

## THE ECONOMY

# A wilting, fragile flower

Sceptics have doubted for some while that the official target of 3% growth this year would be attainable. Now at last this is implicitly confirmed by the latest GDP statistics from Central Statistical Service (see Economy).

While some optimists are still hoping for 3% — pinning their hopes largely on the recovery of motor vehicle sales — other figures from CSS confirm that retail sales generally are slack. It is our feeling that GDP growth this year will struggle to reach 2,5% — and if the difference seems small, remember that it probably means the difference between a small growth and a small decline in per capita income.

In other words, yet again we will see no advance in real per capita income — a recipe for continued social unrest.

The problem, as for so long, remains confidence. Specifically, we need a recovery in inventories and capital formation. A decision by businessmen to invest in these areas will automatically bring about the increase in employment and general economic activity we all want so desperately.

And it is pointless — if not downright counter-productive — to continue bashing businessmen for their reluctance to invest. It's sad that it's necessary to repeat the message yet again, but it doesn't seem to get through to politicians: the prospect of profits is both a necessary and an adequate condition for businessmen to invest.

Exhortation and haranguing is not, nor are veiled threats by the public sector that "if you don't get off your backsides we'll have to do it for you." Indeed, this too is likely to be counter-productive.

Which is why many businessmen are groaning at the thought of yet another Carlton, Good Hope or Pretoria — or wherever — get-together with P W Botha, especially in his new *kragdadige* mood. They would rather see action on privatisation and deregulation — the latter an area where Botha already has substantial under-used powers.

And where do the recommendations of the Margo Commission fit into this? While business will no doubt welcome the rationalisation of RSC levies (a proposal which makes their hamfisted introduction all the more deplorable), it can hardly welcome the imposition of another (at this stage, hazy) Comprehensive Business Tax on top of GST and, it would appear, VAT.

Elimination of anomalies is all very well, but it looks as if business is going to end up with even more pieces of paper to fill in. On balance, we suspect that the more business analyses Margo, the less it will like it.

Then, there are the political dimensions. Pace the Standard Chartered sell-off, less has been heard from the sanctions/disinvestment lobby in recent months. For this, cynically, we can no doubt in part thank the Ayatollah and the switch of media attention to the Gulf (to say nothing of most Americans' limited attention span for foreign affairs).

But clamping (Moscow-style?) restrictions on foreign diplomats, further anti-press measures and limitations on foreign funding could be an unwanted attention-getter.

At this rate, last month's upward blip in the Assocom Business Confidence Index could, sadly, be shortlived. ■

## ELOFF AND BOTHA

## Lashing at the truth

Politicians, we know, can get off prickly issues by stretching the truth. For churchmen — never. It's important therefore to look at the State President's accusations in parliament levelled at Theuns Eloff, the young Gereformeerde Kerk dominee who was one of the Dakar trekkers.

P W Botha charged that Eloff had violated the truth when filling in his departure form at Jan Smuts. In the event, it turned out that the alteration was done by a customs official. She claims it was done in Eloff's presence and gives no reason for her action. He emphatically denies that he knew about the change. And it certainly looks as if the government regards this practice as perfectly acceptable.

But what of the consequences? Eloff was already in trouble with his church council; they suspended him (this was later rectified) and barred him from making statements about Dakar. Then P W made him look a liar.

When the time for retraction came Botha's recourse was simply to instruct another official — in this case the D-G of Home Affairs — to explain the action of his official, again

without giving any reason. The D-G's statement did say, moreover, that her memory of the incident was not good. So on balance there is no reason to doubt Eloff's integrity.

What she did completely altered the stated purpose of Eloff's trip. "Sake" (business) became "Holiday UK," a very different thing.

The reason for the change and the fact that it might have been done without the knowledge of the applicant are material, for there are legal implications for travellers who have applied for foreign business allowances.

If changes like this are routine, then both the official and the department deserve to be censured. Certainly more of an explanation is required.

Under the circumstances, the least that those on the government benches — who laughed so merrily with their leader at the denigrated dominee — should do now is apologise to Eloff. Playing fast and loose with facts that affect reputations outside the privileged ambience of parliament is unseemly at best, irresponsible at any time. ■