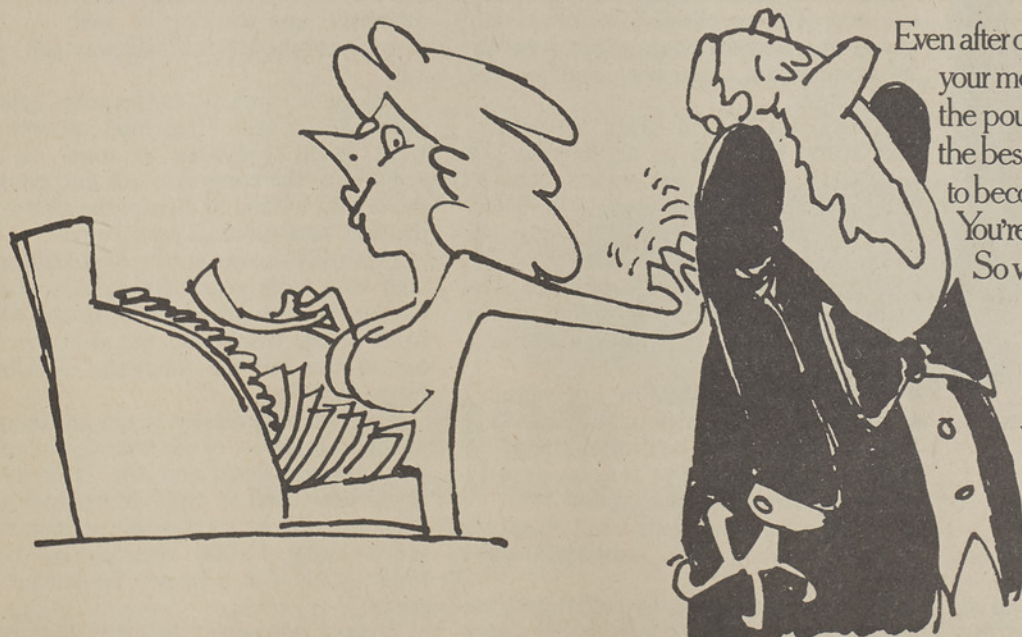
Trade between the two countries totals about R25m a year, and is heavily weighted in SA's favour — no doubt a factor which made the boycott decision a relatively painless one. Amongst SA's exports: steel, automotive parts, asbestos and ferro-alloys. Imports have included leather goods, rice and jute.

Traders are trying to find out the real reasons for the ban, but whatever it is, they are confident that — as in so many other cases — if the Thais want something badly enough, there'll be no objection to buying it from SA.

● TFC Tours director Clifford Foggitt reckons his information is that the Thais have not imposed a "boycott", but have merely asked all firms trading with SA to register with the authorities.

Breyer Development MD John Bell

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says he has been informed that the boycott is definitely temporary and that companies which have traded with SA can apply for special import and export licences.

KENYA

After Mzee

Whoever succeeds Mzee Jomo Kenyatta will have to face up to Finance Minister Mwai Kibaki's warning that Kenya's post-independence era of soft policy options has come to an end.

"Faced with major problems, it is natural for policymakers to think of the soft way out," Kibaki told Kenyans in January this year. "It has taken us the last few years to accept that the era of soft options is over." Some of those soft options have been political safety valves — such as Kenyanisation of the public sector to help meet job demands, and re-



Kenya's Kenyatta . . . now the deluge?

distribution of white-farmed areas to assuage land hunger.

But nearly 15 years after independence some tough decisions must still be implemented, and major issues will be land and jobs. There were some 400 000 landless migrants in 1976, growing at a rate of 15 000 a year. Marginal and

ANYTHING YOU CAN DO

Those unhappy with Dr de Jongh's meagre cut in Bank rate might consider investing in Botswana.

Gaborone announced a 1% reduction in its Bank rate this week, as well as a full 1% cut in the Treasury Bill rate. Banks have also reduced their prime lending rate from 11% to 10%, while all deposit rates — other than savings accounts — have been shaved by 1%.

"It's coincidence that our reductions coincided with the cut in the SA Bank rate," says a Bank of Botswana spokesman.

semi-arid areas of Kenya represent about 81% of the land and house about a third of the 15m population, increasing at a rate of 3,5% a year.

The labour force swells by 250 000 a year, and even if there is a 6% annual increase in the 900 000 strong modern sector, that still leaves some 200 000 work seekers, for whom employment must be found on the land, in rural industries and in the so-called "informal sector" which ranges from pavement cobblers to vegetable hawkers. Marginal areas must be developed — but this is costly. Proposals to place ceilings on land ownership, to tax idle land, and to subdivide idle land must be considered — but they are politically contentious, as is any effort to reduce the population growth.

Most observers believe that Kenya's *de facto* capitalist system, accompanied by suitable declarations of African socialism, is too deeply entrenched for short-term radical change (civil servants, for example, are allowed to run private businesses, and the country has a powerful commercial, industrial and agricultural elite).

Kenya has been a Third World success story, chalking up an average 7% real GDP growth per annum between independence in 1963 and 1974. However, economists preparing the development plan for 1979-1983 acknowledge that this rate cannot be maintained. The country has to face the tough policy options against a background of three pressing problems:

- Inflation is running at 14% or more;
- Insecurity in the region, and fears that Somalia will pursue territorial claims on northern Kenya, has led to greatly increased defence spending; and
- A widening trade deficit will be severe in 1979, making IMF assistance necessary.

Thanks to the leap in coffee and tea earnings, the planners have had a breathing space but as central bank governor Duncan Ndegwa cautioned earlier this

year, an "emerging resources constraint will force a harsher discipline on the economic choices facing the country . . . all of us should be prepared to face changed economic circumstances in the immediate future."

NATIONALIST PRESS

Beeld's broadside

The Natal Nationalists who upset the NP leadership and press last week with blatant racist comments have been defended from an unexpected quarter.

Nasionale Pers's Johannesburg daily *Beeld*, generally regarded as being in the forefront of the campaign to abolish race discrimination, has dashed to their rescue. This has occurred against a background of sharp condemnation of the verkrampptes by the editors of the other Johannesburg Nationalist dailies, both Perskor owned — Dr Wimpie de Klerk's *Die Transvaler* and Dirk Richard's *Die Vaderland*.

De Klerk attacked the "emotional and scurrilous language," while Richard said the country would have faced "a Soweto with a fresh infusion of Boerehaat" had a black newspaper published the remarks. Both wanted to know from Louis le Grange, Deputy Minister of the Interior and Immigration, whether he intended taking any disciplinary steps. A week earlier Le Grange had threatened verligtes who dared advocate views in conflict with party policy with expulsion (*FM* August 18).

Beeld, however, piously referred to the NP as a national movement which included all political groups. The congress was a forum to blow off steam, and there could be no question of driving out members and causing a split — the memory of the HNP breakaway still ripples.

Taking a sarcastic swipe at its colleagues, *Beeld* said "informed observers" were hardly surprised at some of the remarks at the congress, and warned that those who wished to disrupt the course of the NP "lack political perspective."

Ironically, it was senior *Beeld* editorial staff who, nine years ago as part of the Nasionale Pers group, were in the forefront of the witchhunt aimed at driving out of the NP the followers of Albert Hertzog.

The *Beeld* broadside is not an isolated incident; it is part of the bitter circulation war between *Beeld* and *Die Transvaler*. *Beeld* has failed to fulfil its original aim of overtaking its rival within a year, and is trailing 16 000 copies behind. Financially, it is a heavy burden on its parent.

A basic strategy of *Beeld* in this struggle has been to adopt the role of mouthpiece of the NP in the Transvaal. On a

number of occasions, when *Die Transvaler* took a critical line on government actions, *Beeld* would emphasise its loyalty, slavishly backing the party.

Thus on the SWA issue it consistently supported the verkrampste faction of A H du Plessis and Eben van Zijl against Dirk Mudge. Mudge broke away from the Nats to form the Republican Party and joined the Democratic Turnhalle Alliance (DTA) in September last year, and only after February, apparently under instructions from the highest level, did *Beeld* become more objective in its reporting and give more publicity to Mudge.

By contrast, the Perskor paper had all along backed Mudge, and later the DTA. Indeed, for a long time, Perskor printed *Die Republikein*, Mudge's mouthpiece.

It looks as if the latest verkrampste sounds from *Beeld* are simply another desperate attempt to make itself more acceptable to the full-blooded Transvaal Nationalists.

FIVE-DAY MINE WEEK

At sixes and sevens

The mining industry's traditional bone of contention, the five-day week, is soon due to come under the spotlight again. Negotiations between the Chamber of Mines and the Mineworkers' Union are to resume on September 11.

A chamber spokesman tells the *FM* the meeting will discuss the 11-shift fortnight experiment in the light of the additional report of the Franzsen Commission into the five-day week. Due at end August, it will deal with the effect of the 11-shift fortnight on production.

A commission spokesman tells the *FM*, however, that the report will now probably only reach Minister of Mines Fanie Botha by mid-September. Publication, he says, is only likely at the end of next month.

He adds, however, that Botha is likely to make a copy of the report available to both the chamber and the union for use in the bargaining. The MWU is apparently impatient at the delay, and the commission will, he says, make every effort to have the report ready for the meeting.

As usual, bargaining should be heated. The two parties can't even agree on the present 11-shift fortnight experiment's effect on productivity; the chamber argues it has knocked production, the union replies that production is up.

The Franzsen Commission's final report (the investigation presently under way will produce an additional report) argued that the mines should be opened seven days a week, and left open the possibility of miners working five of those seven on a roster.

This idea has won some support in



— did you hear —

That former Sappi MD Ron Day, who quit after a boardroom disagreement (*FM* May 19), is to take up an appointment in the UK, as MD of British Tissues? He leaves SA at the end of September, and will start in his new job straight away.

British Tissues, an associate of Wiggins Teape (which once had an investment in Sappi, and has maintained good relations with it ever since), is the third largest manufacturer of disposable tissues in the UK. Says Day: "I had no great wish to leave SA, but when an offer like this came up in an industry I know so well I couldn't say no."

That Forte, giveaway magazine to Standard Bank cardholders, will not be appearing again? Reason given by Perskor Intermedia's Sue Slack, editor of *Forte*, is that mailing costs have rendered the publication unviable.

That ex-Ryan Nigel chief John Wall is going to apply for leave to appeal against his one-year sentence for fraud? The appeal will be purely against severity of sentence on this one count and not against conviction.

employer circles. However, the union is likely to reject any attempt to open the mines on Sundays — even if the five-day working week for miners is thrown into the package.

So once again a deadlock seems the likeliest initial result of the bargaining. Whether the two parties can then work out a solution which will end the 30-year impasse over the five-day week without the industry once again being brought to the brink of a strike remains to be seen.

RICHARD MITCHELL

Alias Marthinus Botes

Former Assocom president Richard Mitchell goes on trial in Zurich next Monday. He faces charges of fraud, attempted fraud and falsification of passports and other documents. Total amount involved is about 1,3m Swiss francs (R0,7m).

Amongst the evidence to be led in court is the allegation that Mitchell

That a month from now holders of Club Southern Sun cards will no longer be able to enjoy the 10% discount and credit facilities they have hitherto enjoyed in Southern Sun hotels?

From October 1 new cards will be issued — but only to employees of companies spending a minimum of R10 000 a year at Southern Sun hotels and restaurants, and only on payment of a fee of R5 per cardholder. Says one of the last of the big spenders known to the *FM*: "If my group spent R10 000 a year with any one hotel and restaurant operation, I'd demand a darn sight more than 10%."

That in spite of its much-publicised troubles elsewhere in Africa, Lonrho is making a comeback in the Sudan? The group is to resume a seat on the executive committee of the Kenana Sugar project there and is no longer planning to sell its 3,4% stake.

That Sanlam is the largest single investor in defence bonds? It this week topped up its R30m investment with another R25m. Add to this Trust Bank's recent investment of R25m and these associated Sanlam companies are in for a staggering R80m.

arrived in Zurich last November under the assumed name of Marthinus Botes. He checked into the Central Hotel, and later identified himself as Mr P Efstratiou, the name signed on 2 400 travellers' cheques which he allegedly tried to cash at various Zurich banks.

According to evidence, he was apprehended by police in a branch of the Swiss Bank Corp. When the police approached him, he allegedly pulled off a wig and a set of dentures which were placed above his own teeth.

Mitchell then apparently asked for lenient treatment from the police and immediately made a full confession concerning the disappearance a few days earlier of American Express travellers cheques from the Johannesburg post office.

After his arrest, Mitchell was held at a regional jail in Zurich. The *FM* learns he was confined to a small cell equipped with a hard bunk and a folding table fixed to the wall. He could have ordered food from a nearby restaurant (at his own expense), but refused this privilege.

UNIONS

Will blacks bite?

White trade unions are recognising the necessity of enrolling African members. But how will African workers react to such overtures? That's the key question flowing out of this week's decision by the SA Electrical Workers' Association to form an African electrical workers union.

The electrical workers are the first of the "conservative" unions outside Tucsa to take this step, but it's probable that they won't be the last. Registered unions are recognising the need to broaden their base — both because of the imminent report of the Wiehahn Commission, and because their representativeness is declining as Africans move up the job ladder.

The electrical workers were originally to debate a motion admitting Africans to their union, but the resolution agreeing to set up a separate union was adopted because African membership of registered unions is illegal at present. Electrical Workers general secretary Ben Nicholson says the decision was influenced by an opening address delivered at the conference by commission chairman Nic Wiehahn: "He stressed the need for us to adapt ourselves to the changes which are in the offing".

Should legislation permit mixed

unions, it will be up to the three electrical unions (white, coloured and African) to decide whether to amalgamate.

How will the Africans react? After all, suspicion of registered unions in general, and "parallel" African unions in particular, runs deep. African workers — and their unions — are by no means certain to agree to be absorbed into the registered unions.

Nicholson replies that his proposed union will not suffer from the defects of other "parallel" unions: "It will have its own shop stewards and its own executive."

He adds that he has consulted at least one African union and that it has agreed to co-operate with him.

Nicholson met recently with Jane Hlongwane and the central branch executive of the unregistered Engineering and Allied Workers Union: "I suggested that they co-operate with us and that they set up an electrical workers section of their union," says Nicholson. Hlongwane tells the *FM* that she has no objections in principle to co-operating with the electrical workers, but that her executive must still take a final decision on the issue: "The meeting was frank and cordial but we wouldn't want to lose our identity," she says.

The issue is not as simple as that, however. The union is split into two camps

and Hlongwane's opponents say they are unhappy about the electrical workers' move. "They could take members away from us and we fear they may be setting up in competition. We will be seeking assurances from them at the next meeting of the SA consultative committee of the International Metalworkers Federation," says union man Calvin Nkabinde.

The consultative committee, on which most SA metal and engineering unions sit, is due to meet next month. It may only be clear then what sort of support Nicholson can expect from the Reef-based union.

The electrical worker's decision may also run into flak from the right. Mine-workers Union secretary Arrie Paulus has been critical of the electrical workers intentions to admit Africans and many believe he may try to enrol some of the union's white members in the MWU.

Nicholson is undeterred: "He has said he's going to break me but we've spiked his guns. We have separate unions and, should we be allowed to amalgamate, it will be up to my members to decide whether they want to or not."

He adds that he is confident of grassroots support for the move: "Over half of the delegates which took the decision are mining men, and observers commented that it was the most democratic union conference they had seen."

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