

Sanctions against apartheid

EDDIE WEBSTER
reviews *Sanctions
against apartheid* *
while contributing to the
debate himself. **

The dramatic announcements by President de Klerk on 2 February, have decisively shifted the debate away from *pressure* on South Africa to *negotiations*. Jubilant businessmen now await the lifting of sanctions. ***

Indeed these reforms have come very close to meeting conditions laid down by the US government for doing so. It is widely believed that events have overtaken the sanctions strategy. However, *Sanctions against apartheid* challenges this comfortable conclusion.

The idea of sanctions

The idea of economic sanctions emerged inside South Africa in the 1950's as one way of putting pressure on the apartheid state. Through sanctions the liberation movement hoped to increase the

cost of maintaining apartheid, thus persuading the government to negotiate an end to it.

The Sharpeville massacre in 1960 was to change the strategy of peaceful extra-parliamentary pressure. The brutal crushing of the popular movements in the early 1960s forced the ANC and PAC underground and into exile. The exile movements turned to external pressure and guerrilla warfare as their main weapons against apartheid.

Anti-apartheid movements

At the same time anti-apartheid movements were established in most Western countries. The struggle against apartheid became the moral equivalent of the Spanish civil war in the 1930's, with democrats, liberals, communists and concerned Christians united in common abhorrence of white domination.

These anti-apartheid activists became important allies to the exiled political movement. They challenged liberal views

that economic growth would break down apartheid, arguing that foreign investment was reinforcing white supremacy. The international anti-apartheid movement provided the 'foot soldiers' for the campaign against the presence of multinational companies such as Barclays Bank, Shell, Ford and Mobil in South Africa.

Over time internal resistance to apartheid has re-emerged, at first with the democratic unions of the 1970's, and later with the growth of the mass democratic movement in the 1980's. This has had contradictory implications for the sanctions strategy. On the one hand, it has given an enormous boost to the call to isolate the South African regime, especially when overseas audiences see South African police shooting unarmed demonstrators on TV. On the other hand, increased resistance has raised the difficult question of how to link sanctions to the internal resistance movement.

At first in the 1970's overseas anti-apartheid groups and the liberation movement were sceptical of, or even hostile to, the new trade unions. Either, they argued, these organisations would be crushed or they would be co-opted. But over time the unions won the support and respect of the exiled leadership, especially after the formation of COSATU. For a while a natural partnership seemed to exist, with those outside South Africa work-

* Collection of essays edited by Mark Orkin (Johannesburg, David Philip, 1989)

** Professor Webster is head of the Sociology Department at the University of the Witwatersrand, Johannesburg.

*** These include embargoes on trade, curtailing of foreign loans and trade credits, disinvestment (in which foreign companies close down or sell their South African operations) and divestment (in which shareholders pressurize companies by publicising the selling of their shares)



Shell - target for overseas anti-apartheid campaigners

Photo: Paul Weinberg/Afrapix

ing for sanctions and those inside confronting apartheid directly through building mass democratic organisations.

Sanctions not so simple

More recently, however, it has become clear that sanctions is not that simple. A key event was the disinvestment of General Motors in 1986. This caught the sanctions movement by surprise, as few expected disinvestment. The fact that disinvestments could be deceptive added to the confusion and anger.

The anti-apartheid movement had not analysed exactly what disinvestment might mean in practice. In essence, as Duncan Innes shows in his contribution to Orkin's book (pp 233-238), foreign companies were not withdrawing from South Africa, but *changing the form* of their involvement. When IBM 'disinvested' in October 1986, for example, it made a secret agreement with the South African offspring, ISM, to pro-

vide IBM products and services. IBM also signed a secret contract with ISM covering spares and repairs. Instead of IBM Corporation in the US gaining profits as owners of IBM SA, they now made profits by means of royalties, licence fees, etc.

In fact, this shift by multinationals from *direct* to *indirect* investment has become commonplace in the Third World. Over the last few years IBM has sold off its subsidiaries in India, Nigeria and Zimbabwe, while retaining access to these markets through agency agreements. At least 57 of the 114 American companies that 'disinvested' between 1 January 1986 and 30 April 1988 still kept some link - licensing, management and technology agreements, loans, product sales, buy-back clauses, etc - with their former South African subsidiary.

Views in the anti-apartheid movement hardened in the face of these sham disinvestments. As NUMSA education officer Alec

Erwin put it in his contribution to Orkin's book, 'We were faced with a situation where local companies were benefiting and where unions were not being consulted about this transfer of ownership. Corporate withdrawals were becoming a more complex variant of the endless retrenchment battles which unions had to fight. The success of the sanctions campaign had led to the very real threat of job losses. It now became necessary to carefully evaluate sanctions and discuss it amongst union members' (p 54). It is against this background that COSATU encouraged a number of studies on sanctions. *Sanctions against apartheid*, essays edited by Mark Orkin, is one of these. It is the first detailed consideration of the case for sanctions written inside SA.

Effective, indispensable and efficient

This informative study concludes that sanctions against apartheid are *effective, indispensable and efficient* in their contribution to the struggle to end apartheid and achieve majority rule. The costs of sanctions, notably extra unemployment, are outweighed by their contribution to the struggle against apartheid. How does Orkin reach this challenging conclusion?

The study provides two direct examples of the *effectiveness* of economic pressure. Rob Davies argues that the 1988 battle of Cuito Cuanvale, was a military setback which revealed technological weaknesses in the South African Defence Force, particularly the Air Force. These weaknesses, he argues, were the direct result of sanctions (p 201). The arms em-

bargo imposed by the United Nations in 1977 meant the SADF had no electronic answer to the Angolan SAMs (surface-to-air missiles). The SA Air Force began to lose control of the air. The SADF was faced with the likelihood of losing many white soldiers, especially conscripts, and withdrew at the battle of Cuito Cuanvale. Ultimately, Davies argues, sanctions - particularly the arms embargo - made victory impossible for the SADF. This paved the way for the negotiations that led to the independence of Namibia.

The most striking direct example of the effectiveness of sanctions is the debt crisis. By 1985, foreign debt equalled half of GDP. Two thirds was short term debt. Then in August 1985 the American bankers abruptly (after P W Botha's 'Rubicon' speech) refused to renew their loans to South African borrowers. The sanctions campaign, Alan Hirsh argues, helped not only to precipitate the debt crisis; it led directly to political reform when the Urban Foundation-led campaign to lift influx control succeeded in 1986 (p 270).

Orkin also argues that sanctions are *indispensable*. Tom Lodge, in his contribution to the study, argues that none of the forces for progressive change - organisation on the shop floor, mobilisation in the communities, and struggle by the liberation movements - has the power on its own to displace the regime. But all of them jointly, complemented by sanctions, do. Orkin concludes that sanctions are indispensable because "the desperate attempts of the state to accommodate, divide or resist the various forces impose

huge burdens on an ailing economy. With appreciable sanctions in place as well, these burdens will soon be insupportable".

Orkin argues that sanctions are *efficient* as well. The study rejects the popular argument that sanctions will disrupt the economies of the frontline states. Joe Hanlon concludes his chapter by arguing that it is South Africa itself that is the destabilising factor in the region. He argues that, far from sanctions ruining the economies of the frontline states, sanctions against South Africa could even benefit them. In this sense, sanctions provide an efficient method of weakening the apartheid regime.

Sanctions & unemployment

The study also deals with the widely accepted argument that sanctions will create extra unemployment. Charles Meth suggests in his contribution that the effects of sanctions on unemployment are greatly exaggerated. It is apartheid capitalism that has produced three million unemployed and continues to produce 200 000 black unemployed each year.

Although sanctions threatens certain hardships, writes Erwin, shop-steward leadership perceives that unemployment and poverty will not be eliminated unless there is a restructuring of the economy. This can only be achieved by removing the regime. In this sense sanctions are seen as a *solution* to the unemployment problem rather than the cause of it.

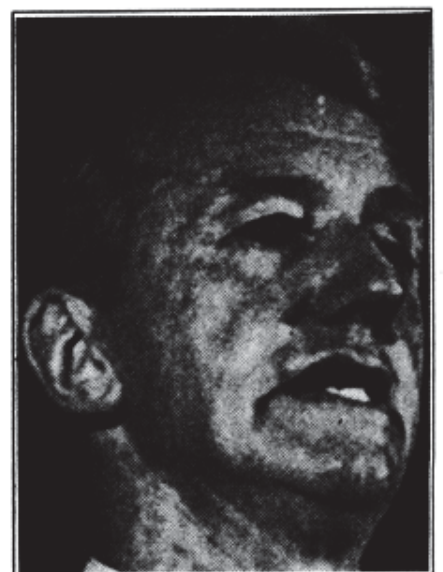
The lessons of Rhodesia

Orkin's book draws some important conclusions from the

experience of sanctions in Rhodesia. Three phases are identified by Joe Hanlon:

- the first few years when sanctions hurt slightly
- a second phase when the economy experienced rapid growth as Rhodesian factories made goods that were previously imported
- a third phase, after 1975, when sanctions became comprehensive. Two factors were important. Firstly, the US imposed a ban on ferrochrome, the country's chief mineral export. Secondly, South Africa reduced the flow of sanctions-busting oil and withheld loans, in the hope that Rhodesia's Ian Smith would install the 'moderate' Bishop Muzorewa as Prime Minister.

Hanlon concludes that if sanctions are *comprehensive and mandatory*, they cannot easily be evaded, and they will have quicker results. Besides, Orkin argues, sanctions will be more



SA, a target of sanctions', itself used them against Smith (above) in Rhodesia
Photo: Paul Weinberg/Atrapix

effective in South Africa because

- the more highly industrialised South African economy is more dependent on imported high technology than Rhodesia was;
- local savings have been wasted buying up disinvesting foreign companies;
- South Africa does not have a supportive 'big brother';
- SA has the additional burden of the debt crisis.

What Orkin omits to mention is Richard Moorsom's contribution to the book. Moorsom argues that a ban on South Africa's gold, platinum and diamonds is unlikely in the foreseeable future. These are South Africa's major exports. If half of South Africa's export earnings are reasonably secure, is comprehensive sanctions a serious option? Is it useful to base an argument for sanctions on this option, as Orkin does?

However, Orkin makes an important point about negotiations and sanctions. Shrewdly drawing on a study of economic sanctions against Rhodesia by the current British Ambassador in Pretoria, Sir Robin Renwick, Orkin warns against seeing negotiations as a *substitute* for sanctions. Diplomatic initiatives, he says, *depend* upon sanctions. Negotiations will only be successful if enough real pressure is exerted. In Rhodesia, he says, lifting sanctions prematurely would have encouraged the government to avoid a settlement (p 33).

Difficult issues not addressed

It is tempting for sociologists to

take the comfortable career path of 'abstracted empiricism' or 'grand theory'. By choosing to intervene directly in one of the most hotly contested political debates in South Africa, Orkin has shown considerable courage.

The difficulties of producing such a book are increased by the speed of political developments in South Africa. However, in spite of the difficulties, *Sanctions against apartheid* is a persuasive book. The case for sanctions is presented in a convincing and coherent way. Nevertheless, there are a number of extremely important issues which Orkin does not deal with.

Unions and sanctions

Firstly, how are trade unions going to cope with the short-term effects of sanctions, including disinvestment? In *SA Review 5*, Glenn Adler addresses this question through examining the disinvestment of General Motors and Ford. He argues that problems arose because of the lack of effective links between internal and external groups. Ford successfully split the Samcor* workers and NUMSA from the US sanctions movement by threatening to cut ties and cripple, or even close, Samcor. Ford was pushing to reach agreement with NUMSA on a trust, and to gain US Congress approval of new investment by the company in South Africa. Adler shows that Ford successfully played off workers' fears of unemployment against the sanctions movement's call for a ban on links between Ford US and Samcor.

Future campaigns, he suggests, must be discussed and negotiated with worker representatives from inside South Africa. The sanctions movement must also find ways of improving the terms of disinvestment. There is also a need to look beyond disinvestment to the importance of continuing international solidarity work with South African unions (Adler 1989, pp 318-319).

The clearest attempt to make sure that disinvestment happens on terms favourable to workers, is the Chemical Workers Industrial Union campaign in 1988-9 (Rafel 1989, pp. 35-44). By using the threat of a national strike the CWIU succeeded in getting chemical companies to accept the need to negotiate the terms of disinvestment.

But as Debbie Budlender concludes in her critical checklist of disinvesting companies, "It is unlikely that any companies will act in a completely ideal manner. Companies exist to make profits, not to take part in the struggle for a new South Africa" (Budlender 1989, p.53).

Will sanctions undermine reconstruction?

The second issue that needs to be explored is the long-term effect of a successful sanctions campaign on a post-apartheid economy. Are we likely to regain the lost investment and trade after liberation, or are we going to 'inherit a wasteland' that cannot regain its economic strength? Sanctions may have contributed to the collapse of Rhodesia, but what effect has sanctions had on

* Samcor is the SA company, owned by Anglo American, which took over Ford's SA operation

the long-term prospects of the post-liberation Zimbabwean economy? Even if we get our politics right, the general shortage of long term capital for the developing world - especially since the opening up of investment opportunities in Eastern Europe - makes major investment in SA after liberation unlikely. Current research by the COSATU-commissioned Economic Trends project points to a long term decline in the South African economy, and a massive outflow of capital that started before the current disinvestment campaign.

Innes concludes his article by arguing that while disinvestment has failed in its short-term objectives, it may yet succeed over the longer term (p 238). The overall result of disinvestment, he argues, is that South Africa will become less competitive with its exports and will face more expensive imports. It will therefore be unable to acquire the foreign exchange that is crucial, both to buy capital equipment from overseas and to pay its massive debt. This does not mean, writes Innes, that the economy will collapse; but it will gradually and inevitably begin to grind down. Unemployment will rise, as will crime and violence.

The case for sanctions is that this 'grinding down' will lead eventually to whites 'coming to their senses'. There is some evidence that this is in fact beginning to happen. For the first time under Nationalist rule, economic issues played an important role in last year's parliamentary election. However, for every white who has come to realise the need for a negotiated settlement, two voted

to the right of the government. If sanctions is to be used to 'bring whites to their senses' then it will have to be used in a more targeted and conditional way.

Conditional and targeted sanctions

It is worth noting that 52% of the respondents in Orkin's 1987 survey of blacks in towns opted for *conditional* sanctions, ie imposing sanctions until the government meets certain conditions such as unbanning political movements. Only 29% took the more hardline view that sanctions should be applied unconditionally, ie sanctions must be applied until the government is forced to hand over power to representatives of the majority. Unfortunately Orkin conflates this crucial distinction between conditional and unconditional sanctions in his introduction to the book.

The recently completed Expert Study Group takes the sanctions debate one step forward by arguing for a *targeted* approach. They conclude their study for the Commonwealth Committee of Foreign Ministers on Southern Africa with a plea for a targeted and practical package of measures, short of comprehensive sanctions. This would 'take advantage of the economic window of opportunity caused by the anticipated 1990-91 debt crisis. If widely and rapidly applied, this package should provide a catalyst for genuine negotiations' (Ramphal, 1989).

Sanctions and negotiations

During the 1980's the focus of the struggle against apartheid

moved from external pressure to internal resistance. What role sanctions will continue to play as we move into negotiations in 1990 is not yet clear. Indeed, sanctions is a difficult weapon to wield in a strategic way. This is because not all sanctioners have the same theories of how South African society works, and what counts as an acceptable alternative to it. These differences in aims are likely to come to the fore now that the negotiation process is beginning. Above all, international solidarity groups need to begin thinking beyond sanctions to the support that is necessary now that the reconstruction of South African society has begun.

However the lesson *Sanctions against apartheid* draws from Rhodesia is that sanctions were a vital part of the negotiation process. Indeed sanctions gave Smith the incentive to negotiate an acceptable settlement. If this assessment is correct then *Sanctions against apartheid* is an important political intervention that needs to be read carefully by all those concerned that the negotiation process does not stop short of a full political democracy. ☆

Bibliography

- Orkin, Mark, ed. (1986), *Disinvestment, the struggle and the future*, Johannesburg. Ravan.
 Adler, Glenn. 1989. 'Withdrawal pains: General Motors and Ford disinvest from South Africa' pp 300-331 in *SA Review 5* edited by Glenn Moss and Ingrid Obery. Johannesburg, Ravan.
 Rafel, Robyn. April, 1989. 'Chemical workers - the struggle over disinvestment', *SALB* Vol 14.1.
 Budlender, Debbie. 1989. 'Assessing the effects of disinvestment by US companies', *SALB* Vol 14.1.
 Shridath Ramphal. 1989. *South Africa: the sanctions report*, London. Penguin Special.