

TRANSVAAL CONGRESS SPEECHNOVEMBER 1984DR. F. VAN ZYL SLABBERT MP

If we were to review this year objectively, I suppose we could delineate two distinct periods. During the first half of the year, the Government seemed to be riding the crest of a wave - the Referendum victory was followed in heady succession by the signing of the Nkomati Accord and by an overseas tour. The second half of the year, by contrast, has been characterised by a series of disasters. Here we can mention the Coloured and Indian elections, the worsening situation of violence in the townships, which has involved conscripted members of the SADF to the great concern of many, the indescribable fiasco surrounding the Durban consulate and the "Coventry" four, and the worsening economic climate.

Each of these issues might afford us the opportunity to censure the Government. Jointly, they are damning. However, I wish to focus particularly on the country's economic problems because it is there that mismanagement, wanton waste and ideological obsession are uniquely blended in a way that only the National Party can achieve.

There seems to be little reason why South Africa ought not to enjoy one of the highest standards of living in the world. We produce - drought notwithstanding - most of our requirements of food. We have the largest deposits of gold in the world and are richly blessed with substantial deposits of a wide variety of other minerals. Our industries, while perhaps modest by European or American standards, are considerably more diversified and productive than anywhere else in Africa.

Yet, as we look around us, we see that the South African economy is in a very desperate condition. Businesses are failing, unemployment is rising rapidly and there are a stream of personal and company bankruptcies. The rand has sunk to an all-time low against the dollar and has slumped against the currencies of many of our major trading partners. Most of the economic research staffs of the major banks do not see the end of the recession in sight before, at the very earliest, the third quarter of 1985, and predict a very modest improvement even then. As Mr. Chris Ball correctly observed - "South Africa is going through its worst economic recession since the 1930's. To pretend otherwise would be unrealistic and foolish ... "

The Government's reaction to this has been interesting and instructive. The lack of confidence in the rand has been blamed on the press coverage given to rioting in the Black townships. Other spokesmen confidently ascribe our ills to the world depression, the drop in the gold price, the drought, high interest rates in the United States and the overspending consumer in South Africa. The Government is then briskly able to deny any responsibility for the economic catastrophe that stares us in the face.

It is, of course, obvious that external factors affect the South African economy. But this is only half the truth. Gold has only 'fallen' from an unrealistically high price. The drought has undoubtedly affected us, but South Africa is a country of drought patterns and the Government would be stupid not to take these into consideration. A strong dollar and weak rand provides an opportunity for the stimulation of South African exports.

No. The root cause of the ailing economy is the maladministration of the Government, which has committed errors of omission and commission and which, if they are allowed to continue unchecked, will bleed this country dry.

I want to make three charges against this Government and its handling of the economy. The first is that the Government has no consistent economic policy, and because of this, panders to sectoral interests for political advantage. The second is that the Government preaches financial discipline, but is the worst offender, seeming to be quite unable to control its own expenditure. The third charge is that the Government is trying to buy its way out of a political dilemma it has created for itself, but using our money. I will substantiate each charge.

Shortly after P.W. Botha became Prime Minister, he announced that his Government was committed to the principles of free enterprise, and so seriously did he take this commitment that he devoted a point to it in his 12 point plan. Businessmen reacted favourably, and understandably, since the previous administrations of Mr. Vorster and Dr. Verwoerd had been characterized by a very lukewarm enthusiasm for the people who were actually creating the wealth they wanted to distribute. Therefore, when P.W. Botha met the captains of industry in the Carlton Centre and told them that he wanted to listen to them, the mood of business bordered on euphoria.

Yet the commitment of the Government to free enterprise has been characterised more by words than by deeds. The Government remains committed to decentralisation of industries to attempt to stop (or reverse) the flow of Black urbanisation, and for this reason has failed to repeal Sec 3 of the Physical Planning Act. In addition, in the period since P.W. Botha became leader of the National Party, the Government has allocated a sum of just under R800 million (R799 878 000) to encourage decentralisation.

Further, despite promises of pending action, nothing has been done to provide for the opening of the CBD's to all races. Much of the country's transportation system is in the vice of a Government enforced monopoly, and courts along our major highways are the scenes of frequent prosecutions of those who can run cheaper and more profitable cartage businesses than the SATS. Huge areas of economic activity are subject to the Government's overconcern with strategic consideration, and for this reason, many of the parastatal corporations remain controlled by the Government. A wide variety of additional measures (all, presumably, eminently reasonable in their own right) from bulk supply agreements to local content agreements to administered prices, to the follies of agricultural marketing have inevitably distorted the operation of the free market.

To put the cap on it, it was during the administration of Mr. Botha that fines for employing so-called 'illegal' Blacks was increased from R100 to R500. South Africa is arguably the only country outside the Soviet bloc to fine its citizens for the crime of job creation.

The inconsistent approach becomes more worrying when we stop to consider the economic challenges which are facing us. In the next 15 years, our urban population will have increased from 12 to 40 million. The economically active Black population is growing by 3,9% per annum, which means that approximately 260 000 Black workers, 'legal' or otherwise, enter the labour market annually, and this figure is expected to increase to about 320 000 by the turn of the century. Already we are training only about 2 000 out of the 9 500 technicians we require to train each year in order to assure full employment, and this situation will worsen - largely as a result of poor formal and non-formal education amongst Blacks. If these trends continue, it is predicted that we will be short of 23 400 engineers, 135 000 technicians and 234 000 skilled workers by the turn of the century.

Given encouragement, or even left alone, private enterprise would be able to face the challenge of creating jobs, skills and housing. But not only does the Government adopt an inconsistent view vis-à-vis private enterprise, it is also lowering the profitability of such enterprise by exorbitant levels of taxation.

This brings me to my second charge. In August, P.W. Botha called on the public to tighten their belts and to live within their means. Simultaneously, the Minister of Finance announced very severe measures aimed at dampening consumer spending, especially on credit.

It is at least arguable that these measures were necessary and unavoidable. Yet one is forced to ask whether the Government itself is not the very worst offender.

In the past four budgets, Mr. Horwood provided for increases in Government expenditure of 14%, 16,8%, 11,5% and 10,3%. The actual increases, when the additional appropriation had been taken into consideration, were 19,8%, 19,9%, 16,8% and 16%.

Nor does the process end there. Although the Governor of the Reserve Bank was quoted less than two months ago as saying that he could not overemphasise the need for cutting back public sector spending (RDM 30/8/1984), the Government spending for the first four months of this financial year is running at 18,4% above last year, and 4,5% over the average budgetted expenditure for this period.



This Mr. Brian MacLeod, director of the Cape Town Chamber of Commerce, correctly observes, "has generated scepticism in the private sector over the ability of the Exchequer to control spending by the departments." He concludes, "the economy in its depressed state simply cannot afford public sector expenditure of this magnitude."

The Government's response to its failure to control expenditure has been simply to expand the size of its budget. Thus it is that the central appropriation has grown from R10,86 billion in 1977-78, to R24,73 billion in 1983-84, an increase of 127,7%. During this period, the additional appropriation - the true weather vane of Government over-expenditure, rose from R89 million to R1 145 million, representing a staggering increase of 1 187%.

Critical observers will be excused for asking where all this largesse is coming from. The simple answer is - You. In the past three years, personal income tax payments to the Government have more than doubled, rising from R2 491 million in the 1980-81 tax year, to R5 256 million in the 1983-84 tax year. This year's receipts are expected to rise a further 38% to approximately R7 265 million. GST this year will contribute something like R6 000 million to the State's coffers, up from R1 249 million in 1979-80. (Argus 19/9/84, Sunday Express 14/10/84). In 1984 a family unit earning slightly over R2 500 per month is taxed at the same rate as one which earned R6 600 per month ten years ago.

This disturbing trend is equally true of companies. In an address to the Natal Congress of the Party, Mr. P.K. Loveday pointed out that this year the Wooltru group paid R49,9 million or 59,4% of their net profit before tax, to the central and local governments in taxes and rates.

Since the 1980-81 tax year, receipts of company tax have risen from just over R5 billion to R6,1 billion and this, too, is expected to rise still more this year.

It is developments such as these that have caused Mr. Derek Jacobs, Chairman of Nampak to say : "In the past, South Africa was seen as an area in which companies could make quite good returns, and therefore was attractive to foreign investment. I just don't see that happening any more." Mr. Louis Geldenhuys, Senbank's Chief Economist, was more blunt : "The rapid growth in State spending has been concealed by, amongst other things, clichés like 'financial discipline', and increased taxes. This is a short sighted approach. Trying to keep the Budget deficit low regardless of the impact which increased taxes have on the private sector is a grave mistake." (Sunday Times 14/10/1984)

The nub of the problem is that the Government requires ever more and more money to buy itself out of the ideological corner into which it has painted itself. This is my third charge.

Time it was when one could ask a member of the National Party what his policy was and he would confidently reply : Political, social and, where possible, economic separation, and separate development for each ethnic group. It was the Progressive Federal Party (amongst others) which pointed out several of the key fallacies in this equation. It was the PFP who said that economic segregation was not possible. It was the PFP who said that economic integration would inevitably involve a flow of Blacks (particularly) to the cities. It was the PFP who pointed out that Coloureds and Indians could not be granted territorial sovereignty and would therefore not be able to develop separately in politics.

But it was the Nationalists who coined all the jingles which concealed their own desperate confusion and poverty of solutions - parallel development, separate freedoms, nasie-in-wording, spacial segregation, deconcentration, cantonnal constellation, co-responsibility, confederation, gesonde magsdeling, magsverdeling.

Each of these catch-phrases - meaningless though they were - underlined the fact that social, economic and political relations between people in South Africa had to be managed. Accordingly, the political edifice spawned an army of bureaucrats, who manage every aspect of our lives from birth, where we live, where we go to school, where we go to University, what we can read, what sort of job we can get, who we marry and even where we are buried.

By the time P.W. Botha became Prime Minister, 44 areas of management had been identified and 44 Government Departments created for such management on central government level. But this was only on a central government level. In 1978 18 separate agencies in South Africa were directly responsible for the provision of education to different sections of South Africa's population.

Mr. P.W. Botha committed himself to clean, rationalised and efficient State administration in his first speech as Prime Minister-elect, and subsequently in his 12 point plan. Again, the South Africans whose taxes were paying for this burgeoning bureaucracy were delighted, and waited for action. Yet, despite promises to rationalise the public service, the total number of officials employed by central and 2nd tier government rose by 81 084 between 1978 and 1983, to very nearly 1 million people. A further 99 500 bureaucrats need to be added for the six non-independent homelands. The direct costs - i.e. the salaries but NOT invisible costs such as housing subsidies - for this bureaucracy rose from R3 669 468 000 in 1978-79 to R9 606 456 000 in 1983-84. Mr. Ball it was again who succinctly summed up this folly.



Speaking of government expenditure, he said, "One main reason is apartheid and the bureaucracy that goes with this system where one third of all White workers are employed by the public sector. We have one million civil servants in South Africa and colossal sums are squandered on the red tape of racism." Raymond Louw expressed it differently : He said, "The root of the (economic) difficulties is apartheid; its costs, its labour practices, its restrictions on entry to markets etc. Sooner or later the government will have to come clean and explain why people really have to pay such high taxes."

But, it is not only the red tape of racism which is costing the tax-payer so much. There are direct costs too. In the 1984-85 Budget, a minimum sum of R2 487 394 000 was allocated to the direct costs of apartheid; to propping up a system the government itself has admitted will not buy us long-term political solutions. Some of the items in this horrendous shopping list make Orwell's prognostications come true. "Labour and Residential Regulation (i.e. influx control) R96,5 million; "Population Registration and Classification" (i.e. working out wheter you are White) R7,8 million; "Developments in independent, former self-governing national states", R50,3 million; "Decentralization of Industries" (i.e. keep Blacks out of "White" cities) R233,2 million and so I could go on.

I suppose that arguably a case could be made out for this expenditure if it was worthwhile. Yet this is not so. Despite paying vast sums over to the homelands (and to give you some indication of the extent, the sum we gave in DIRECT aid to the independent and non-independent homelands in this financial year amounted to R1,6 billion, or 6,39% of our budget)

the GDP per capita of the inhabitants of these states rose from R40 in 1970 to only R46 in 1980. This represents an average increase in annual income of 1,3%, one of the lowest in the world.

In fact, the situation is far more serious than it appears because the Government's emphasis on homeland development and industrial decentralization allows it neatly to duck responsibility for facing the challenge of Black urbanization. This short-sightedness was recently highlighted by Mr. Jan Steyn. He said -

"The present policy to locate (sic) as large a part of the black population as possible in the homelands has resulted in unintended consequences. The rapid growth in the population of the homelands has caused a substantial decline in the material conditions of life in these areas, which has in turn increased the pressure for migration to the metropolitan centre."

Jan Steyn called this the 'paradox of present policy'. He would not have been wrong calling it the 'dismal failure of present policy.'

I said during the Parliamentary session that this country and this economy in particular, literally cannot any longer afford to pay for the policies of this Government. What I said then is even more true now, and will become startlingly obvious when the new constitution starts operating. Over 30 years we have developed a system of bureaucratic patronage, privilege and duplication which is costing us a fortune. Increasingly we may have to endure this government, but we will not be able to afford it.

I want to conclude by making a few observations about the new constitution. That constitution is for better or worse with us and we have committed ourselves to work within that system as constructively as is possible. This undertaking has been misunderstood by both those who thought that we ought to have withdrawn entirely from the constitutional structures and those who thought that this commitment meant that we would cease to be critical of the government. Perhaps the formal structures created by the constitution will make our role more complicated; the dynamics unleashed by that constitution will certainly make our role more interesting. Our functions will, however, remain unchanged.

One of our most important roles is as a guardian, custodian and watchdog over the Government's spending of tax-payer's money. I hope that I have demonstrated adequately today that we have no intention of abrogating that right, or our functions in this regard. We will still have, and still exercise, the right to move motions of no-confidence in the Cabinet and the White Minister's Council. We will still have, and still exercise, the right to put Parliamentary questions. We still have the right, and if circumstances demand it, we will still exercise it, to move reductions in the salaries of Ministers to show our disapproval in the way they handle their portfolios. We still have the right and we intend exercising it, to debate motions on important matters of urgent public interest. And we will still be fulfilling our duty to petition Parliament on behalf of the millions of people in South Africa who, because of the arrogance or indifference of this Government, are pushed about, harrassed, denied their rights or simply, forgotten.

There is a famous statement of Lord Randolph Churchill's to the effect that the function of an opposition is to oppose.

It is quite extraordinary that the more this Government has talked about consensus, the less they have been able to tolerate opposition; whether Parliamentary or non-Parliamentary. For them consensus means unquestioning consent or at most opposition with permission. For them to be "constructive" is to help them make Apartheid or Separate Development work better, rather than not work at all.

We in the PFP will have none of this. We say :-

- If consensus means compliantly sitting on the gravy train of Government, we say NO.
- If consensus means passively acquiescing to the Defence Force regularly doing police work, we say NO.
- If consensus means shutting up when others, even if we disagree with their views, are detained without trial, we say NO.
- If consensus means we must share responsibility for forced removals, influx control and the massive unproductive squandering of the tax-payer's money, we say a thousand times - NO !

For, by saying NO to this kind of false consensus, false morality and false patriotism, we say YES to a new South Africa.

A South Africa where -

- There will be no euphemisms like "differentiation" or "self-determination" used to disguise racism or Apartheid.
- Our Yes means yes and our No means No and honour and integrity is not regarded as a Colonial hangover.

- It is not a privilege for a man to be able to live with his wife and children, but a right protected by law.
- Law and order depends on the consent of those governed, and not on guns and threats.
- When a man looks for work he is encouraged, and not made a criminal.

We know it is going to be a long hard struggle for that South Africa to be born and to grow to maturity. That is why we say everything which prevents this coming about must be opposed. That is why in this new tricameral Parliament, the beginning of a possible consensus on a new South Africa must be opposition to the present one. Genuine consensus depends and develops from opposition - not consent that comes from our silence.