

oo

the rand slipped towards
oblivion, it was yet another
traumatic week for the South Afri-

and living standards are erodi -
fore his eyes. e

Johann Rupert, a leader in the Afri-
kaans business community, is going
around saying that South Africa is
becoming a banana republic.

Dr CB Strauss, a leading invest-
ment banker, puts it rather more
gently, suggesting that the country is
in danger of slipping â\200\234to join the
worldâ\200\231s less successful economiesâ\200\235.
However you say it, it comes to the
same thing. South Africa is heading
for an economiÂ¢ disaster which will
leave no one unscathed.

Dr Strauss, managing director of
the Sgandard Bank Investment Cor-
poration, outlined the situation in
lucid fashion in an outstanding ad-
dress to the Institute of Directors of
Southern Africa recently which has
now been published in the Standard
Bankâ\200\231s Economic Review.

s Dr Strauss notes, it is nei-
ther pessimistic nor alarmist
to suggest that the South Afri-

can economy is under severe pres-
sure.

In economic terms, this country
has failed to adapt to important
structural chax;lges in the world
economy since the beginning of the
1970s. Our growth rates have slipped
from 6% in the 1960s to less than 0,5%*
' between 1982 and 1986.

What has happened is that the in-
dustrialised countries of the First
World, (held to ransom by the oil
sheikhs) succqssfully?â\200\230reduced their
| dependence on primary products
(such as oil and gold) by means of
technological advance.

Sliding down

the slippery
slope toward
economic ruin

As INTEREST rates soared and
can man in the street, whose savings
As noted in a previous column, Mr.

G Nov. ISR

ing trends lost out badly. Those
and Korea, have roared ahead â\200\224 in
spite of great adversity and lack of
significant resources. South Korea,
for example, had been flattened by
- Superpower conflict. Both countries
are still subject to severe military,
political and security pressures.

were containing domestic consump-
tion and, at the same time, boosting
education and productivity, South
Africa was going at full speed in the
opposite direction.

n this period South Africa bor-
rowed heavily on the interna-
tional market. Much of the bor-
rowing was to finance consumption
expenditure rather than to increase
fixed investment â\200\224 in effect to main-
tain the unrealistic standards of liv-

ing which white South Africa had
come to expect.

As Dr Strauss notes, the disci-
plines of the market place are mer-
ciless. A country either increases
productivity and the effective use of
resources (at the expense of socio-
political prejudice) or it faces eco-
nomic mediocrity. i

We have burdened ourselves with
heavy security and other costs, he
says, in support of a social and po-
litical structure which the country
cannot afford. Yet South Africans
still look for soft options â\200\224 more
controls, more restrictions and more
repressive legislation.

& Those countries, like South Africa, |
which failed to adapt to the develop- â\200\230

which did so adapt, such as Taiwan I

While South Korea and Taiwanâ\200\230i

. In the Economic Review (October issue) Dr Strauss suggests various strategies of economic recovery which those interested may pursue in the columns of that invaluable publication.

° As a political columnist since the mid-1960s, my own perspective is rather more political. Are we not reaping the fruits of 40 years of selfish, race-obsessed Afrikaner nationalism?

For at least part of the time, it should be noted, the National Party has enjoyed the support of powerful elements in the English financial establishment, the English-language Press (in the 1983 referendum) and, latterly, it has gained substantial backing in the English-speaking electorate.

It is difficult to explain why so significant a section of English-speaking South Africa should have chosen to collaborate thus in its own economic destruction.

he National Party, which has never disguised its primary commitment to the interests of Afrikanerdom, has cossettedâ\200\231 the farmers and built-up a costly Afrikaner-dominated bureaucracy whose privileges, security and expansive lifestyle are lavishly maintained by the (largely English-speaking) taxpayer. : gl
And military expenditure? South Africa can no longer afford the expense of military adventuring on the scale of the past decade. What have we gained by hanging on to Namibia

anyway?

What have we gained by keeping ruinous civil wars going in Angola and Mozambique? Â\$

Afrikaner nationalism is the scourge which has ail but destroyed our chances of building a peaceful and prosperous South Africa at the head of a thriving sub-continent.

In setting up and maintaining a welfare state for Afrikanerdom (and its allies) and then marching us all into laager to defend it, the National

Party Government is dragging South
Africa to ruin.

2 Cape Times, Friday, November 4, 19%â\200\230\)
â\200\230Corrupt

By CHRIS CAIRNCROSS

ENDEMIC corruption and finan-
cial mismanagement in Ciskei al-
lowed millions of rands to be si-
phoned off by South Africans and
others who saw the territory as
open to easy pickings, the Harms
Commission heard yesterday.

There was a general perception,
not without cause, that Ciskei govern-
ment officials were open to bribes â\200\224
and this had resulted in large
amounts of money leaving the coun-
try, former Ciskeian Ambassador
Plenipotentiary Mr Douw Steyn told
the commission, which is investigat-
ing corruption and cross-border irre-
regularities.

â\200\230Mr Steyn said conditions within
Ciskei, in which President Lennox
Sebe had absolute power to circum-
vent regular channels and effectively
change legislation at his own whim,

Q

had created an atmosphere which en-
couraged cross-border irregularities.

Mr Steyn, who is a former Director-
General of Agriculture in Ciskei, said
he had brought the conditions to the
attention to the South African
government on numerous occasions,
without any response.

Recounting his part in the Vito Pa-
lazzolo affair, Mr Steyn said it was
necessary to take into account the
deteriorating conditions in Ciskei to
understand why efforts were made to
help Palazzolo settle in the territory.

â\200\234We had to clutch at straws,â\200\235 he
declared.

As the person responsible for at-
tracting foreign investment to the ter-
ritory, Mr Steyn said he had received
hundreds of offers, most of which
were scams to siphon off money at
the territoryâ\200\231s expense.

Mr Palazzoloâ\200\231s offer to invest
\$2 million in Ciskei in exchange for

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iskei ripped o

citizenship was the first time a foreign investor had offered to put money into the country.

From testimony submitted to the commission, it became clear that territories like Ciskei and Transkei were considered easy areas from which to enter South Africa illegally and establish permanent residence.

Within two weeks of arriving in South Africa illegally, Palazzolo was granted Ciskeian citizenship with the help of Mr Sebe, who used his veto to circumvent existing legislation.

With these rights, it was a simple matter for Palazzolo to apply for permanent residence in South Africa, and apply for a South African passport as a Ciskeian citizen.

Mr Steyn said it was East London Nationalist MP Mr Peet de Pontes who had helped Mr Sebe to redraft legislation that enabled Palazzolo to obtain citizenship so rapidly.

It was Mr De Pontes, too, who had been instrumental in Mr Steyn visiting Palazzolo in a Swiss jail during 1986 to determine his bona fides.

Mr Steyn said he had been impressed by Palazzolo and his perceptions of what was needed to improve financial conditions in Ciskei.

Ciskei speedily granted Palazzolo citizenship after his arrival, but he spent only about R50 000 on a small townhouse in Bishe, in which he never lived, while spending millions on properties in South Africa.

The Harms Commission is to complete its initial hearings concerning the Palazzolo affair and the Ciskei connection today.

It is understood that the commission chairman, Mr Justice Louis Harms, may prepare an interim report on his initial findings later this month for submission to President P W Botha.

th FÃ©tima Meer withdrew
A2 Tinmek

From Professor FATIMA MEER (D

ban):
| b o Nov. 1Râ\202¬8 VS
I HAVE withdrawn from the Weekly obliterate the memory traces of that
Mail Book Week in deference to the past, by making it absurd, irrelevant,
violations experienced by thousands of worthless, but good book material.
millions as a result of some of Salman Rushdie the midnight child was
Rushdieâ\200\231s writings. offered his midnight opportunity to
It is a pity the Book Week platform &eggnÃ©?lĩ¬\201dtggl}:gĩ¬\201ĩ¬\201g {lsisosfhl;lrspsc
o;iltx}_
has been interpreted by many, certain- Â¢aj faculty to realise that freedom and
ly by people whom I respect, as a Sal- :

: et struggle with those who strive to recon-
man Rushdie platform and it is on that i instituti 9
Sccotint (Rt T Withdvad struct the traditional institutions to ad

just to a modern world. He chooses
instead to play the coloniser all over
again, and to destroy them.

and, it is a malicious attack on his
ic past, a conscious compulsion to

I admire Salman Rushdieâ\200\231s literary
genius â\200\224 my regret is that, in the â\200\234Sa-

ent surrealism of an Alice in Wonder-

Local elecĩ¬\201ons were held to
manufacture black consent

" From FRANK MOLTENO (Grassy Park):

THE recent municipal elections were not part of an
honest effort to extend democracy but rather an
attempt by the Government to manufacture consent
among oppressed South Africans for their contin-
ued exclusion from real political power.

All the elections produced was a run of duds (no
disrespect to the few candidates who made them-
selves available for election out of a naive, belief
that group areas, for instance, could be effectively
challenged at the municipal level).

A minority of blacks might still be fooled or
pressured into collaborating in the structures that
oppress them. Most, however, will never give their
consent to anything less than self-government.

tanic Versesâ\200\235 in particular, he has des-

ecrated the Islamic faith and falsified |
its history albeit in parody.

For the thousands of millions of our
world who cannot live by their wits,
who have not had the opportunity to
sharpen their minds, and who combat
the tyranny of materialism by their
faith in an ideal or ideology, the abso-
lute is imperative.

Rushdie has the right to take any
position he chooses on the question of
absolutes but not the right to licentious
distortions that trample the sentiments
of millions.

The parodying of such esteemed lib-
erators of humankind as the Prophet
Mohamed, of Jesus, or of the Lord Bud-
dha is the parodying of the faith by
which the generality of human beings
live. Rushdie's own humanity must
surely recoil against himself when he
realises the enormity of the pain he has
caused.

In the final instance, it is the Third
World that Rushdie attacks, it is the
faith of the Third World in itself, and in
its institutions, that he denegrates, the |
Third World as he experiences it in
| India and Pakistan. His attack is all

that more painful because of the bril-
liance of his writing and of the claim
that he writes from the inside.

Rushdie's recoil from the decolon-
ised Third World is not objective. It is a
deeply-experienced subjective recoil,
a recoil from his own self turned inside
out and distorted into the grotesque
and the surrealistic. His is not the inno-

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EK OFFER MY LEWE OP VR SAKSIES. o . Gty

â\200\234EK REIS DIE WERELD PLAT OM SUID-AFRIKA TE VER
AS MENSE HONGER IS, GEE EX HULLE KO\EA IES V ARM\, uwe\

+EK. PAK DIE SKULD VI WERKLCOSFEID OP ARRTHEID â\200\224
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MALAWI like most countries in Southern Africa has many problems but deals with them quite well under a sane and progressive government. When the country became independent in 1964 under the leadership of Dr Hastings Banda, manufacturing ~ industry was practically non-existent.oi !

During the nearly quarter of a century since then, the country has shown steady progress under the wise but firm leadership of Banda. By 1980, commerce and industry Â« had developed over the years and more

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Malaw

than 250 companies had been granted industrial licences under the Industrial Development Act of 1966.

Malawi has built up a very healthy ethanol industry from small beginnings. Agreement with Malawiâ\200\231s four oil companies was reached whereby up to 20% ethanol could be blended with regular grade petrol. An additional benefit was that cheaper lower octane petrol could be imported and upgraded with etha-

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shows up

nol. The Ethanol Company, together with partners and consultants

throughout the world, is now in the process of building an ethanol from timber plant, and producing ethanol from either cassava or coffee-bean pulp.

Great Britain, SA, the USA and West Germany are Malawi's major trading partners. Imports exceed exports by \$90 million annually, but this is more than made up by remittances of foreign ex-

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change form about 250 000 Malawians working on South African goldmines. One of the

major differences = between African Marxist governments and that of Malawi, is shown in their respective defence budgets. A typical example is Zimbabwe. Mugabe spends 14 percent of Zimbabwe's national budget on the military, while Malawi's expenditure on defence is less than 6 percent. That allows Banda to spend so much more proportionately on peaceful development of his country.

ONLGOKER

Pretoria

D -

Blacks
in 2020 smg jobs

THE greatest fear of an
overwhelming majority of
Blacks in the KwaZulu-
Natal area is losing their
jobs and they are greatly
concerned for their lives
and property amid politi-
cal violence, according to
a survey released yester-
day. 2

A smaller percentage
of 49 percent were
worried about having to
live under White rule.

The poll, among a sam-
ple of 802 Black adults re-
vealed that: ;

. @ Ninety-four percent

|

feared losing their jobs;

@ Ninety-four percent

feared and worried about
their houses being burnt
down;

[2 Ninety-one percent
worried about not having
enough money;

@ Eighty-nine percent
feared being caught up in
street violence;

@ Eighty-eight percent

dreaded being hurt or
killed in political violence
Y S 2 e

@ Eighty-six

percent

feared being placed in de-
tention;

@ Forty-nine percent
. worried about having to

live under White rule,

and

Another 89 percent wor-

ried about the future of
their children and 73 per-
cent worried about being
forced to live in certain
-areas. /

Employment

â\200\234The survey re-
vealed alarmingly low le-
vels of employment, in-
come and educational
â\200\230qualifications among
Blacks in KwaZulu/
Natal,â\200\235 according to
the market research firm
Research International,
which conducted the poll
between July and Sep-
tember. \
â\200\234Concern over bread-
and-butter issues far out-
weighs political aspira-
tions among Black people

in (the area),â\200\235 it said.
The survey was com-

missioned by the KwaZu-

â\200\234lu/Natal Indaba.
The â\200\230survey found that

60 percent of the 1.
dents were unemp..nu
Twenty-nine percent
were in full-time jobs and
the remaining 10 percent
were either students or
part-time workers. -

Shack-dwellers

Unemployment

more prevalent in the ru-
ral areas where 72 percent
were without jobs, fol-
lowed by shack-dwellers
(59 percent) and urban
areas (44 percent).

The majority â\200\224 65 per-
cent â\200\224 had a monthly
household income of less
than R500. Only nine per-
cent earned more than
R800.

The poll revealed ex-
tremely low levels of edu-
cation among the KwaZu-
lu/Natal inhabitants.

Only 15 percent had completed primary school, nine percent completed high school and only one percent had received university education,â\200\235 Research International said. <6 bsnsy

Questioned on their fu-

Was:

greatest fear is

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â\200\224 survey â\200\224

ture nceds and aspirations, â\200\234A representatlve sample . rated owning their own homes as their first priority.â\200\235 = They formed 59 percent of those questloned

Securlty

Fifty-one percent yearned for financial security, 43 percent wished they could have a good job, 30 percent wanted equality in education and pay.

Another 37 percent wanted to have themselves and their family educated. Twenty-eight percent wished they could own a car and/or a television set.

- But only enght percent expressed a great desire for political rights.

â\200\234However, it was clear that the desire for political rights rose sharply once these primary needs had been met and improvements in the education in the education system had began to take effect,â\200\235 Research International said. â\200\224 Sapa.

| THE CITIZEN

COMMENT

ugher tim

HARD- I,â\200\231T{LES% cor,lzâ\200\230rî-\201efs are not going

to like it; home owners are not going t

it; but the increase in the bank rate announced by the South African Reserve Bank was unavoidable.

Indeed, most economists and bankers had been calling for a higher bank rate for several weeks.

The higher rate has meant a rise in the prime rate â\200\224 the mterest banks charge their best customers.

Building societies, most of which raised mortgage bond rates by 1 percent only this week, will have to raise them by another 1 percent.

This means repayments will go up, forcing some home owners to sell their property.

Hire-purchase repayments will increase, unemployment will grow, and there will be an increase in insolvencies.

Economic growth will slow down.

All this sounds terrible. :

But the country has been importing beyond its means, the value of the rand has sunk to record low levels, the country faces a balance of payments crisis, consumer spending has been too high, and inflation has not been tamed.

Tighter monetary control and dearer money were essential, the ultimate aim, according to Dr Gerhard de Kock, Governor of the South African Reserve Bank, being to counter inflation and remove the existing downward pressure on the exchange rate and gold and foreign currency reserves. :

Some of the effects of the monetary policy

which Dr De Kock announced will be felt

immediately, as in the case of bond rates, |

dearer borrowmgs and hire-purchase rates.

Time lag :

But Dr De Kock stressed:

â\200\234Since monetary policy always works wlt h a

time lag of many months, the main effects of | the steps announced today will not be felt -

until the first half of 1989. =

â\200\234But the str"rcter monetary pohcy aow bemgn}

applied and the return to interest rate levels

. that are materlally positive in real terms |

should contribute in a fundamental way to the strengthening of the balance of payments and the exchange rate of the rand in the period ahead.â\200\235

To consumers, reeling from other shocks that included surcharges on imports, rising prices, higher bond rates and a general lowermg of living standards, the new economic measures are going to make matters worse.

And in the pipeline is an expected rise in sales tax to 14 or 15 percent.

It all sounds very gloomy.

Yet if nothing were done to check both spend- ing and halt the downward pressure on the exchange rate of the rand and foreign re- serves, the country would be heading for economic disaster.

There is a feeling, particularly in the banking and financial sectors, that the government delayed- the bad medlcme until after the mu- mcrpal elections.

This is coupled with an equally strong feeling that political factors have been allowed to dictate economic policies in other respects.

It would be sad, if this is so, if the government continued along that path.

For it can only compound the problems facmg the country. =

More measures?

The signs are that further tough measures will - have to follow. If this is the case, so be it.

South Africa cannot continue living beyond its means with a debased currency, a balance of payments crisis and the threat of hyper-infla- tion. R

If bold and unpopular decisions are necessary, the government is obliged to take them, whatever political effect they might have.

The government cannot and must not pander to any sections of the community, whether farmers, public servants or any other interest groups, at the expense of the ordinary man in the street and the economy as a whole.

Indeed, the time has come to introduce an | economic package that wlll pull the country : Il ht â\200\234ios s

Th(g;ugh we must,all bleed it w:lbhewmth ;t lf .

- the country s economlc health is restored.

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foâ\200\230mehaÃ@l Posner
WASHINGTON.
US i- \201oi- \201gbdi pflndlts

usi- \202y trying to
read the mind of the

next President to guess
who will be the big

players in Washing-
tonâ\200\231s new power game
after the November 8
election.

For most career civil
servants in the three mil-
lion-strong government
work force, itâ\200\231s a matter

. of who their next bosses
will be.

But even for those
whose own careers are
not directly affected, the
question of who Mr
George Bush or Mr Mi-
chael Dukakis will pick to

~help them lead the coun- -
try for at least the next
four years is of keen inter-
est.

Since the Republican
Vice-President leads the
Democratic Governor of
Massachusetts in public
opinion polls, most specu-
lation is on his choices.

The odds-on favourite
to win whatever job he
wants should Mr Bush
win is Texan James Bak-
er, confidant of Mr Bush,
former Chief of Staff to
President Reagan and ex-
Treasury Secretary.

Mr Baker, Mr Bushâ\200\231s
campaign chairman, has
not been shy about letting
it be known-he wants to
be Secretary of State, so

~ many commentators ex-
pect him to succeed Mr
George Shultz in that job.

Old friend
Nicholas _Brady, who
succeeded Mr -Baker at-
.the :Treasury in Septem- -

ber, is an. old Bush friend -
and is expected to stay on..
instead of returning to his -
Wall Street brokerage

ush or

Mr JAMES BAKER

... Secretary of
State if Mr Bush
wins?

firm.

So is Attorney General
Richard Thornburgh, for-
mer Pennsylvania Gov-
ernor and another Bush
friend, who gets good
marks for building morale
in his department since
succeeding scandal-
tainted Ed Meese,

Labour Secretary Ann
Dore McLaughlin may
stay put or take over an-
other Cabinet position.

To give his Cabinet an
Hispanic touch, Mr Bush
may favour Lauro Cava-
zos, newly selected Edu-
cation Secretary.

Mr Reagan's national
security adviser, General
Colin Powell, one of the
highest-ranking Blacks in
government, is believed
to be wanted by Mr Bush
in his administration,

though probably not in

his current role.

Central

Webster, highly respected
in Congress, is expected

Intelligence :
Agency head William '

REV JESSE JACK-

SON.
doubt-at-large if Mr Du-
kakis wins? -

to stay during â\200\230a' Bush term.

High marks

A man getting high marks among Bush aides is Brent Scowcroft, an ex-national security adviser. He could get Secretary of

_ Defence, although John

Tower is also being mentioned in that regard.

Mr Tower is a former Texas senator and close adviser to Mr Bush on national security.

~ One job reporters speculate about is Press Secretary. Some feel the likely choice would â\200\230be former Bush campaign Press spokesman Pete Teeley.

What . does Mr Bush say? â\200\234I canâ\200\231t let myself think about that (but) no-

body believes me.â\200\235 1If

elected, he would â\200\234â\200\234hit the ground running.â\200\235

As far as Mr Dukakis is . i â\200\230concerned,.some insiders 'say Maryland Senator

ambassa-

Paul Sarbanes, an old friend and Greek American like Mr Dukakis, may be considered for attorney-General, or even Secretary of State.

But Paul Brontas, another long-time ally, could get the Attorney-General post if he wants it, since as Mr Dukakisâ\200\231s campaign chairman he probably could have his pick of jobs.

For Defence Secretary,

_ respected Senator Sam

Nunn of Georgia has been mentioned as has Indiana representative Lee Hamilton. Hamilton is tipped by some as Sec-

retary of State.

Post for woman

Madeleine Albright,
former -national security
staffer under President
Jimmy Carter, could be-
come ' national security
adviser or even Secretary
of State â\200\224 putting a

s for posts if
ikakis wins

woman in that top job for
the first time.

Treasury could go to
New York investment
bankers Felix Rohatyn or
Roger Altman, or re-
spected Black Represen-

tative William Gray, also

seen as a possible Budget
Director.

The Rev Jesse J ackson
the Black leader and for-
mer Dukakis foe, is in the
background for a poss-
ible, unspecified job such
as ambassador-at-large.

Mr Bush or Mr Duka-

- kis could make about

3000 - political - appoint-
ments, ranging from who
runs the nationâ\200\231s parks to
who handles the currency
or advises on foreign poli-
cy.

When the President
changes in Washington,
the splash ripples
throughout the bu-
reaucracy. â\200\224 Sapa-Reut-
el .