

South African Reserve Bank  
Suid-Afrikaanse Reserwebank

# Quarterly Bulletin Kwartaalblad



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Owing to the rounding of figures, the sum of the separate items will sometimes differ from the total shown.

- . . . denotes not available
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### Algemene opmerkings

Weens die afronding van syfers sal die som van die onderskeie poste soms verskil van die totaal wat aangetoon word.

- . . . dui aan nie beskikbaar nie
- dui aan 'n waarde gelyk aan nul of minder as die helfte van die eenheid aangetoon
- \* dui voorlopige syfers aan



# Quarterly economic review

## Main developments

The South African economy continues to experience rapid growth, full employment, buoyant business conditions, exceptionally high liquidity and persistent inflation. Indeed, all the available evidence suggests that a new cyclical upswing started some time during the first half of 1966 and gained further momentum during the third quarter.

In broad terms, the course of the business cycle in South Africa during recent years appears to have been as follows: From roughly the middle of 1961 until about the middle of 1965 there was a relatively long economic upswing, which eventually brought considerable pressure to bear upon the balance of payments and upon internal prices and costs. This phase was followed by a distinct levelling-off tendency—from roughly the middle of 1965 some economic indicators increased at a lower rate than formerly, some moved horizontally and quite a few even declined sharply. Although total capital and consumption expenditure still remained excessive and the inflationary pressure therefore persisted, this marked cyclical change appeared to hold out the prospect of an early return to greater stability, particularly after fixed investment outlays began to decline during the first quarter of 1966.

But from October, 1965, onwards, as import control was applied more strictly and capital flowed into the country on a large scale, one economic indicator after the other began to rise again, until by the second quarter of 1966 most economic time series except the all important fixed investment, had joined in the new upward movement. Finally, during the third quarter of 1966, fixed investment by both private enterprises and public authorities also resumed an upward movement, while many of the other indicators increased to new record levels.

Despite a very substantial increase in gross domestic expenditure during the third quarter, the balance of payments as a whole remained slightly favourable during this period and the official gold and foreign exchange reserves accordingly increased somewhat further. Imports increased sharply and the surplus on the current account of the balance of payments was transformed into a small deficit, but this shortfall was more than offset by a further net inflow of capital,

As a result mainly of the favourable balance of payments and an increase in bank credit to the private sector, total money and near-money increased further during the third quarter and remained abnormally high in relation to gross national product. This constituted an important potential inflationary factor, as it meant that a considerable rise in total expenditure could be financed without recourse to additional bank credit, for example through inter-company borrowing.

In retrospect, therefore, it is fortunate that the authorities applied various additional disinflationary measures in July and August, including an increase in the interest rate level, fiscal measures and the relaxation of import control. If these steps had not been taken, then in all probability the supply of money and near-money in the private sector would to-day have been even greater than it is, investment and consumption spending would have been higher, the supply of goods would have been less and the inflationary pressure on costs and prices stronger.

Nevertheless, the developments during the third quarter indicated clearly that the battle against inflation had not yet been won. Further steps to reduce the inflationary pressure were therefore announced by the Minister of Finance and the Minister of Economic Affairs in a joint statement issued on the 7th December.<sup>1</sup> The new measures included additional restraints on expenditure by the public sector, a substantial further relaxation of import control, a tightening of the direct restrictions on credit extended by monetary banks to the private sector and a more restrictive money market policy aimed at making the existing Bank Rate more effective and reducing the scope and incentive for inter-company lending. These steps were intended to intensify and complement the earlier measures, with the general objective of reducing excessive liquidity, increasing the supply of goods and the degree of competition in the economy, and restraining the rate of increase of total capital and consumption spending.

## National accounts

### *Gross domestic product*

Gross domestic product at market prices increased at a considerably faster rate during the third quarter of

<sup>1</sup>The full text of this statement is published on p. 13.



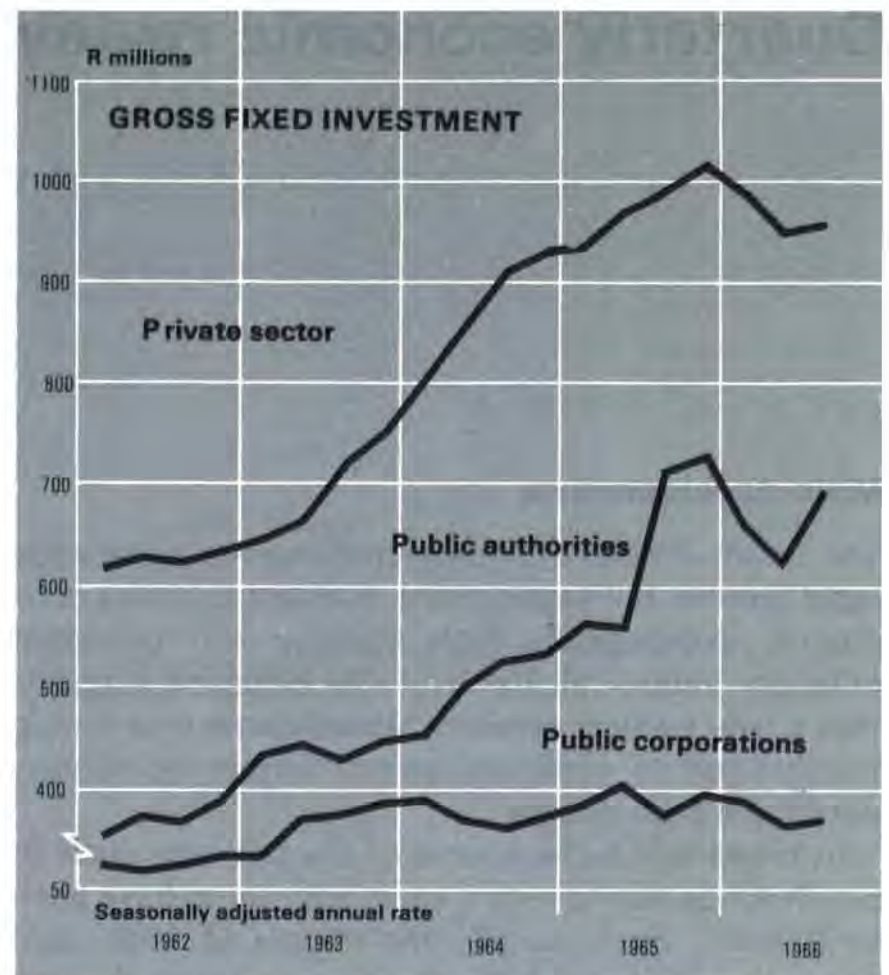
1966 than during the first and second quarters. This was, however, mainly if not entirely attributable to an acceleration of the rise in prices—the *real* domestic product would appear to have increased at roughly the same annual rate as during the first half of 1966, namely about 5 per cent. As net factor payments to the rest of the world showed little change during the first three quarters of 1966 compared with the corresponding period of 1965, gross *national* product may have increased at a somewhat higher rate than the gross domestic product during this period.

*Accelerated increase in gross domestic expenditure*

But rapid as the rise in gross national product during the third quarter was, gross domestic *expenditure* increased even faster and for the first time in 1966 exceeded gross national product, so that the current account of the balance of payments once again changed from surplus to deficit. Exports of goods and services increased by about 8 per cent between the second and third quarters of 1966, which represented the sharpest quarterly rise since the fourth quarter of 1961 and naturally exerted an expansionary influence on the economy. But imports of goods and services increased by an even higher percentage during this period, namely by about 18 per cent.

*Renewed increase in fixed capital outlays*

All the main components of gross domestic expenditure increased fairly sharply during the third quarter. Particularly significant is the fact that both public and private fixed investment, which had declined moderately during the first and second quarters, increased again during the third quarter, although they did not



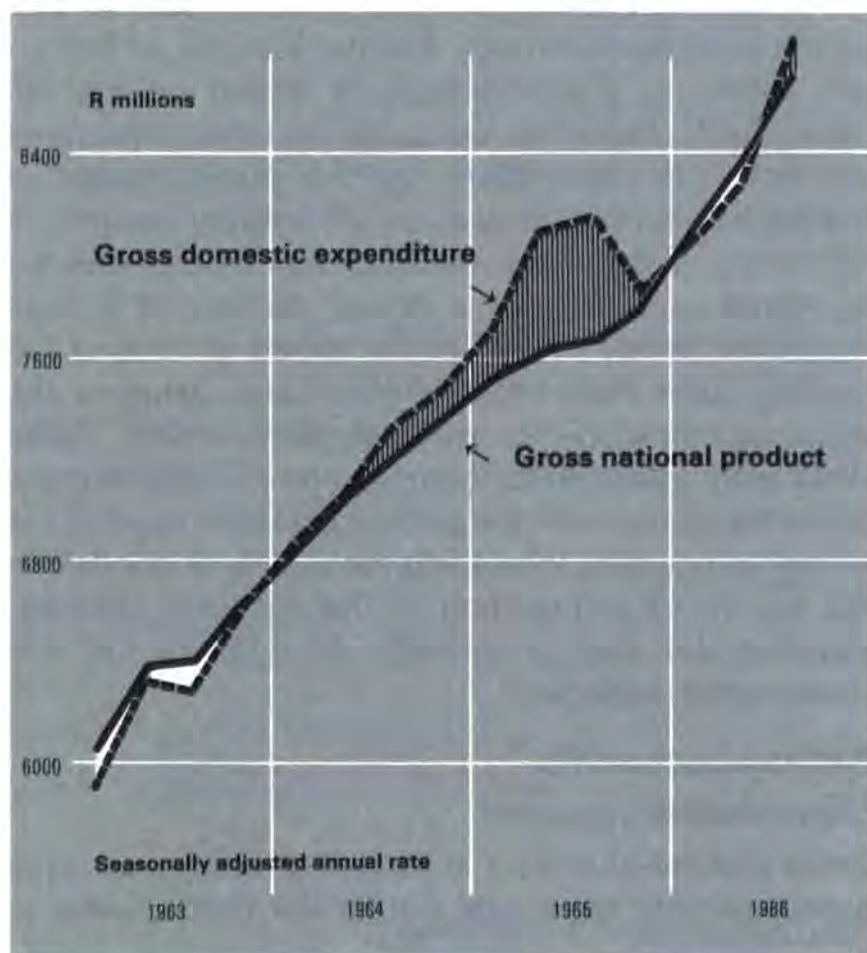
reach the peak levels attained in the last quarter of 1965. The downturn in fixed investment during the first half of 1966, which had at one stage looked as if it might be the forerunner of a more general slowing down in spending, therefore had a relatively short duration. Moreover, during the first three quarters of 1966, gross domestic fixed investment was more than 3 per cent higher than during the corresponding period of 1965.

*Increase in inventory investment*

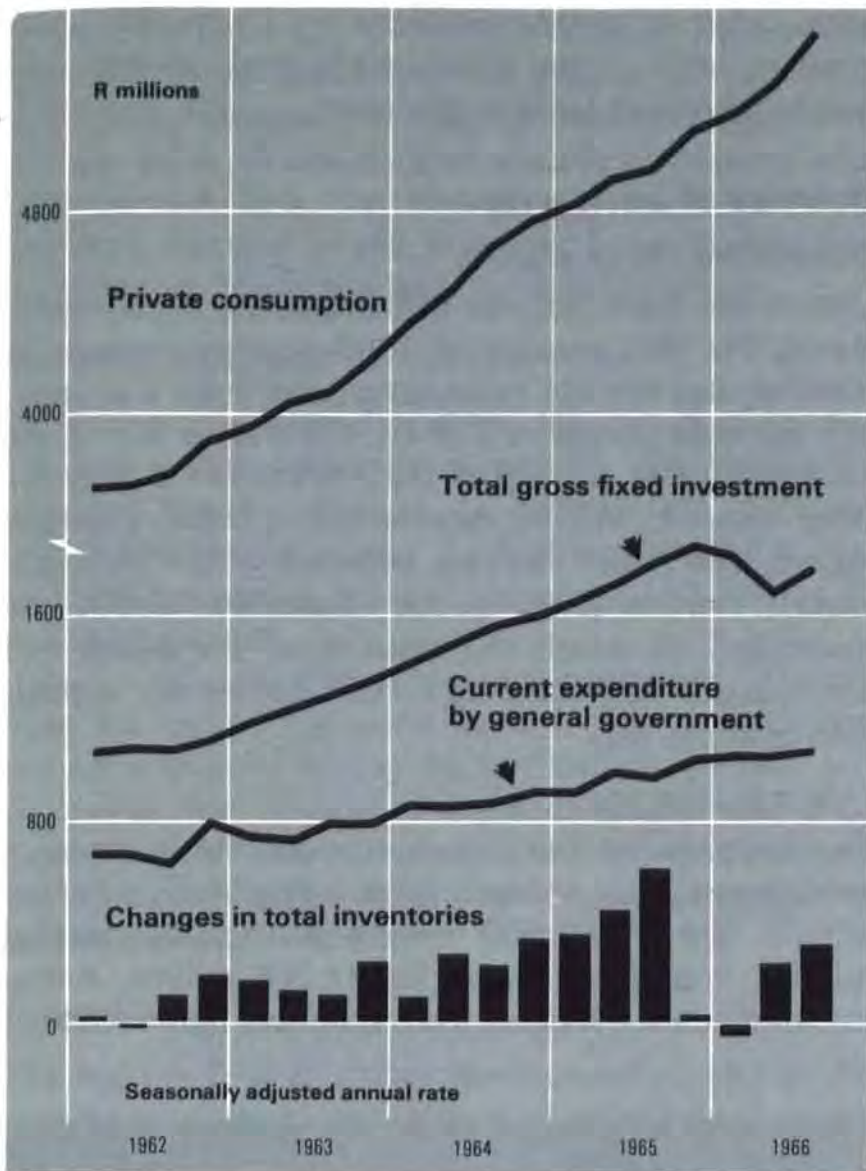
Revised estimates for inventory investment indicate that after becoming negative during the first quarter of 1966, it increased during the second quarter, mainly owing to a build-up of agricultural stocks and stocks of public corporations and the South African Railways and Harbours—industrial and commercial stocks still declined at that stage. During the third quarter, however, there was an increase in virtually all types of inventories except diamond stocks.

*Substantial rise in private consumption and current government expenditure*

In addition to the renewed rise in fixed and inventory investment, private consumption expenditure increased at a noticeably faster rate during the third quarter than during the second quarter, partly due to a substantial increase in expenditure on durable consumer goods. For the first three quarters as a whole, private consumption was between 8 and 9 per cent higher than during the corresponding period of 1965. Current expenditure by public authorities also increased during the third quarter and was about 11







per cent higher during the first three quarters of 1966 than during the corresponding period of the previous year.

### *Saving*

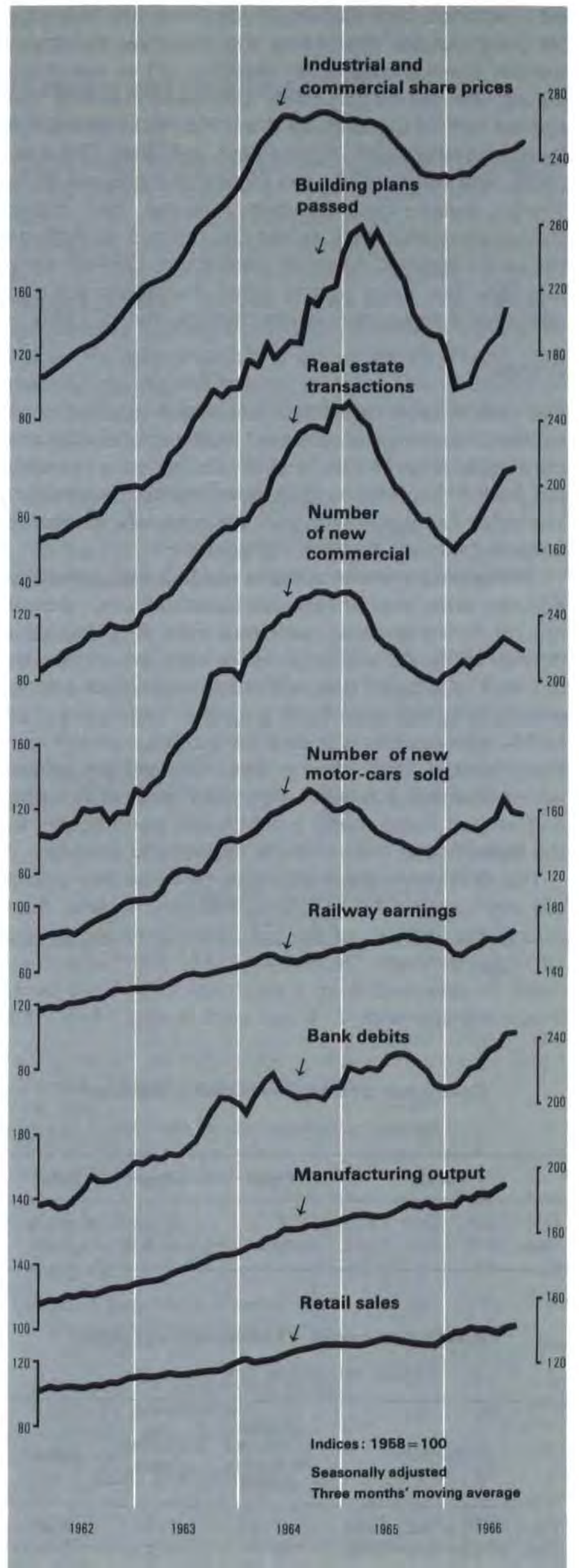
In view of these developments, it is not surprising to find that gross domestic saving increased by only about 6 per cent during the first three quarters of 1966 compared with the same period of 1965, and that during the third quarter of 1966 it was, in fact, lower than during the third quarter of the previous year.

### *Excess demand*

As a result of these various tendencies, the total monetary demand for goods and services once again increased more rapidly than the capacity of the economy to supply goods and services from internal or external sources and thus exerted excessive pressure upon the country's skilled labour and other scarce resources. The inevitable result was a continuation of the inflationary rise in costs and prices.

### **General economic indicators**

Further evidence that the economy moved into a new cyclical upswing at some stage during the first half of 1966, is provided by the behaviour of such general economic indicators as building plans passed, real estate transactions, number of new commercial vehicles sold, number of new motor-cars sold, rail-





way earnings, bank debits, physical volume of manufacturing output, retail sales and industrial and commercial share prices. After levelling off or declining during the course of 1965, particularly during the second half of the year, all these indicators reached a lower turning-point somewhere between October, 1965, and April, 1966, and thereafter increased fairly sharply again. Building plans passed, real estate transactions and share prices did not rise as high as the peaks reached towards the end of 1964 or early in 1965, but most of the other indicators attained new record levels during the third quarter of 1966.

### Prices

The rate of increase of the seasonally adjusted consumer price index accelerated noticeably during the third quarter of 1966, mainly owing to a sudden jump of 1.5 points in the index during September. The latter rise partly reflected the increases in railway rates and indirect taxation in August.

During the first three quarters of 1966 the seasonally adjusted consumer price index increased at an annual rate of 4.5 per cent, compared with 3.2 per cent during 1965. As the accompanying table indicates, this was only partly due to a sharp rise in food prices, which occurred mainly during the first quarter of 1966—other prices showed an increase of 4.4 per cent (annual rate) during this nine-month period. An increase of 5.3 per cent in the cost of housing and related items made a significant contribution to the latter figure.

The seasonally adjusted index of wholesale prices did not increase faster during the third quarter than during the first half of the year, but continued to rise strongly. Between December, 1965, and September, 1966, it increased at an annual rate of 5.5 per cent, in comparison with 2.4 per cent during 1965. The

#### Consumer prices – seasonally adjusted

Annual percentage rate of change

Period	Food	Other	Total
Dec. 1964 – Dec. 1965	2.0	3.7	3.2
Dec. 1965 – Sep. 1966	5.1	4.4	4.5

#### Wholesale prices – seasonally adjusted

Annual percentage rate of change

Period	Goods produced in South Africa	Imported goods	Total
Dec. 1964 – Dec. 1965	2.8	1.4	2.4
Dec. 1965 – Sep. 1966	6.1	4.2	5.5

price index of goods produced in South Africa increased by 6.1 per cent, while that of imported goods increased by 4.2 per cent.

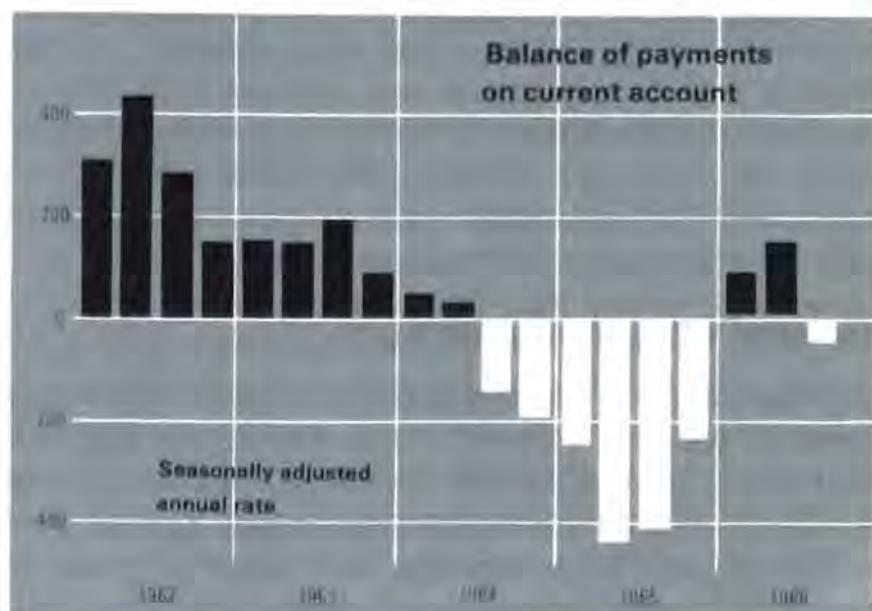
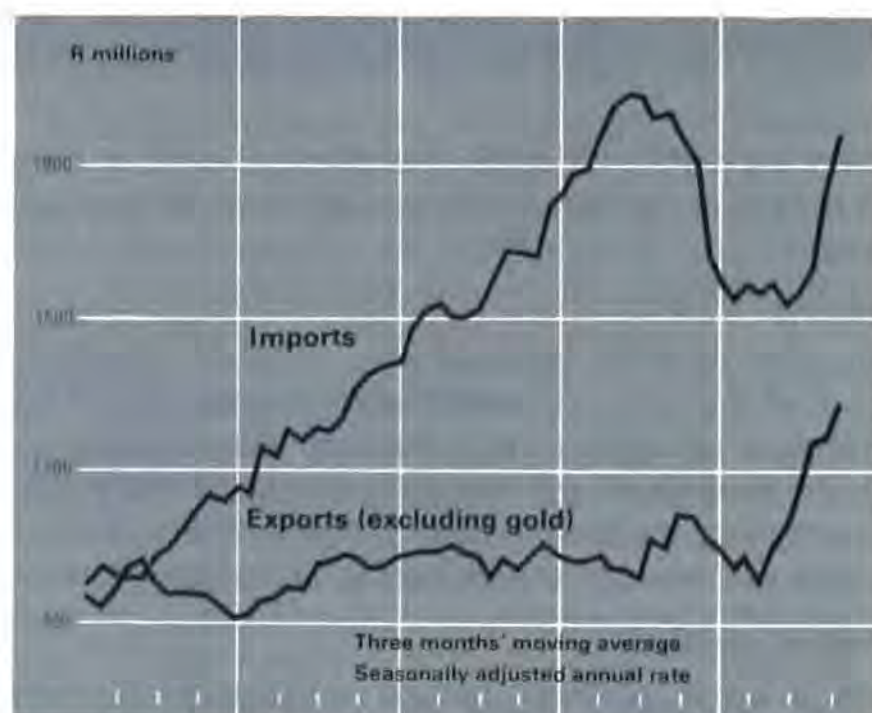
### Balance of payments

#### Substantial rise in exports

One of the main features of the balance of payments during the third quarter of 1966 was an increase in merchandise exports (excluding gold) from a seasonally adjusted annual rate of R1,128 million during the second quarter to one of R1,304 million during the third quarter, which represented a new quarterly record. The major increase occurred in the statistical class "manufactured goods classified chiefly by materials", of which the main items are pearls and precious stones (including certain diamonds), copper, lead and pig-iron.

#### Upsurge in imports

But sharp as the rise in exports was, the increase in imports was even sharper. From a seasonally adjusted annual rate of R1,500 million during the second quarter, imports increased to R1,768 million during the third quarter. Indeed, the September figure reached





R1,950 million, which was only slightly less than the record level of just over R2,000 million attained in June and September, 1965. This sudden upward spurt in imports followed the relaxation of import control in July as a deliberate disinflationary measure and reflected not only the strength of the underlying monetary demand in the economy but probably also the tendency towards a new cyclical upswing.

#### *Net gold output and current "invisibles"*

As during the second quarter, the net gold output showed a slight declining tendency. The seasonally adjusted figure, taken at an annual rate, declined from R804 million during the first quarter of the year to R764 million in the second and R740 million in the third quarter.

As far as current invisibles are concerned, receipts from the rest of the world remained on more or less the same level as during the first half of the year, but payments for services increased during the third quarter, mainly due to increases in investment income payments and higher freight and insurance payments on the increased imports.

#### *Current deficit*

The net result of all these developments was that the current account of the balance of payments changed from a surplus of R26 million during the second quarter of 1966 to a deficit of R7 million during the third quarter. After adjustment for seasonal fluctuations and taken at an annual rate, this represented a change from a surplus of R148 million during the second quarter to a deficit of R48 million during the third quarter.

#### *Further net inflow of capital*

The current account deficit of R7 million was, however, more than offset by a net inflow of R17 million of capital from abroad. Central government and banking capital showed a net outflow of R28 million during the third quarter, mainly due to repayments of foreign loans by the Government. But the net inflow of private capital amounted to R45 million, compared with R10 million in the first quarter and R64 million in the second. Of this inflow of R45 million, R14 million has been identified as net long-term capital.

#### *Levelling-off in gold and foreign exchange reserves*

The net result of the current deficit of R7 million and the net inflow of total capital of R17 million was an increase of R10 million during the third quarter in the total gold and foreign exchange held by the Reserve Bank, the rest of the banking sector and the Government. In fact, however, after rising from R578 million at the end of June to a record R604 million at the end of July, the total reserves declined to R588 million at the end of September and showed little change

during October. There has, therefore, been a clear tendency for the reserves to level off from about the middle of the year.

### **Monetary and banking situation**

#### *Money and near-money*

The liquidity of the private sector remained excessive during the third quarter of 1966. Indeed, total money and near-money increased further by R74 million to a level of R2,596 million at the end of September. In view of the substantial further increase in gross national product, however, the ratio of money and near-money to gross national product declined slightly below the exceptionally high figure of 30 per cent reached during the second quarter. The existence of so much liquidity in the economy must greatly have encouraged the sharp rise in gross domestic expenditure during the third quarter and was clearly an important factor contributing to the continued inflation in the economy.

As the accompanying table shows, the main reasons for the further increase in total money and near-money during the third quarter were an increase of R69 million in the claims of the banking sector on the private sector and a rise of R30 million in the *net* gold and foreign exchange reserves of the banking sector, i.e. after deducting short-term foreign liabilities. The increase in bank credit to the private sector largely represented a rise in Land Bank advances and an increase in investments, although the banks' dis-

#### **Causes of changes in money and near-money**

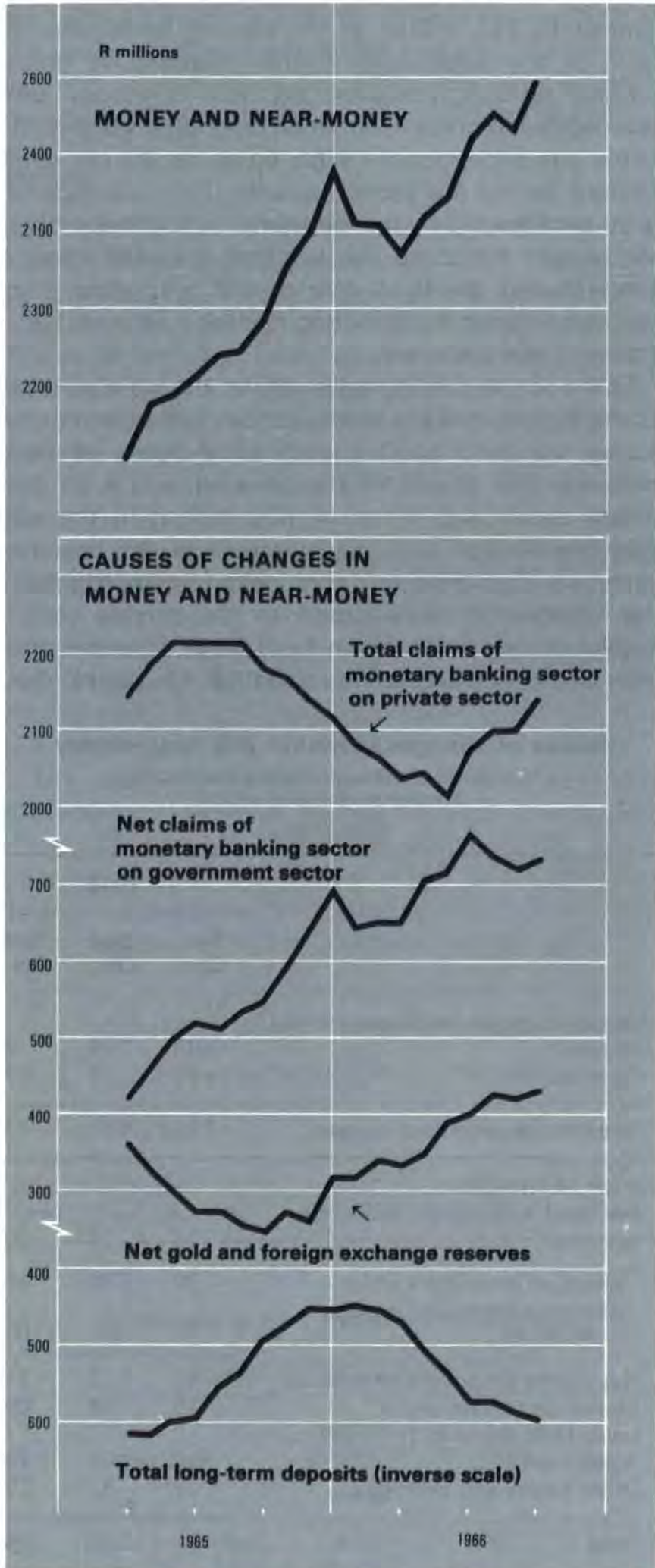
(Changes in consolidated assets and liabilities of monetary banking sector)

R millions

	1966		
	1st Qtr.	2nd Qtr.	3rd Qtr.
Changes in money and near-money:			
Money . . . . .	-39	126	7
Near-money . . . . .	-78	24	67
<b>Total money and near-money . . . . .</b>	<b>-117</b>	<b>150</b>	<b>74</b>
Causes of changes:			
Net gold and foreign exchange reserves . . . . .	18	66	30
Claims on government sector . . . . .	32	136	69
Government deposits (increase -, decrease +) . . . . .	-74	-24	-100
Net claims on government sector . . . . .	-42	112	-31
Claims on private sector . . . . .	-79	38	69
Long-term deposits (increase -, decrease +) . . . . .	-16	-102	-23
Other assets and liabilities . . . . .	2	37	29
<b>Total . . . . .</b>	<b>-117</b>	<b>150</b>	<b>74</b>



counts and advances also moved up somewhat. A welcome development, however, was a decline of R31 million in the net claims of the banking sector on the government sector, which showed that the government sector was no longer financing its expenditure in an inflationary way. There was also an increase of R23 million in long-term deposits with the banking sector, which are not considered to be near-money.

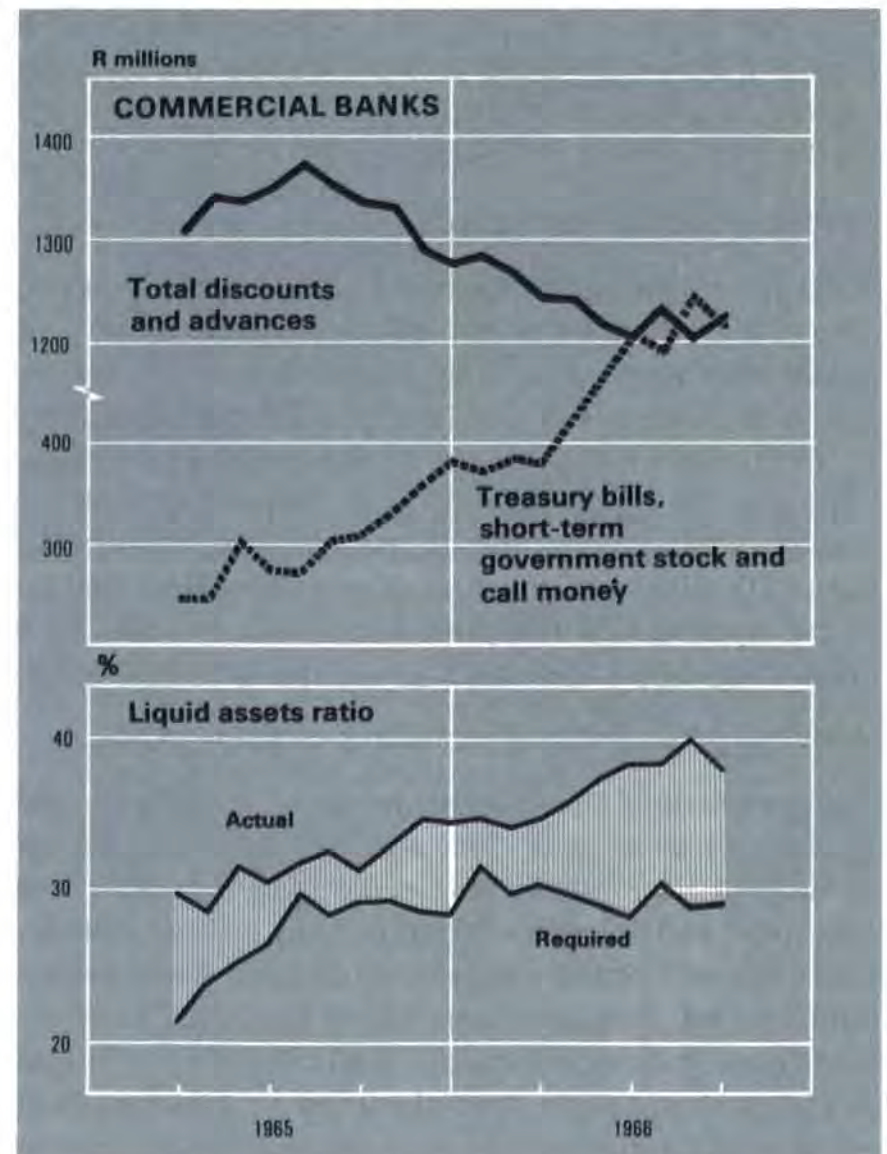


If it had not been for these latter two developments, total money and near-money would have increased by much more than it actually did.

### Bank credit

The continued state of high liquidity in the economy meant that private firms and individuals in general had substantial amounts of money not only to spend but also to lend. It was therefore possible for them to increase their fixed and inventory investment, as well as their durable consumption expenditure, without necessarily borrowing more from the banking system. In fact, as the following summary table shows, the "controlled credit" of commercial banks and merchant banks increased only moderately between June and September, while that of monetary hire-purchase and general banks showed no change at all over this period. Moreover, at the end of September the controlled credit of all monetary banking institutions was collectively about R134 million below the level of March, 1965, and about R177 million below the permissible level, i.e. the figure for March, 1965, plus 2½ per cent.

At the end of September the commercial banks still had excess liquid assets amounting to R195 million or nearly 9 per cent of their liabilities to the public. The corresponding figure for merchant banks was R48 million or 17 per cent and for monetary hire-purchase and general banks, R77 million or 13 per cent.





### Bank credit

R millions

	March 1965	June 1966	September 1966
<i>Commercial banks</i>			
Total discounts and advances . . .	1,307	1,205	1,228
"Controlled credit" . . .	1,288	1,161	1,185
Shortfall in controlled credit below figure for March, 1965 . . .	—	127 (9.9%)	103 (8.0%)
<i>Merchant banks</i>			
"Controlled credit" . . .	60	52	53
Shortfall in controlled credit below figure for March, 1965 . . .	—	8 (13.5%)	7 (11.1%)
Acceptance facilities utilised . . .	148	148	146
<i>Monetary hire-purchase and general banks</i>			
"Controlled credit" . . .	402	379	379
Shortfall in controlled credit below figure for March, 1965 . . .	—	22 (5.5%)	22 (5.5%)

### Government finance

It was mentioned earlier that the *net* claims of the banking sector on the government sector declined by R31 million during the third quarter and that this was a most welcome development, as it signified that the government sector's financing operations were having a contractionary instead of an expansionary effect on the supply of money and near-money. In actual fact, the banking sector's holdings of Treasury bills, government stock and other claims on the government sector increased further by R69 million during this quarter, but the effect of this on total money and near-money was offset by an increase in government deposits of R100 million.

"Government sector" in the above analysis includes not only the South African Central Government but also provincial administrations, the Administration of South West Africa, the Government of the Transkei and the Governments of Lesotho, Botswana and Swaziland. The main developments during the third quarter in the *Exchequer Account as such* are summarised in the accompanying table. It appears that while the monetary banking sector's holdings of Treasury bills and government stock increased by R64 million during the third quarter, the Exchequer's cash balance with this sector increased by R67 million, so that the Exchequer decreased its *net* indebtedness to the banking sector to the extent of R3 million. This decrease, which was partly seasonal, contrasted

### Exchequer finance

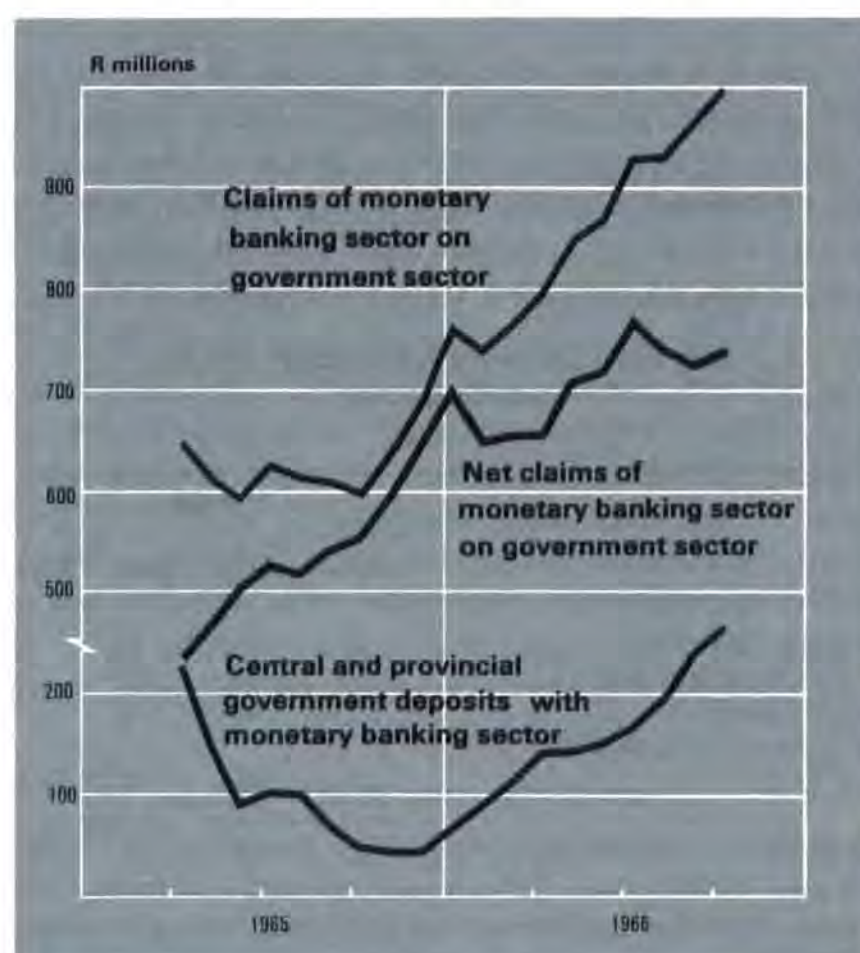
R millions

	1966	
	2nd Qtr.	3rd Qtr.
Total deficit, excluding borrowing . . .	107	53
Financing:		
Change in net indebtedness to:		
Foreign sector . . . . .	4	4
Private non-bank sector . . . . .	28	30
Public Debt Commissioners . . . . .	19	22
Paymaster-General and social security funds . . . . .	-1	—
Monetary banking sector:		
Change in government securities . . . . .	129	64
Change in Exchequer balance* . . . . .	-72	-67
Total . . . . .	57	-3
Total financing . . . . .	107	53

\* Increase -, decrease +

sharply with an increase of R57 million in the preceding quarter.

Moreover, following the raising of the rate of interest on long-term government stock and the introduction of legislation requiring insurance companies, pension funds and unit trusts to hold more government stock, the Treasury was able to raise substantial loan funds from non-inflationary sources in October. Conversion facilities into a 5 per cent 1969 and a 6½ per cent 1991 stock were offered to the holders of 3½ per cent 1963/66 local registered stock, which fell due for redemption on the 1st October. In addition, cash





applications were invited for both these stocks. In the event, if the Public Debt Commissioners are excluded, cash applications totalled R87·5 million, of which R11·8 million came from the monetary banking sector, while repayments amounted to R7·7 million, including R7·5 million to the monetary banks. Net receipts therefore amounted to R79·8 million, to which the monetary banking sector contributed only R4·3 million. In other words, the Treasury raised a net amount of R75·5 million from outside the monetary banking sector and excluding the Public Debt Commissioners.

The details of the cash applications were as follows:

R millions			
	5% 1969	6½% 1991	Total
Public Debt Commissioners . . . . .	—	15·0	15·0
Monetary banking sector:			
Commercial banks . . . . .	0·3	0·8	1·1
Discount houses . . . . .	0·1	0·1	0·2
Merchant banks . . . . .	2·0	—	2·0
Other monetary banks . . . . .	8·0	0·5	8·5
Total . . . . .	10·4	1·4	11·8
Building societies . . . . .	7·3	2·4	9·7
Insurers . . . . .	1·3	23·5	24·7
Pension Funds . . . . .	—	20·7	20·7
Nominee companies . . . . .	—	5·9	5·9
Mining houses . . . . .	0·5	2·0	2·5
Corporate businesses . . . . .	—	10·3	10·3
Individuals . . . . .	—	0·8	0·8
Others . . . . .	0·7	0·3	1·0
Total . . . . .	20·2	82·3	102·5

### Capital market

Despite the abnormally high liquidity of the private sector, which reduced the need for many companies to resort to the capital market, capital market conditions remained relatively tight during the third quarter. The public sector's capital requirements were again substantial, as indicated by the following table:

#### Net new security flotations\* of the public sector

R millions

	1966			
	July	Aug.	Sept.	Oct.
Local authorities . . . . .	2	14	8	8
Public corporations . . . . .	—	—	50	—
Government . . . . .	21	46	14	74
Of which subscribed by				
P.D.C. . . . .	(22)	(46)	(14)	(-6)
Total . . . . .	23	60	72	82

\*Gross issues less conversions and cash repayments of maturing securities.

### Share prices and yields

After tending to level off or to decline during the second quarter and July, the prices of almost all the major classes of shares showed new increases during August and September. Gold mining share prices reached their highest level for 1966 in September and the average yield on these shares, which had risen steadily during the first seven months of the year, remained approximately at the level of 9·3 per cent attained in July. The upward movement of mining financial share prices continued during the third quarter, while the temporary decline in the prices of industrial, commercial and industrial financial shares during June and July was reversed in August.

#### Share price indices (1958 = 100)

Type of share	1966				
	Mar.	June	July	Aug.	Sept.
Gold mining . . . . .	145	140	140	144	147
Coal mining . . . . .	124	123	118	118	114
Financial:					
Mining houses . . . . .	192	199	207	213	215
Other mining . . . . .	216	232	239	252	256
Industrial . . . . .	231	230	210	220	217
Industrial and commercial . . . . .	246	241	229	239	243

### Building societies

The resources of the building societies increased noticeably during the third quarter of 1966, namely by R32 million, to which savings deposits contributed R17 million and fixed deposits R15 million. The increase in savings deposits was largely of a seasonal nature, but the increase in fixed deposits was probably partly attributable to the increase in deposit rates following the removal of deposit rate control on the 8th July. Share capital showed no change over the quarter, confirming that this investment medium has recently become less popular relative to fixed deposits.

Against this increase in resources, mortgage and other loans advanced by building societies increased by the moderate amount of R14 million. But the rate at which new advances were being granted increased markedly and the societies' commitments in respect of mortgage advances granted but not yet paid out, increased by R12 million during this period.

The increased resources furthermore allowed for an addition of R5 million to liquid assets and other prescribed investments, which brought the excess of these assets over the statutory minimum to R123 million at the end of September. This was the highest figure recorded for any quarter-end since the new Building Societies Act came into operation at the beginning of 1965.



# Statement regarding further measures against inflation

*by the Honourable the Minister of Finance, Dr. T. E. Dönges,  
and the Honourable the Minister of Economic Affairs, Dr. N. Diederichs.*

**7th December, 1966**

The Government is determined to combat the causes of the persistent price increases in the country with all the powers at its disposal.

The latest developments in the South African economy show clearly that the battle against inflation, i.e. the position which arises when too much money chases too few goods and prices consequently rise, has not yet been won. On the contrary, all the available information indicates that a new upward movement in the economy has already been in progress for some months, after the previous one showed signs of levelling off during the second half of 1965. Total capital and consumption expenditure is still increasing faster than the available goods and services. Costs and prices therefore continue to rise.

The four-point attack on inflation which the authorities announced on the 8th July of this year, has already done much to restrain the inflation. Without these measures, the inflation would undoubtedly have been much worse. Moreover, the full effect of the measures, particularly the fiscal measures, still has to be felt. Nevertheless, the Government considers that it is now desirable to tighten some of the existing measures against inflation and to take certain complementary steps.

## **Restriction on expenditure**

In the first place, the Government will do everything within its power to keep its expenditures as low as possible, even in the case of services which are essential for the expansion of the economy, but with due regard to the overriding requirements of national security. The Government further makes an urgent appeal to Provincial Administrations, municipalities, public corporations and also to private enterprises to restrict their expenditures to the absolute minimum, in the national interest. Further restrictive fiscal measures will, if necessary, be announced in the Budget.

## **Sterilisation of excessive short-term funds**

With a view to removing a part of the excessive money in the economy from the spending stream and rendering it harmless, the Treasury intends to issue more Treasury bills to banks as well as ordinary business concerns and to sterilise the proceeds with the Reserve Bank, thereby withdrawing it from circulation. In addition, tax redemption certificates will be offered to companies and other taxpayers on favourable terms. Companies with surplus funds are cordially requested to make use of these investment outlets in preference to offering the funds on the so-called "grey market", i.e. for inter-company loans. They will thereby help to strengthen the credit measures and to combat inflation.

## **Restrictions on bank credit**

It is important to prevent bank credit to the private sector from increasing to any significant extent. At the end of September this credit was R177 million or nearly 10 per cent below the permissible level, i.e. the figure for March, 1965, plus 2½ per cent for agricultural purposes, and considerable scope thus exists at present for expansion which, if it were to occur, would to some extent neutralise the favourable effect of the other measures. To avoid this danger, the Reserve Bank will request all monetary banks to ensure that their discounts, loans and advances to the private sector, excluding the Land Bank, will be at least 7½ per cent lower at the end of September, 1967, than at the end of March, 1965, with the qualification that this limit may be raised by 2½ per cent in respect of credit extended by them for agricultural purposes.

## **Earlier repayment of foreign loans**

As a further means of reducing the excessive amount of money in the economy, the authorities will, in applying exchange control, favourably consider applications to repay foreign loans or credits before



maturity, provided that such repayments are not financed by means of bank credit.

### **Relaxation of import control**

In order to increase the stock of goods in the country and to meet the increased demand more fully, the Government has decided to relax import control further. This step, which the country can afford in view of the favourable level of its foreign exchange reserves, will have the beneficial effect of reducing the money in circulation, sharpening competition and exercising a greater restraining effect on prices in general.

The relaxation of import control will to a greater or lesser extent be applied to virtually all groups of commodities, including consumption goods. The so-called "Restricted List" will also be revised with a view to omitting some of the goods which appear on it.

Details of the relaxation are still being worked out by the Department of Commerce and Industries and will be published shortly in the Government Gazette.

### **Price control**

The prices of a number of basic necessities are already controlled. *General* price control would not, however, remove the underlying causes of the current price increases but could, on the contrary, bring about serious economic disturbances. Moreover, extended price control would by itself raise costs, since it would require a substantial amount of manpower and State expenditure, and would place an additional burden of work on commerce and industry.

The Government is nevertheless prepared to extend price control on a *selective* basis and to intervene in cases where any merchant or manufacturer increases his prices without very convincing reasons.

In the application of this policy the public are now commissioned to stand guard and to report any unfair price increases to the Price Controller immediately. The Price Controller will investigate all such cases and take drastic steps under the Price Control Act if it should be found that the relevant price

increases were not justified.

Substantial differences exist in many cases between prices for the same article. In purchasing from one another, the public, commerce and industries should pay closer attention to the prices they are paying and buy from those suppliers which quote the most favourable prices. In so doing they will create a spirit of competition which will contribute towards winning the battle against inflation.

### **Unsound trade practices**

Furthermore, the Government is absolutely opposed to certain trade practices which maintain prices at an unjustified level, such as, for example, collective price maintenance, conditional selling and the withholding of supplies from dealers who sell goods at less than agreed prices. The Government will combat with all the means at its disposal any practice which keeps prices artificially high.

### **Speculation**

The Government wishes to warn against the spirit of unsound speculation which is becoming increasingly perceptible. Business men should view short-term economic prospects soberly and realistically and take into full consideration the Government's determination to persevere with the battle against inflation until victory is won.

### **Conclusion**

The Government is taking these steps without hesitation because it is convinced that temporary inconvenience is preferable to the protracted calamity which would result from unrestrained inflation. Moreover, it will not hesitate to apply even more far-reaching measures if necessary. It is in the country's interest, and particularly in the interest of the workers, that inflation should be halted as soon as possible, and therefore the Government relies on the co-operation of all sections of the population in carrying this battle to a successful conclusion and so assuring economic stability and prosperity in South Africa.



## Notes to tables

### Tables S-48 to S-51: Foreign liabilities and assets of South Africa

Details of South Africa's foreign liabilities and assets as at the end of 1965 are shown for the first time in tables S-48 to S-51. The major changes in these liabilities and assets during the year 1965 are summarised below.

*Foreign liabilities.* South Africa's total foreign liabilities increased by R305 million at the end of 1964 to R3,440 million at the end of 1965. This increase of 9.7 per cent represents the greatest increase in the total foreign liabilities in any one year since 1956 when the Bank first started with its surveys of foreign liabilities and assets. The increase in the foreign share of the reserves of foreign-controlled South African resident organisations accounted for R92 million of the total increase while all other foreign liabilities together increased by R213 million.

Approximately two-thirds of the total increase of R305 million is classified as direct investment and one-third as non-direct. In the case of direct investment, the above-mentioned increase in reinvested profits made the major contribution to the total increase while an increase of R78 million in the foreign liabilities of the central Government and banking sector provides the main reason for the increase in South Africa's non-direct investment foreign liabilities.

About 59 per cent of South Africa's total foreign liabilities are due to the United Kingdom and these

liabilities increased by a further R121 million during 1965 to R2,025 million at the end of that year. Changes in reserves (reinvested profits) amounted to R63 million. Smaller increases occurred in respect of all other major countries or areas, especially the U.S.A. (R58 million) and France (R26 million). Due to repayments on loans, South Africa's liabilities to International Organisations decreased by R12 million to R130 million at the end of 1965.

*Foreign assets.* South Africa's total foreign assets decreased by R5 million from R1,390 million at the end of 1964 to R1,385 million at the end of 1965. The foreign assets held by the South African central Government and banking sector, however, decreased by R33 million, mainly due to the decrease of R36 million in the country's total gold and foreign exchange reserves as shown in the balance of payments for 1965. The total foreign assets of the South African private sector increased by R28 million.

Foreign assets held by the South African private sector as portfolio investment decreased slightly by R2 million to R216 million at the end of 1965, while direct investment in foreign countries increased from R497 million to R527 million during the year. The major increase occurred in the form of the South African share in the reserves of foreign organisations controlled from South Africa.



# Kwartaallikse ekonomiese oorsig

## Vernaamste verwickelinge

Die Suid-Afrikaanse volkshuishouding ondervind steeds snelle groei, volledige besetting, lewendige saketoestande, uitsonderlik hoë likwiditeit en volgehoue inflasie. Tewens, al die beskikbare gegewens dui daarop dat 'n nuwe sikliese opswaai in een of ander stadium gedurende die eerste helfte van 1966 begin en verdere stukrag in die derde kwartaal ontwikkel het.

In die algemeen wil dit voorkom asof die verloop van die konjunktuur in Suid-Afrika gedurende die laaste paar jaar soos volg was: Vanaf ongeveer die middel van 1961 tot ongeveer die middel van 1965 was daar 'n relatief lang ekonomiese oplewing wat uiteindelik aansienlike druk op die betalingsbalans en op pryse en koste uitgeoefen het. Hierdie fase is gevolg deur 'n besliste neiging tot 'n meer gelyke verloop – vanaf ongeveer die middel van 1965 het sommige ekonomiese aanwysers teen 'n laer koers as voorheen toegeneem, sommige het horisontaal beweeg en 'n hele aantal het selfs skerp gedaal. Alhoewel totale kapitaal- en verbruiksuitgawes nog oormatig gebly het en die inflasionistiese druk gevolglik ook voortgeduur het, het hierdie sikliese verandering die belofte ingehou van 'n vroeë terugkeer tot groter stabiliteit, veral nadat vaste investering gedurende die eerste kwartaal van 1966 ook begin daal het.

Maar vanaf Oktober 1965, namate invoerbeheer strenger toegepas is en kapitaal die land op 'n groot skaal binnegevloei het, het een ekonomiese aanwyser na die ander weer begin styg totdat, teen die tweede kwartaal van 1966, meeste van die ekonomiese tydreeks – met die uitsondering van die belangrike vaste investering – by hierdie opwaartse beweging aansluit het. Ten slotte het vaste investering deur sowel private ondernemings as die openbare owerhede ook weer opwaarts begin beweeg, terwyl meeste van die ander ekonomiese aanwysers tot nuwe rekordhoogtes gestyg het.

Ten spyte van 'n aansienlike toename in bruto binnelandse besteding gedurende die derde kwartaal, het die betalingsbalans in sy geheel gunstig gebly en die offisiële goud- en buitelandse valutareserwes het gevolglik ietwat verder gestyg. Die invoer het skerp toegeneem en die surplus op die betalingsbalans in lopende rekening is omskep in 'n klein tekort, wat egter deur 'n verdere netto invloeiing van kapitaal meer as geneutraliseer is.

Hoofsaaklik as gevolg van die gunstige betalingsbalans en 'n toename in bankkrediet aan die private sektor, het geld en kwasi-geld gedurende die derde kwartaal verder toegeneem en in verhouding tot die bruto binnelandse produk buitengewoon hoog gebly.

Dit het 'n belangrike potensiële inflasionistiese faktor gevorm, aangesien dit beteken het dat 'n aansienlike styging in totale besteding gefinansier kon word sonder toevlug tot bykomstige bankkrediet, byvoorbeeld deur lenings tussen maatskappye.

Agterna beskou, is dit dus goed dat die owerhede verskeie bykomstige disinflasionistiese maatreëls in Julie en Augustus toegepas het, insluitende 'n verhoging in die rentekoerspeil, fiskale maatreëls en die verslapping van invoerbeheer. As hierdie stappe nie gedoen was nie, sou die hoeveelheid geld en kwasi-geld in die private sektor na alle waarskynlikheid vandag groter gewees het as wat dit is, investering en verbruiksbesteding sou hoër gewees het, die aanbod van goedere minder en die inflasionistiese druk op koste en pryse sterker.

Nietemin het die verwickelinge gedurende die derde kwartaal duidelik getoon dat die stryd teen inflasie nog nie gewen is nie. Verdere stappe om die inflasionistiese druk te verminder is derhalwe deur die Minister van Finansies en die Minister van Ekonomiese Sake in 'n gesamentlike verklaring op die 7de Desember aangekondig.<sup>1</sup> Die nuwe maatreëls het ingesluit bykomstige beperkings op besteding deur die openbare sektor, 'n aansienlike verdere verslapping van invoerbeheer, 'n verskerping van die direkte beheer oor krediet verleen deur monetêre banke aan die private sektor en 'n meer beperkende geldmarkbeleid met die oog daarop om die bestaande bankkoers meer effektief te maak en sowel die ruimte as die aansporing vir lenings tussen maatskappye te verminder. Hierdie stappe is bedoel om die vroeëre maatreëls te verskerp en aan te vul, met die algemene oogmerk om die oortollige likwiditeit te verminder, die aanbod van goedere en die graad van konkurrensie in die ekonomie te vermeerder en die koers van toename van totale kapitaal- en verbruiksbesteding te beteuel.

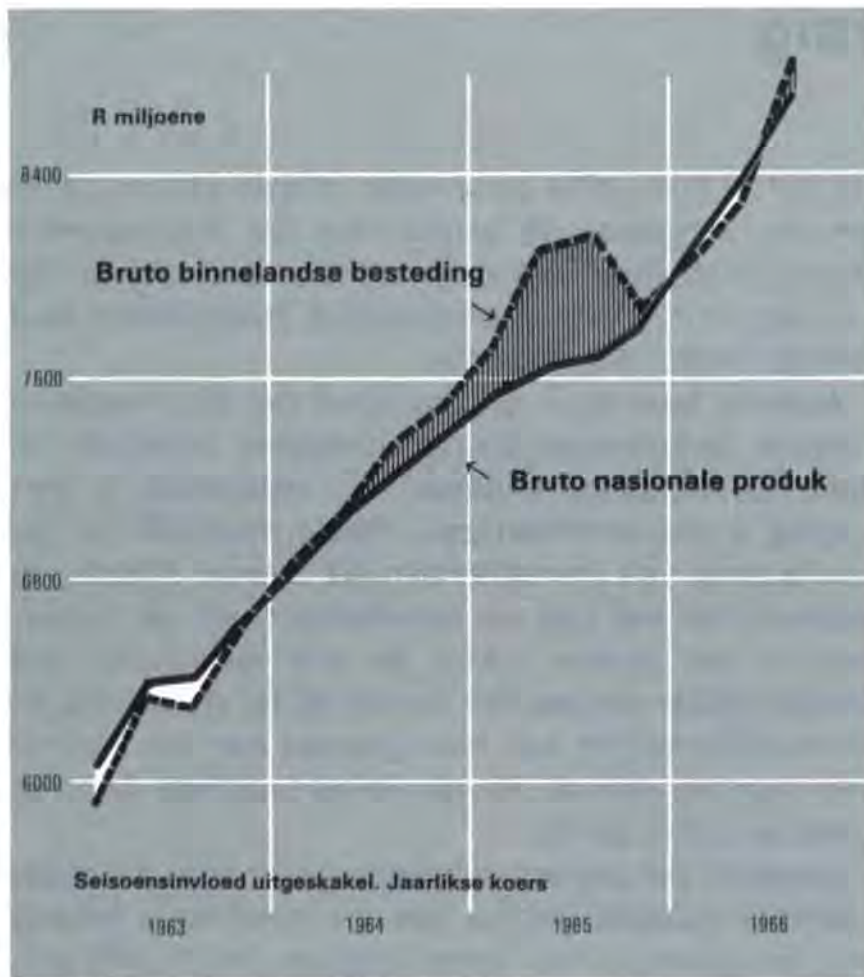
## Nasionale rekeninge

### *Bruto binnelandse produk*

Die bruto binnelandse produk teen markpryse het gedurende die derde kwartaal van 1966 teen 'n aansienlik vinniger koers as gedurende die eerste en tweede kwartale toegeneem. Dit was egter hoofsaaklik, indien nie uitsluitlik nie, toe te skryf aan 'n vinniger styging in pryse – die *reële* binnelandse produk het skynbaar teen min of meer dieselfde jaarkoers as gedurende die eerste helfte van 1966, naamlik ongeveer 5 persent, toegeneem. Aangesien netto faktor-

<sup>1</sup>Die volledige verklaring word op bl. 26 gepubliseer.





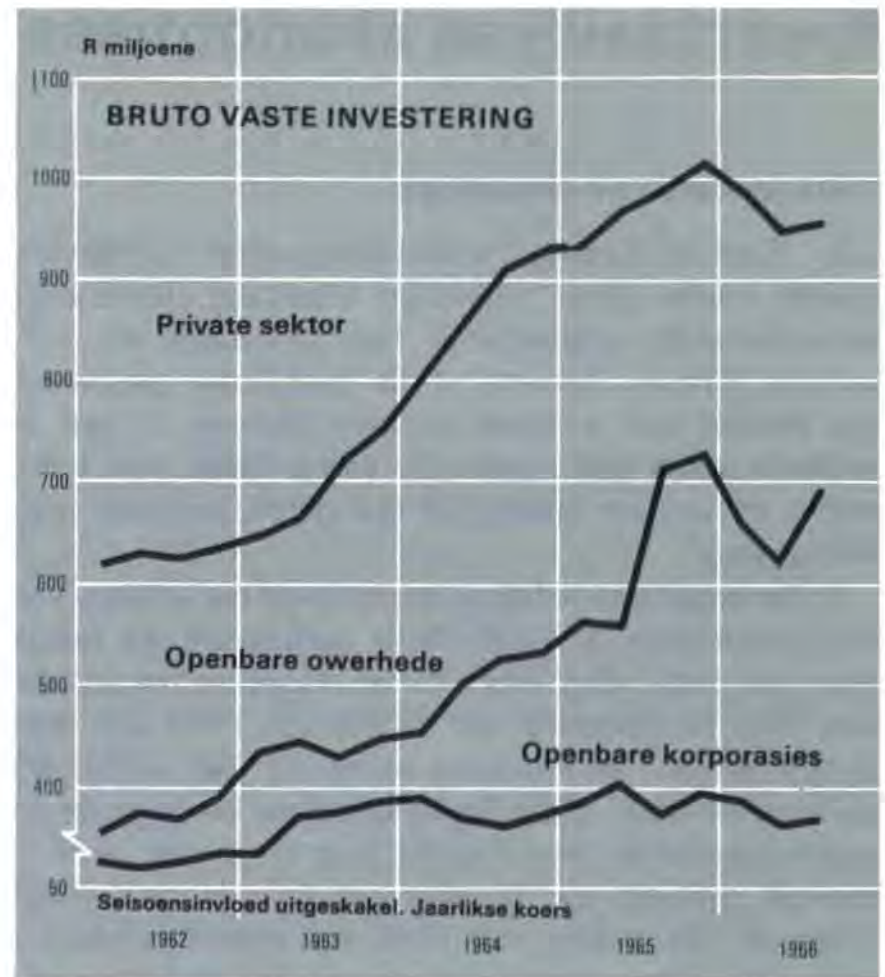
betalings aan die buiteland gedurende die eerste drie kwartale van 1966 vergeleke met die ooreenstemmende periode van 1965 min verandering getoon het, is dit moontlik dat die bruto nasionale produk gedurende hierdie periode teen 'n ietwat hoër koers as die bruto binnelandse produk toegeneem het.

#### *Vinniger toename in bruto binnelandse besteding*

Maar hoe vinnig die toename in die bruto nasionale produk gedurende die derde kwartaal ook al was, bruto binnelandse besteding het selfs nog vinniger toegeneem en vir die eerste keer in 1966 die bruto nasionale produk oorskry, met die gevolg dat die lopende rekening van die betalingsbalans weer eens van 'n oorskot na 'n tekort omgeswaai het. Die uitvoer van goedere en dienste het met ongeveer 8 persent tussen die tweede en derde kwartaal toegeneem, wat die grootste kwartaallikse styging sedert die vierde kwartaal van 1961 verteenwoordig het en vanselfsprekend 'n stimulerende invloed op die volkshuishouding uitgeoefen het. Die invoer van goedere en dienste het egter met 'n nog groter persentasie, naamlik met ongeveer 18 persent, gedurende hierdie tydperk toegeneem.

#### *Nuwe toename in vaste kapitaalbesteding*

Al die belangrike komponente van bruto binnelandse besteding het gedurende die derde kwartaal redelik skerp gestyg. Wat veral van betekenis is, is die feit dat sowel openbare as private vaste investering, wat gedurende die eerste en tweede kwartaal matig gedaal het, gedurende die derde kwartaal weer toegeneem het, alhoewel dit nie die hoogtepunte wat in die laaste



kwartaal van 1965 behaal is, bereik het nie. Die afwaartse neiging in vaste investering gedurende die eerste helfte van 1966, wat in een stadium gelyk het asof dit die voorloper tot 'n meer algemene verlang-saming in besteding kon wees, was derhalwe van relatief korte duur. Vaste binnelandse investering gedurende die eerste drie kwartale van 1966 was bowendien meer as 3 persent hoër as gedurende die ooreenstemmende tydperk van 1965.

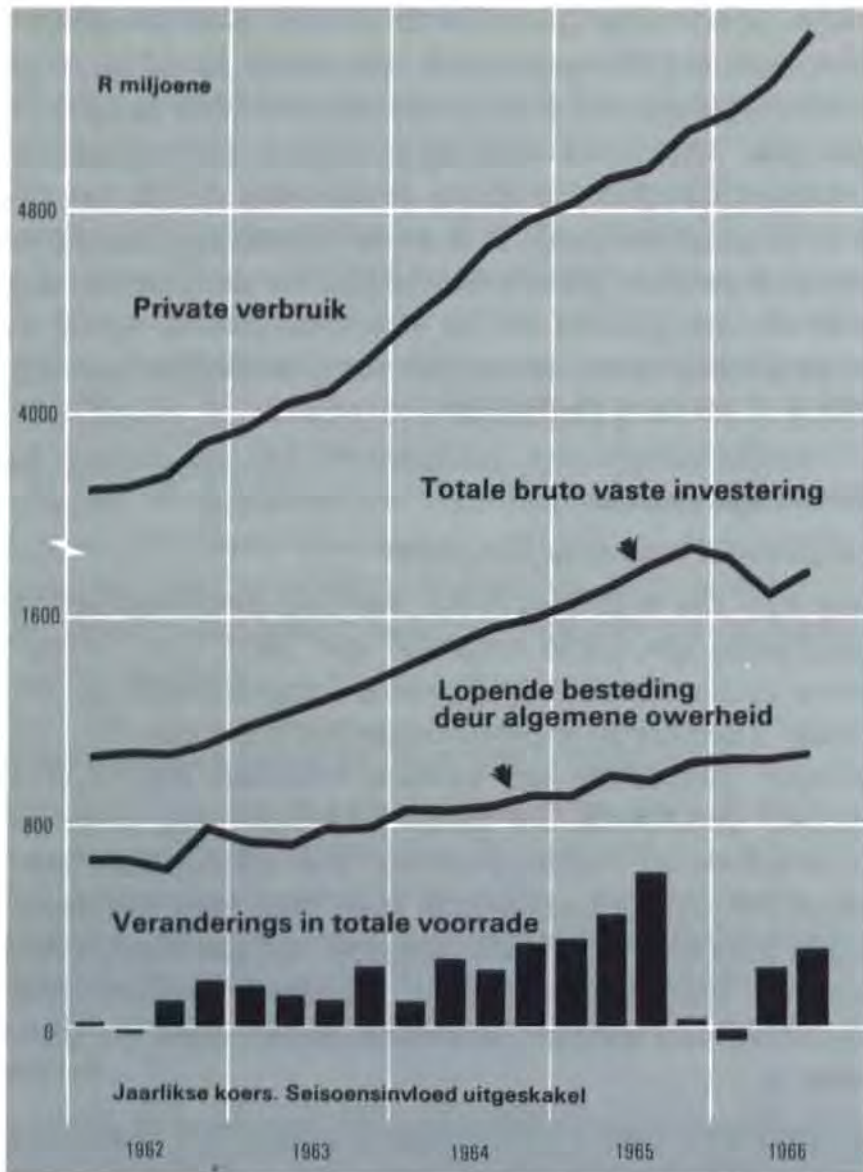
#### *Toename in voorraadinvestering*

Volgens hersiene ramings het voorraadinvestering, wat gedurende die eerste kwartaal van 1966 negatief was, gedurende die tweede kwartaal weer toegeneem, hoofsaaklik weens 'n opbouing van landbouvoorrade en voorrade van openbare korporasies en die Suid-Afrikaanse Spoorweë en Hawens-nywerheids- en handelsvoorrade het in dié stadium nog afgeneem. Gedurende die derde kwartaal was daar egter 'n toename in feitlik alle tipes van voorrade met die uitsondering van diamantvoorrade.

#### *Aansienlike toename in private verbruiks- en lopende owerheidsbesteding*

Bykomend tot die hernieude toename in vaste en voorraadinvestering, het private verbruiksbesteding gedurende die derde kwartaal teen 'n merkbaar vinniger koers as gedurende die tweede kwartaal toegeneem, gedeeltelik weens 'n aansienlike toename in besteding aan duursame verbruiksgoedere. Vir die eerste drie kwartale as geheel was private verbruik tussen 8 en 9 persent hoër as gedurende die ooreenstemmende tydperk van 1965. Lopende besteding deur openbare





owerhede het ook gedurende die derde kwartaal toegeneem en was gedurende die eerste drie kwartale van 1966 ongeveer 11 persent hoër as gedurende die ooreenstemmende tydperk van die vorige jaar.

### Besparing

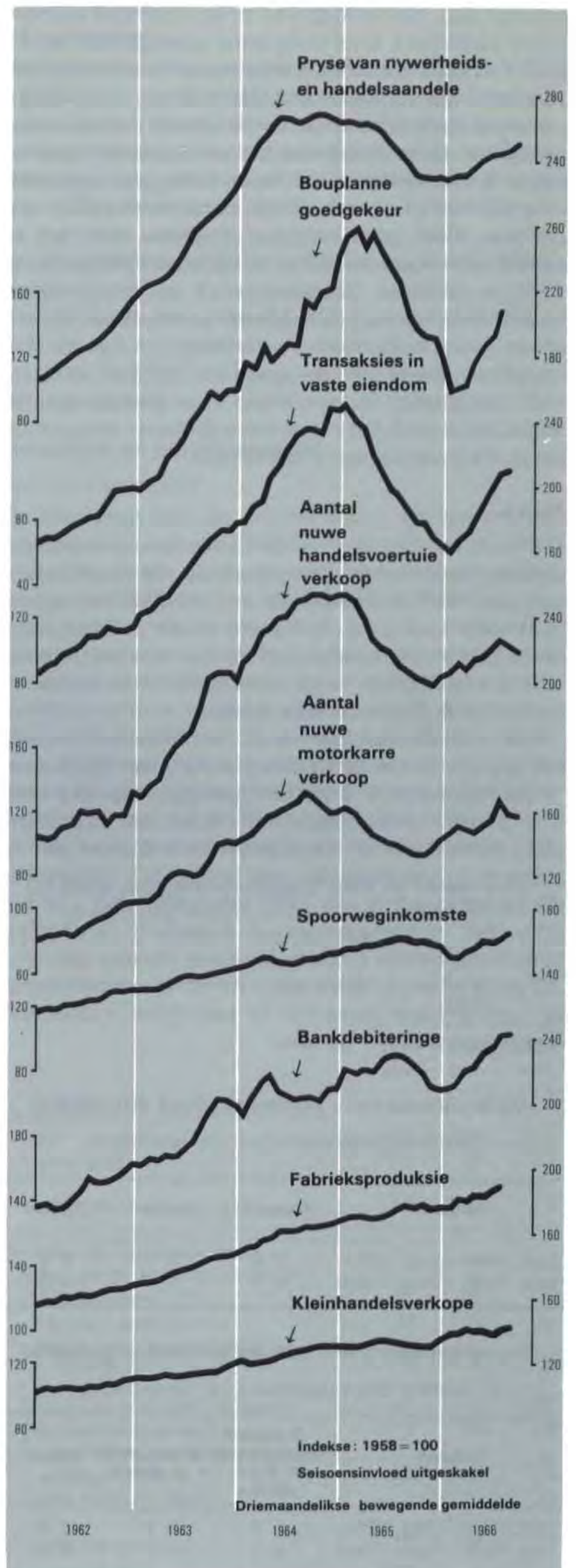
In die lig van hierdie verwickelinge is dit nie verrassend om te vind dat bruto binnelandse besparing met slegs ongeveer 6 persent gedurende die eerste drie kwartale van 1966, vergeleke met dieselfde periode van 1965, toegeneem het en dat dit in werklikheid gedurende die derde kwartaal van 1966 laer was as gedurende die derde kwartaal van die vorige jaar nie.

### Oormatige vraag

As gevolg van al hierdie verskillende neigings het die totale monetêre vraag na goedere en dienste weer eens vinniger toegeneem as die vermoë van die volkshuishouding om goedere en dienste uit interne en eksterne bronne te voorsien, en het dit derhalwe oormatige druk op die land se geskoolde arbeid en ander skaars hulpbronne uitgeoefen. Die onvermydelike gevolg was 'n voortsetting van die inflasionistiese styging in koste en pryse.

### Algemene ekonomiese aanwysers

Verdere bewyse dat die volkshuishouding in een of ander stadium gedurende die eerste helfte van 1966 'n nuwe sikliese opswaai binnegegaan het, word





gelewer deur die verloop van sulke algemene ekonomiese aanwysers soos bouplanne goedgekeur, transaksies in vaste eiendom, aantal nuwe handelsvoertuie verkoop, aantal nuwe motors verkoop, spoorweginkomste, bankdebiteringe, fisiese volume van fabrieksproduksie, kleinhandelsverkope en pryse van nywerheids- en handelsaandele. Nadat hulle gedurende die loop van 1965, en veral gedurende die laaste helfte van die jaar, meer gelyk verloop of gedaal het, het al hierdie aanwysers êrens tussen Oktober 1965 en April 1966 'n onderste draaipunt bereik en daarna weer redelik skerp gestyg. Bouplanne goedgekeur, transaksies in vaste eiendom en aandelepryse het nie die hoogtepunte wat teen die einde van 1964 of vroeg in 1965 aangeteken is, bereik nie, maar meeste van die ander aanwysers het nuwe rekordhoogtes gedurende die derde kwartaal van 1966 behaal.

### Pryse

Die koers van toename van die seisoensaangesuiwerde verbruikersprysindeks het gedurende die derde kwartaal van 1966 aanmerklik versnel, hoofsaaklik weens 'n skielike sprong van 1·5 punte in die indeks gedurende September. Laasgenoemde toename het gedeeltelik die verhogings in spoorwegtariewe en indirekte belastinge in Augustus weerspieël.

Die seisoensaangesuiwerde verbruikersprysindeks het gedurende die eerste drie kwartale van 1966 teen 'n jaarkoers van 4·5 persent gestyg, vergeleke met 3·2 persent gedurende 1965. Soos die bygaande tabel aandui, was dit slegs gedeeltelik te wyte aan 'n toename in voedselpryse, wat hoofsaaklik gedurende die eerste kwartaal van 1966 voorgekom het – ander pryse het 'n toename van 4·4 persent (jaarkoers) gedurende hierdie tydperk van nege maande getoon. 'n Toename van 5·3 persent in die koste van behuising en aanverwante items het 'n belangrike bydrae tot laasgenoemde syfer gemaak.

### Verbruikerspryse – seisoensinvloed uitgeskakel

Jaarlikse persentasiekoers van verandering

Tydperk	Voedsel	Ander	Totaal
Des. 1964 – Des. 1965	2·0	3·7	3·2
Des. 1965 – Sept. 1966	5·1	4·4	4·5

### Groothandelspryse – seisoensinvloed uitgeskakel

Jaarlikse persentasiekoers van verandering

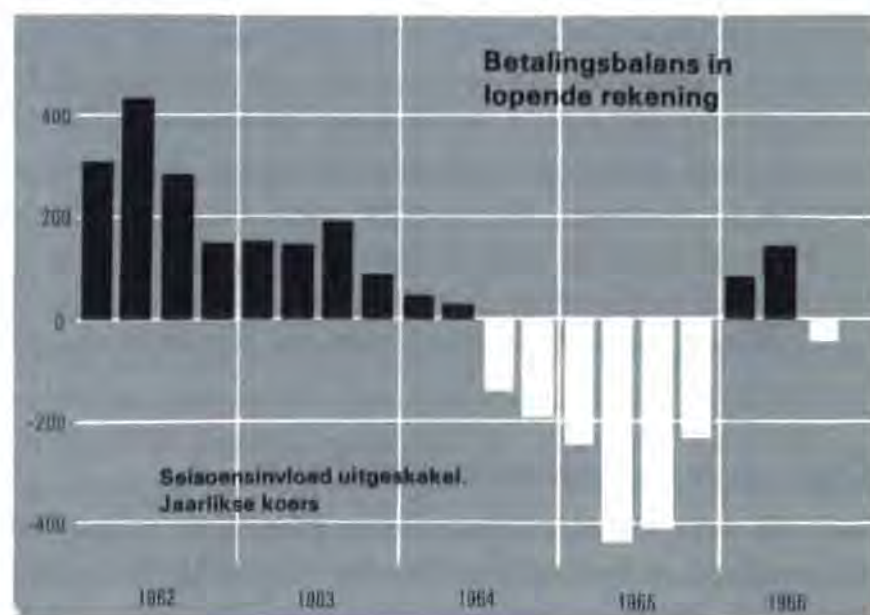
Tydperk	Goedere geproduseer in Suid-Afrika	Ingevoerde goedere	Totaal
Des. 1964 – Des. 1965	2·8	1·4	2·4
Des. 1965 – Sept. 1966	6·1	4·2	5·5

Die seisoensaangesuiwerde indeks van groothandelspryse het nie gedurende die derde kwartaal vinniger toegeneem as gedurende die eerste helfte van die jaar nie, maar het voortgegaan om sterk te styg. Tussen Desember 1965 en September 1966 het dit teen 'n jaarkoers van 5·5 persent gestyg, vergeleke met 2·4 persent gedurende 1965. Die prysindeks van goedere wat in Suid-Afrika vervaardig is, het met 6·1 persent toegeneem, terwyl dié van ingevoerde goedere met 4·2 persent gestyg het.

### Betalingsbalans

#### Aansienlike toename in uitvoer

Een van die hoofkenmerke van die betalingsbalans gedurende die derde kwartaal van 1966 was 'n toename in die uitvoer van goedere (uitgesonderd goud) vanaf 'n seisoensaangesuiwerde jaarkoers van R1,128 miljoen gedurende die tweede kwartaal tot R1,304 miljoen gedurende die derde kwartaal, wat 'n nuwe kwartaalrekord verteenwoordig. Die belangrikste toename het voorgekom in die statistiese klas „vervaardigde goedere hoofsaaklik volgens stof geklassifiseer“, waarvan die hoofposte pêrels en edelgesteentes (met insluiting van sekere diamante), koper, lood en gietyster is.





### Styging in invoer

Die styging in die invoer was egter nog skerper as die toename in die uitvoer. Die invoer het vanaf 'n seisoensaangesuiwerde jaarkoers van R1,500 miljoen gedurende die tweede kwartaal tot R1,768 miljoen gedurende die derde kwartaal toegeneem. In werklikheid het die syfer vir September R1,950 miljoen bereik, wat slegs effens laer was as die rekordpeil van net meer as R2,000 miljoen wat in Junie en September 1965 bereik is. Hierdie skielike styging in die invoer het gevolg op die verslapping van invoerbeheer in Julie as 'n doelbewuste disinflasionistiese maatreël en het nie alleen die sterkte van die onderliggende monetêre vraag in die volkshuishouding weerspieël nie, maar waarskynlik ook die neiging tot 'n nuwe sikliese opswaai.

### Netto goudproduksie en lopende „onsigbares”

Die netto goudproduksie het, net soos gedurende die tweede kwartaal, 'n geringe dalende neiging getoon. Die seisoensaangesuiwerde syfer, gereken teen 'n jaarkoers, het vanaf R804 miljoen gedurende die eerste kwartaal van die jaar tot R764 miljoen gedurende die tweede en R740 miljoen gedurende die derde kwartaal gedaal.

Sover dit die lopende onsigbares betref, het die ontvangstes vanaf die res van die wêreld op ongeveer dieselfde peil as gedurende die eerste helfte van die jaar gebly, maar betalings vir dienste het gedurende die derde kwartaal toegeneem, hoofsaaklik as gevolg van toenames in beleggingsinkome-betalings en in vrag en versekering op die hoër invoer.

### Lopende tekort

Die netto resultaat van al hierdie verwickelinge was dat die lopende rekening van die betalingsbalans omgeswaai het vanaf 'n oorskot van R26 miljoen gedurende die tweede kwartaal van 1966 tot 'n tekort van R7 miljoen gedurende die derde kwartaal. Na aansuiwering vir seisoenskommelings en gereken teen 'n jaarkoers het dit 'n verandering vanaf 'n oorskot van R148 miljoen in die tweede kwartaal tot 'n tekort van R48 miljoen in die derde kwartaal verteenwoordig.

### Verdere netto invloeiing van kapitaal

Die tekort van R7 miljoen op die lopende rekening is egter meer as geneutraliseer deur 'n netto invloeiing van R17 miljoen kapitaal vanaf die buiteland. Sentrale regerings- en bankkapitaal het 'n netto uitvloeiing van R28 miljoen gedurende die derde kwartaal getoon, hoofsaaklik as gevolg van die terugbetaling van buitelandse lenings deur die Regering. Maar die netto invloeiing van private kapitaal het R45 miljoen bedra, vergeleke met R10 miljoen in die eerste kwartaal en R64 miljoen in die tweede kwartaal. Van hierdie invloeiing van R45 miljoen is R14 miljoen as netto langtermynkapitaal geïdentifiseer.

### Gelyke verloop van goud- en buitelandse valutareserwes

Die netto resultaat van die lopende tekort van R7 miljoen en die netto totale kapitaalinvloeiing van R17 miljoen was 'n toename van R10 miljoen gedurende die derde kwartaal in die totale goud- en buitelandse valutareserwes gehou deur die Reserwebank, die res van die banksektor en die Regering. In werklikheid het die totale reserwes, nadat dit vanaf R578 miljoen aan die einde van Junie tot 'n rekord van R604 miljoen aan die einde van Julie gestyg het, tot R588 miljoen aan die einde van September gedaal en gedurende Oktober weinig verandering getoon. Daar was dus 'n duidelike neiging in die reserwes om sedert ongeveer die middel van die jaar gelyk te verloop.

### Monetêre en banktoestand

#### Geld en kwasi-geld

Die likwiditeit van die private sektor het gedurende die derde kwartaal van 1966 oormatig gebly. Die totale hoeveelheid geld en kwasi-geld het inderdaad verder gestyg met R74 miljoen tot R2,596 miljoen aan die einde van September. As gevolg van die aansienlike verdere toename in die bruto nasionale produk het die verhouding van geld en kwasi-geld tot die bruto nasionale produk egter tot effens benede die buitengewoon hoë syfer van 30 persent wat in die tweede kwartaal aangeteken is, gedaal. Die aanwesigheid van hierdie oormatige likwiditeit moes in aansienlike mate bygedra het tot die skerp styging in die bruto binne-landse besteding gedurende die derde kwartaal en

#### Oorsake van verandering in geld en kwasi-geld

(Verandering in gekonsolideerde bates en laste van die monetêre banksektor)  
R miljoene

	1966		
	1ste kw.	2de kw.	3de kw.
Verandering in geld en kwasi-geld:			
Geld . . . . .	-39	126	7
Kwasi-geld . . . . .	-78	24	67
Totale geld en kwasi-geld . . . . .	-117	150	74
Oorsake van verandering:			
Netto goud- en buitelandse valutareserwes . . . . .	18	66	30
Eise teen regeringsektor . . . . .	32	136	69
Regeringsdeposito's (toename -, afname +) . . . . .	-74	-24	-100
Netto eise teen regeringsektor . . . . .	-42	112	-31
Eise teen private sektor . . . . .	-79	38	69
Langtermyndeposito's (toename -, afname +) . . . . .	-16	-102	-23
Ander bates en laste . . . . .	2	37	29
Totale verandering . . . . .	-117	150	74



was klaarblyklik 'n belangrike bydraende faktor tot die voortgesette inflasie in die volkshuishouding.

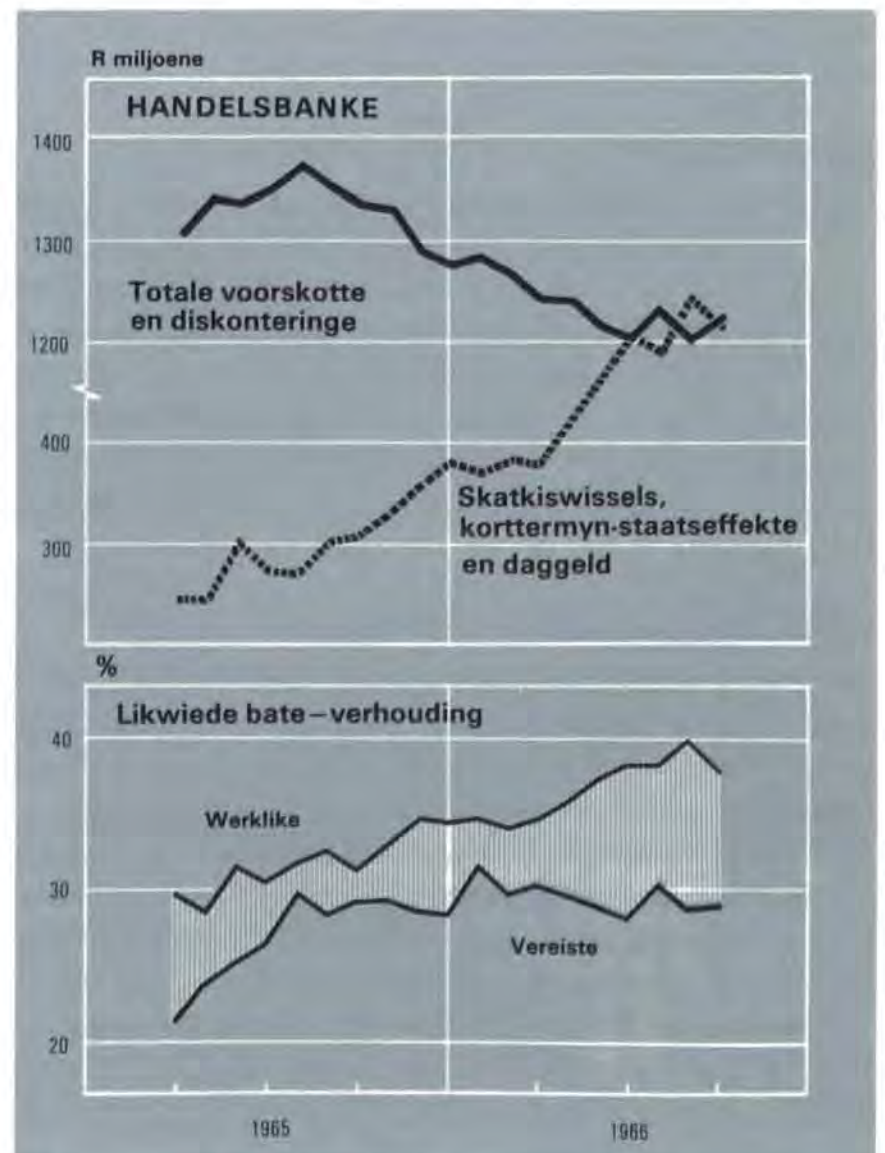
Soos die bygaande tabel aantoon, was die hoof-oorsake van die verdere styging in die hoeveelheid geld en kwasi-geld gedurende die derde kwartaal 'n toename van R69 miljoen in die eise van die banksektor teen die private sektor en 'n toename van R30 miljoen in die *netto* goud- en buitelandse valutareserwes van



die banksektor, d.w.s. na aftrekking van korttermyn buitelandse laste. Die toename in bankkrediet aan die private sektor verteenwoordig hoofsaaklik 'n styging in Landbankvoorskotte en 'n toename in beleggings, alhoewel die banke se diskonteringe en voorskotte ook ietwat vermeerder het. 'n Welkome verwikkeling was egter die afname van R31 miljoen in die netto eise van die banksektor teen die regeringsektor, wat aantoon dat die regeringsektor nie meer sy uitgawes op 'n inflasionistiese wyse gefinansier het nie. Verder was daar 'n toename van R23 miljoen in langtermyn-deposito's by die banksektor, wat nie as kwasi-geld beskou word nie. Was dit nie vir laasgenoemde twee verwikkelinge nie, sou die totale hoeveelheid geld en kwasi-geld met veel meer gestyg het as wat wel die geval was.

#### Bankkrediet

Die voortgesette toestand van hoë likwiditeit in die volkshuishouding het meegebring dat ondernemings sowel as individue oor die algemeen oor aansienlike hoeveelhede geld beskik het, nie alleen om te bestee nie maar ook om uit te leen. Dit was gevolglik vir hulle moontlik om hul vaste en voorraadinvestering sowel as hul besteding op duursame verbruiksgoedere te verhoog sonder om noodwendig *van die bankstelsel* te leen. In werklikheid het die „beheerde krediet” van die handelsbanke en die aksepbanke, soos die bygaande opsommingstabel aantoon, slegs matige





### Bankkrediet

R miljoene

	Maart 1965	Junie 1966	September 1966
<i>Handelsbanke</i>			
Totale diskon- teringe en voor- skotte . . . . .	1307	1205	1228
„Beheerde krediet“	1288	1161	1185
Verskil tussen beheerde krediet en syfer vir Maart 1965 . . . . .	—	127 (9·9%)	103 (8·0%)
<i>Aksepbanke</i>			
„Beheerde krediet“	60	52	53
Verskil tussen beheerde krediet en syfer vir Maart 1965 . . . . .	—	8 (13·5%)	7 (11·1%)
Benutte aksep- fasiliteite . . . . .	148	148	146
<i>Monêtere huurkoop- en algemene banke</i>			
„Beheerde krediet“	402	379	379
Verskil tussen beheerde krediet en syfer vir Maart 1965 . . . . .	—	22 (5·5%)	22 (5·5%)

stygings tussen Junie en September getoon, terwyl die „beheerde krediet“ van die monetêre huurkoop- en algemene banke geen verandering hoegenaamd gedurende hierdie tydperk getoon het nie. Bowendien het die „beheerde krediet“ van al die monetêre bankinstellings aan die einde van September op R134 miljoen benede die peil van Maart 1965 te staan gekom en op R177 miljoen benede die toelaatbare peil, d.w.s. die syfer vir Maart 1965 plus 2½ persent.

Aan die einde van September het die handelsbanke nog beskik oor *oorskot* likwiede bates ten bedrae van R195 miljoen of byna 9 persent van hul verpligtings teenoor die publiek. Die ooreenstemmende syfer vir die aksepbanke was R48 miljoen of 17 persent en dié vir monetêre huurkoop- en algemene banke R77 miljoen of 13 persent.

### Staatsfinansies

Hierbo is daarna verwys dat die *netto* eise van die banksektor teen die regeringsektor gedurende die derde kwartaal met R31 miljoen afgeneem het en dat dit 'n baie welkome verwickeling was, aangesien dit daarop gedui het dat die wyse van finansiering van die regeringsektor se uitgawes geneig het om die hoeveelheid geld en kwasi-geld te verminder in plaas van te vermeerder. Die banksektor se besit aan skatkiswissels, staatseffekte en ander eise teen die regeringsektor het in werklikheid met 'n verdere R69 miljoen gedurende die kwartaal gestyg, maar die uitwerking hiervan op die hoeveelheid geld en kwasi-geld is meer

### Skatkisfinansies

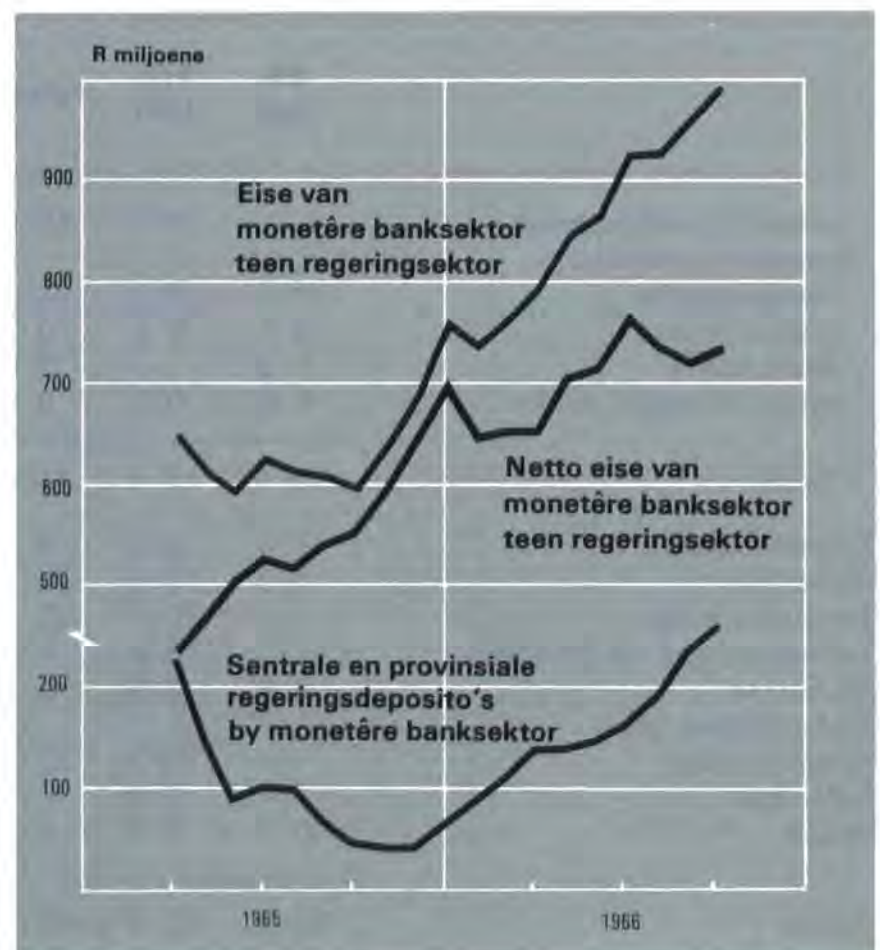
R miljoene

	1966	
	2de kw.	3de kw.
Totale tekort, uitgesonderd lenings	107	53
Finansiering:		
Verandering in netto skuldposisie teenoor:		
Buitelandse sektor . . . . .	4	4
Private nie-banksektor . . . . .	28	30
Staatskuldkommissarisse . . . . .	19	22
Betaalmeester-generaal en bestaansbeveiligingsfondse . . . . .	-1	—
Monetêre banksektor:		
Verandering in staatspapier . . . . .	129	64
Verandering in skatkissaldo* . . . . .	-72	-67
Totaal . . . . .	57	-3
Totale finansiering . . . . .	107	53

\*Toename -, afname +

as geneutraliseer deur 'n styging van R100 miljoen in regeringsdeposito's.

„Regeringsektor“ in bostaande ontleding sluit nie alleen die Suid-Afrikaanse sentrale regering in nie, maar ook die provinsiale administrasies, die administrasie van Suidwes-Afrika, die regering van die Transkei en die regerings van Lesotho, Botswana en Swaziland. Die vernaamste verwickelinge gedurende die derde kwartaal in die *Skatkisrekening as sodanig* word in die bygaande tabel saamgevat. Dit blyk dat terwyl die monetêre banksektor se besit aan skatkis-





wissels en staatseffekte gedurende die derde kwartaal met R64 miljoen gestyg het, die skatkis se kontantsaldo by hierdie sektor met R67 miljoen toegeneem het, met die gevolg dat die skatkis sy *netto* skuldposisie teenoor die banksektor met R3 miljoen verminder het. Hierdie afname, wat gedeeltelik 'n seisoensverskynsel was, vorm 'n skerp kontras met die toename van R57 miljoen gedurende die vorige kwartaal.

Ná die verhoging in die rentekoers op langtermynstaatseffekte en die indiening van wetgewing wat versekeraars, pensioenfondse en effeketrusts verplig om meer staatseffekte te hou, was die Tesourie verder in staat om gedurende Oktober aansienlike leningsfondse van nie-inflasionistiese bronne te trek. Omsettingsfasiliteite in 'n 5 persent 1969- en 'n 6½ persent 1991-effek is aan die houers van 'n 3½ persent 1963/66 plaaslik-geregistreeerde effek wat op 1 Oktober verval het, aangebied. Daarbenewens is kontantinskrywings vir albei uitgiftes gevra. Indien die Staatskuldkommissarisse buite rekening gelaat word, het kontantaansoeke in werklikheid R87·5 miljoen bedra, waarvan R11·8 miljoen van die monetêre banksektor afkomstig was, terwyl terugbetalings R7·7 miljoen beloop het, insluitende R7·5 miljoen aan die monetêre banke. Netto ontvangstes het derhalwe R79·8 miljoen bedra, waarvan die monetêre banksektor slegs R4·3 miljoen bygedra het. Die Tesourie het met ander woorde 'n netto bedrag van R75·5 miljoen van buite die banksektor, en uitgesonderd die Staatskuldkommissarisse, getrek.

Die besonderhede van die kontantaansoeke was soos volg:

R miljoene			
	5% 1969	6½% 1991	Totaal
Staatskuldkommissarisse . . . . .	—	15·0	15·0
Monetêre banksektor:			
Handelsbanke . . . . .	0·3	0·8	1·1
Diskontohuise . . . . .	0·1	0·1	0·2
Aksepbanke . . . . .	2·0	—	2·0
Ander monetêre banke . . . . .	8·0	0·5	8·5
<b>Totaal . . . . .</b>	<b>10·4</b>	<b>1·4</b>	<b>11·8</b>
Bouverenigings . . . . .	7·3	2·4	9·7
Versekeraars . . . . .	1·3	23·5	24·7
Pensioenfondse . . . . .	—	20·7	20·7
Genomineerde maatskappye . . . . .	—	5·9	5·9
Mynhuise . . . . .	0·5	2·0	2·5
Korporatiewe sake- ondernemings . . . . .	—	10·3	10·3
Individue . . . . .	—	0·8	0·8
Ander . . . . .	0·7	0·3	1·0
<b>Totaal . . . . .</b>	<b>20·2</b>	<b>82·3</b>	<b>102·5</b>

## Kapitaalmark

Ondanks die abnormaal hoë likwiditeit van die private sektor, wat die noodsaaklikheid vir baie maatskappye om hulle na die kapitaalmark te wend, verminder het, het kapitaalmarktoestande gedurende die derde kwartaal betreklik stram gebly. Die openbare sektor se kapitaalbehoefte was weer aansienlik, soos deur die volgende tabel aangetoon word:

### Netto nuwe effekte-floterings\* van die openbare sektor

R miljoene

	1966			
	Jul.	Aug.	Sept.	Okt.
Plaaslike besture . . . . .	2	14	8	8
Openbare korporasies . . . . .	—	—	50	—
Regering . . . . .	21	46	14	74
waarvan ingeskryf deur die SSK . . . . .	(22)	(46)	(14)	(-6)
<b>Totaal . . . . .</b>	<b>23</b>	<b>60</b>	<b>72</b>	<b>82</b>

\* Bruto uitgiftes min omsettings en kontantterugbetalings van effekte wat die vervaldatum bereik het.

### Aandelepryse en -opbrengskoerse

Nadat aandelepryse gedurende die tweede kwartaal en Julie geneig het om meer gelyk te verloop, het die pryse van die meeste klasse van aandele gedurende Augustus en September nuwe stygings getoon. Die pryse van goudmynaandele het in September hul hoogste vlak in 1966 bereik en die gemiddelde opbrengskoers op hierdie aandele, wat gedurende die eerste sewe maande van die jaar geleidelik gestyg het, het by benadering op die peil van 9·3 persent wat in Julie bereik is, bly staan. Die opwaartse beweging in die pryse van finansiële mynaandele het gedurende die derde kwartaal voortgeduur, terwyl die tydelike afname gedurende Junie en Julie in die pryse van nywerheids- en handelsaandele en finansiële nywerheidsaandele in Augustus omgekeer is.

### Indekse van aandelepryse (1958 = 100)

Tipe aandeel	1966				
	Mrt.	Jun.	Jul.	Aug.	Sept.
Goudmynaandele . . . . .	145	140	140	144	147
Steenkoolmynaandele . . . . .	124	123	118	118	114
Finansiële aandele:					
Mynhuise . . . . .	192	199	207	213	215
Ander mynwese . . . . .	216	232	239	252	256
Nywerheid . . . . .	231	230	210	220	217
Nywerheids- en handelsaandele . . . . .	246	241	229	239	243



## *Bouverenigings*

Die bouverenigings se middele het gedurende die derde kwartaal van 1966 aanmerklik toegeneem, naamlik met R32 miljoen, waarvan spaardeposito's R17 miljoen en vaste deposito's R15 miljoen bygedra het. Die toename in spaardeposito's was hoofsaaklik seisoenaal van aard, maar die toename in vaste deposito's kan waarskynlik gedeeltelik toegeskryf word aan die verhoging van rentekoerse op hierdie deposito's na die afskaffing van depositokoersbeheer op 8 Julie. Aandelekapitaal het geen verandering gedurende die kwartaal getoon nie, wat die indruk bevestig dat hierdie beleggingsinstrument, in vergelyking met vaste deposito's, onlangs minder gewild geword het.

Teenoor hierdie toename in middele, het die bouverenigings se uitstaande verband- en ander lenings met 'n matige bedrag van R14 miljoen gestyg. Maar die koers waarteen nuwe voorskotte toegestaan is, het merkbaar toegeneem en die verenigings se verpligtings ingevolge verbandvoorskotte toegestaan maar nog nie uitbetaal nie, het met R12 miljoen gedurende hierdie tydperk gestyg.

Die verhoogde middele het verder 'n toevoeging van R5 miljoen tot likwiede bates en ander voorgeskrewe beleggings moontlik gemaak, wat die oorskot van hierdie bates bo die wetlike vereiste minimum op R123 miljoen aan die einde van September te staan gebring het. Dit was die hoogste syfer wat vir enige kwartaal-einde aangeteken is sedert die nuwe Bouverenigingswet aan die begin van 1965 van krag geword het.



# Verklaring oor verdere stappe teen inflasie

deur Sy Edele die Minister van Finansies, Dr. T. E. Dönges,  
en Sy Edele die Minister van Ekonomiese Sake, Dr. N. Diederichs.

## 7 Desember 1966

Die Regering is vasbeslote om die oorsake van die volgehoue prysstygings in die land met al die magte tot sy beskikking te beveg.

Die jongste verwickelinge in die Suid-Afrikaanse ekonomie toon duidelik dat die stryd teen inflasie, d.w.s. die posisie wat ontstaan as te veel geld te min goedere najaag en pryse gevolglik styg, nog nie gewen is nie. Intendeel, al die beskikbare gegewens dui daarop dat 'n nuwe opwaartse beweging in die ekonomie reeds etlike maande lank aan die gang is, nadat die vorige een gedurende die tweede helfte van 1965 tekens van 'n meer gelyke verloop getoon het. Die totale kapitaal- en verbruiksbesteding neem steeds vinniger toe as die beskikbare goedere en dienste. Gevolglik hou koste en pryse aan om te styg.

Die vierpunt-aanval op inflasie wat die owerheid op 8 Julie vanjaar aangekondig het, het reeds veel gedoen om die inflasie in toom te hou. Sonder hierdie maatreëls sou die inflasie ongetwyfeld reeds veel erger gewees het. Die volle uitwerking van die maatreëls, veral die fiskale maatreëls, moet ook nog gevoel word. Nietemin is die Regering van mening dat dit nou gewens is om sommige van die bestaande maatreëls teen inflasie te verskerp en om sekere aanvullende stappe te doen.

### **Beperking van uitgawes**

In die eerste plek sal die Regering alles in sy vermoë doen om sy uitgawes so laag moontlik te hou, selfs in die geval van dienste wat essensiëel is vir die uitbreiding van die ekonomie, maar met inagneming van die oorheersende vereistes van landsveiligheid. Hy doen verder 'n dringende beroep op die provinsiale administrasies, munisipaliteite, openbare korporasies en ook op private ondernemings om in die landsbelang hulle besteding tot die absolute minimum te beperk. Verdere beperkende fiskale maatreëls sal, indien nodig, in die Begroting aangekondig word.

### **Sterilisering van oortollige korttermyn-fondse**

Met die doel om 'n gedeelte van die oortollige geld in die ekonomie uit die bestedingstroom te verwyder en skadeloos te stel, beoog die Tesourie om meer skatkisbewyse aan sowel die banke as gewone sake-ondernemings uit te reik en om die opbrengs hiervan by die Reserwebank te steriliseer en aldus uit die geldstroom te onttrek. Verder sal belastingdelging-sertifikate teen gunstige voorwaardes aan maatskappye en ander belastingbetalers aangebied word. Maatskappye met surplus fondse word vriendelik versoek om van hierdie beleggingsvorme gebruik te maak liever as om die fondse op die sogenaamde grysmark aan te bied, naamlik vir tussen-maatskappylenings. Daardeur sal hulle bydra om die kredietmaatreëls te versterk en inflasie te bekamp.

### **Beperking van bankkrediet**

Dit is belangrik om te verhoed dat bankkrediet aan die private sektor noemenswaardig toeneem. Hierdie krediet was aan die einde van September R177 miljoen of byna 10 persent onder die toelaatbare peil, d.w.s. die syfer vir Maart 1965, plus 2½ persent vir landboudoeleindes, en daar is tans dus aansienlike ruimte vir uitbreiding wat, as dit sou plaasvind, die gunstige uitwerking van die ander maatreëls in 'n mate sal neutraliseer.

Om hierdie gevaar te vermy, sal die Reserwebank al die monetêre banke versoek om toe te sien dat hul diskonteringe, lenings en voorskotte aan die private sektor, met uitsluiting van die Landbank, aan die einde van September 1967 minstens 7½ persent laer sal wees as wat dit aan die einde van Maart 1965 was, met die kwalifikasie dat hierdie perk met 2½ persent verhoog kan word ten opsigte van krediet vir landboudoeleindes deur hulle verleen.



### **Vroeër terugbetaling van buitelandse lenings**

As 'n verdere middel om die oormatige hoeveelheid geld in die ekonomie te verminder, sal die owerheid in die toepassing van valutabeheer gunstige oorweging skenk aan aansoeke om buitelandse lenings of krediete voor vervaldatum terug te betaal, mits sodanige terugbetalings nie deur bankkrediet gefinansier word nie.

### **Verslapping van invoerbeheer**

Ten einde die goederevoorraad in die land te vermeerder en in die vergrote vraag in ruimer mate te voorsien, het die Regering besluit om invoerbeheer verder te verslap. Hierdie stap, wat die land tans uit hoofde van die gunstige peil van valuta-reserwes kan bekostig, sal die heilsame uitwerking hê om die geld in omloop te verminder, mededinging te verskerp en pryse in die algemeen meer in bedwang te hou.

Die verslapping van invoerbeheer sal in 'n mindere of meerdere mate toegepas word op feitlik alle groepe kommoditeite, insluitende verbruikersgoedere. Ook die sogenaamde „Beperkte lys“ sal hersien word met die oog daarop om sekere van die goedere wat daarop verskyn, daaruit weg te laat.

Besonderhede van die verslapping word nog deur die Departement van Handel en Nywerheid uitgewerk en sal binnekort in die Staatskoerant bekend gemaak word.

### **Prysbeheer**

Die pryse van 'n aantal basiese benodigdhede word reeds beheer. *Algemene* prysbeheer sou egter nie die grondliggende oorsaak van die huidige prysstygings verwyder nie maar sou intendeel ernstige ekonomiese verstoringe kan veroorsaak. Bowendien sou uitgebreide prysbeheer op sigself kosteverhogend wees omrede dit 'n groot hoeveelheid mannekrag en staatsbesteding sal verg en 'n bykomstige werklading op die handel en nywerheid sal plaas.

Die Regering is nietemin bereid om prysbeheer op 'n *selektiewe* wyse uit te brei en in te gryp in gevalle waar enige handelaar of fabrikant sy pryse sonder baie oortuigende redes verhoog.

In die toepassing van hierdie beleid word die publiek nou aangestel om brandwag te staan en om enige

onbillike prysverhogings onmiddellik aan die Prys-kontroleur te rapporteer. Die Prys-kontroleur sal alle sodanige gevalle ondersoek en drastiese stappe onder die Prysbeheerwet doen indien dit sou blyk dat die betrokke prysverhogings nie geregverdig is nie.

Daar bestaan by baie goedere groot verskille in die pryse vir dieselfde artikel. Die publiek, die handel en die nywerhede behoort, waar hulle onderling van mekaar koop, noukeurig te let op die pryse wat hulle betaal, en van daardie voorsieners te koop wat die gunstigste pryse kwoteer. Sodoende sal hulle 'n gees van mededinging skep wat sal meehelp om die stryd teen inflasie te wen.

### **Ongesonde handelspraktyke**

Voorts is die Regering absoluut gekant teen sekere handelspraktyke wat pryse op 'n ongeregverdigde peil hou, soos bv. gesamentlike prysbinding, voorwaardelike verkope en die weerhouding van voorrade van handelaars wat goedere teen minder as ooreengekome pryse verkoop. Enige praktyk wat pryse kunstmatig hoog hou, sal die Regering met al die middele tot sy beskikking beveg.

### **Spekulasie**

Die Regering wil waarsku teen die gees van ongesonde spekulasie wat tans in toenemende mate waarneembaar is. Sakelui behoort die ekonomiese vooruitsigte op die kort termyn nugter en realisties te beskou en voldoende ag te slaan op die Regering se vasberadenheid om met die stryd teen inflasie voort te gaan totdat die oorwinning behaal is.

### **Slot**

Die Regering huiwer nie om hierdie stappe te doen nie omdat hy oortuig is dat tydelike ongerief verkieslik is bo die langdurige ramp wat onbeteuelde inflasie sou meebring. Hy sal ook nie huiwer om indien nodig nog verreikender maatreëls te neem nie. Dit is in die landsbelang, en veral in belang van die werkers, dat inflasie so spoedig moontlik gekeer word, en daarom maak die Regering staat op die samewerking van alle seksies van die bevolking om hierdie stryd met sukses deur te voer en ekonomiese stabiliteit en voorspoed in Suid-Afrika te verseker.



## Opmerkings oor tabelle

### **Tabelle S-48 tot S-51 : Buitelandse laste en bates van Suid-Afrika**

Besonderhede van Suid-Afrika se buitelandse laste en bates soos aan die einde van 1965 word vir die eerste keer in tabelle S-48 tot S-51 opgeneem. Die vernaamste verandering in hierdie laste en bates gedurende die jaar 1965 word hieronder saamgevat.

*Buitelandse laste.* Suid-Afrika se totale buitelandse laste het met R305 miljoen vanaf R3,135 miljoen aan die einde van 1964 tot R3,440 miljoen aan die einde van 1965 toegeneem. Hierdie toename van 9.7 persent verteenwoordig die grootste vermeerdering in die totale buitelandse laste gedurende enige jaar sedert 1956 toe die Bank vir die eerste keer met sy opnames van buitelandse laste en bates begin het. Die styging in die buitelandse aandeel in die opgehoopte reserwes van buitelandse beheerde Suid-Afrikaanse-inwoner organisasies het R92 miljoen tot die totale toename bygedra, terwyl alle ander lasteposte gesamentlik met R213 miljoen vermeerder het.

Naastenby twee-derdes van die totale toename van R305 miljoen is as regstreekse belegging en een-derde as onregstreeks geklassifiseer. In die geval van regstreekse belegging het die bogemelde styging in herbelegde winste die vernaamste bydrae tot die totale vermeerdering gelewer, terwyl die toename van R78 miljoen in die buitelandse laste van die sentrale Regering- en banksektor die vernaamste oorsaak vir die styging in die buitelandse laste van Suid-Afrika se onregstreekse beleggingsektor was.

Ongeveer 59 persent van Suid-Afrika se totale buitelandse verpligtings is aan die Verenigde Koninkryk verskuldig en hierdie lastetotaal het gedurende

1965 met 'n verdere R121 miljoen tot R2,025 miljoen aan die einde van daardie jaar gestyg. Verandering in die opgehoopte reserwes (herbelegde winste) het R63 miljoen beloop. Kleiner toenames het ten opsigte van al die ander belangrike lande of gebiede, veral die Verenigde State van Amerika (R58 miljoen) en Frankryk (R26 miljoen) voorgekom. As gevolg van terugbetalings op lenings het Suid-Afrika se verpligtings jeens Internasionale Organisasies met R12 miljoen tot R130 miljoen op 31 Desember 1965 verminder.

*Buitelandse bates.* Suid-Afrika se totale buitelandse bates het met R5 miljoen vanaf R1,390 miljoen aan die einde van 1964 tot R1,385 miljoen aan die einde van 1965, afgeneem. Die buitelandse bates in besit van die Suid-Afrikaanse sentrale Regering- en banksektor het egter met R33 miljoen gedaal, hoofsaaklik vanweë die vermindering van R36 miljoen in die landse totale goud- en buitelandse valutareserwes soos in die betalingsbalans vir 1965 aangetoon is. Die totale buitelandse bates van die Suid-Afrikaanse private sektor het met R28 miljoen toegeneem.

Buitelandse bates wat deur die Suid-Afrikaanse private sektor as portfoliobelegging gehou word, het met R2 miljoen tot R216 miljoen aan die einde van 1965 afgeneem, terwyl regstreekse belegging in die buiteland vanaf R497 miljoen tot R527 miljoen gedurende die jaar toegeneem het. Die grootste vermeerdering is veroorsaak deur die toename in die Suid-Afrikaanse aandeel in die reserwes van Suid-Afrikaanse-beheerde ondernemings in die buiteland.