

South African Reserve Bank

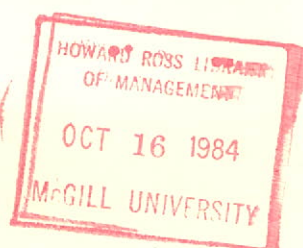
1984

**Report of the sixty-fourth
ordinary general meeting
of stockholders**

South African Reserve Bank

1984

Sixty-fourth ordinary general meeting
of stockholders



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South African Reserve Bank

Head office
Church Square, Pretoria

Board of directors

Gerhardus Petrus Christiaan de Kock
Governor

Christian Lodewyk Stals
Senior Deputy Governor

Albertus Stephanus Jacobs
Deputy Governor

Bramie van Staden
Deputy Governor

Thomas Richard Castle
Pierre Etienne Rousseau
Representing: Government

Gerald William Gaylard Browne
Lawrence Stuart Robinson
Anthony Edward Rupert
Representing: Commerce and finance

Jacobus Adriaan Jooste
Representing: Agriculture

William Francois de la Harpe Beck
Willem Johannes de Villiers
Representing: Industry

Management

Governor	G. P. C. de Kock
Senior Deputy Governor: Foreign functions	C. L. Stals
Deputy Governor: Economic services	B. van Staden
Deputy Governor: Domestic functions and administration	A. S. Jacobs
General Manager and Secretary: Money market, accounts and personnel	B. P. Groenewald
General Manager: Administration	G. P. C. de Kock
General Manager: Management services	A. M. de Villiers
General Manager: Exchange control	J. C. Senekal
General Manager: Gold and foreign exchange	H. B. Bester
Deputy General Manager: Management services	H. H. L. Smuts
Deputy General Manager: Exchange control	J. H. Postmus

Economic department

Head	C. J. de Swardt
Deputy Head	J. G. v. G. Meiring

Other

Adviser	D. W. Goedhuys
Assistant to the Governor	J. H. Meijer

Branch managers

Bloemfontein	V. G. Grobbelaar
Cape Town	W. C. de Kock
Durban	D. Naudé
East London	G. T. Byrnes
Johannesburg	R. A. Kadur
Pietermaritzburg	W. H. Waudby
Port Elizabeth	W. B. Fletcher
Pretoria	J. H. Potgieter
Pretoria North	W. C. Nieuwoudt
Windhoek	J. D. van der Berg



Dr Gerhard de Kock

South African Reserve Bank

Sixty-fourth ordinary general meeting of stockholders

Minutes of proceedings

The sixty-fourth ordinary general meeting of stockholders was held at the head office of the Bank, Pretoria, on Tuesday, 28 August 1984 at 10h30.

The Governor, who presided, declared the meeting duly convened in terms of the regulations framed under the South African Reserve Bank Act.

The minutes of the previous meeting were taken as read and confirmed.

The chairman in addressing the meeting said:

I have pleasure in formally presenting to you the annual accounts of the Bank, and the reports of the directors and the auditors, for the year ended 31 March 1984.

I also submit to you the Bank's *Annual Economic Report*, which should be regarded as furnishing a background to my remarks today.

Need for economic adjustment

The Reserve Bank views the present economic situation in South Africa in a serious light. For the second time in less than four years, the economy finds itself confronted by the need to make painful adjustments – adjustments which are well within its capabilities, but which will inevitably entail discipline and sacrifice. This situation has come about as a result of a combination of new adverse extraneous developments and inadequately restrictive fiscal and monetary policies.

New adverse extraneous developments

Of the extraneous developments, the first was the new decline in the gold price from a peak of over \$511 per ounce on 15 February 1983 to averages of only \$424 per ounce during 1983 as a whole, \$373 thus far in 1984 and a mere \$348 in the eight weeks to 24 August. To this must be added the sluggish recovery in world demand for South Africa's non-gold exports and the disappointing new onset of drought conditions in the crucial early months of 1984.

This combination of setbacks has already exerted adverse effects on both the domestic economic situation and the balance of payments, and will inevitably continue to do so for some time. If we earn substantially less in United States dollars for our main export commodity (gold) and if adverse climatic conditions transform our maize exports into imports, we are clearly poorer or less well-off as a nation than we would otherwise have been. In such circumstances, a temporary decline in the average standard of living must be accepted as inevitable.

"Mini"-upswing since April 1983

The problem is *not* that the economy has remained in a recession phase of the business cycle since August 1981 and that the expected upturn is just not

materialising. On the contrary, the economy reached a lower turning point as far back as March 1983 and subsequently moved into a distinct new cyclical upswing. This upturn was characterised by a positive rate of real economic growth and by rising spending, production, employment, profits, wages and salaries, imports, share prices and real estate values. It is true that this upswing started from a low level and never reached record heights. It is probably also now in the process of being transformed into a temporary new downswing. For these reasons it may aptly be termed a "mini"-boom. But that it turned out to be quite a vigorous upswing is evident from the following:

- During the year ended 30 June 1984, real gross *domestic* product showed a positive growth rate of 2,4 per cent, while real gross *national* product increased by 3,1 per cent. During the same period, employment increased more rapidly and unemployment declined.
- In the second quarter of 1984 total real gross domestic product was 6½ per cent higher than its previous low in the second quarter of 1983.
- In the second quarter of 1984 *real* private consumption was 7½ per cent above its previous trough in the fourth quarter of 1982. Moreover, it accelerated consistently from the first quarter of 1983 to reach a seasonally adjusted annual rate of increase of no less than 12 per cent in the second quarter of 1984.
- *Real* government consumption expenditure maintained a strong upward trend from the second quarter of 1983 and was 12 per cent higher during the first half of 1984 than in the first half of 1983.
- The utilisation of production capacity in manufacturing increased from a low of 84 per cent in the second quarter of 1983 to about 87 per cent in the second quarter of 1984 – a relatively high figure.

The upswing appears to have been triggered by the sharp rise in the gold price from about \$300 per ounce to about \$500 per ounce between June 1982 and February 1983, and by the rapid monetary expansion and decline in interest rates that followed. Subsequently, the upswing was sustained by the expansionary income-generating effects of a substantial rise in government expenditure that was not adequately covered by additional tax revenue. This included an increase of 30 per cent in the central government's total salary and wage bill between the first quarter of 1983 and the first quarter of 1984. At the same time, appreciable increases occurred in the prices of shares and real estate. The result was a combination of rising personal disposable income and perceived wealth that greatly expanded both consumer purchasing power and borrowing capacity, and thus led to a sharp rise in consumption, partly financed by new bank credit. In this process, the ratio of personal saving to personal disposable income declined from its former longer-term level of about 9 per cent to only 2,4 per cent in the first quarter of 1984. In the second quarter, personal saving actually turned negative, as the indebtedness of the personal sector showed a substantial further increase.

New pressure on the balance of payments, the exchange rate and the price level

Up to a point, the new economic upswing was welcome, since it brought about desirable increases in output, real income, employment and most forms of economic activity. However, in view of the adverse extraneous developments, the rising domestic spending before long reached a level that the country could

not afford or sustain, as it contributed to a weakening of the balance of payments, a substantial effective average depreciation of the rand against other currencies and increased inflationary pressure.

In these circumstances, the surplus that had existed on the current account of the balance of payments during the year to September 1983 was transformed into seasonally adjusted annualised deficits of R2,5 billion in the fourth quarter of 1983, R2,8 billion in the first quarter of 1984 and R1,4 billion in the second quarter. Although these fluctuations on current account were to a large extent offset by equilibrating capital movements, the net official foreign reserves nevertheless declined by R26 million during 1983 and by a further R429 million during the first half of 1984.

The situation was exacerbated in July and August 1984 by the unexpected further appreciation of the United States dollar in terms of virtually all other currencies and the resultant sharp decline in the gold price from over \$370 late in June to levels between \$332 and \$355. This added new impetus to the declining tendency which the rand had shown during the preceding nine months and brought the effective depreciation of the rand in terms of a weighted basket of other currencies to 27 per cent between September 1983 and July 1984. In terms of the United States dollar, the rand reached a low point of 59,15 cents on 1 August 1984. Since that time, following the restrictive monetary and other measures applied in South Africa from 3 August and the cessation of the dollar's upward surge, the depreciation of the rand has to some extent been reversed.

Inevitably, the combination of excessive domestic spending and currency depreciation in due course came to exert new upward pressure on the price level and, at least temporarily, reversed the encouraging downward tendency previously shown by the rate of inflation. The result was that after declining from a peak of 16,5 per cent in May 1982 to 10,0 per cent in February 1984, the rate of increase of the consumer price index, measured over a twelve-month period, accelerated to 12,4 per cent in July 1984.

The operation of the system of managed floating

In these trying circumstances, the new exchange rate system of managed floating introduced in September 1983 has worked extremely well and has proven invaluable to the Reserve Bank in coping with the strength of the United States dollar and the volatility of the gold price during the recent past.

The depreciation of the rand during the past year cannot, of course, in any way be attributed to the new exchange rate system as such. Given the strengthening of the dollar, the decline in the gold price, the drought, the rise in spending and the fiscal and monetary policies pursued, the rand would have depreciated or been devalued under any set of technical exchange rate arrangements, and probably by more than under the system actually in operation. It is certainly evident that the new system has helped to counter "speculative" capital movements, including so-called "leads and lags" in foreign payments and receipts. Given the behaviour of the dollar and the gold price, there can be little doubt that large capital outflows and a resultant loss of official foreign reserves would have resulted from any attempt by the Reserve Bank to maintain a fixed rand-dollar exchange rate. During recent months, for example, such a policy would have created the expectation of a large devaluation of the rand, which would have provided "speculators" against the rand with a one-way risk. Under the new system, however, the flexible rand exchange rate

discouraged speculation by forcing speculators, once the rand had floated down to a certain point, to take into account the possibility of rand appreciation as well as depreciation from that point onwards, i.e. by exposing them to a two-way risk.

In this way the task of the Reserve Bank in managing and protecting the official gold and other foreign reserves has been greatly facilitated. During July and the first 24 days of August, for example, as the rand came under severe pressure, the Reserve Bank's net foreign reserves declined by only R484 million – and this despite the fact that the Bank at times "intervened" actively in the foreign exchange market (by buying and selling dollars) in order to iron out undue fluctuations in the exchange rate.

Effects of abolition of non-resident exchange control

Another recent major monetary reform – the abolition of exchange control over non-residents in February 1983 – has, on balance, also had beneficial effects on the economy. It is true that under the new arrangements there was an outflow of capital of R1 275 million during 1983 in the form of net purchases by residents of South African shares from foreigners. This was mainly the result of the sharp decline in the gold price from the middle of February 1983 and the transfer of control in a number of important South African companies from foreigners to residents. But far from implying a "loss of money" for the country, this capital outflow represented a rearrangement of South Africa's foreign assets and liabilities on favourable terms and in a manner beneficial to the South African economy. By reducing South Africa's foreign share liabilities, for example, it has naturally curbed the country's future dividend payments to foreigners.

Moreover, the repatriation of South African shares occurred mainly during periods when either the current account was in surplus and/or a net inflow of foreign capital in other forms was being experienced, so that it did not place undue pressure on the net foreign reserves. From late 1983, after the current account had moved into deficit, foreigners again became *net purchasers* of South African securities, and during the first half of 1984 such net purchases amounted to R341 million. These equilibrating capital movements naturally assisted the Reserve Bank in its efforts to control the money supply.

In the final analysis, however, the basic point about the abolition of non-resident exchange control remains that, by demonstrating this country's desire and ability to provide equitable treatment to foreign investors, it has removed one of the main long-term deterrents to the investment of foreign capital in South Africa.

The nature of the present problem

From the preceding outline it is clear that the present problem confronting the South African economy is one of overspending and not one of depression. Given the existing external constraints, total spending has in recent quarters simply been too large to be sustained by current output and export earnings. Unless adequately restrained, it poses the threat of a vicious circle of inflation and currency depreciation from which the country may be unable to extricate itself for years to come.

The depreciation of the rand itself, of course, is contributing towards the required balance of payments adjustment by encouraging exports, discouraging

imports and attracting foreign capital as the exchange rate bottoms out. By maintaining the rand value of exports, the depreciated level of the rand is also having expansionary effects on the mining industry, exporters of manufactured goods and certain sectors of agriculture, as well as providing support to the stock exchange and the real estate market. Many domestic manufacturers are also deriving benefit from the additional protection provided by the rising rand prices of competing imports. The problem, however, lies in the inevitable inflationary consequences of the declining external value of the rand.

Fiscal policy

The key to the understanding of fiscal policy in South Africa since March 1983 is that it was designed to curb inflation and promote balance of payments adjustment but, in fact, turned out to be unduly expansionary.

The March 1983 Budget, for example, provided for an increase in total expenditure of only 10,3 per cent, i.e. for little if any increase in real terms, and for a deficit before borrowing of 2,4 per cent of gross domestic product. In actual fact, however, government spending increased by about 16 per cent and the deficit before borrowing eventually amounted to 3,5 per cent of gross domestic product.

This outcome was mainly the result of increases in expenditure on drought relief, defence, food subsidies, salaries and wages, and interest on the public debt. Whatever the merits of these additional outlays, they had the effect of transforming a Budget that was meant to be disinflationary into an expansionary one by contributing to an excessive generation of money incomes and private consumption along the lines indicated earlier.

A similar fate now threatens to befall the March 1984 Budget. In presenting that Budget, the Minister of Finance provided for an increase in expenditure of only 11,7 per cent above the revised estimate for 1983/84, to a level of R24,9 billion. After taking into account the various tax increases introduced before or in the Budget, provision was made for a deficit before borrowing of R3,0 billion or about 3,0 per cent of gross domestic product.

Not long after the presentation of the Budget, however, it became clear that, partly owing to additional drought relief payments, the actual spending outturn for the 1984/85 fiscal year was likely to exceed the Budget estimate of R24,9 billion by a substantial amount. It followed that if no further steps were taken to increase government revenue, the deficit before borrowing could rise to well above the Budget estimate of R3,0 billion. For this reason the Minister announced on 11 May that, with effect from 1 July 1984, the General Sales Tax would be increased from 7 to 10 per cent, but that certain basic foodstuffs would be exempted from the tax altogether.

Even taking into account this further tax increase, and also a possible under-estimation of tax revenue from other sources, present evidence suggests that both the increase in government spending and the deficit before borrowing are almost certain to turn out much larger than anticipated and might therefore again exert an unduly expansionary impact on the economy.

For this reason, the Minister of Finance announced on 2 August 1984 that the Government was launching a new and determined effort to curtail public sector spending, and that a further announcement in this regard would be made in the near future.

Recent monetary developments and policy

Although it is not yet the practice in South Africa to set and announce specific quantitative targets for money supply growth as "intermediate" objectives of monetary policy, the Reserve Bank a year ago adopted as its main intermediate objective "a gradual but substantial reduction in the rate of increase in the broad money supply (M_2) to well below the 22 per cent recorded between June 1982 and June 1983". This aim was achieved during the past year to the extent that the rate of increase of M_2 (coin, banknotes and all short and medium-term deposits with monetary banking institutions) was reduced to 18,4 per cent during the twelve months to June 1984. This reduction is all the more gratifying as it was accompanied by a marked further decline in the velocity of circulation of this money supply aggregate. By comparison, the rate of increase, over a twelve-month period, of M_1 (coin, banknotes and demand deposits only) declined from 30 per cent in June 1983 to 29 per cent in June 1984.

The extent to which monetary expansion was curbed is better illustrated by the behaviour of the broader monetary aggregate, M_3 . This money supply concept includes, in addition to M_2 , also "long-term" deposits with monetary banking institutions, i.e. deposits with an unexpired maturity of more than six months. For reasons set out in the Reserve Bank's Annual Economic Report, M_3 is under present circumstances probably a more reliable and stable aggregate to be used for assessing monetary change than either M_1 or M_2 . It is also the aggregate used by the International Monetary Fund in analysing monetary developments in South Africa. As measured over a twelve-month period, the rate of growth in M_3 was reduced from 22 per cent in June 1983 to 14 per cent in June 1984. Its income velocity of circulation also declined to a figure 20 per cent lower in the second quarter of 1984 than the peak attained in the first quarter of 1980, when both deposit rate control and credit ceilings were still in force.

One of the main reasons for the more rapid growth of M_1 and M_2 than of M_3 was the appreciable shift which occurred during the past two years within the M_3 total from deposits with a maturity of more than six months to short and medium-term deposits. This shift appears to have been caused mainly by actual and expected changes in both the level and structure of interest rates, including the introduction of interest on cheque deposits from March 1983 and the fact that interest rates on short and medium-term deposits came to exceed those on long-term deposits. The result was that by the second quarter of 1984 demand deposits constituted 53 per cent of total deposits with banks, compared with 41,5 per cent in the fourth quarter of 1982.

As during the immediately preceding years, therefore, the relatively high rates of increase of M_1 and M_2 during the year to June 1984 once again gave an exaggerated and misleading impression of the degree of monetary expansion. The essential point missed by some commentators is that, for the special reasons mentioned, the velocity of circulation of both M_1 and M_2 continued to fall sharply during this period. In technical terms, there was a huge increase in the *demand* for M_1 and M_2 as assets to hold, quite independently of changes in the "transactions needs" for such deposits. Attempts to keep the growth of M_1 and M_2 down to much lower rates would therefore have been successful only at very much higher interest rates.

The success achieved in slowing down the effective rate of monetary expansion followed the adoption by the Reserve Bank of an increasingly more

restrictive monetary policy stance from June 1983 onwards. In the ensuing months this brought about a noticeable tightening in the financial markets and a substantial rise in interest rates. The prime overdraft rate, for example, rose in stages from 14 per cent in early June 1983 to 25 per cent in August 1984, and similar increases were shown by the rates on Treasury bills, bankers' acceptances and other money market paper. The higher rates not only prevented the private sector's demand for credit from rising even more than it actually did, but also contributed greatly to the success of the Treasury and the Reserve Bank, since the middle of June 1983, in financing the larger than anticipated "deficit before borrowing" by means of tender and tap issues of government stock rather than by the use of net Reserve Bank credit.

The sound financing of government spending at a time when the private sector's demand for credit was rising and the net foreign reserves tending to decline, naturally placed the banks' cash reserves under pressure and increased their need for Reserve Bank accommodation via the discount houses. While continuing to extend this accommodation in order to avoid financial disruption and to iron out seasonal interest rate fluctuations, the Bank progressively raised its rediscount rates during the course of the past fifteen months, thereby ensuring and endorsing the upward tendency of interest rates generally and preventing the banking system's cash base from rising even more than it did.

As during the immediately preceding years, monetary policy was again criticised during the past year from two diametrically opposed points of view. On the one hand, there were those who argued that it was too restrictive and that a policy of stimulation and reflation should rather have been applied. The facts show conclusively that this criticism was again invalid. There has been no "over-kill". Spurred on by high government spending and undue money creation, the economy has been suffering from *over-spending* and not *under-spending*.

The criticism that has come from the opposite side alleges that the monetary authorities have contributed to the inflation and the emergence of new balance of payments difficulties by permitting bank credit and the money supply to rise excessively. As I have already indicated, this is, up to a point, also the Reserve Bank's own retrospective view.

In assessing the nature of monetary policy, it is always the *net result* of natural economic forces and of the actions taken by the monetary authorities that counts. Judged on this basis, Reserve Bank policy has been restrictive during the past year and has exerted beneficial restraining effects on total spending. Nevertheless, the facts show that during this period the Bank's net credit creation has caused the monetary aggregates to rise *more* and interest rates to rise *less* than they would otherwise have done. The relevant question is therefore whether the degree of Reserve Bank moderation was appropriate, or, if not, whether the Bank was *too accommodative* or *not accommodative enough*. In retrospect, I would judge that it was initially too accommodative and has only recently adopted an adequately restrictive policy stance.

Present monetary policy

Ultimate objectives

From the developments I have outlined it is evident that during the course of the past year the objective of curbing inflation was temporarily accorded a lower priority than that of correcting the balance of payments and protecting the net gold and other foreign reserves *in a manner that did not exert undue contractionary effects on domestic economic activity*. If curbing inflation had remained the main policy objective throughout this period, the value of the rand would have been defended more vigorously by means of interest rate and tax increases and other deflationary measures, regardless of their costs in terms of declining output and rising unemployment. Instead, the temporary switching of priorities was accepted, under the pressure of circumstances, as the most effective and desirable way of coping with the new and unexpected wave of adverse extraneous developments. In other words, a temporary setback in the fight against inflation, as a result of the depreciation of the rand, was viewed as a lesser evil than the deflationary consequences of trying to maintain an over-valued currency.

That this was only a temporary switching of priorities is evident from the series of corrective fiscal and monetary steps taken since February 1984, and particularly from the package of stabilisation measures announced jointly on 2 August by the Minister of Finance, the Minister of Industries, Commerce and Tourism, and the Reserve Bank. By adopting these measures, the authorities have shifted the main policy emphasis back to curbing inflation, not only as an objective in its own right *but also as the fundamental way of maintaining a sound balance of payments and achieving the optimal average rate of economic growth in the long term*.

Intermediate objectives

To promote the achievement of these ultimate objectives, the Reserve Bank has set itself the *intermediate* objective of bringing about a further reduction in the rate of increase of the money supply aggregates. As before, the adoption of this objective does not mean the application of any *rigid* money rule, but full recognition is given, of course, to the close interrelationship which exists between the money supply, interest rates and exchange rates. That is why the Reserve Bank has in recent months permitted interest rates to rise to record nominal levels as an integral part of its policy of reducing the rate of increase of the broad money supply.

Policy instruments

The main instruments of monetary policy in use at present remain the market-oriented methods of public debt management, open-market operations, rediscount policy and intervention by the Reserve Bank in the foreign exchange market. In recent months the Reserve Bank has, for example, progressively raised its rediscount rates for discount houses up to their present levels of 21,75 per cent for Treasury bills, 22,00 per cent for Land Bank bills and 22,25 per cent for bankers' acceptances, and this, in turn, has caused the banks' prime overdraft rate to rise to 25 per cent and other money market rates to adjust accordingly. For the Reserve Bank to close its "discount window" completely, i.e. to refuse to extend credit to the discount houses and the banks,

would certainly improve the Bank's control over the cash reserves of the banks and the money supply, but would in present circumstances cause unduly sharp and disruptive further increases in interest rates. This is because most banks would then, in order to meet their cash reserve requirements, be forced to sell Treasury bills, government stock, bankers' acceptances or other similar assets in a buyers' market. And since the Reserve Bank would not be buying, this would sharply reduce the prices of these various assets and therefore raise interest rates. To achieve the desired result in a less disruptive manner, the Bank has therefore discouraged excessive use of its credit facilities by raising the cost of such assistance in the classical manner indicated.

Conclusion

The message that emanates from this address is a hard one. South Africa inevitably faces a difficult period of belt-tightening and adjustment. The "mini"-upswing of the past year is over and present indications are that the economy has now moved into a temporary new downturn that will only be transformed into the next upswing at a later stage.

How deep and protracted will the new recession be? To pretend to know the answer to this question at this stage would be naïve. Obviously, developments in South Africa in the months ahead will be greatly influenced by the behaviour of the United States dollar, the gold price, the commodity markets and climatic conditions. It is possible, for example, that the dollar will depreciate materially during the year ahead, that this will be accompanied by a rise in the dollar price of gold, that international commodity markets will improve and that more normal climatic conditions will return to South Africa. In that case the anticipated domestic downturn should be moderate and short-lived.

Clearly, however, it would be irresponsible for the Reserve Bank and the Treasury to base their present policies on the assumption that such favourable extraneous developments will occur. Other and much less optimistic scenarios are also possible. As is evident from the drastic corrective measures announced on 2 August 1984, the authorities have therefore decided not to indulge in wishful thinking but to tackle the existing problems by pursuing an appropriately restrictive "mix" of monetary and fiscal policies, assisted by tighter hire-purchase restrictions. This approach is designed to achieve the following:

- A further reduction of the rates of increase of bank credit and the money supply;
- a resultant decline in the rate of increase of total spending and a cooling down of the economy as a whole;
- a consequent further reduction of imports and a continuing rise in exports, which should serve to transform the already declining deficit on the current account of the balance of payments into a substantial surplus without undue delay;
- a reversal of the tendency for the rand to depreciate against the currencies of its main trading partners;
- a strengthening of the *net* gold and other foreign reserves, mainly through the repayment of official short-term credits;

- a gradual abatement of the tendency for the rate of inflation to accelerate and, eventually, a marked decline in the rate of inflation itself;
- the provision, through the achievement of the above aims, of a sound foundation for rapid real economic growth on a sustainable basis.

It will, of course, take time for the policies now in operation to exert their full effect. Indeed, in the short term we must be prepared to experience the worst of both worlds – a recessionary tendency in the economy coupled with an accelerating rate of inflation. The recession will be the combined result of natural economic forces and the present tight monetary policy. And the anticipated acceleration of the inflation rate will be the inevitable consequence of the overspending and the large depreciation of the rand during the past year.

In due course, however, the desired beneficial results of the present monetary and fiscal strategy will begin to emerge. Already, the depreciation of the rand appears to have been arrested, if not reversed. As imports fall further and exports rise in the months ahead, the balance of payments on current account should continue to improve and can be expected to show a sizeable surplus in 1985, even without any material rise in the gold price. At some stage the net official foreign reserves should commence a new upward movement and, as this process continues, the rand will probably appreciate in terms of other currencies. By that time the tendency for the rate of inflation to *accelerate* will probably have abated, and in the ensuing months there should be a significant decline in the rate of inflation itself – the ultimate policy objective.

The extent to which real gross domestic product will be affected by these events depends on too many uncertain extraneous factors to be forecast accurately. Present indications are that it will show a rate of growth of roughly 3 per cent in 1984 and a somewhat lower rate for 1985 as a whole. However, once the rate of inflation has been brought under better control and the balance of payments has improved, the way will have been opened for more rapid and sustainable growth in the ensuing years.

If this strategy is to work, it is highly desirable that monetary policy should receive the full support of fiscal policy. If there is not enough fiscal policy in the overall policy “mix”, interest rates will have to shoulder too much of the burden of adjustment and remain high for too long a period – to the detriment of, among others, drought-stricken farmers, small businesses and those homeowners who do not enjoy the benefit of subsidised mortgage loans.

As I have indicated, this is precisely where we do have a problem at present. It is clearly going to require Herculean efforts on the part of the Government to prevent its total spending and “deficit before borrowing” from assuming unduly large proportions in 1984/85 and 1985/86 and thereby undermining the official strategy against inflation. In present circumstances, I cannot over-emphasise the critical need for cutting back public-sector spending, whether by privatisation, the termination of certain services or even the retrenchment of less productive staff. This, of course, is easier said than done, but the Minister of Finance is giving the matter his full attention and has undertaken to make a further statement on the position as soon as possible. This is to be welcomed as it is important for business concerns and the general public to be able to judge the impact of fiscal policy in the period ahead as accurately as possible.

I greatly appreciate the new resolve with which the authorities in general are approaching South Africa’s present economic difficulties and the support which

is forthcoming from the private business sector and the man in the street for the strict measures now being applied. Provided that we persist long enough with these policies, even after the balance of payments has moved into surplus, I am confident that the policy objectives I have outlined will be achieved and that, in this way, the long-term interests of the South African economy will be well served.

At the conclusion of his address the chairman moved:

That the accounts and reports be adopted.

Mr C. J. W. Ball seconded the motion which was carried.

On the motion of the chairman, seconded by Dr C. B. Strauss it was resolved:

That Dr G. W. G. Browne and Dr W. J. de Villiers whose terms of office expired on 30 June 1984, be re-elected as stockholders' representatives on the board of directors.

The chairman, on behalf of the board, then moved:

1. That Messrs Pim Goldby and Messrs Deloitte Haskins & Sells be paid the sum of eighty five thousand rand each, in accordance with the recommendation of the board, for auditing the accounts of the Bank for the year ended 31 March 1984.
2. That Messrs Deloitte Haskins & Sells and Messrs Pim Goldby be appointed auditors of the Bank's accounts for the current year.

Both motions were seconded by Dr L. S. Robinson and were carried.

After Mr R. J. N. Abrahamsen had proposed a vote of thanks to the chairman for presiding and for his address, the proceedings terminated.

Report of the board of directors of the South African Reserve Bank for the year ended 31 March 1984, to be presented to stockholders at the sixty-fourth ordinary general meeting to be held in Pretoria on Tuesday, 28 August 1984

In accordance with the provisions of the South African Reserve Bank Act, 1944, and the regulations framed thereunder, the accompanying financial statements of the Bank for the year ended 31 March 1984, certified by the auditors as prescribed, are presented to stockholders.

Capital

The Bank's capital of R2 000 000 was held by 762 stockholders, of whom 46 per cent held less than R1 000 each.

Reserve fund

In terms of section 16(3) of the South African Reserve Bank Act, 1944, R3 697 000 of the net profit for the year was allocated to the reserve fund, thereby increasing it to R36 769 000 on 31 March 1984.

Notes in circulation and notes of other banks

The Bank's note issue amounted to R3 144 597 000 at 31 March 1984, representing an increase of R310 532 000 over the year. This increase of 11 per cent is the lowest recorded since 1978/79 and reflects a deceleration in the demand for bank notes as a result of the decline in economic activity and the lower inflation rate during the past year. The liability of the Bank for notes issued by other banks showed no change during the year and remained at R373 000 as at 31 March 1984.

Deposits

The Bank's total deposit liabilities increased by R525 720 000 or 21,8 per cent, from R2 412 402 000 to R2 938 122 000 over the year. The balance on the Government's current accounts increased by R402 484 000 and that on the current accounts of the provincial administrations by R48 521 000, whereas the balance on the other current accounts declined by R26 219 000. Regarding the deposits of banks with the Reserve Bank, the balance on their current accounts decreased by R1 498 000 and the balance on their reserve accounts increased by R102 431 000. The aforementioned increase was mainly due to the higher cash reserves which banks were required to hold with the Reserve Bank as a result of an increase in their short-term liabilities to the public.

Foreign loans

The Bank's foreign loan debt increased from R486 673 000 on 31 March 1983 to R1 392 184 000 on 31 March 1984. The outstanding balance represents drawings on foreign short-term credit facilities and the additional loan facilities utilised during the year made a valuable contribution towards financing the deficit on the current account of the balance of payments.

Gold swap agreements

The amount of fine ounces gold utilised for gold swap agreements with foreign institutions remained unchanged during the past financial year. The relative agreements were renewed on maturity at the prevailing prices or at the prices which met the Bank's foreign exchange requirements.

Gold coin and bullion

The Bank's gold reserve was valued at R407,17 and R432,24 per fine ounce on 31 March 1983 and 31 March 1984, respectively. These prices were determined in terms of section 17(A) of the South African Reserve Bank Act, 1944, at 90 per cent of the average of the last ten fixing prices for gold established on the London Gold Market during the months mentioned. At these valuation prices the gold holdings amounted to R3 132 981 000 and R3 311 162 000, respectively, on the dates mentioned. The revaluation of the gold reserve during the year was recorded in the accounts of the Bank in accordance with the provisions of the abovementioned section of the Act.

Balances with overseas banks; money at call in London; foreign bills; special drawing rights and other foreign investments

The Bank's holding of foreign exchange, excluding the gold reserve, increased from R546 143 000 as at 31 March 1983 to R671 328 000 on 31 March 1984.

The increase of R303 366 000 in the Bank's total gold and other foreign reserves during the year was the result of the higher valuation price of the gold reserve and the increase in the holding of other foreign exchange to provide for the large fluctuations in these reserves.

Domestic bills

The amount of domestic bills under discount with the Bank increased by R1 019 670 000 to R1 566 180 000 during the year ended 31 March 1984 and was the net result of increases in its holding of R787 500 000 in bills of the Land and Agricultural Bank of South Africa, R365 280 000 in commercial bills and a decline of R133 110 000 in Treasury bills. The sharp increase in the amount of bills discounted is a reflection of the money market shortage at the end of the financial year, which stemmed inter alia from the restrictive monetary policy pursued by the authorities.

Other loans and advances

The balance on this account decreased by R184 066 000 to R1 001 012 000 as at the end of the past financial year due mainly to a decrease of R201 026 000 in the outstanding balances of loans to domestic customers.

Government and other securities

The Bank's holding of government and other securities increased by R450 952 000 to R917 280 000 during the past financial year. This increase was the net result of a decrease of R80 936 000 in the Bank's holding of government stock and an increase of R531 888 000 in its portfolio of other stock, mainly due to the sharp increase in accommodation to discount houses and banks through repurchase agreements. The Bank's holding of stock held under repurchase agreements increased from R229 000 000 on 31 March 1983 to no

less than R746 000 000 on 31 March 1984. This large increase was, as in the case of bills discounted, attributable to the tight money market conditions which prevailed at the end of the past financial year. During the year, government stock was tapped from the Treasury on a regular basis with a view to selling in the secondary market.

Gold and foreign exchange contingency reserve account

The balance of R892 344 000 as at 31 March 1983 had been repaid by the Government during the financial year. The amount of R654 651 000 outstanding as at the end of the 1984 financial year represents the accumulated loss on gold and foreign exchange transactions during the year and is carried forward to the next financial year.

Furniture and equipment and fixed property

The balances of both these accounts stood at R1 at the end of the year as all the expenditure on these items during the year were written off against the Bank's income, as shown in the income statement.

During the past financial year the Bank entered into a contract amounting to R117,9 million for the erection of a new head office building. On 31 March 1984 the Reserve Bank had a capital commitment of R116,3 million in respect of the unexpended amount of the contract.

Income statement

After meeting all expenses and making provision for income tax, interest payable, rebate on bills not yet due and other liabilities and contingencies, contributions to the pension fund and the writing down of fixed property and equipment and after a transfer of R66 034 000 to the reserve for future expenditure in respect of fixed property and equipment, the net profit amounted to R37 167 000. Of this amount R200 000 was paid as dividends to stockholders, whereas R3 697 000, equivalent to one tenth of the surplus, was allocated to the reserve fund, leaving a balance of R33 270 000 to be paid to the Government.

Dividends

The board declared an interim dividend of 5 per cent for the half-year ended 30 September 1983, and a final dividend of the same amount for the half-year ended 31 March 1984.

Directors

Dr G. W. G. Browne and Dr W. J. de Villiers retire by rotation on 30 June 1984 but offer themselves for re-election.

Auditors

Stockholders will be requested to determine, upon recommendation of the board, the remuneration of the auditors for the past year's audit and to appoint auditors for the current year.

Messrs Piri Goldby and Messrs Deloitte Haskins & Sells, offer themselves for re-appointment.

B. P. Groenewald
Secretary
Pretoria
27 June 1984

G. P. C. de Kock
Governor

A. S. Jacobs
L. S. Robinson
W. J. de Villiers
Directors

Balance sheet
31 March 1984

Liabilities	1984		1983	
	R	R		
Capital	2 000 000		2 000 000	
Reserve fund	36 768 625		33 071 946	
Notes in circulation	3 144 970 123		2 834 438 157	
Reserve Bank	3 144 596 696		2 834 064 730	
Other banks	373 427		373 427	
Deposit accounts	2 938 121 906		2 412 402 234	
Banks' reserve accounts	920 025 623		817 594 254	
Banks' current accounts	5 904 236		7 402 158	
Government's current accounts	716 591 324		314 107 174	
Provincial administrations' current accounts	215 523 273		167 002 470	
Other current accounts	1 080 077 450		1 106 296 178	
Foreign loans	1 392 184 465		486 673 408	
Other liabilities	971 769 596		1 395 637 883	
Stockholders – final dividend	100 000		100 000	
Government – surplus	33 270 111		–	
Total	8 519 184 826		7 164 323 628	

Assets	1984		1983	
	R	R		
Gold coin and bullion (note 1)	3 311 162 263		3 132 980 993	
Foreign exchange	671 327 896		546 142 926	
Balances with foreign banks	543 709 526		357 272 090	
Current accounts	17 688 750		19 068 371	
Time deposits	506 725 794		316 966 722	
Short-term investments	19 294 982		21 236 997	
Money at call in London	14 869 931		–	
Bills	53 951 346		45 054 787	
Special drawing rights	14 389 688		102 556 873	
Other investments	44 407 405		41 259 176	
Total gold and foreign exchange	3 982 490 159		3 679 123 919	
Domestic assets	4 536 694 667		3 485 199 709	
Bills discounted	1 566 180 000		546 510 000	
Other loans and advances	1 001 011 950		1 185 077 916	
Government stock	102 691 930		183 627 756	
Other stock	814 588 186		282 700 511	
Other assets	392 784 975		391 644 543	
Gold and foreign exchange contingency reserve account	654 651 064		892 343 749	
Coin	4 786 560		3 295 232	
Furniture and equipment	1		1	
Fixed property	1		1	
Total	8 519 184 826		7 164 323 628	

Income statement
for the year ended 31 March 1984

	1984 R	1983 R
Current expenditure	180 508 984	232 864 081
Written off:	20 156 250	7 388 439
Fixed property	15 687 475	1 423 083
Furniture and equipment	4 468 775	5 965 356
Allocation to fixed property and equipment reserve	66 034 036	9 965 965
Distribution of surplus	37 166 790	200 000
Stockholders	200 000	200 000
Reserve fund	3 696 679	—
Government	33 270 111	—
Total	303 866 060	250 418 485
Revenue	303 866 060	250 418 485
After making provision for taxation, rebate on bills not yet due, other liabilities and contingencies		
Total	303 866 060	250 418 485

B. P. Groenewald
Secretary
27 June 1984

G. P. C. de Kock
Governor

A. S. Jacobs
L. S. Robinson
W. J. de Villiers
Directors

Report of the auditors

To the stockholders of the South African Reserve Bank

We have examined the above balance sheet and report that, in our opinion, it is a full and fair balance sheet and is properly drawn up so as to exhibit a true and correct view of the whole of the Bank's affairs, according to the best of our knowledge and the explanations given to us and as shown by the books of the Bank as at 31 March 1984.

We also report that, in our opinion, the affairs of the Bank have been conducted in accordance with the provisions of the South African Reserve Bank Act, 1944, as amended, and the regulations thereunder, so far as they affect the balance sheet and accounts.

Pim Goldby
Deloitte Haskins & Sells
Auditors

Pretoria
27 June 1984

Suid-Afrikaanse Reserwebank

1984

**Verslag van die vier-en-sestigste
gewone algemene vergadering
van aandeelhouders**

Suid-Afrikaanse Reserwebank

1984

Vier-en-sestigste gewone algemene
vergadering van aandeelhouders

Inhoud

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Inkomstestaat	21
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Suid-Afrikaanse Reserwebank
Hoofkantoor
Kerkplein, Pretoria

Raad van direkteure

Gerhardus Petrus Christiaan de Kock
President

Christian Lodewyk Stals
Senior Vice-president

Albertus Stephanus Jacobs
Vice-president

Bramie van Staden
Vice-president

Thomas Richard Castle
Pierre Etienne Rousseau
Verteenwoordig: Regering

Gerald William Gaylard Browne
Lawrence Stuart Robinson
Anthony Edward Rupert
Verteenwoordig: Handel en finansiewese

Jacobus Adriaan Jooste
Verteenwoordig: Landbou

William Francois de la Harpe Beck
Willem Johannes de Villiers
Verteenwoordig: Nywerheid

Bestuur

President	G. P. C. de Kock
Senior Vise-president: Buitelandse funksies	C. L. Stals
Vise-president: Ekonomiese dienste	B. van Staden
Vise-president: Binnelandse funksies en administrasie	A. S. Jacobs
Hoofbestuurder en Sekretaris: Geldmark, rekeninge en personeel	B. P. Groenewald
Hoofbestuurder: Administrasie	G. P. C. de Kock
Hoofbestuurder: Bestuursdienste	A. M. de Villiers
Hoofbestuurder: Deviesebeheer	J. C. Senekal
Hoofbestuurder: Goud en buitelandse valuta	H. B. Bester
Adjunk-hoofbestuurder: Bestuursdienste	H. H. L. Smuts
Adjunk-hoofbestuurder: Deviesebeheer	J. H. Postmus

Ekonomiese departement

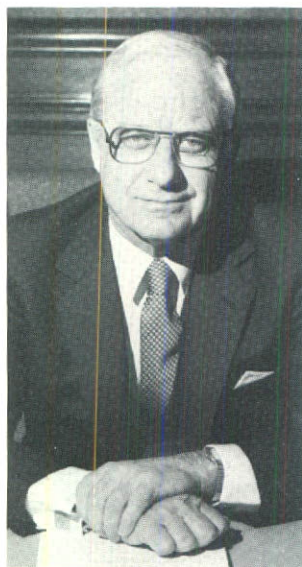
Hoof	C. J. de Swardt
Adjunk-hoof	J. G. v. G. Meiring

Ander

Adviseur	D. W. Goedhuys
Assistent van die President	J. H. Meijer

Takbestuurders

Bloemfontein	V. G. Grobbelaar
Kaapstad	W. C. de Kock
Durban	D. Naudé
Oos-Londen	G. T. Byrnes
Johannesburg	R. A. Kadur
Pietermaritzburg	W. H. Waudby
Port Elizabeth	W. B. Fletcher
Pretoria	J. H. Potgieter
Pretoria-Noord	W. C. Nieuwoudt
Windhoek	J. D. van der Berg



Dr Gerhard de Kock

Suid-Afrikaanse Reserwebank

Vier-en-sestigste gewone algemene vergadering van aandeelhouders

Notule van die verrigtinge

Die vier-en-sestigste gewone algemene vergadering van aandeelhouders is op Dinsdag, 28 Augustus 1984 om 10h30 in die hoofkantoor van die Bank te Pretoria gehou.

Die President tree as voorsitter op en verklaar die vergadering behoorlik byeen-geroep ooreenkomstig die regulasies ingevolge die Wet op die Suid-Afrikaanse Reserwebank.

Die notule van die vorige vergadering word as gelese beskou en is goedgekeur. Die voorsitter spreek daarop die vergadering as volg toe:

Dit is vir my 'n genoeë om die finale rekeninge van die Bank, sowel as die verslae van die direksie en die ouditeure, vir die jaar geëindig 31 Maart 1984, formeel aan u voor te lê.

Ek lê ook aan u voor die bank se *Jaarlikse Ekonomiese Verslag*, wat as agtergrond vir die opmerkings wat ek vandag gaan maak, beskou moet word.

Noodsaaklikheid van ekonomiese aanpassing

Die Reserwebank beskou die huidige ekonomiese toestand in Suid-Afrika in 'n ernstige lig. Vir die tweede maal in minder as vier jaar het die ekonomie te staan gekom voor die noodsaaklikheid om pynlike aanpassings te maak – aanpassings waartoe die ekonomie goed in staat is, maar wat onvermydelik dissipline en opofferings sal vereis. Hierdie toestand het ontstaan as gevolg van 'n kombinasie van nuwe ongunstige eksterne ontwikkelings en fiskale en monetêre beleidsmaatreëls wat nie beperkend genoeg was nie.

Nuwe ongunstige eksterne ontwikkelings

Die eerste van die eksterne ontwikkelings was die nuwe daling in die goudprys van 'n hoogtepunt van meer as \$511 per ons op 15 Februarie 1983 tot gemiddeldes van slegs \$424 per ons gedurende 1983 in sy geheel, \$373 tot dusver in 1984 en slegs \$348 in die agt weke tot 24 Augustus. Hierby moet die trae herstel in die wêreldvraag na Suid-Afrika se nie-goud-uitvoere en die teleurstellende nuwe intrede van droogtetoestande in die deurslaggewende eerste paar maande van 1984 gevoeg word.

Hierdie kombinasie van terugslae het alreeds 'n nadelige invloed op die binne-landse ekonomiese toestand sowel as op die betalingsbalans uitgeoefen en sal onvermydelik 'n tyd lank aanhou om dit te doen. Wanneer ons vir ons belangrikste uitvoerprodukt (goud) aansienlik minder in terme van Amerikaanse dollars verdien en wanneer ongunstige klimaatstoestande ons mielie-uitvoere in mielie-invoere verander, is ons, as land, beslis armer of minder welgesteld as wat ons andersins sou gewees het. Onder sulke omstandighede moet 'n tydelike verlaging van die gemiddelde lewenspeil as onvermydelik aanvaar word.

"Mini"-oplewing vanaf April 1983

Die probleem is *nie* dat die ekonomie sedert Augustus 1981 steeds in 'n resesiefase van die konjunkturgolf gebly het en dat die verwagte oplewing maar net nie wil kom nie. Die ekonomie het intendeel reeds so lank gelede as Maart 1983 'n onderste draaipunt bereik en vervolgens 'n duidelike nuwe sikliese opswaai binnegegaan. Hierdie oplewing is gekenmerk deur 'n positiewe reële ekonomiese groeikoers en deur stygende besteding, produksie, indiensneming, winste, lone en salarisse, invoere, aandelepryse en vaste-eiendomswaardes. Dit is waar dat hierdie opswaai van 'n lae vlak begin het en nooit rekordhoogtes bereik het nie. Hierbenewens is dit tans waarskynlik reeds besig om in 'n tydelike nuwe afswaai te verander. Om hierdie redes kan dit paslik as 'n "mini"-oplewing beskryf word. Maar dat dit nogal 'n heel kragtige opswaai was, blyk duidelik uit die volgende:

- Gedurende die jaar wat op 30 Junie 1984 geëindig het, het die reële bruto binnelandse produk 'n positiewe groeikoers van 2,4 persent getoon, terwyl die bruto nasionale produk met 3,1 persent toegeneem het. Gedurende dieselfde tydperk het indiensneming vinniger gestyg en werkloosheid gedaal.
- In die tweede kwartaal van 1984 was die totale reële bruto binnelandse produk $6\frac{1}{2}$ persent hoër as sy vorige laagtepunt in die tweede kwartaal van 1983.
- In die tweede kwartaal van 1984 was die reële private verbruik $7\frac{1}{2}$ persent hoër as sy vorige laagtepunt in die vierde kwartaal van 1982. Bowendien het dit vanaf die eerste kwartaal van 1983 aanhoudend versnel totdat dit in die tweede kwartaal van 1984 'n seisoensaangesuiwerde jaarkoers van toename van nie minder nie as 12 persent bereik het.
- Die reële owerheidsverbruiksbesteding het vanaf die tweede kwartaal van 1983 'n sterk opwaartse neiging gehandhaaf en was gedurende die eerste helfte van 1984 12 persent hoër as in die eerste helfte van 1983.
- Die benutting van produksiekapasiteit in die fabriekswese het gestyg van 'n laagtepunt van 84 persent in die tweede kwartaal van 1983 tot ongeveer 87 persent in die tweede kwartaal van 1984 – 'n betreklik hoë syfer.

Dit wil voorkom asof die opswaai aan die gang gesit is deur die skerp styging in die goudprys van ongeveer \$300 per ons tot ongeveer \$500 per ons tussen Junie 1982 en Februarie 1983, en deur die vinnige monetêre uitbreiding en die daling in rentekoerse wat daarop gevolg het. Daarná is die opswaai gesteun deur die ekspansionistiese, inkomeskeppende uitwerking van 'n aansienlike styging in owerheidsbesteding wat nie voldoende deur bykomende belastingontvangste gedek is nie. Hierby was 'n toename van 30 persent in die sentrale regering se totale loon- en salarissom tussen die eerste kwartaal van 1983 en die eerste kwartaal van 1984 ingesluit. Terselfdertyd het daar aanmerklike stygings in die pryse van aandele en vaste eiendom voorgekom. Die gevolg hiervan was 'n kombinasie van stygende persoonlike beskikbare inkome en gewaande rykdom wat sowel die koopkrag as die leenvermoë van verbruikers aansienlik verhoog het en daardeur tot 'n skerp styging in verbruiksbesteding gelei het, wat gedeeltelik deur nuwe bankkrediet gefinansier is. In hierdie proses het die verhouding van persoonlike besparing tot persoonlike beskikbare inkome vanaf sy vroeëre langer-termynvlak van ongeveer 9 persent tot slegs 2,4 persent in die eerste kwartaal van 1984 gedaal. In die tweede kwartaal het persoonlike besparing in werklikheid selfs negatief geword, namate die skuldposisie van die persoonlike sektor 'n aansienlike verdere toename getoon het.

Nuwe druk op die betalingsbalans, die wisselkoers en die pryspeil

Tot op sekere hoogte kon die nuwe ekonomiese opswaai verwelkom word aangesien dit gewenste toenames in produksie, reële inkome, indiensneming en die meeste vorms van ekonomiese bedrywigheid meegebring het. In die lig van die ongunstige eksterne ontwikkelings, het die stygende binnelandse besteding egter spoedig 'n vlak bereik wat die land nie kon bekostig of handhaaf nie, aangesien dit bygedra het tot 'n verswakking van die betalingsbalans, 'n aansienlike effektiewe gemiddelde depresiasie van die rand teenoor ander geldeenhede en verhoogde inflasionistiese druk.

Onder hierdie omstandighede is die oorskot wat gedurende die jaar tot September 1983 op die lopende rekening van die betalingsbalans bestaan het, omskep in tekorte teen seisoensaangesuiwerde jaarkoerse van R2,5 miljard in die vierde kwartaal van 1983, R2,8 miljard in die eerste kwartaal van 1984 en R1,4 miljard in die tweede kwartaal. Hoewel hierdie skommelings op die lopende rekening in belangrike mate deur ewewigskeppende kapitaalbewegings geneutraliseer is, het die netto amptelike buitelandse reserwes nietemin gedurende 1983 met R26 miljoen en gedurende die eerste helfte van 1984 met 'n verdere R429 miljoen gedaal.

Die toestand is in Julie en Augustus 1984 vererger deur die onverwagte verdere appresiasie van die Amerikaanse dollar teenoor feitlik alle ander geldeenhede en die gevolglike skerp daling in die goudprys van meer as \$370 laat in Junie tot vlakke tussen \$332 en \$355. Dit het nuwe stukrag verleen aan die dalende neiging wat die rand gedurende die voorafgaande nege maande getoon het en het die effektiewe depresiasie van die rand in terme van 'n geweegde mandjie van ander geldeenhede tussen September 1983 en Julie 1984 op 27 persent te staan gebring. In terme van die Amerikaanse dollar het die rand op 1 Augustus 1984 'n laagtepunt van 59,15 sent bereik. Sedertdien is die depresiasie van die rand in sekere mate omgekeer nadat die beperkende monetêre en ander maatreëls van 3 Augustus toegepas is en die sterk opwaartse beweging van die dollar tot 'n einde gekom het.

Onvermydelik het die kombinasie van oormatige binnelandse besteding en depresiasie van die geldeenheid mettertyd nuwe opwaartse druk op die pryspeil begin uitoefen en, minstens tydelik, die bemoedigende afwaartse neiging wat voorheen deur die inflasiekoers aan die dag gelê is, omgekeer. Die gevolg hiervan was dat, nadat die koers van toename in die verbruikersprysindeks, soos gemeet oor 'n tydperk van twaalf maande, van 'n hoogtepunt van 16,5 persent in Mei 1982 tot 10,0 persent in Februarie 1984 gedaal het, dit tot 12,4 persent in Julie 1984 versnel het.

Die werking van die stelsel van beheerde swewing

Onder hierdie moeilike omstandighede het die nuwe wisselkoersstelsel van beheerde swewing wat in September 1983 ingestel is, buitengewoon goed gewerk en vir die Reserwebank van onskatbare waarde geblyk te wees ten einde die sterkte van die Amerikaanse dollar en die onbestendigheid van die goudprys in die onlangse verlede die hoof te bied.

Die depresiasie van die rand gedurende die afgelope jaar kan natuurlik hoe-genaamd nie aan die nuwe wisselkoersstelsel as sodanig toegeskryf word nie. Gegewe die verstewiging van die dollar, die daling in die goudprys, die droogte, die toename in besteding en die fiskale en monetêre beleid wat toegepas is, sou die rand onder enige stel tegniese wisselkoersreëlings gedeprimeer het of gedevalueer gewees het, en waarskynlik in groter mate as onder die stelsel wat in werklikheid van krag was. Dit is heeltemal duidelik dat die nuwe stelsel gehelp het om "spekulatiewe" kapitaalbewegings, met inbegrip van die

sogenaamde “vervroegings en vertragings” in buitelandse betalings en ontvangste, teen te werk. Gegewe die verloop van die dollar en die goudprys, kan daar weinig twyfel bestaan dat groot uitstromings van kapitaal en ’n gevolglike verlies van amptelike buitelandse reserwes sou voortgespruit het uit enige poging van die Reserwebank om ’n vaste wisselkoers tussen die rand en die dollar te handhaaf. Gedurende die afgelope paar maande sou so ’n beleid byvoorbeeld die verwagting van ’n groot devaluasie van die rand geskep het, wat “spekulante” teen die rand van ’n een-rigting-risiko sou voorsien het. Onder die nuwe stelsel het die plooibare wisselkoers van die rand egter spekulasie ontmoedig deurdat dit spekulante gedwing het om, nadat die rand tot by ’n sekere punt afwaarts gesweef het, die moontlikheid in aanmerking te neem dat die rand vanaf daardie punt sou kon appresieer sowel as depresieer, dit wil sê deur die spekulante aan ’n twee-rigting-risiko bloot te stel.

Op hierdie wyse is die taak van die Reserwebank om die amptelike goud- en ander buitelandse reserwes te bestuur en te beskerm, aansienlik vergemaklik. Gedurende Julie en die eerste 24 dae van Augustus, toe die rand onder swaar druk gekom het, het die Reserwebank se netto buitelandse reserwes byvoorbeeld met slegs R484 miljoen gedaal, en dit ten spyte van die feit dat die Bank by tye aktief in die buitelandse valutamark “ingemeng” het (deur dollars te koop en te verkoop) ten einde oormatige skommelings in die wisselkoers uit te stryk.

Uitwerking van afskaffing van valutabeheer oor nie-inwoners

’n Verdere onlangse belangrike monetêre hervorming – die afskaffing van valutabeheer oor nie-inwoners in Februarie 1983 – het per saldo ook ’n gunstige uitwerking op die ekonomie gehad. Dit is waar dat daar onder die nuwe reëlins in 1983 ’n kapitaaluitvloeiing van R1 275 miljoen voorgekom het in die vorm van netto aankope deur inwoners van Suid-Afrikaanse aandele van buitelanders. Dit was hoofsaaklik die gevolg van die skerp daling in die goudprys vanaf die middel van Februarie 1983 en van die oordrag van beheer oor ’n aantal belangrike Suid-Afrikaanse maatskappye van buitelanders na inwoners. Maar in plaas daarvan dat dit ’n “verlies aan geld” vir die land beteken het, het hierdie uitvloeiing van kapitaal ’n herskikking van Suid-Afrika se buitelandse bates en laste beteken op voorwaardes en op ’n wyse wat vir die Suid-Afrikaanse ekonomie voordelig was. Deurdat dit Suid-Afrika se buitelandse laste in die vorm van aandele verminder het, het dit uit die aard van die saak byvoorbeeld die land se toekomstige dividendbetalings aan buitelanders beperk.

Bowendien het die repatriasie van Suid-Afrikaanse aandele hoofsaaklik voorgekom gedurende tydperke waarin die lopende rekening ’n oorskot getoon het en/of waarin daar ’n netto invloeiing van buitelandse kapitaal in ander vorms ondervind is, sodat dit geen oormatige druk op die netto buitelandse reserwes geplaas het nie. Vanaf laat in 1983, nadat die lopende rekening ’n tekort begin toon het, het buitelanders weer eens *netto kopers* van Suid-Afrikaanse effekte geword, en gedurende die eerste helfte van 1984 het sodanige netto aankope R341 miljoen beloop. Hierdie ewewigskeppende kapitaalbewegings het die Reserwebank natuurlik gehelp in sy pogings om die geldvoorraad te beheer.

Op stuk van sake bly die belangrikste oorweging by die afskaffing van valuta-beheer oor nie-inwoners egter dat dit, deur bewys te lewer van hierdie land se begeerte en vermoë om buitelandse beleggers op billike wyse te behandel, een van die belangrikste langtermyn-struikelblokke in die pad van die belegging van buitelandse kapitaal in Suid-Afrika uit die weg geruim het.

Die aard van die huidige probleem

Uit die voorgaande samevatting is dit duidelik dat die probleem waarmee die Suid-Afrikaanse ekonomie tans te kampe het, 'n probleem van oorbesteding is en nie van depressie nie. Gegewe die bestaande eksterne beperkings, was die totale besteding in die afgelope aantal kwartale eenvoudig te groot om deur die lopende produksie en uitvoerverdienste in stand gehou te word. Tensy dit in toereikende mate aan bande gelê word, hou dit die bedreiging in van 'n boosaardige kringloop van inflasie en depresiasie van die geldeenheid, waarvan die land hom in komende jare moeilik sal kan losmaak.

Die depresiasie van die rand dra uiteraard self tot die vereiste aanpassing van die betalingsbalans by deurdat dit uitvoere aanmoedig, invoere ontmoedig en buitelandse kapitaal aantrek namate die wisselkoersdaling afplat. Deurdat dit die rand-waarde van uitvoere in stand hou, oefen die gedepresieerde vlak van die rand ook 'n ekspansionistiese invloed uit op die mynbedryf, op uitvoerders van fabrieksgoedere en op sekere sektore van die landbou, terwyl dit ook steun aan die aandelebeurs en die vaste-eiendomsmark verleen. Baie binnelandse vervaardigers trek ook voordeel uit die bykomende beskerming wat deur die stygende rand-pryse van mededingende invoergoedere gebied word. Die probleem lê egter in die onvermydelike inflasionistiese gevolge van die dalende eksterne waarde van die rand.

Fiskale beleid

Die sleutel tot die regte insig in die fiskale beleid in Suid-Afrika sedert Maart 1983 lê daarin dat dit bedoel was om inflasie te beteuel en aanpassing van die betalingsbalans te bevorder maar in werklikheid geblyk het oormatig ekspansionisties te wees.

Die Begroting van Maart 1983 het byvoorbeeld voorsiening gemaak vir 'n toename in die totale besteding van slegs 10,3 persent, dit wil sê vir weinig indien enige styging in reële terme, en vir 'n tekort voor lenings van 2,4 persent van die bruto binnelandse produk. In werklikheid het die owerheidsbesteding egter met ongeveer 16 persent toegeneem en het die tekort voor lenings uiteindelik 3,5 persent van die bruto binnelandse produk beloop.

Hierdie uitslag was hoofsaaklik die gevolg van toenames in die besteding aan droogtehulp, verdediging, voedselsubsidies, lone en salarisse, en rente op die staatskuld. Wat ook al die meriete van hierdie bykomende uitgawes was, het dit die uitwerking gehad om 'n Begroting wat bedoel was om disinflasionisties te wees in 'n ekspansionistiese een te omskep, deurdat dit bygedra het tot 'n oormatige skepping van geldelike inkomes en stimulering van private verbruik op die wyse soos voorheen aangedui.

Die Begroting van Maart 1984 word nou deur 'n soortgelyke lot bedreig. Toe die Minister van Finansies daardie Begroting ingedien het, het hy voorsiening gemaak vir 'n toename in besteding van slegs 11,7 persent bo die hersiene raming vir 1983/84, tot 'n vlak van R24,9 miljard. Nadat die verskillende belastingverhogings wat voor of in die Begroting ingestel is, in berekening gebring is, is daar voorsiening gemaak vir 'n tekort voor lenings van R3,0 miljard of ongeveer 3 persent van die bruto binnelandse produk.

Nie lank ná die indiening van die Begroting nie, het dit egter duidelik geword dat die werklike besteding vir die fiskale jaar 1984/85, gedeeltelik as gevolg van bykomende droogte-bystandbetalings, die Begrotingsraming van R24,9 miljard waarskynlik met 'n aansienlike bedrag sou oorskry. Indien daar gevolglik geen verdere stappe gedoen sou word om die staatsinkomste te verhoog nie, sou die

tekort voor lenings tot heelwat meer as die Begrotingsraming van R3,0 miljard kon styg. Om hierdie rede het die Minister op 11 Mei aangekondig dat die Algemene Verkoopbelasting met ingang van 1 Julie 1984 van 7 tot 10 persent verhoog sou word, maar dat sekere basiese voedselsoorte geheel en al van die belasting vrygestel sou word.

Selfs nadat hierdie verdere belastingverhoging, en ook 'n moontlike onderberaming van belastingontvangste uit ander bronne, in aanmerking geneem is, dui die huidige gegewens nog daarop dat sowel die toename in die owerheidsbesteding as die tekort voor lenings byna seker veel groter sal blyk te wees as wat verwag is en derhalwe weer eens 'n oormatig ekspansionistiese uitwerking op die ekonomie sou kon hê.

Om hierdie rede het die Minister van Finansies op 2 Augustus 1984 aangekondig dat die Regering 'n nuwe en vasberade poging van stapel sou stuur om besteding deur die openbare sektor aan bande te lê en dat 'n verdere aankondiging in hierdie verband binnekort gedoen sou word.

Onlangse monetêre ontwikkelings en beleid

Alhoewel dit in Suid-Afrika nog nie gebruiklik is om spesifieke kwantitatiewe mikpunte vir die groei van die geldvoorraad as "intermediêre" doelstellings van monetêre beleid vas te stel en aan te kondig nie, het die Reserwebank 'n jaar gelede "'n geleidelike maar aansienlike vermindering van die koers van toename in die breë geldvoorraad (M_2) tot heelwat minder as die koers van 22 persent wat tussen Junie 1982 en Junie 1983 aangeteken is" as sy belangrikste intermediêre doelstelling aanvaar. Hierdie oogmerk is gedurende die afgelope jaar verwesenlik in dié mate dat die koers van toename in M_2 (munte, banknote en alle kort- en middeltermyndeposito's by monetêre bankinstellings) tot 18,4 persent gedurende die twaalf maande tot Junie 1984 verminder is. Hierdie vermindering is soveel te meer bevredigend omdat dit met 'n opmerklieke verdere daling in die omloopsnelheid van hierdie monetêre totaal gepaard gegaan het. In vergelyking hiermee het die koers van toename oor 'n tydperk van twaalf maande in M_1 (munte, banknote en onmiddellik opeisbare deposito's alleen) van 30 persent in Junie 1983 tot 29 persent in Junie 1984 gedaal.

Die mate waarin die monetêre uitbreiding betueel is, word beter toegelig deur die verloop van die breër monetêre totaal, M_3 . Hierdie begrip van die geldvoorraad sluit, benewens M_2 , ook "langtermyn"-deposito's by monetêre bankinstellings in, dit wil sê deposito's met 'n onverstreke looptyd van meer as ses maande. Om redes wat in die Bank se Jaarlikse Ekonomiese Verslag uiteengesit word, is M_3 onder die huidige omstandighede waarskynlik 'n meer betroubare en meer stabiele totaal vir die beoordeling van monetêre veranderinge as of M_1 of M_2 . Dit is ook die totaal wat deur die Internasionale Monetêre Fonds gebruik word by die ontleding van monetêre ontwikkelings in Suid-Afrika. Oor 'n tydperk van twaalf maande gemeet, is die groeikoers in M_3 van 22 persent in Junie 1983 tot 14 persent in Junie 1984 verlaag. Hierbenewens het die inkomeloomloopsnelheid daarvan gedaal tot 'n syfer in die tweede kwartaal van 1984 wat 20 persent laer was as die hoogtepunt wat in die eerste kwartaal van 1980 bereik is, toe sowel depositokoersbeheer as kredietplafonne nog van krag was.

Een van die belangrikste redes vir die vinniger groei in M_1 en M_2 as in M_3 was die aanmerklike verskuiwing wat gedurende die afgelope twee jaar binne die M_3 -totaal plaasgevind het van deposito's met 'n looptyd van meer as ses maande na kort- en middeltermyndeposito's. Dit wil voorkom asof hierdie verskuiwing hoofsaaklik teweeggebring is deur werklike en verwagte veranderinge

in sowel die vlak as die struktuur van rentekoerse, insluitende die instelling van rente-betalings op tjekdeposito's vanaf Maart 1983, asook die feit dat rentekoerse op kort- en middeltermyndeposito's die koerse op langtermyndeposito's begin oorskry het. Die gevolg hiervan was dat onmiddellik opeisbare deposito's teen die tweede kwartaal van 1984 53 persent van die totale deposito's by banke uitgemaak het, vergeleke met 41,5 persent in die vierde kwartaal van 1982.

Soos gedurende die onmiddellik voorafgaande jare het die betreklik hoë koerse van toename in M_1 en M_2 gedurende die jaar tot Junie 1984 derhalwe weer eens 'n oordrewe en misleidende indruk van die mate van monetêre uitbreiding geskep. Die belangrike punt wat deur sommige kommentators oor die hoof gesien word, is dat die omloopsnelheid van sowel M_1 as M_2 , om die spesiale redes genoem, gedurende hierdie tydperk aangehou het om skerp te daal. Tegnies gesproke was daar 'n baie groot toename in die vraag na M_1 en M_2 as bates om te hou, onafhanklik van veranderinge in die "transaksiebehoefte" aan sodanige deposito's. Pogings om die groei in M_1 en M_2 tot heelwat laer koerse te beperk sou derhalwe slegs by veel hoër rentekoerse suksesvol gewees het.

Die welslae wat met die verlangsaaming van die effektiewe koers van monetêre uitbreiding behaal is, het gevolg op die aanvaarding van 'n al hoe meer beperkende beleidshouding deur die Reserwebank vanaf Junie 1983. In die daaropvolgende maande het dit 'n merkbare vernouing van die finansiële markte en 'n aansienlike styging in rentekoerse meegebring. Die prima-oortrekkingskoers het byvoorbeeld trapsgewys van 14 persent in die begin van Junie 1983 tot 25 persent in Augustus 1984 gestyg, en soortgelyke stygings is deur die koerse op skatkiswissels, bankaksepte en ander geldmarkinstrumente getoon. Die hoër koerse het nie slegs verhinder dat die vraag van die private sektor na krediet nog meer gestyg het as wat dit in werklikheid gedoen het nie, maar het ook grootliks bygedra tot die sukses wat die Tesourie en die Reserwebank sedert die middel van Junie 1983 behaal het met die finansiering van die groter as verwagte "tekort voor lenings" deur middel van tender- en tapuitgifte van staatseffekte in plaas daarvan om van netto Reserwebankkrediet gebruik te maak.

Die gesonde finansiering van die owerheidsbesteding in 'n stadium waarin die private sektor se vraag na krediet besig was om te styg en die netto buitelandse reserwes geneig het om te daal, het vanselfsprekend die banke se kontantreserwes onder druk geplaas en hul behoefte aan akkommodasie deur die Reserwebank via die diskontohuise vergroot. Terwyl die Bank voortgegaan het om sodanige akkommodasie te verleen om finansiële ontwigting te voorkom en om seisoenskommelings in die rentekoerse uit te stryk, het hy in die loop van die afgelope vyftien maande sy herdiskonteringskoerse progressief verhoog. Daardeur het hy die opwaartse neiging in rentekoerse in die algemeen verseker en goedgekeur, en verhinder dat die kontantbasis van die bankstelsel selfs nog meer gestyg het as wat dit in werklikheid gedoen het.

Soos gedurende die onmiddellik voorafgaande jare is die monetêre beleid gedurende die afgelope jaar weer eens vanuit twee lynreg teenoorgestelde oogpunte gekritiseer. Enersyds was daar diegene wat aangevoer het dat dit te beperkend was en dat daar liewers 'n beleid van stimulering en reflasie toegepas moes gewees het. Die feite toon duidelik dat hierdie kritiek weer eens nie geldig was nie. Daar was geen oormatige beperking of "over-kill" nie. Aangespoor deur hoë owerheidsbesteding en oormatige geldskepping, het die ekonomie aan oorbesteding gely en nie aan onderbesteding nie.

Die kritiek wat van die teenoorgestelde kant gekom het, beweer dat die monetêre owerhede tot die inflasie en tot die ontstaan van nuwe betalingsbalansprobleme bygedra het deurdat hulle toegelaat het dat bankkrediet en die geldvoorraad oormatig styg. Soos ek reeds aangedui het, strook dit, tot op sekere hoogte en agterná beskou, ook met die Reserwebank se eie siening.

By die beoordeling van die aard van monetêre beleid is dit altyd die *netto resultaat* van natuurlike ekonomiese kragte en owerheidsoptrede wat tel. Wanneer dit op hierdie basis beoordeel word, was die Reserwebank se beleid gedurende die afgelope jaar beperkend en het dit 'n heilsame beteuende invloed op die totale besteding uitgeoefen. Die feite toon nietemin dat die Bank se netto kredietverlening gedurende hierdie tydperk meegebring het dat die monetêre totale *meer* en rentekoerse *minder* gestyg het as wat andersins die geval sou gewees het. Die tersaaklike vraag is derhalwe of die graad van die Reserwebank se matigende optrede gepas was, of, indien nie, of die Bank dan *te akkommoderend* was of *nie akkommoderend genoeg nie*. Agterná beskou sou my oordeel hieroor wees dat die Bank aanvanklik te akkommoderend was en eers onlangs 'n toereikend beperkende beleidshouding ingeneem het.

Huidige monetêre beleid

Uiteindelijke doelstellings

Uit die ontwikkelings wat ek geskets het, is dit duidelik dat daar in die loop van die jaar wat verby is aan die doelstelling van betuening van inflasie tydelik 'n laer voorrang toegeken is as aan dié van regstelling van die betalingsbalans en beskerming van die netto goud- en ander buitelandse reserwes *op 'n wyse wat geen oormatige inkrimpende uitwerking op die binnelandse ekonomiese bedrywigheid uitgeoefen het nie*. Indien die betuening van inflasie regdeur hierdie tydperk die belangrikste beleidsdoelstelling sou gebly het, sou die waarde van die rand kragdadiger deur middel van rentekoers- en belastingverhogings en ander deflasionistiese maatreëls verdedig gewees het, ongeag die koste van sulke maatreëls in terme van dalende produksie en stygende werkloosheid. In plaas daarvan is die tydelike omruiling van prioriteite onder die druk van die omstandighede aanvaar as die mees doeltreffende en wenslike manier om die nuwe en onverwagte golf van ongunstige eksterne ontwikkelings die hoof te bied. 'n Tydelike terugslag in die stryd teen inflasie as gevolg van die depresiasie van die rand is, met ander woorde, as 'n kleiner euwel beskou as die deflasionistiese gevolge van pogings om 'n oorgewaardeerde geldeenheid in stand te hou.

Dat dit slegs 'n tydelike omruiling van prioriteite was, blyk duidelik uit die reeks korrektiewe fiskale en monetêre stappe wat sedert Februarie 1984 gedoen is, en in die besonder uit die pakket stabilisasiemaatreëls wat op 2 Augustus gesamentlik deur die Minister van Finansies, die Minister van Nywerheidswese, Handel en Toerisme, en die Reserwebank aangekondig is. Deur hul aanvaarding van hierdie maatreëls het die owerhede die hoofklem van hul beleid terugverskuif na die betuening van inflasie, nie slegs as 'n doelstelling in sy eie reg nie *maar ook as die grondliggende manier waarop 'n gesonde betalingsbalans gehandhaaf en die optimale gemiddelde ekonomiese groeikoers op lang termyn bewerkstellig kan word*.

Intermediêre doelstellings

Om die verwesenliking van hierdie uiteindelijke doelstellings te bevorder, het die Reserwebank vir homself die *intermediêre* doelstelling gestel om 'n verdere

vermindering van die koers van toename in die monetêre totale teweeg te bring. Soos voorheen, beteken die aanvaarding van hierdie doelstelling nie die toepassing van enige *starre* geldreël nie, maar word daar uiteraard volle erkenning gegee aan die noue verwantskap wat daar tussen die geldvoorraad, rentekoerse en wisselkoerse bestaan. Dit is waarom die Reserwebank die rentekoerse in die afgelope aantal maande toegelaat het om tot rekord nominale vlakke te styg as 'n integrerende deel van sy beleid om die koers van toename in die breë geldvoorraad te verminder.

Beleidsinstrumente

Die belangrikste instrumente van monetêre beleid wat tans gebruik word, bly nog die markgerigte metodes van openbareskuldbeheer, opemarktransaksies, herdiskonteringsbeleid en intervensie deur die Reserwebank in die buitelandse-valutamark. Oor die afgelope aantal maande het die Reserwebank byvoorbeeld sy herdiskonteringskoerse vir diskontohuise progressief tot hul huidige vlakke van 21,75 persent vir skatkiswissels, 22,00 persent vir Landbankwissels en 22,25 persent vir bankaksepte verhoog, en dit het op sy beurt meegebring dat die banke se prima-oortrekkingskoers tot 25 persent gestyg het en ander geldmarkkoerse dienoreenkomstig aangepas is. Indien die Reserwebank sy "diskontovenster" heeltemal sou sluit, dit wil sê sou weier om krediet aan die diskontohuise en die banke te verleen, sou dit beslis die Bank se beheer oor die kontantreserwes van die banke en oor die geldvoorraad verbeter, maar dit sou, onder huidige omstandighede, oormatig skerp en ontwrigtende verdere stygings in rentekoerse meebring. Dit is so omdat die meeste banke dan, om aan hul kontantreserwevereistes te voldoen, verplig sou wees om skatkiswissels, staatseffekte, bankaksepte en ander soortgelyke bates in 'n kopersmark te verkoop. En aangesien die Reserwebank nie sou koop nie, sou dit die pryse van hierdie verskillende bates skerp laat daal en rentekoerse dus laat styg. Om die gewenste resultaat op 'n minder ontwrigtende wyse te behaal, het die Bank derhalwe oormatige gebruik van sy kredietfasiliteite ontmoedig deur die *koste* van sodanige bystand te verhoog op die klassieke wyse wat hierbo beskryf is.

Slotopmerkings

Die boodskap wat uit hierdie rede na vore kom is 'n harde een. Suid-Afrika staan onvermydelik voor 'n moeilike tydperk waarin die gordel stywer getrek en aanpassings gemaak moet word. Die "mini"-oplewing van die afgelope jaar is verby en die huidige tekens dui daarop dat die ekonomie nou 'n tydelike nuwe afswaai binnegegaan het wat eers in 'n latere stadium in die volgende opswaai sal oorgaan.

Hoe diep en langdurig sal die nuwe resessie wees? Om in hierdie stadium voor te gee dat die antwoord op hierdie vraag bekend is, sou naïef wees. Ontwikkelings in Suid-Afrika in die maande wat voorlê sal klaarblyklik grootliks deur die gedrag van die Amerikaanse dollar, die goudprys, die kommoditeitsmarkte en die klimaat beïnvloed word. Dit is byvoorbeeld moontlik dat die dollar gedurende die komende jaar betekenisvol sal depresieer, dat dit met 'n styging in die dollarprys van goud gepaard sal gaan, dat die internasionale kommoditeitsmarkte sal verbeter en dat meer normale weersomstandighede na Suid-Afrika sal terugkeer. In daardie geval behoort die verwagte binnelandse afswaai matig en van korte duur te wees.

Dit sou klaarblyklik egter onverantwoordelik van die Reserwebank en die Tesourie wees om hul huidige beleid te baseer op die aanname dat sulke

gunstige eksterne ontwikkelings wel sal plaasvind. Ander en heelwat minder gunstige scenario's is ook moontlik. Soos duidelik blyk uit die drastiese korrektiewe maatreëls wat op 2 Augustus 1984 aangekondig is, het die owerhede derhalwe besluit om hulle nie aan wensdenkery oor te gee nie maar om die bestaande probleme aan te pak deur die aanwending van 'n paslik beperkende kombinasie van monetêre en fiskale beleid, wat deur strenger huurkoopbeperkings aangevul word. Hierdie benadering beoog om die volgende tot stand te bring:

- 'n Verdere verlaging van die groeikoerse van bankkrediet en die geldvoorraad;
- 'n gevolglike daling in die koers van toename in die totale besteding en 'n afkoeling van die ekonomie as geheel;
- 'n gevolglike verdere vermindering van invoere en 'n voortgesette styging in uitvoere, wat die uitwerking behoort te hê om die tekort op die lopende rekening van die betalingsbalans, wat reeds besig is om te daal, eerlank in 'n aansienlike oorskot te verander;
- 'n ommekeer van die neiging van die rand om teenoor die geldeenhede van sy belangrikste handelsvennote te depresieer;
- 'n verstewiging van die *netto* goud- en ander buitelandse reserwes, hoofsaaklik deur die terugbetaling van amptelike korttermynkrediete;
- 'n geleidelike verswakking van die neiging van die inflasiekoers om te versnel, en uiteindelik 'n aanmerklike daling in die inflasiekoers self;
- die skepping, deur die verwesenliking van bogenoemde oogmerke, van 'n gesonde basis vir vinnige reële ekonomiese groei op 'n grondslag wat gehandhaaf sal kan word.

Die beleid wat nou in werking is sal natuurlik tyd nodig hê om sy invloed ten volle te laat geld. Op die kort termyn sal ons in werklikheid daarop voorberei moet wees om die slegste van albei wêreld te beleef – 'n resessieneiging in die ekonomie wat gepaard gaan met 'n versnellende inflasiekoers. Die resessie sal die gesamentlike resultaat wees van natuurlike ekonomiese kragte en van die huidige beperkende monetêre beleid. En die verwagte versnelling van die inflasiekoers sal die onvermydelike gevolg wees van die oorbesteding en die groot depresiasie van die rand gedurende die afgelope jaar.

Met verloop van tyd sal die gewenste gunstige resultate van die huidige monetêre en fiskale strategie egter na vore begin tree. Dit wil alreeds voorkom asof die depresiasie van die rand gestuit is, indien dit nie selfs omgekeer is nie. Namate die invoer in die maande wat voorlê verder daal en die uitvoer styg, behoort die betalingsbalans in lopende rekening verder te verbeter en kan verwag word dat dit in 1985 'n aansienlike oorskot sal toon, selfs sonder enige wesenlike styging in die goudprys. In een of ander stadium behoort die netto amptelike buitelandse reserwes dan 'n nuwe opwaartse beweging te begin toon, en namate hierdie proses voortduur, sal die rand waarskynlik in terme van ander geldeenhede appresieer. Teen daardie tyd sal die neiging van die inflasiekoers om te *versnel* waarskynlik reeds afgeneem het, en in die daaropvolgende maande behoort daar dan 'n betekenisvolle daling in die inflasiekoers self te wees – die uiteindelijke beleidsdoelstelling.

Die mate waarin die reële bruto binnelandse produk deur hierdie gebeurtenisse beïnvloed sal word, hang van te veel onsekere eksterne faktore af om noukeurig vooruitgeraam te kan word. Die huidige aanduidings is dat dit in 1984 'n groeikoers van ongeveer 3 persent en vir 1985 in sy geheel 'n ietwat laer koers sal toon. Wanneer die inflasiekoers egter beter onder beheer gebring is en die betalingsbalans verbeter het, sal die pad vir vinniger en volgehoue groei in die daaropvolgende jare oopgestel wees.

Om hierdie strategie te laat werk, is dit hoogs wenslik dat monetêre beleid die volle steun van fiskale beleid sal geniet. As daar nie genoeg fiskale beleid in die totale beleids-"mengsel" is nie, sal rentekoerse 'n té groot deel van die aanpassingslas moet dra en vir 'n té lang tydperk hoog moet bly – tot nadeel onder andere van boere wat deur die droogte getref is, van klein sake-ondernemings, en van daardie huiseienaars wat nie die voordeel van gesubsidieerde verbandlenings geniet nie.

Soos ek reeds aangedui het, is dit presies waar ons op die oomblik wel 'n probleem ondervind. Aan die kant van die Regering gaan dit duidelik 'n Herkuliese poging vereis om te verhoed dat sy totale besteding en "tekort voor lenings" in 1984/85 en 1985/86 oormatig word en daardeur die amptelike strategie teen inflasie ondermyn. Onder die huidige omstandighede kan ek nie te veel klem lê op die deurslaggewend belangrike behoefte om die besteding van die openbare sektor te besnoei nie, hetsy deur privatisering, die afskaffing van sekere dienste of selfs die vermindering van minder produktiewe personeel. Dit is natuurlik makliker gesê as gedaan, maar die Minister van Finansies gee sy volle aandag aan hierdie saak en het onderneem om so gou as moontlik 'n verdere verklaring oor die posisie uit te reik. Dit moet verwelkom word omdat dit vir sake-ondernemings en die algemene publiek belangrik is om die uitwerking van fiskale beleid in die tydperk wat voorlê so noukeurig moontlik te kan beoordeel.

Ek het groot waardering vir die nuwe vasberadenheid waarmee die owerhede in die algemeen Suid-Afrika se huidige ekonomiese probleme benader en vir die steun wat die private sakesektor en die gewone man bereid is om te verleen aan die streng maatreëls wat tans toegepas word. Mits ons lank genoeg met hierdie beleid volhard, selfs nadat die betalingsbalans weer 'n oorskot begin toon het, is ek vol vertroue dat die beleidsdoelstellings wat ek uiteengesit het, bereik sal word en dat die langtermynbelange van die Suid-Afrikaanse ekonomie op hierdie wyse goed gedien sal word.

Na afloop van sy rede stel die voorsitter voor dat die rekeninge en verslae aangeneem word.

Die voorstel is deur mnr C. J. W. Ball gesekondeer en is aangeneem.

Op voorstel van die voorsitter, gesekondeer deur dr C. B. Strauss word besluit dat dr G. W. G. Browne en dr W. J. de Villiers, wie se ampstermyne op 30 Junie 1984 verstryk het, in die direksie as verteenwoordigers van aandeelhouders heraan gestel word.

Namens die direksie stel die voorsitter vervolgens voor:

1. Dat in ooreenstemming met die aanbeveling van die direksie, die firma Pim Goldby en die firma Deloitte Haskins & Sells elk die bedrag van vyf-en-tagtig duisend rand betaal word vir die audit van die Bank se rekeninge vir die jaar geëindig 31 Maart 1984.
2. Dat die firma Deloitte Haskins & Sells en die firma Pim Goldby as ouditeure van die Bank se rekeninge vir die huidige boekjaar aangestel word.

Albei mosies is deur dr L. S. Robinson gesekondeer en is aangeneem.

Nadat mnr R. J. N. Abrahamsen 'n mosie van dank aan die voorsitter voorgestel het vir sy voorsitterskap en sy rede, is die verrigtinge afgesluit.

Verslag van die direkteure van die Suid-Afrikaanse Reserwebank vir die jaar geëindig 31 Maart 1984 ter voorlegging aan die aandeelhouders op die vier-en-sestigste gewone algemene vergadering wat op Dinsdag, 28 Augustus 1984 te Pretoria gehou sal word

Ooreenkomstig die bepalings van die Wet op die Suid-Afrikaanse Reserwebank, 1944, en die regulasies wat ingevolge daarvan opgestel is, word die bygaande finansiële state van die Bank vir die jaar geëindig 31 Maart 1984 op die voorgeskrewe wyse deur die ouditeure gesertifiseer, aan aandeelhouders voorgelê.

Kapitaal

Die Bank se kapitaal van R2 000 000 is gehou deur 762 aandeelhouders, waarvan 46 persent elk minder as R1 000 besit het.

Reserwefonds

Ingevolge die bepalings van artikel 16(3) van die Wet op die Suid-Afrikaanse Reserwebank, 1944, is R3 697 000 van die netto wins vir die jaar aan die reserwefonds toegewys, as gevolg waarvan die saldo op hierdie fonds tot R36 769 000 op 31 Maart 1984 gestyg het.

Banknote in omloop en note van ander banke

Die Bank se nootuitgifte het op 31 Maart 1984 R3 144 597 000 beloop, wat 'n toename van R310 532 000 gedurende die jaar verteenwoordig. Dié styging van 11 persent is die laagste wat sedert 1978/79 aangeteken is en weerspieël 'n verlansaming in die vraag na banknote weens die daling in ekonomiese aktiwiteit en die laer inflasiekoers gedurende die afgelope jaar. Die Bank se verpligting ten opsigte van nootuitgiftes van ander banke het geen verandering gedurende die jaar getoon nie en het R373 000 op 31 Maart 1984 bedra.

Deposito's

Die totale depositoverpligtinge van die Bank het gedurende die jaar van R2 412 402 000 na R2 938 122 000, dit wil sê met R525 720 000 of 21,8 persent, gestyg. Die saldo op die Regering se lopende rekening het met R402 484 000 en dié op die lopende rekening van die provinsiale administrasies met R48 521 000 toegeneem, terwyl die saldo op die ander lopende rekening met R26 219 000 gedaal het. Wat die deposito's van die banke by die Reserwebank aanbetref, het die saldo op hul lopende rekening met R1 498 000 gedaal terwyl die saldo op hul reserwerekeninge met R102 431 000 gestyg het. Laasgenoemde styging was hoofsaaklik die gevolg van die hoër kontantreserwes wat die banke by die Reserwebank moes hou as gevolg van 'n verhoging in hul korttermyn-verpligtinge teenoor die publiek.

Buitelandse lenings

Die Bank se buitelandse leningskuld het toegeneem van R486 673 000 op 31 Maart 1983 tot R1 392 184 000 op 31 Maart 1984. Die uitstaande saldo verteenwoordig trekkings op buitelandse korttermyn-kredietfasiliteite en die addisionele lenings wat gedurende die jaar opgeneem is, het 'n waardevolle bydrae gelewer tot die finansiering van die tekort op die lopende rekening van die betalingsbalans.

Goudruilooreenkomste

Die aantal fyn onse goud wat vir goudruilooreenkomste met buitelandse instellings aangewend is, het gedurende die afgelope finansiële jaar onveranderd gebly. Die betrokke ooreenkomste is op die vervaldatums teen die heersende pryse of teen pryse wat aan die Bank se buitelandse valutabehoefte voldoen het, hernieu.

Goudmunt en staafgoud

Die Bank se goudreserwe is op 31 Maart 1983 en 31 Maart 1984 teen R407,17 en R432,24 per fyn ons, onderskeidelik, gewaardeer. Hierdie pryse is bepaal ingevolge artikel 17(A) van die Wet op die Suid-Afrikaanse Reserwebank, 1944, en is bereken teen 90 persent van die gemiddelde van die laaste tien vasstellingspryse op die Londense Goudmark gedurende die genoemde maande. Teen hierdie waarderingspryse het die goudbesit op die genoemde datums op R3 132 981 000 en R3 311 162 000, onderskeidelik, te staan gekom. Die herwaardasie van die goudreserwe gedurende die jaar is ooreenkomstig die voorgemelde artikel van die Wet in die Bank se rekeninge geboekstaaf.

Saldo's by buitelandse banke; daggeld in Londen; buitelandse wissels; spesiale trekkingsregte; en ander buitelandse beleggings

Die Bank se besit aan buitelandse valuta, uitgesonderd die goudreserwe, het toegeneem van R546 143 000 op 31 Maart 1983 tot R671 328 000 op 31 Maart 1984.

Die toename van R303 366 000 in die Bank se totale goud- en ander buitelandse reserwes gedurende die jaar kan toegeskryf word aan die hoër waardasieprys van die goudreserwe en die styging in die besit van ander buitelandse valuta om vir die groot skommelings in hierdie reserwes voorsiening te maak.

Binnelandse wissels

Die bedrag binnelandse wissels deur die Bank verdiskonteer het in die boekjaar geëindig 31 Maart 1984 met R1 019 670 000 tot R1 566 180 000 gestyg, wat die netto resultaat is van toenames in die besit van R787 500 000 in wissels van die Land- en Landboubank van Suid-Afrika, R365 280 000 in handelswissels, en 'n daling van R133 110 000 in skatkiswissels. Die skerp styging in die bedrag van gediskonteerde wissels is 'n weerspieëling van die tekort in die geldmark wat teen die einde van die finansiële jaar ondervind is, wat onder andere die gevolg was van die beperkende monetêre beleid wat deur die owerhede toegepas is.

Ander lenings en voorskotte

Die saldo op hierdie pos het met R184 066 000 tot R1 001 012 000 aan die einde van die afgelope finansiële jaar gedaal, hoofsaaklik weens 'n daling van R201 026 000 in die uitstaande saldo's van lenings aan plaaslike kliënte.

Staats- en ander effekte

Die Bank se besit aan staats- en ander effekte het gedurende die afgelope boekjaar met R450 952 000 tot R917 280 000 gestyg. Hierdie toename was die netto gevolg van 'n daling van R80 936 000 in die Bank se besit aan staats-effekte en 'n toename van R531 888 000 in sy portefeulje van ander effekte, hoofsaaklik weens 'n skerp toename in akkommodasie aan die diskontohuise en banke in die vorm van terugkoop-ooreenkomste. Die Bank se besit aan effekte wat kragtens terugkoop-ooreenkomste gehou is, het toegeneem van R229 000 000 op 31 Maart 1983 tot nie minder nie as R746 000 000 op 31 Maart 1984. Hierdie groot styging was, soos in die geval van gediskonteerde wissels, toe te skryf aan die stram geldmarktoestand wat teen die einde van die

afgelope boekjaar geheers het. Gedurende die jaar is staatseffekte op 'n gereelde basis by die Tesourie opgeneem met die oog op verkope in die sekondêre mark.

Goud- en buitelandsevaluta-gebeurlikheidsreserwerekening

Die saldo van R892 344 000 soos op 31 Maart 1983 is deur die Regering gedurende die afgelope boekjaar vereffen. Die uitstaande bedrag van R654 651 000 aan die einde van die 1984-boekjaar verteenwoordig die verlies op goud- en buitelandsevalutatransaksies gedurende die betrokke jaar en word na die volgende boekjaar oorgedra.

Meubels en toerusting en vaste eiendom

Die saldo's op beide hierdie rekeninge het aan die einde van die boekjaar R1 bedra aangesien alle uitgawes onder hierdie poste gedurende die jaar aangegaan, afgeskryf is teen die Bank se inkomste soos in die inkomstestaat aangetoon.

Gedurende die afgelope boekjaar is 'n kontrak vir R117,9 miljoen gesluit vir die oprigting van die nuwe hoofkantoorgebou. Op 31 Maart 1984 het die Reserwebank derhalwe 'n kapitaalverpligting van R116,3 miljoen ten opsigte van die onbestede bedrag van die kontrak gehad.

Inkomstestaat

Nadat alle uitgawes bestry is en voorsiening vir inkomstebelasting, rente betaalbaar, rabat op wissels wat nog nie verval het nie, ander verpligtings en gebeurlikhede, bydraes tot die pensioenfonds en vir vaste eiendom en meubels en toerusting afgeskryf gemaak is, en na 'n oorplasing van R66 034 000 na die reserwe vir toekomstige uitgawes ten opsigte van vaste eiendom en toerusting het die netto wins R37 167 000 bedra. Van hierdie bedrag is R200 000 as dividende aan aandeelhouders betaal terwyl R3 697 000, gelykstaande aan een-tiende van die surplus, na die reservewfonds oorgeplaas is wat 'n restant van R33 270 000 gelaat het vir oorbetalings aan die Regering.

Dividende

Die direksie het 'n tussentydse dividend van 5 persent vir die halfjaar geëindig 30 September 1983 en 'n slotdividend van dieselfde omvang vir die halfjaar geëindig 31 Maart 1984 verklaar.

Direkteure

Dit is die beurte van dr G. W. G. Browne en dr W. J. de Villiers om op 30 Junie 1984 af te tree, maar hulle stel hulself vir herverkiesing beskikbaar.

Ouditeure

Die aandeelhouders sal versoek word om op aanbeveling van die direksie die vergoeding van die ouditeure vir die afgelope jaar se audit vas te stel en om ouditeure vir die lopende jaar aan te stel.

Die firma Pim Goldby en die firma Deloitte Haslins & Sells stel hulself vir heraanstelling beskikbaar.

B. P. Groenewald
Sekretaris
 Pretoria
 27 Junie 1984

G. P. C. de Kock
President

A. S. Jacobs
L. S. Robinson
W. J. de Villiers
Direkteure

Balansstaat

31 Maart 1984

Laste		1984	1983
	R	R	R
Kapitaal	2 000 000	2 000 000	
Reserwefonds	36 768 625	33 071 946	
Note in omloop	3 144 970 123	2 834 438 157	
Reserwebank	3 144 596 696	2 834 064 730	
Ander banke	373 427	373 427	
Depositorerekeninge	2 938 121 906	2 412 402 234	
Banke se reserwerekeninge	920 025 623	817 594 254	
Banke se lopende rekeninge	5 904 236	7 402 158	
Regering se lopende rekeninge	716 591 324	314 107 174	
Provinsiale administrasies se			
lopende rekeninge	215 523 273	167 002 470	
Ander lopende rekeninge	1 080 077 450	1 106 296 178	
Buitelandse lenings	1 392 184 465	486 673 408	
Ander laste	971 769 596	1 395 637 883	
Aandeelhouders			
– finale dividend	100 000	100 000	
Regering – surplus	33 270 111	–	
Totaal	8 519 184 826	7 164 323 628	

Bates		1984	1983
	R	R	R
Goudmunt en staafgoud (nota 1)	3 311 162 263	3 132 980 993	
Buitelandse valuta	671 327 896	546 142 926	
Saldo's by buitelandse banke	543 709 526	357 272 090	
Lopende rekeninge	17 688 750	19 068 371	
Termyndeposito's	506 725 794	316 966 722	
Korttermynbeleggings	19 294 982	21 236 997	
Daggeld in Londen	14 869 931	–	
Wissels	53 951 346	45 054 787	
Spesiale trekkingsregte	14 389 688	102 556 873	
Ander beleggings	44 407 405	41 259 176	
Totale goud en buitelandse valuta	3 982 490 159	3 679 123 919	
Binnelandse bates	4 536 694 667	3 485 199 709	
Gediskonteerde wissels	1 566 180 000	546 510 000	
Ander lenings en voorskotte	1 001 011 950	1 185 077 916	
Staatseffekte	102 691 930	183 627 756	
Ander effekte	814 588 186	282 700 511	
Ander bates	392 784 975	391 644 543	
Goud- en buitelandsevaluta-gebeurlikheidsreserwe-rekening	654 651 064	892 343 749	
Munt	4 786 560	3 295 232	
Meubels en toerusting	1	1	
Vaste eiendom	1	1	
Totaal	8 519 184 826	7 164 323 628	

Notas

1. Die goudreserwe is per fyn ons soos volg waardeer:
2. Daar bestaan 'n verpligting om goud in terme van goudruilbooreenkomste terug te koop (verwys na direkteursverslag)

Inkomstestaat
vir die jaar geëindig 31 Maart 1984

	1984 R	1983 R
Lopende uitgawes	180 508 984	232 864 081
Afgeskryf:	20 156 250	7 388 439
Vaste eiendom	15 687 475	1 423 083
Meubels en toerusting	4 468 775	5 965 356
Toedeling na vaste eiendom- en toerustingreserwe	66 034 036	9 965 965
Verdeling van oorskot	37 166 790	200 000
Aandeelhouders	200 000	200 000
Reserwefonds	3 696 679	—
Regering	33 270 111	—
Totaal	303 866 060	250 418 485
Inkomste	303 866 060	250 418 485
Na voorsiening gemaak is vir belasting, rabot op lopende wissels, ander verpligtinge en gebeurlikhede		
Totaal	303 866 060	250 418 485

B. P. Groenewald
Sekretaris
Pretoria
27 Junie 1984

A. S. Jacobs
L. S. Robinson
W. J. de Villiers
Direkteure

Ouditeursverslag

Aan die aandeelhouders van die Suid-Afrikaanse Reserwebank

Ons het die bostaande balansstaat nagegaan en verklaar dat, na ons mening, dit 'n volledige en redelike balansstaat is en na behore opgestel is sodat dit, na ons beste wete en volgens die verduidelikings wat aan ons gegee is, 'n getroue en juiste weergawe verstrek van die Bank se sake in geheel soos deur die boeke van die Bank op 31 Maart 1984 aangetoon.

Pim Goldby
Deloitte Haskins & Sells
Ouditeure

Pretoria
27 Junie 1984

Verder verklaar ons dat, na ons mening, die sake van die Bank ooreenkomstig die bepalings van die Wet op die Suid-Afrikaanse Reserwebank, 1944, soos gewysig, en die regulasies wat daarby behoort, bedryf is in soverre dit die balansstaat en rekeninge betref.

