

AP1986-2-7-11

Zimbabwe aid awaits apology

CHICAGO TRIBUNE

WASHINGTON [AP]—The Reagan administration is withholding \$13.5 million in aid to Zimbabwe until the government of that African country apologizes for a July 4 anti-American speech and takes other steps to soften its criticism of the United States, officials said Thursday.

The State Department announced that it had canceled plans to turn over \$9 million this week for family planning and agriculture development projects. An additional \$4.5 million scheduled for disbursement in the fiscal year ending Sept. 30 also will be withheld.

Resumption of the aid would depend on "a return to civility" in Zimbabwe's dealings with the United States, an administration official said. The first step, he said, would be an apology for an anti-American speech by David Kariamazira, the minister of youth, sport and culture.

Kariamazira stunned guests at a U.S. Embassy party on July 4 in the capital of Harare when he

turned a diplomatic toast into a tough-toned speech, accusing the United States of promoting South African "terrorism" by refusing to support tough economic sanctions against that country.

Former President Jimmy Carter and acting U.S. Ambassador Edward Lanpher walked out.

In Harare Thursday, Prime Minister Robert Mugabe said that Kariamazira's remarks were not inappropriate and that the U.S. decision to halt aid until Zimbabwe apologizes is blackmail.

He spoke at a news conference several hours after the State Department made its announcement.

Mugabe said his foreign minister would send a personal apology to Carter for any "discomfort or inconvenience" because "we all feel he [Carter] was rightly embarrassed."

He added, however: "That is not to say that what was said was inappropriate, so we have no apologies to make to the Reagan administration."

"We cannot be blackmailed into doing that which is inconsistent with our sovereignty and our convictions. . . . We are not the type that goes down on our knees and says 'Mea culpa, mea culpa'. . . . We do not confess to the Reagan administration," he said.

Earlier this week, the State Department said it was reviewing the aid program, which was to have totaled \$20.5 million this year. Of that, \$7 million already has been obligated and will continue to flow to Zimbabwe. Under Thursday's announcement, the rest of the money for this year will stay in the U.S. Treasury.

"There are two projects ready for bilateral signing and these will be on hold pending the completion of our review," the announcement said.

Since 1980, when rule in Zimbabwe passed from the white minority to a black majority government headed by Mugabe, the United States has provided \$370 million in assistance, more than any other country.

U.S. halts Zimbabwe aid

The U.S. withholds \$13.5 million in aid until Zimbabwe apologizes for an anti-American speech. Page 3.

IT IS SAID that the Shah of Iran fell because of the fatal combination of half-hearted reform and half-hearted repression. By the end of 1985, some shrewd foreign observers thought that the Botha government was caught in the same deadlock of half-hearted reform and half-hearted repression.

The state of emergency changes at least one part of the equation.

The State can yet go considerably further along the road of repression. It can try to break the strongest of the black trade unions and intervene in strikes.

It can take three or four of the most critical newspapers off the streets. It can tell business leaders to shut up. Meddlesome priests and academics can be silenced.

It is short-sighted to dismiss this as a road that will lead only to self-destruction.

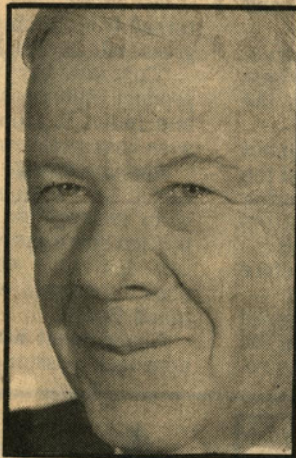
R W Johnson said in 1977 — in his powerful book "How long will South Africa survive?" — that the SA regime can last well into the 21st Century provided it is ruthless enough.

An industrialised state resting on a stable social base (the whites in the SA case) has yet to be defeated by insurgents or a popular uprising.

In the end it comes down to a question of will — the will to impose repression and to pay the price for it.

More than 25 years ago, Dr Hendrik Verwoerd, architect of apartheid, formulated the proposition that he would rather see SA "poor but white than rich and mixed".

Many had assumed that the dismantling of Verwoerd's apartheid framework since the early Seventies meant that SA wanted to be



□ VERWOERD ... "poor but white rather than rich and mixed"

The end of half-hearted repression

Business DAY
July 11 1986

HERMANN GILIOMEER

rich and was prepared to become mixed.

In fact, the SA government has never made any such choice. To keep white hands on all the decisive political levers this government is prepared to face sanctions and with it a considerable economic blow.

Henry Kenney, biographer of Verwoerd, depicted the SA state of 1966 in words which still ring true: "It was a state not primarily concerned with upholding capitalist interests. They were important, but not decisive. If it was required by white domination then capitalists, too, had to accept policies which restricted their pursuit of self-interest."

What is not yet known is whether the SA government is prepared to pay almost any price to prolong the present political order.

Is it prepared, for instance, to see the economy implode like Argentina's did over the past five decades? Is it prepared to face the

consequences of a severe economic slump expressed in a sharp rise in white and black unemployment?

It is here that the proposals become slightly more cheerful. It is one thing for a state to let the economy take a severe knock (as in the case of sanctions), it is quite another to let the economy disintegrate and collapse. Moreover, the State itself has recognised the close connection between unemployment and instability.

To a large extent, SA is still a partial democracy because there is a substantial private sector.

The share of the private sector in the total fixed investment in the economy is 50%; in manufacturing, which is the most important sector — also from the point of view of jobs — it rises to 80%.

As the Yale economist Charles Lindblom pointed out in his already famous book "Politics and

Markets," governments cannot command business to perform — they must induce rather than command.

The reason is that businessmen have a dimension of choice: "They will not risk capital, reputation, or the solvency of an enterprise in order to undertake an entrepreneurial venture unless the conditions are favourable."

In the past five years business has exercised that choice, and in so doing clearly indicated a lack of faith in government's reform programme.

According to a new study by the Stellenbosch Bureau for Economic Research, total gross domestic investment in 1985 was down 18.2% on 1981, while that in manufacturing has fallen from 1 490 000 jobs in February 1982 to just above 1 320 000 in February this year.

This is a loss of 170 000 jobs at a time when there should have been a huge increase to ensure a sound and healthy economy.

There are voices advocating that the State should take over the investment function, but this will scare businessmen even further and accelerate the (illegal) flight of capital.

As citizens, businessmen are not necessarily greater democrats than other people. But as businessmen they need independent sources of information — something only a free Press can provide.

They want negotiating partners in the workplace — and only independent unions can offer this.

They now perceive that SA needs some kind of political solution — and that means some form of democracy and not Chris Heunis' undemocratic system of non-racial co-optation on the second tier of government.

The greatest mistake business leaders have made was to assume that the modernisation of SA's socio-economic system (improved black education and training and recognised black trade unions) will automatically lead to power-sharing.

Political power-sharing is a quite separate issue about which government must still make a decision.

If they do meet again with President Botha, business leaders need do nothing more than to spell out quite simply the awesome costs of a choice to remain poor and politically segregated.

It could be as fatal a combination as half-hearted repression and half-hearted reform.

□ HERMANN GILIOMEER is a Professor of political studies at the University of Cape Town.

COMMENT

To err is human

WITH a certain disarming frankness, the Bureau for Information has confessed that a set of emergency orders banning meetings of trade union officials, among others, was issued in error.

As errors go, it was impressive. The orders forbade meetings in Johannesburg or Roodepoort by officials of several organisations of the black consciousness movement, the National Education Crisis Committee and the Soweto Parents Crisis Committee, the National Union of Mineworkers, the Media Workers Association of SA, the Young Christian Students and the Call of Islam.

Labour, religion, education, journalism, health and culture were all affected. If the ban were necessary, it would appear that enmity to the state ran across every facet of black community life.

No matter that the Soweto Parents Crisis Committee and the National Education Crisis Committee had been instrumental in thrashing out an agreement with Deputy Minister of National Education Sam de Beer that, in the main, brought the school boycotts to an end. Their members could not meet.

No matter that the National Union of Mineworkers has emerged as the principal line of communication between the mining industry and its labour force, or that restriction of its leaders might put labour peace at risk. The union officials could not legally gather.

No matter that the Azanian Peoples Organisation is at fre-

quent loggerheads with the United Democratic Front. Both fell under the ban.

The damaging impact on industrial relations of banning meetings of trade union officials has drawn wide comment. There is no need to elaborate. The impact on political relationships and on the general public mood of banning meetings of the other organisations is perhaps no less worrying, if more difficult to assess.

Happily, it was all what the late editor of *Die Beeld*, Schalk Pienaar, once called a *ligte ou mistyk* — a li'l ole mistake. It went into the Government Gazette, and for a day or two the trade union leaders met, if they met at all, in violation of the emergency regulations. Then the error was corrected, and the ban was limited to meetings in Soweto.

The willingness of officials to confess error is welcome, the more so as it marks a departure from the past. It suggests that, in the application of the emergency regulations, other li'l ole mistakes crop up from time to time. They could lead to unjust detention, or the banishment of newspapers, or unjustified use of force, or to many other unfortunate effects.

The error was unfortunate, and forgivable, but it does make the point about the emergency regulations that even senior police officers — such as the divisional commissioner in whose name the order was issued — may benefit from public supervision. Which is what a lot of people have been saying.

1986

Cosatu cancels talks after raids

COSATU, the Congress of South African Trade Unions, has cancelled a second round of talks with two employers organisations because of continuing State pressure.

Sources within Cosatu said Wednesday night's meeting — just a day before the deadline given by Cosatu for the autho-

rities and business to meet certain demands — was cancelled because of continuing raids and detentions.

It was to have been a sequel to a meeting held on Monday between Cosatu, the Association of Chambers of Commerce and the Federated Chamber of Industries.

Issues discussed at Monday night's meeting included the widespread industrial action taken by workers to protest against the emergency and the employers' re-

sponse to a list of demands drawn up by Cosatu affiliates.

The first set of Cosatu's demands are:

- An end to intimidation of shop stewards, officials and workers;
- The release of all union leaders;
- "A movement to a democratic resolution of our country's problems.

The second set includes:

- That detained union members were not dis-

missed;

- That detained members get full pay for the period of their detention;

- That wage increases delayed because of the emergency be backdated to compensate fully for such delays;

- That all employers make available to shop stewards or Cosatu officials facilities to communicate;

- That employers allow all members at least two hours a week during working hours to discuss and attend to union business, without loss of

pay;

Employers are reported to have agreed to the second set of demands.

Sources said Cosatu was satisfied at the employers' response regarding these demands.

On the first three employers suggested a joint union-employer delegation to the Government. Cosatu said this was out of the question because many of its leaders were in detention.

Sow. 11/7/86.

MME!

Elahlolo diboko baneng

- Bana ba bangata ba na le diboko kapa manyoa. Le-bella matshwao ana.
- Mokgathala. Ho hloka takatso ya dijo
- Ho ja haholo

ADD FIRE TO YOUR DESIRE

16/1/17

Williams on SA 'socialism'

WALTER Williams has gained wide attention, and notoriety, in the US as a sort of anomaly — a conservative black economist who opposes the affirmative action and quota systems that have become widespread as a means to further minority advancement.

His economic theory, however, is much broader than that. A past fellow at Stanford University's Hoover Institute and the Freedom Foundation, Williams is an economist in the classic conservative mould: in essence, he embraces the free market system, and dismisses any intervention — including such policies as affirmative action — that create economic inefficiency.

Yesterday, Williams — now a professor at George Mason University in Virginia — brought his free market theory to Johannesburg, in an address to the "What Boundaries for Business" conference sponsored by the University of the Witwatersrand.

Misnomers

For Williams, "capitalism" and "free enterprise" are misnomers in describing the SA economy. Citing Jan Christian Smuts' call for Afrikaners to "begin the struggle against the new world tyranny of capitalism," Williams observed, "From what I see in SA, you have been quite successful in that struggle."

Instead, he said, "South Africa fits in very well with the definition of socialism: there is extensive government ownership and/or control over the means of production."

In this case, Williams observed, government control has been designed around the system of racial



□ WALTER WILLIAMS ...
embraces the free market system

segregation and discrimination known as apartheid.

The system of controls prevents the efficient operation of a free market system — a system that Williams contended would make discrimination more costly if allowed to operate without controls.

"These discriminatory laws have been very costly to whites in SA," Williams said. "Consumers have to pay more than they would otherwise, which means the overall standard of living is lower."

Deregulation, he said, would allow consumers to determine, efficiently, what price they were willing to pay for goods. Deregulation, especially the elimination of profit taxation, also would make it more

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expensive for employers to continue discriminatory hiring and pay practices.

In establishing apartheid, Williams said, Afrikaners "recognized that the market would show no respect for race."

"The handicaps that blacks face in SA are not the result of a free market," he said. "In fact, it's just the opposite. The free market is not the enemy. What we see in SA that gives rise to black discontent is just the opposite — namely, the government controls of socialism."

Williams cited wage legislation — and, specifically, industry minimum wage laws — as "one of the most effective tools of the racists' arsenal."

Workers suffer

A minimum wage, he said, forces low-skilled workers to offer their services at prices artificially higher than those determined by a fair labour market. Those workers suffer because they lose what Williams calls their "compensating difference" in competing with higher-skilled labourers.

Prevented by the minimum wage from paying the lower-skilled worker a fair wage, the employer will either hire the higher-skilled worker or hire no one at all.

In this way, Williams said, "the minimum wage law is just like a tariff law: when people support tariffs, they do it with the explicit intention of protecting domestic industry." And so it is with the minimum

wage, that protects higher-skilled white workers against loss of job.

Williams likened the problem to the marriage of "a fat, cigar-smoking man to a beautiful woman." The fat, cigar-smoking man, competing for the woman's attention "with a guy like Williams" can compensate for his appearance by offering the beautiful woman "a big house and a Rolls Royce."

If government rules that men can compete for women solely on the basis of appearance, Williams argued, "you've denied that man his way of competing — with a compensating difference."

Williams said deregulation of government control and creation of a free market economy would force a decline in racial discrimination even if some racist attitudes remained.

"South Africa is testament to the fact that while racism can exist in the minds of men, it takes a government to institutionalize it," he said. "Discriminatory attitudes just do not explain everything — it's the rules of the game that have to be changed."

Caution

Williams cautioned, however, against changing the rules in a way that created a "second apartheid."

Affirmative action programmes and hiring quotas, he said, could only create an economy as inefficient as the economy based on racial segregation.

"What you have to do to solve the problems in SA in the long run," he said, "is to give voluntary private assistance to people, and make sure the game is played fairly."

CHICAGO TRIBUNE
**Marshall Plan for
S. Africa's blacks?**

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What is needed [for South Africa] is a joint American, British and possibly European Marshall Plan for a multimillion-pound investment in black South Africa. Pretoria does not have sufficient funds to provide the country's black children with the education to equip them for the future they claim. It has, however, begun to back away from the Verwoerdian concept that all black education should be controlled by the state. There is, therefore, nothing in principle to prevent international agencies founded and funded by British, American and European governments from establishing a network of private schools and colleges for black South Africans.

Pretoria has also abandoned the concept that it alone could provide and thus control black housing in the metropolitan areas. A Marshall Plan for South Africa could provide the funds to house South Africa's growing army of urban homeless. If the funds were channeled to black entrepreneurs employing black workers, the housing fund could also ease unemployment and provide the seed money for black community development as a whole.

The funding of agricultural colleges, hospitals and business colleges would represent a further investment in an apartheid-free future.

Opponents of the scheme will doubtless argue, as they have in the past, that it will help to fund and to shore up the apartheid society. Recent history in South Africa, however, has shown that the reverse is true.

From an editorial in the London Times.

Nation/world

South Africa labor federation plans 'national day of action'

From Chicago Tribune wires

JOHANNESBURG, South Africa—South Africa's biggest black-led labor federation said Thursday it plans a "national day of action" on Monday to protest the state-of-emergency rule clamped on the country a month ago.

The 500,000-member Congress of South African Trade Unions [COSATU] said in a statement that its decision followed "weeks of rising tension on the factory

floor" over detentions of unionists since the emergency.

COSATU gave no details of Monday's action, but union sources said it would be a mix of sit-in and stay-away strikes.

Meanwhile, the two main white employer groups and a major black union federation issued an unprecedented joint demand Thursday for an end to the state of emergency and the release of jailed labor leaders.

The statement marked the first time white employers and black unions joined in criticism of government policy, said Bobby Godsell, a spokesman for the Federated Chamber of Industries.

"We think it's time for constructive dialogue between workers and management," he said. "We have a vital common interest in keeping normal labor relations alive."

The statement came from the industry group, the Association of

Chambers of Commerce and the Council of Unions of South Africa, the nation's second-largest black union federation with about 150,000 members.

A police order issued Monday had prohibited 33 groups, including most Johannesburg-based unions and antiapartheid groups, from meeting indoors.

That order was softened Thursday after unions filed suit. Trade unions were taken off the list and

the 25 remaining groups were barred from meeting only in the townships of Soweto, Diepkloof, Meadowlands and Dobsonville.

A bomb exploded Thursday outside the Stock Exchange in the center of Johannesburg, about half an hour after the stock market had closed for the day.

In Harare, Zimbabwe, Britain's foreign secretary said Thursday he will meet South African President

P.W. Botha on July 23 and 29 and then with U.S. Secretary of State George Shultz in a new attempt to end apartheid, the system under which 5 million whites dominate 24 million voteless blacks.

"Despite the continued spilling of blood in South Africa, we are not remotely near a situation in which violence presents the only option for those who wish to see apartheid crumble," said the minister, Sir Geoffrey Howe.

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THE CITIZEN

If PW removed apartheid ...

By ANDREW THOMSON

KWAZULU Chief Minister Mangosuthu Buthelezi says the vast majority of Blacks would become the natural allies of the Government if Mr P W Botha demonstrated that he was about to remove the "very foundations of apartheid".

Addressing a business conference in Johannesburg yesterday, he said South Africa's move towards a Western industrial democracy held more implications for Whites than they could ever dream of, but said they would survive the trauma of radical change.

Message

In a message to the free world, Chief Buthelezi said: "If free enterprise is good for you, and if you think it is good for South Africa, then I think it is madness to destroy it (by sanctions) in the one place in Africa where it has a foothold and from where it can be exported

'Vast majority of Blacks will become allies'

to the African hinterland."

Chief Buthelezi told the audience of more than 200 businessmen that the Government was not, and could not be, the sole author of change in South Africa, but warned that any attempt to exclude it from the country's evolution would result in the demise of Parliament, stability and the rule of law.

He said it was urgently necessary that Blacks recognised the Government as an essential partner in change "if we are ever to succeed in salvaging the best that there is and eliminating the worst that there is".

Chief Buthelezi accused the ANC mission-in-

exile, the United Democratic Front and the Congress of South African Trade Unions of laying the foundations for a Black-against-Black civil war, and of being committed to making the country ungovernable and destroying all prospects for a non-violent democratic solution.

"Foreign observers who see White South Africans as racist monsters are mistaken. I do not fear my White compatriots. They are Africans. They have nowhere else to go. This is the land of their birth and they have a God-given right to remain here.

"I am now at least convinced that there is a ~~groundswell~~ White demand for the normalisation of South Africa as a modern, Western-type, industrial democracy, but the country's leadership is under-achieving."

Chief Buthelezi said the de-restriction of politics and of the economy went hand-in-hand, adding that South Africa's "free enterprise" system was besieged because Blacks were not yet full participants.

"It is urgent that many entry points into the free enterprise system be created for Blacks as rapidly as possible if the system is to survive in the post-liberation era. If the position remains as it is, the illusion that we can resolve the problems of poverty in South Africa by completely dispossessing the Whites will gain more credibility among the masses."

Chief Buthelezi said some South African businessmen seemed not to understand that Black

leaders, such as himself, were constituency leaders and there was a limit to what they could or could not "sell" to their supporters.

Rejected

"The present constitution is rejected by Blacks and any attempt by me to legitimise it by participating would alienate me from my constituency and leave me powerless. I would have been a political nonentity by now had I agreed with the establishment of the Black Advisory Council, the Special Cabinet Committee and the Non-statutory Negotiating Forum."

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'Blacks will back Botha'

The majority of South Africans would become the national allies of the South African Government once the State President, Mr P W Botha, started bringing about a new era of peace and stability, Mangosuthu Buthelezi said in Johannesburg yesterday.

He told leading economists he did not believe there were impossible white restraints blocking the way of Mr Botha's reform programme.

The KwaZulu Chief Minister and Inkatha President was giving the keynote address at a conference organised jointly by the University of the Witwatersrand's Department of Business Economics and the Association of Managerial Economists.

He said the minute the State President started moving forward, blacks would rally behind him as he did what needed to be done. But, he warned that if the situation in South Africa remained as it was, the illusion that the problems of poverty could be resolved by completely dispossessing whites would gain more credibility with the masses.

As a black leader he accepted that a certain amount of redistribution of wealth would have to take place.

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Pretoria reacted 'with savage glee'

Relly lashes out over 'welcome' for sanctions

ANGLO American chairman Gavin Relly yesterday criticised Pretoria for reacting "with savage glee" to the threat of foreign trade sanctions.

Opening the two-day "What Boundaries for Business?" conference sponsored by the University of the Witwatersrand, he called on business leaders to narrow "the gap between the achievement of what we're doing now towards change and what we should be doing."

Relly called for a new partnership between labour, management and shareholders. "Unless we break down the schism between management and labour and create something new, we will not have a functional economic entity at the turn of the century."

He applauded industry's achievements in labour relations, accomplished "without parallel political developments", but said executives should work towards instituting more profit-sharing and participatory practices for workers.

KwaZulu Chief Minister Mangosuthu Buthelezi asked business leaders to step up efforts to pressure government for reform of apartheid laws.

"Businessmen are important opinion-makers, and their attitude to change and the demands for change that they can articulate can have a profound effect on white society," he said.

He called on executives specifically to "ensure that the National Council is given teeth and will be permitted to actually achieve the objectives set out in the Bill".

Buthelezi repeated his refusal to take part in the National Council "unless other black leaders are free to accept it or reject it". Specifically, Buthelezi said he required the release of Nelson Mandela, Zeph Mothopeng and other political prisoners.

He condemned what he termed the ANC's strategy of violent change. "Whites have lessons yet to learn, but



RELLY



BUTHELEZI

Economics Reporter

they cannot be taught those lessons with AK rifles or bombs." SA's existing free market economy would be a critical element of any new government.

"We dare not destroy the economy in bringing about radical change."

"We dare not make the country ungovernable now because it will remain ungovernable after change. We dare not bring about change in such a way that the bridging of the gap between black and white in our polarised society is impossible."

At the conference dinner last night, Barlow Rand chairman A.M. Rosholt said: "We must recast our total economic strategy — that is, if we have one — distinguishing very clearly between our First and Third World sectors."

Rosholt said the First World economy, by increasing exports and by import substitution, must finance itself and generate the wealth required to fund the Third World sector.

The Third World economy, meanwhile, "must deal without the greatest single national problem, unemployment, by investing primarily in labour-intensive industries."

Rosholt called on executives to recognise that blacks would not accept either the present political system or the present economic system; that they were looking for a new society and not just a cosmetic alteration to the present one; and that planning and actions had better take these facts into account.

The economy, though based on free market principles, would move inevitably toward a process of income redistribution in favour of lower income groups.

A major challenge in determining the balance in the economy between free enterprise and state socialism after the advent of power-sharing, Rosholt said, lay in changing negative black perceptions of the current free enterprise system.

Blacks increasingly viewed capitalism as anathema, "because they perceive the private sector as being in collusion with the government in the maintenance of the present political system, which they not unreasonably equate with racial oppression".