

ENCLOSURE A

RESUME

Ron Manners, a West Australian based businessman was a member of the successful nine man Trade Mission to South Africa in March/April this year. (1981)

For some time he had been curious about South Africa's 8% economic growth rate, which eclipsed the leading Western Countries last year (Australia's comparative growth rate was 3.5%).

Apart from a detailed business report Mr Manners made notes of his personal, non-business impressions gained during the mission, and commented;

*"Although a three week visit is too brief to form conclusions the intensive program gave us many impressions which will no doubt be expanded upon by the follow-up Trade Mission planned for later this year."*

Mr Manners describes his hobby as cataloging the "Comedy of Government Contradictions", being the difference between various government intentions and their results. He managed to add further items to his "catalog" during his South African visit.

## ENCLOSURE B

### PERTH CHAMBER OF COMMERCE TRADE MISSION TO SOUTH AFRICA AND MAURITIUS (MARCH/APRIL 1981)

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#### ORIGIN OF MISSION

The Perth Chamber of Commerce decided to explore the possibility of organising a trade mission to South Africa following a report on the economy given by Mr J. De L'Sorour, Director General of the South African Foundation during his visit to the Chamber in May 1980. Further investigation revealed that Australian exports to South Africa had shown an increase over the last three years from \$65 million in 1978/79, \$95 million in 1979/80 to an estimated \$120 million - \$130 million in 1980/81. The Chamber also noted that the Commonwealth Department of Trade and Resources was prevented from actively promoting trade with the country, including the organisation of trade missions, because of present government policy which states that: "Australian Government policy is that normal economic relations with South Africa are allowed to continue, but without avoidable official assistance. In accordance with this policy, all Governmental promotion of trade and investment in South Africa has ceased and Trade Commissioner activities at the Johannesburg post are limited to providing basic market information and assistance to Australian exporters. In addition, EFIC Investment Insurance, export insurance under national interest provisions and finance on concessional terms are not available."

#### PREPARATIONS FOR VISIT

In the light of all this information, the Chamber came to the view that the South African market remained somewhat untapped even though many European and Asian nations were trading very actively with that country. The Chamber therefore decided to draw up an itinerary in consultation with the South Africa Foundation and the Johannesburg Chamber of Commerce. The suggestions of these two bodies were then incorporated in an itinerary prepared by South African Airways which also provided assistance in marketing the Trade Mission.

# Aussie fired for doing SA job too well

THE Australian Government has sacked its trade commissioner in Johannesburg after the "embarrassing" success of a trade mission to South Africa in March.

The trade mission was sponsored by the Perth Chamber of Commerce and backed by the West Australian Government.

Mr Max Daniel, who was largely responsible for West Australian industry's new business contacts with South Africa, was recalled to Australia last month and relieved of his post.

He now works in the Australian Overseas Projects Corporation in Sydney but is due to retire from Government service within six months.

According to the Australian Department of Trade and Resources, Mr Daniel was sacked because he said publicly that he could not understand why the Fraser Administration in Australia was pursuing the previous government's policy of putting up the shutters against South Africa.

Mr Daniel had also said that Australia's exports to South Africa had more than doubled, from \$A65-million in 1979 to an expected \$A135-million this year.

"It could easily top \$A200-million with a few more marketing people over here," Mr Daniel was quoted as having said.

Australia's First Assistant Secretary of Trade and Marketing, Mr Mike Lightowler, said in Canberra this week that Mr Daniel had been recalled to explain his remarks.

Mr Daniel later claimed he had spoken to a journalist in confidence, and was later horrified to see his remarks in print.

He was withdrawn from the post because of his comments on Australia's trade policy towards South Africa.

Mr Ron Manners, a Kalgoorlie businessman and member of the West Australian trade delegation, said on his return to Australia that the trade mission in South Africa employed 30 people "busily engaged in maintaining a relationship with South Africa."

"The only reason they could possibly have for sacking Mr Daniel was because he was too helpful, too successful," said Mr Manners.

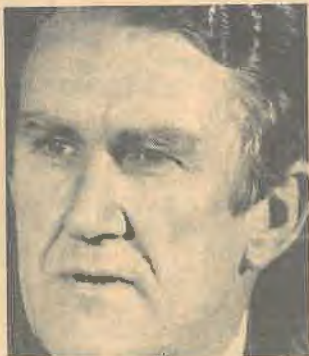
"We are all aware of the potential trade that exists between South Africa and Australia, yet Australia continues to postulate in order to seek favour with the Third World.

"But who does it help? The Third World countries have learnt that it is expedient to say one thing at the United

## HE WAS SACKED AFTER HUGE TRADE BOOST



● Mr Gough Whitlam  
... put up shutters



● Mr Malcolm Fraser  
... following Labour line

By MARSHALL WILSON and  
LIZ VAN DEN NIEUWENHOF

Nations yet go right ahead and trade with South Africa because sound business dictates that they must."

When the trade mission returned from South Africa in April, it was full of praise for Mr Daniel's help in setting up business introduction trade contacts and media interviews.

The Chamber's manager, Mr Brian Kusel, said after the mission that there was huge potential for West Australian firms to fill many gaps in the South African market.

"We found out when Mr Daniel telephoned me in Perth that he was getting the push," said Mr Kusel.

"We did not expect him to be so helpful, because of the Federal Government's policy of being nice to Black Africa but not to South Africa.

"I would have agreed with this policy before the trip, but having been there and seen for myself, I have changed my mind.

"We are losing millions of dollars by staying out of South Africa and I doubt if the Australian Government will try to stop us unless we go public.

As a result of the visit, Australian bricks will soon find their way to South Africa.

"The sky's the limit and we should not let our opposition to apartheid interfere with trade relations," said Mr Kusel.

An official at the Department of Foreign Affairs declined to comment on Mr Daniel's dismissal.

He said it was an Australian domestic matter.

Professor Frans van den Bogaerde, head of the Economics Department at the University of South Africa, said Australia was not one of South Africa's greatest trading partners.

"Australia rates about 15th on our trading list, so whether it continues its trading links with us is neither here nor there," he said.

Prof Van den Bogaerde said the reason for dismissing Mr Daniel could hinge on Australia's "guilty conscience" for its own racist policies. The country could be trying to gain favour with the rest of the world."

Ms Giselle Krystall, information officer for the Johannes-



## Franco-SA ties to go?

France's anti-apartheid movement — the group to which President Francois Mitterrand made a formal promise to change his country's links with South Africa — has submitted an eight-point "action" programme to the new French socialist/communist Government aimed at destroying all ties.

The movement's non-compromise programme submitted to Premier Pierre Mauroy's new government following the inclusion of four members of the Communist Party — the most vehement anti-South African political group in France — comprises:

- A halt to all arms sales to South Africa, including spare parts, an end all military co-operation at all levels (officers, technicians, etc) and withdrawal of licences for the manufacture of military material.

- A halt to all trade with "South African-occupied SWA/Namibia", particularly imports of SWA/Namibian uranium.

- A denunciation of the Koeberg nuclear power plant delivery contract with an immediate halt to its construction.

*South African Press Association, June 26*

(Comment appears on page 24)

## SA policy 'rational'

South Africa's foreign policy, compared with Australia's, appeared rational and logical, said Mr Ron Manners, a member of the West Australian Trade Mission to South Africa earlier this year.

He said in his report that Australia, by siding so completely with the Third World neighbours of South Africa, appeared somewhat illogical in that its policy was economically damaging to no one but Australia and the Black people of South Africa.

Many Australians had difficulty in explaining why Australian foreign policy reports supported South Africa's neighbours, who themselves were so busy biting the hand that fed them.

These same nations voted for South Africa's expulsion from the UN but it was no secret that trade existed between them and South Africa.

South Africa's trade connections with her Black neighbouring states hit a "staggering" 1 200-million dollars last year.

Mr Manners said one commentator recently reported: "It must be remembered there are two worlds in Black Africa: the world of reality and the

world of rhetoric. At the UN the world of rhetoric takes over and it would be a very brave African state which did not join the majority in voting against South Africa."

He added that members of the mission felt that South Africans were doing a commendable job in bringing about internal change by offering chances for self-advancement to Black and Coloureds.

A larger and more comprehensive trade mission is scheduled to visit South Africa later this year, Mr Manners said.

## Resolutions "meaningless"

The US Vice-President, Mr George Bush, has criticised the United Nations for adopting meaningless resolutions on SWA/Namibia and has said that the United States was trying to move the settlement process forward effectively.

He said it seemed to the US Administration, and he believed the

British and other governments agreed with this, that there had to be some guarantee of constitutional rights in SWA/Namibia.

"I was ambassador at the UN and without being too critical we passed many resolutions there where everyone knew nothing was going to happen, and thus contributed to the irrelevance of the UN in some ways," he said.

*South African Press Association, June 26*

## Mexican market grows

South African exports to Mexico have increased significantly in the last two to three years.

South Africa's official trade figures show that from an annual level of just under R2-million in 1977, South Africa's exports to Mexico shot up to R9-million in 1978 and nearly R14-million in 1979. There appears to have been a falling-off last year — mainly due to a drop in base metal



The French Ambassador to South Africa, Mr Bernard Dorin, recently presented the Kruger Museum in Pretoria with copies of *Le Petit Parisien*, the most popular newspaper in France at the turn of the century. The copies were part of a private collection of the ambassador's great uncle, Jean de Saint Croix, who fought under General Christiaan de Wet in the Anglo-Boer War, 1899-1902. With Mr Dorin is the director of the museum, Dr Ben Cronje

*Pretoria News*



The South African Ambassador to the UK, Mr Marais Steyn, and Mrs Steyn, recently attended that annual dinner of the Weaving International Friendship Foundation in Leeds. Left to right: Mrs Stuart Weaving; the Lord Mayor of Leeds, Councillor Patrick Crotty, OBE; Mrs Crotty; Mr Marais Steyn; Mrs Marais Steyn; and Mr Stuart Weaving, founder and international president of the WIFF. The WIFF incorporates Friends of the Springbok, Lion, Kiwi and Koala

## COMPOSITION OF MISSION

The final participants were:-

W. Colin K. Pearse, C.B.E., J.P., Director of the Grain Pool of W.A.  
Grain Pool Building  
172-176 St. George's Terrace,  
PERTH WA 6000  
(Tour Leader)

West Australian Statutory Corporation involved in conducting seasonal pools for the marketing of coarse grains, lupins, rapeseed and linseed grown in Western Australia.

Ms Jean M. Morris, Representative  
E.C. Lawrence & Company  
18 Howe Street  
OSBORNE PARK WA 6017

Mercantile agents interested in importing canned foodstuffs, especially guavas, fish, fruit and any grocery items in cans.

Mr Peter A. Bosci, Manager & Mr Douglas Soltoggio, Director  
Soltoggio Brothers,  
2-22 Gilbertson Road  
MELVILLE WA 6156

Motor vehicle dealers, repairers and machinery suppliers interested in buying and selling truck spares, new and used, and possibly distributorship, used machinery essentially generating sets, welders, compressors and mining equipment such as jaw crushers, and used earth moving equipment such as road graders, vibrating rollers - drawn and self propelled, excavators, back hoes and dozers.

Mr & Mrs Ron Manners, Directors  
Mannwest Group of Companies  
P.O. Box 33  
KALGOORLIE WA 6430

Minerals - joint venture or equity participation in a number of gold and base metal prospects,

Export market sought for high grade quartz (optical glass) from a deposit held by Mannkal Pty Ltd (geological report and samples available).

Mining equipment - new agencies sought for technically advanced mining equipment related to ore transportation, lighting, communications and exploration.

Travel/hotel management - Mannkal Pty Ltd which is a member of Hotelconsult, a Victorian consortium of hotel management consultants with expertise in design, engineering, management and negotiation with major travel wholesalers.

Hotelconsult has experience in contributing expertise to Asian hotels/resorts and would welcome the opportunity of linking with any hotel/resort in South Africa or Mauritius.

Mr Allan Joplin, Shipping Manager  
Millars (W.A.) Pty Ltd  
152 Pilbara Street  
WELSHPOOL WA 6106

A large diversified timber and hardware manufacturing and retailing company interested in exporting a variety of products including demountable homes.

Mr Norman J.E. Soutar, Senior Partner  
Pannell Kerr and Forster  
3.Ord Street  
WEST PERTH WA 6005

Large national firm of chartered accountants visiting related firms in South Africa.

Mr Brian Kusel, General Manager  
Perth Chamber of Commerce (Inc.)  
14 Parliament Place  
WEST PERTH WA 6005

Acting as Tour Manager for the third largest Chamber of Commerce in Australia, representing almost 1300 large and small organisations operating in Western Australia, and also visiting South Africa to negotiate on behalf of Arnott Mills & Ware Pty Ltd and the Midland Brick Company Pty Ltd.

Individual and group appointments in South Africa and Mauritius were made as soon as details of the composition of the Mission were known.

A briefing session was held on March 23, 1981 at which the Honorary Minister for Industry and Commerce in Western Australia, The Hon. B.J. MacKinnon, M.L.A. said that the Western Australian Government supported the Mission and hoped

that it would lead to increased trade between the two countries. One of the South African Trade Commissioners in Australia, Mr Allan Campbell, also spoke about the opportunities for Australian exporters and importers.



# South Africa a trade target

A State Government-supported trade mission of WA business men to South Africa has returned with high hopes of opening up markets there for West Australian goods worth millions of dollars.

An initial contract for mining and construction equipment worth \$100,000 is regarded as a certainty and other export prospects include barley, housebricks, canned food and biscuits.

The nine-member trade mission was headed by the director of the WA Grain Pool, Mr Colin Pearse, and represented the Perth Chamber of Commerce.

The Chamber's manager, Mr Brian Kusel, said that the mission spent 17 days in South Africa and Mauritius, returning last Tuesday.

The WA business men had been overwhelmed with orders and he expected substantial contracts for exports to South Africa soon.

## TV boost

"There was an especially big response in Johannesburg, where I was invited to go on national television to discuss WA trade prospects to a viewing audience of about 25 million people," he said.

"I have the names of many South African firms interested in trading with WA firms.

"There is a huge potential for us to fill the many gaps in the South African market."

Mr Kusel said he believed that Australia's opposition to apartheid in South Africa should not interfere with trade relations.

"We have had no contact with Australia's Foreign Affairs Department but the Trade and Resources Department helped us enormously in Johannesburg, through the Australian trade commissioner resident there," he said.

"The South African market is booming and the sky is the limit if we can market our products there.

## Big link

"There is already a big north-south trade link between South Africa and Europe, particularly with England and Germany.

"Australia's share—exports worth \$120 million a year and imports worth about \$90 million—is tiny compared with the shares of other nations.

"New markets could open up contracts worth millions of dollars for WA industry."

Mr Kusel said that the trade delegation had picked up a better understanding of South Africa's political problems by visiting the country and talking to its people.

"We hear of South Africa's being a police State, yet I saw fewer policemen there than we see here," he said.

"If political power was handed over to the South African majority overnight, it would wreck the economy."

# Qantas S. African flights urged

22 THE WEST AUSTRALIAN TUESDAY APRIL 21 1981

The WA Governmentism and ease the waiting list on the limited service provided by South African Airways. The Federal Government stopped flying between Australia and South Africa about three years ago as a protest against apartheid. SAA is now the only operator on the route, with two flights a week from Perth to Johannesburg and Sydney. Qantas's regional director in WA, Mr D. Hillier, said in Perth yesterday that Qantas applied to Transport Australia some months ago for permission to resume flying the route. Mr Laurance said in a press statement yesterday that SAA had a contract to operate a weekly Perth-Johannesburg service on its twice-weekly flights. "In a country where about 60 per cent of all international visitors arrive in the Eastern States, it is quite unfair to place restrictions on those who come in the western gateway at Perth," he said. "The need for the Qantas practical and less philo-

flights was demonstrated by the bright trade prospects reported by a recent WA trade mission to South Africa, he said. "Now that the new Reagan administration is taking a more realistic approach towards South Africa, it is surely time for the Federal Government to adopt a more practical and less philo-

attitude," he said. This would be one of the matters raised at the inaugural national tourism outlook conference in Canberra tomorrow and on Thursday, Mr Laurance said. It would be listed among factors for discussion that were inhibiting the growth of WA tourism.

## South African trade backed

The State Government had always favoured trade with South Africa, the Acting Premier, Mr O'Connor, said yesterday.

"International trade is the best way to improve the living standards of the world's people, including those in South Africa," he said.

Mr O'Connor was replying to an assertion by the Deputy Leader of the Opposition, Mr M J Bryce (Lab, Ascot), that there was blatant hypocrisy and double standards in Australia's dealings with South Africa.

Mr Bryce said that the State Government had welcomed the prospect of increased trade with South Africa while at the same time the Federal Government wanted an Australian surfing team to boycott an international competition in the

United States because of South Africa's involvement.

Mr O'Connor said Mr Bryce was taking the easy way out by trying to criticise others without saying what he believed government policy should be.

The State Government would continue to encourage trade with South Africa for the benefit of West Australians.

"Regardless of what one thinks of apartheid, no good is served by depriving people of the trade outlets they need to improve their living standards and their prospects," Mr O'Connor said.

### LETTERS from Page 6

## W.A. TRADE MISSION TRIP TO SOUTH AFRICA

RON MANNERS (trade mission member) Brookman Street, Kalgoorlie: Your April 20 editorial referred to the "boldness" of the WA Government's support for the Perth Chamber of Commerce trade mission to South Africa.

The Deputy Leader of the State Opposition, Mr

Bryce, appears upset that the WA Government's stand is inconsistent with the Canberra Government's policy.

Fortunately the WA Government's position on

this matter has been at all times consistent and is best summed up by quoting Sir Charles Court (1968): "The miner, the industrialist, the trader, the financier and the banker, if they play their role correctly, will do more to achieve world understanding and peace in a generation than the

politicians and diplomats could do in a hundred years. Why? Because they are closer to reality, closer to their opposite numbers, closer to the community in the countries where they operate. In other words, they have more to do with real people than with institutions."



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28th May, 1981.

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## SOUTH AFRICA:- WHY AREN'T WE FRIENDLY?

Probably the most striking personal impression was just how effectively our Canberra government has promoted the myth, that each and every Australian hates South Africa.

The first radio interview question asked of our Trade Mission leader, Mr Colin Pearse, was;

*"Why do Australians hate South Africa?"*

With admirable unflapability Mr Pearse responded with;

*"Young lady, can we recommence this interview, please?"*

One economics lecturer in Cape Town told me;

*"It's O.K. if your government wishes to remain neutral, but why do they have to be so damn vindictive?"*

Other Mission members received similar comments to the following remark from a Cape Town businessman;

*"It's terrific, the publicity your Trade Mission has had, over T.V., radio and press.*

*"My wife is a New Zealander and we have been worried about Australia's attitude to South Africa.*

*"This looks like the first friendly move and I hope it's followed up soon!"*

To some of our team, it seemed strange that "friendly" Australians should have such novelty value to command such press coverage.

## FAMILIAR SURROUNDINGS

The almost interchangeability of climate, variety of landscape and general method of doing business is what makes so many Australians "comfortable" doing business in South Africa and vice versa.

## INFLATION

The previous degree of confusion in both Australia and South Africa, as to who is responsible for inflation, appears to be coming to an end due to the logic of free-market economics.

South Africa's inflation rate of 16% is worse than Australia's, but its cause is just the same, ie. lax government monetary policy.

Earlier myths that inflation is caused by greedy businessmen, greedy unions, greedy Arabs, etc., are being cleared away by economists, some with whom we spoke, such as Dr David Rees, Senior Lecturer at the University of Cape Town's School of Economics.

Dr Rees recently counselled businessmen not to accept an invitation from Finance Minister Horwood to attend a conference with the government, on Inflation. Dr Rees described this as; *"An invitation to refuse"*.

He felt it strange that the government should find it necessary to call upon the private sector *en-masse* for advice on the problem of inflation. Dr Rees commented;

*"Horwood is not in need of advice on the subject of inflation. We must, therefore, assume that he has called this meeting in his role as politician, not as economist. He does not expect*

the private sector to provide him with a blinding insight into how to solve the inflation problem. He hopes, rather, to spread the burden of responsibility for inflation onto the private sector, where it does not in fact belong.

"Sitting down to discuss ways of reducing inflation with government is like sitting down with the Mafia to discuss the problems of organised crime. It would be less than generous to Horwood to assume that he does not know that both the cause of inflation and the solution rests with the government. The private sector participates in, but does not precipitate inflation.

"In a small open economy, such as South Africa's, the key variable determining the rate of inflation is the exchange rate. If the government's lax monetary policy depresses the value of the Rand, then the inflation rate will rise.

"A wise policy from the private sector would be to refuse Horwood's enticing invitation. Those attending should use the opportunity to emphasize that government monopolies, import controls, racially discriminatory legislation and influx control cause inefficiency and thus affect the level of prices but not the rate of change of prices. They make us all poorer than we would otherwise be.

"Businessmen who have experience in achieving efficiency in their own businesses may be able to offer government valuable advice on how to run an efficient economy. But, it should be explained that, efficiency and inflation are two quite different subjects. As far as reducing the inflation rate is concerned, the ball is now, as always, firmly in the government's court."



## GOVERNMENT RHETORIC VS. ACTIONS

Both the Australian and South African governments claim to be "Free-Enterprise" but in fact many of both governments policies are socialist, even though they blame free-enterprise when anything goes wrong.

South Africa like Australia has a vast array of bureaucratic marketing boards to prevent free-enterprise from working.

Some of their transport systems are socialist in that they don't permit free-enterprise competition.

It was interesting to note that South Africa is currently involved in a "Commission of Inquiry into Aviation", along similar lines to Australia's Holcroft enquiry; on the best ways of solving problems caused by government controlled airline monopoly (read, duopoly in Australia's case).

We were told that South Africa boasts more control boards than any other country in the world, including the U.S.S.R. They spoke of a variety of boards ranging from the "Ostrich Feather Board", the "Tiger Eye Board" and the "Tea Tasting Board". I had often heard Australia claim the honours for the highest total of control boards.

My hobby in Australia is studying the "Comedy of Contradictions"; being the difference between the intent of government actions and the actual results. I sense there is much scope for a similar hobby in South Africa.

History has shown in both countries that government control boards, and government interference with commerce creates more problems than it ever solves.

Unfortunately, although economic and personal freedom has never been proved wrong, it has been found difficult and abandoned in favour of such control boards and now each of the two countries are confronted with the problem of ridding themselves of this infestation.

The Afrikaan newspaper "Die Burger" of April 13 explained South Africa's philosophical commitment to free-enterprise;

*"Prime Minister Botha's undertaking to free further the economy from State intervention and to encourage freer entrepreneurship, sets the seal on an economy whose performance was one of the best in the world last year.*

*"This recipe for success has been taken a step further. The government has undertaken to interfere less with economic processes and is to make more purposeful attempts to involve the country's neighbouring states in its blooming economy.*

*"Freer economy is a vital part of the constellation concept. By helping one's neighbours economically, one helps oneself. There could hardly be a better investment for South Africa's future security."*

## INDIVIDUALS AND FREEDOM

Although both Australia and South Africa have developed articulate advocates of the free-market and its ability to solve the problems of centrally suffocated economies, there is still a readiness to leave the propagation of the free-market message to organisations and large corporations.

I know that what is good for the large companies is usually good for the country, but not always.

The big company wants government protection against competition, including protection against keenly priced imports. Government protection of this kind is disastrous to the individual, as he is correspondingly rendered poorer by such protection.

As individuals of both countries, we could benefit ourselves by being more vocal in promoting free-enterprise, as it is the only system that protects us from the unholy alliance between big business and big government. This alliance is always at the expense of the individual (once again let me refer to the airlines as an example of this).

South Africa is economically more free than is generally assumed.

The secretary of one of the world's most prominent economic societies, the Mont Pelerin Society, Dr Max Thurn, said whilst visiting Johannesburg in March this year;

*"South African's of all population groups are economically more free than people in most countries but this fact has been overlooked because of the confusion between political and economic freedom."*

The American Black economist Walter Williams also visited South Africa recently and laughingly pointed out that the American press reports that Blacks aren't free in South Africa, but ignores the fact that Whites aren't either as long as government regulates the telephone industry and controls economic activity in any way.

If there is a difference in respect to economic freedom between Australia and South Africa, it would seem that South Africans more widely accept that the free market is the only viable option open for South Africa's continued role as economic provider for the African Sub-continent.

In Australia we still run to the government with our problems, seemingly unaware that government is like a very small baby, ie. at one end it has an insatiable appetite, and at the other end, no sense of responsibility whatsoever.



## GOVERNMENT REGULATIONS

I saw another likeness in the growing impatience of business and commerce, to see some result flowing from the South African Prime Minister's 1979 promise to;

*"Unscramble the jungle of bureaucratic regulation and restriction, and to turn away from a smothering ideology."*

This sounded similar to our own Prime Minister's 1975 election promises and now, some six (6) years later the initial moves are being taken, but only to "reduce the rate of increase" of government expenditure.

By comparison, in only two years South Africa's government appears to have chalked up some successes in phasing out transport laws and abolishing price and rent controls.

Black trading restrictions have been removed, migration laws have been relaxed. Foreign exchange has been deregulated and their central bank intervention has been decreased (some Reserve Bank controls still remain tight, like Australia).

Economic deregulation has even helped the cheetah and other endangered species, which are on their way back following denationalisation of wildlife and many parks.

The success of South Africa's initial deregulation program seems sufficient to encourage more of the same medicine.

## TAXATION

The total tax burden is so high in both countries that the efforts of the productive class are weakened considerably, by forcing them to spend time and money in seeking schemes to permit them to keep a fair share of the money they earn.

Good taxation advice and tax schemes are expensive in both countries although South Africa does not have an equivalent to Australia's 1980 "Taxation Crimes Act", which drives a wedge between clients and their accountants and taxation advisors.

Both countries seem to be wedded to the belief that an income tax law must be sophisticated and complicated. Both countries are stuck with a progressive tax system which was described by Karl Marx in the Communist Manifesto of 1848 as;

*"an integral part of the communist aims of abolishing private property, the family, and all rights of inheritance, and wresting all capital from the Bourgeoisie in order to enable a takeover by the state of the means of production and distribution of goods."*

Once again it appears paradoxical that both the South African and Australian governments, espousing free-enterprise philosophies, can adopt and enthusiastically expand a system laid down by Karl Marx.

### TAXING OF MARRIED COUPLES

I was unable to follow the logic of South African Tax authorities in jointly taxing married couples, ie. a spouses income is added to their marriage partners tax and the tax paid at the resulting higher rate.

This may explain the popularity of "cohabitation contracts" as an option and a way of easing the tax burden of marriage.

As usual the government's comedy of contradiction shows that instead of raising more tax revenue, they cause a weakening of the family, as many couples opt for "cohabitation contracts", as a way of avoiding these draconian tax levels.

Overall the main difference between the two countries on the taxation front is that whilst Australia fails to recognise and treat the penal rates of taxation as the cause of the problem, South Africa has recognised the problem and is in fact reducing the real rates of tax.

### WHERE THE TAXPAYER'S MONEY GOES!

There is no mystery and there are many examples of similarities in the excesses of government spending.

Is this South African "Weekend Argus" (April 4, 1981) news story, similar to our own news items?

*"The (Government Committee) Chairmen, who are now paid salaries of R53,000 a year plus tax-free allowances of R10,000 a year could get pensions of as much as R43,000 (ie. A\$45,000) a year after fifteen years of service.*

*"The pensions compare favourably with those now paid to Members of Parliament and the pensions which the five committee chairmen of the President's Council will be paid closely parallel pensions paid to retired Cabinet Ministers.*

*"It is expected that the salaries and tax-free allowances paid to members of the President's Council will be adjusted at the same time and at the same rate as those of members of parliament."*



Apart from these superficial similarities there are diminishing similarities in respect to many other government functions including welfare, consumer protection and education.

Many welfare functions are now jointly funded by government and the private sector and some of the more effective organisations such as the Urban Foundation are totally without government funding.

Recently the head of the South African government-funded consumer protection organisation resigned and together with the non-government Free Market Foundation has formed a profit-making consumer organisation. The reorganisation is because of philosophical objections to the use of taxpayers money for this purpose.

The education problem appears much more straight forward in South Africa; Blacks simply don't have access to the same quality of education as Whites do. South Africa's booming economy is making the need for educated Black workers painfully necessary and once again the private sector is filling the gap left by government. Several United States companies are behind a six million dollar project to build the first Black private commercial high school in Soweto, due to open in June. The school called Pace will enrol six hundred students in a five year program and will be administered by the former headmaster of one of South Africa's most prestigious private schools assisted by the country's leading Black poet Oswald Mtshali.

Aside from Pace the Shell Oil Company, for instance, provides local and foreign scholarships to Black students and provides grants for maths and science teachers as well as money to technical schools. Not to be left behind by the competition, local companies strapped for skilled workers are also being forced to mend their apartheid ways. Rand Mines Ltd. is planning to spend \$3 million over the next five years to improve the primary schools it maintains for children of Black employees.

The logic of locking up these functions into self-reliant entities is quite a common occurrence in South Africa. Perhaps this explains why it is perhaps the only Western country that can boast that in the last three years, each successive national budget has been a smaller percentage of their G.N.P.

The number of government departments has also been reduced from 44 to 18.

## SPECIAL BANKS FOR SPECIAL PEOPLE?

It was like not even leaving home, to hear the same reasons given for farmers, local government, small businessmen, etc., all "deserving" and "needing" special government created banks to give them loans at lower than the commercial rates of interest.

As in Australia some have them, and some are about to get them, and the others want them.

Their hopes, however, received a chilly blast this March from their Reserve Bank Deputy Governor who identified these "hidden loan subsidies to farmers" and others, as a direct cause of excessive money supply growth.

He indicated that if these subsidies are not at least modified, financing of the bumper maize crop this year is going to pump up the money supply significantly once again. And, in due course, this will be reflected as higher prices generally.

The extent of these farming subsidies can be seen from the fact that between 1962 and 1975 the Land Bank extended mortgages to farmers at 6% and from 1975 to date 7%.

These rates compare to a building society mortgage rate of 11.75% and insurers mortgage rate of 11.5%.

The degree of subsidy is greater if inflation is taken into account. Since 1975, the prices generally have been rising at 10% a year on average. Farmers in South Africa have thus been enjoying a 3% subsidy from taxpayers.

With farmers subsidised on the one hand, and subjected on the other to official food price management (again, as in Australia) which has seldom reflected actual demand, it is by no means surprising that food prices have risen. Indeed, there can have been no better means of encouraging agricultural inefficiencies.

A further disturbing aspect of these "hidden subsidies" has been identified in that the bank bills and farming overdrafts are classified as liquid assets and rediscountable with the Reserve Bank. The extent to which they are rediscounted increases the banks' cash component of liquid assets as well as liquid assets themselves.

Therefore, as Reserve Bank Deputy Governor Staden spelled out, the financing of the crop not only increased the money supply, it also broadens the cash and liquidity base of the banks and therefore, increases their ability to lend more. This, in turn, increases the money supply further,

He is specific about the fact that if monetary discipline is to be achieved, crop finance must in future be carried forward more directly by the private sector banks at market-related rates.

In other words, farmers cannot be exempted from monetary discipline. To do so makes it immediately tougher for other sectors of the economy. And it draws out the fight against inflation into an unnecessarily protracted encounter.

## ASSAULT ON PRIVACY BY THE BUREAUCRACY

Civil Rights campaigners could draw similarities between Public Assembly Legislation of some Australian States and South Africa's proposals to fingerprint the whole nation.

Allegations are being made in both countries of the respective bureaucracies monitoring phone conversations (phone tapping) of certain people under various pretexts.

A healthy sign in both countries, however, is the degree of anger it raises.

Our problems really commence when this anger subsides.

## THE PRESS

The English language press in South Africa appears far more critical and impatient of government policies than Australia's press treatment of our politicians.

I am unable to comment on the Afrikaan language daily press, but I am told it is slightly more subdued in its approach.

## SOUTH AFRICA IS A RELIABLE SUPPLIER

It is a fact, however hard we might try to conceal it, that Australia's reputation among overseas investors and customers has suffered in recent times because of our reputation for strikes and industrial disputes in the workforce.

Japan recently switched an order, from Australia, to South Africa for 5 million tonnes of coal (an A\$200,000,000 order). In doing so, the Japanese have demonstrated that they are prepared to pay higher shipping costs for the benefit of reliability of supply.

We were constantly reminded that "South Africa does not have Australia's problem of repetitious strikes".

## FOREIGN POLICY

South Africa's Foreign Policy appears rational and logical, compared with Australia's.

Australia by siding so completely with the so-called Third World neighbours of South Africa, appears somewhat illogical in that our policy is economically damaging to no one but ourselves and the Black people of South Africa.

Many Australian's have difficulty in explaining why Australian Foreign policy supports South Africa's neighbours, who themselves, are so busy biting the hand that feeds them.



These same nations voted for South Africa's expulsion from the United Nations General Assembly, but it is no secret that strong trade exists between them and South Africa. Severe drought which has hit East African states has necessitated South Africa to be the food basket of its neighbours.

Food, medicines, fertilizers and mining machinery; essential commodities for keeping millions of Blacks from dying of starvation, are willingly and humanely exported by South Africa.

South Africa's trade connections with her Black neighbouring states hit a staggering \$1,200 million (A\$1,256 million) last year. This trade had no visible political impacts and no thanks from the recipients.

One commentator recently reported "it must be remembered that there are two worlds in Black Africa: the world of reality, and the world of rhetoric. At the U.N. the world of rhetoric takes over and it would be a very brave African state which did not join the majority in voting against the Republic of South Africa."

As an example of the United Nations own inconsistency, they themselves are breaking their own sanctions policy by allowing food to be bought from South Africa, with United Nations cash.

The money is given by the United Nations to territories in Southern Africa for feeding refugees and for other projects. At least R40 million (A\$42 million) for the last two years.

Whilst the African members, in one breath are demanding mandatory sanctions against South Africa, in the next breath they are spending the United Nations money in South Africa because;

- \* Deliveries from Europe and United States are too slow.
- \* If the United Nations funds are not spent, donations will be cut back when further money is requested.

South Africa's cool even-handedness throughout this charade and their consistently rational foreign policy of free-trade is paying economic and political dividends, even though the former may be more obvious than the latter.

By comparison, Australia's own irrational stance was highlighted in the South African press (Pretoria News, April 13):-

*"BLACKMAILED"*

*"The Australian Government has been accused by one of its own MP's, Senator Michael Townley, of being black-mailed by some African states into refusing to allow the national airline, Qantas, to fly to South Africa.*

*"With nine African countries, including some Commonwealth countries, flying their aircraft into South Africa, the only people losing out on the boycott on ties with South Africa were the Australian people and the Non-Whites of South Africa, he said."*

## POSTAL CHARGES

South Africa's government monopoly post office recently raised its charges, to more clearly reflect actual costs for the services.

Now with the increase, the cost of Airmail letters and postcards to Australia is half the price charged by Australia's monopoly post office, for the same letter in the opposite direction.

## DAILY BREAD

Australians having become accustomed to the bland, tasteless "sliced and wrapped", slip into South Africa's heavy, dark, flavoursome breads as though they were a feature item on the menu.

The art of breadmaking is alive and well in South Africa.

## APARTHEID

By definition "Apartheid" is "separate treatment for different races".

I suppose that as Australia has Aboriginal Legal Aid service and other departments of ethnic affairs, etc., it can be said that we too practice a form of apartheid. Perhaps Australia's apartheid wears better than South Africa's? Who is to say? Most Australians live in the Capital cities and are unaware of the shortcomings of our own policies.

Many people living in country areas are more aware that simply throwing money at the problem does not solve it. Perhaps Australia should adopt a decidedly low profile in criticising such problems in other countries until we discover the winning formula.

South Africa's complex population balance of 4.5 million White, 22 million Blacks, 2.5 million Coloured and 1 million Asians (of these 97% are Indian), is so different to Australia's that it appears natural that different solutions have been sought.

Prime Minister Botha openly admitted in a speech last October that the theory of separate development for South Africa's Black and White races has not worked in the past and is simply not economically viable, hence the various measures and reforms that have been enacted.

On the other hand Prime Minister Botha states that he "will not sacrifice the right of the Whites to self-determination or decry that right to any other population group."

Members of our Trade Mission generally felt that South Africans are doing a commendable job in bringing about internal change by offering opportunity for self-advancement to their Blacks and Coloured people.

President Reagan's recent words appear appropriate also to Australia:

*"I think there has been a failure in this country (USA) to recognize how many people in South Africa - Black and White - are trying to remove apartheid."*

## SPOTLIGHT ON SMALL BUSINESS

In common with most Western countries, the votes of the "Small Business Sector" are eagerly being solicited.

South Africa's recently announced Small Business Corporation has an initial capital of R100 million (A\$105 million), jointly contributed by government and industry.

The Corporation's role will be mainly educational, in an effort not to duplicate the efforts of already existing commercial consulting services.

As a Director of West Australia's Small Business Advisory Service Ltd. (State Government funded initial budget of A\$134,000), I was involved in discussions with personnel from the South African Small Business Corporation and found some similarities in objectives.

The South African organisation sees small business as the training ground, *par excellence*, for the entrepreneur; providing a range of experience and challenge denied the man in the large organisation.

Small business, as it often is, in rural areas, provides an alternative to urbanisation and can thus help to stem the depopulation of the countryside.

They described the small businesses as the corner-stone of any free-enterprise system, and as such, a bulwark against the encroachment of socialism and communism.

The small business sector is seen by South Africa as vital in decentralising economic activity, promoting regional growth-points and opening business opportunities for their Black people.

They too, see a useful role in assisting in removing unnecessary government regulations, to remove the "regulatory manacles" from small businesses, leaving them free to produce.



Tutu poses as a benefactor of his fellow Blacks, but success of his trade embargo ambitions, will adversely and immediately affect South Africa's Blacks. They will be the first to feel the effects of economic contraction.

One may, or may not, agree with the South African governments action in threatening to withdraw Tutu's passport. Perhaps it detracts from objective examination of the motives of Tutu and his backers.

Another key figure in this same anti-South African campaign is Oliver Tambo, whose activities include membership of the Helsinki-based World Peace Council, described in a 1980 C.I.A. report as the U.S.S.R.'s "Single most important international front, for mobilising non-communists, liberals, radicals and others into collaboration with Soviet World ambitions."

Allan Brownfeld, a United States based syndicated columnist has just compiled an eight page report on the Council of Churches political activities (published in Human Events magazine, Feb. 81).

Brownfeld accuses these Councils of Churches of "having dangerously confused politics and religion and of speaking in the name of millions of American protestants who reject it's political concepts."

Brownfeld lists their aims today as being:-

- \* against free-enterprise and the American capitalist system;
- \* against military registration and a strong U.S. military presence;
- \* against Israel, South Africa, Chile and the rightist government in El Salvador;
- \* against this, it actively supports the P.L.O., S.W.A.P.O., the El Salvadorian Marxists, Julius Nyerere's "Christian" Socialism and urges support from the Marxists governments of Mozambique, Angola and Zimbabwe (and Australia's neighbour Vanuatu-New Hebrides);

## FREE TRADE MEANS FREE MEN

Our mission, being a trade mission easily saw the benefits to South Africa and Australia in promoting greater freedom to trade between our countries.

There is a vibrant energy about South Africa and Australia should become part of this instead of ostracizing them.

I saw yet another example of the comedy of contradictions in the Australian Governments staffing in South Africa. The ratio is 30:1.

Thirty staff members busily engaged in maintaining "no relationships" with South Africa and only one enthusiastic and highly effective Trade Commissioner Max Daniel, who in spite of the 30-hurdle obstacle race is witnessing a 50% annual increase in Australia's exports to South Africa in each of the past two years.

Whilst our trade mission seems to have upset some politicians as they feel the visit to be inconsistent with Canberra's policies, we have been encouraged in our efforts by the West Australian government.

Why the difference?

Apart from Western Australia being physically closer to South Africa, there seems to be more consistent realism in the West Australian government's policies.

The Johannesburg Chamber of Commerce magazine (May 81 edition) quotes our West Australian Premier Sir Charles Court on the Role of Commerce and Trade. These words seem appropriate to Australia's future relationships with the rest of the world;

*"The miner, the industrialist, the trader, the financier and the banker, if they play their role correctly, will do more to achieve world understanding and peace in a generation than the politicians and diplomats could do in a hundred years. Why? Because they are closer to reality, closer to their opposite numbers, closer to the community in the countries where they operate. In other words, they have more to do with real people than with institutions."*

- \* he draws attention to the fact that the Council of Churches has nothing to say about the holding of U.S. hostages in Iran, the Soviet invasion of Afganistan, the brutality being inflicted upon the peoples of Vietnam and Cambodia by the Communist regimes in these countries, nor about the persecution of Christians in Angola and Mozambique.

Of course if you believe in freedom, there is no way of stopping such activity by the Council of Churches. The only thing that can be done is to explain the motives and trace the financial support for this well-heeled international campaign which shelters behind the otherwise respectable facade of religion.