

Disinvestment debate

The strangest thing about the disinvestment debate is the sudden concern by a range of people for the suffering of black South Africans. Louis Nel, Deputy Minister of foreign affairs, tells us: "Disinvestment, successfully employed, is an act of violence against blacks". This comes from a person in the very same apartheid government that daily sends its troops into our townships!

Harry Oppenheimer says that many of those who argue for disinvestment, white and black, "are not concerned with freedom and justice in Africa". Last year, of course, big business and Oppenheimer himself, came out in support of PW Botha's declaration of the state of emergency. That is how concerned Oppenheimer and his fellow bosses are about our people's freedom.

Even more "concerned" are leaders like Reagan and Thatcher. At the click of a finger, Reagan bombs Libya and calls for sanctions. Reagan has got sanctions against 20 other countries

but when it comes to apartheid South Africa, suddenly he argues that sanctions don't work.

Then, we also have all sorts of liberals - from the PFP, to Gatsha Buthelezi and university professors - actively promoting foreign investment, in the name of suffering blacks in South Africa. Some do this out of political belief, others are being paid very nicely for their services. They go overseas to undermine the international solidarity campaigns. They say most South Africans are against disinvestment. They do this knowing full well the difficulty inside the country of arguing for disinvestment. Apartheid laws give their arguments one sided protection.

What makes all these "concerned" individuals so fearful is that the disinvestment campaign has in fact been gathering strength. It is a powerful campaign of solidarity with South Africa's oppressed. It has mobilised millions of ordinary workers and others who hate apartheid in the capitalist countries of Europe and America. The panic of the bosses and their propogandists in the face of this campaign is no accident. Like our consumer boycotts, the disinvestment campaign has the power to hit the ruling class where it hurts - in their pockets!

All the major progressive organisations of the oppressed have supported, in one way or another, the campaigns of international solidarity to bring pressure on the apartheid government. But many of us are still not very clear about the real facts of the matter. Does foreign investment really benefit South Africa's people?

How do we ensure that we achieve the Freedom Charter's demand that "The national wealth of the country, the heritage of all South Africans, shall be restored to the people"?

THE BEGINNINGS OF SOUTH AFRICAN CAPITALISM

South Africa has the oldest liberation movement in Africa. There have been some of the most intense struggles of the African continent by the oppressed here in our country. The reason why our victory has not been won is due to the strength of the ruling classes. In the first place, South Africa is not ruled by a foreign colonial power. Unlike Mozambique, Kenya or Ghana, for instance, white minority rule in South Africa cannot pack up and go home. In South Africa there is a powerful, local white bloc. The bedrock of its power is a sophisticated and modern capitalist economy, the strongest in Africa.

This economy was founded and grew up as an imperialist economy. That is, capitalism in South Africa first developed under the control of big, foreign capitalists. When the white settlers found out that there was gold in South Africa, it was the large foreign companies that took control of the gold fields. They shaped South Africa to meet their own needs. Thus, the mine bosses got Britain to fight a war against the Boers (1899 - 1902) to establish a unified state that could serve capitalist interests. This state was a white minority state that then conducted an assault on black people in order to secure a cheap and plentiful supply of labour.

It was the mine bosses who pushed for the 1913 Land Act, that pushed 80% of the people onto 13% of the land. It was the mine bosses who pushed for taxes, for pass laws, for compounds, for migrant labour. In other words, foreign investment, the growth of capitalism and the national oppression of black South Africans went hand in hand from the beginning.

The early development of capitalism in South Africa meant wealth for a small minority of white capitalists, and poverty for the black majority. It also meant an imbalanced and distorted economy. It was an economy that relied on a few basic farming and mining products that were needed by the foreign imperialists, rather than an economy that was directed to the needs of South Africa as a whole. In the first stage of its development, South African capitalism rested heavily on mines and farms. Most of the products were for export. At this stage, factories were small scale and not very advanced.

Then, after World War 2, there was a rapid growth of manufacturing industry (factories). A small group of very big South African bosses (what we call monopoly capitalists) began to develop. But these monopoly capitalists also depended on foreign investments. They used large scale new machinery to compete with capitalists in Europe and North America. This advanced technology was especially important in new fields like chemicals, metals, and electrical goods. But this machinery could not be made in South Africa. It had to be imported at a great cost. This meant that the South African bosses worked closely with foreign imperialists.

In fact, foreign investors controlled the supply of machinery, which most companies in South Africa needed. As a result, foreign manufacturing companies, working hand in hand with local big bosses, flooded the country. They were able to control the production processes in South Africa. Foreign companies were in key strategic sectors of the economy, including banks, armaments and nuclear power. Even SASOL, supposedly a local pride and joy, relies heavily on a US contracting engineer. The same applies to Atlantic Diesel Engines, which is supposed to be so South African. In fact, the company is half owned by Mercedes Benz, a German company. There are many similar examples.

Foreign companies have come here because they can make vast profits. They flooded in especially after the banning of the ANC in 1960. Their greatest profits were made in the years of the heaviest repression. In the 1960's the Group Areas, the bantustan system, the pass laws, and apartheid generally were being tightened up. All this time there was not a murmur from foreign investors about the suffering of black workers.

THE EFFECTS OF FOREIGN INVESTMENT.

While the South African bosses and the apartheid government have worked hand in hand with this foreign investment, it has not benefitted South Africa as a whole. There are a number of factors involved:

1. Imported machinery is very expensive. Money earned by our mines and farms is to be spent on this foreign technology.
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This has caused a balance-of-payments problem - that is, South Africa is often spending more on foreign markets than it is selling. So more and more, South Africa's economic growth depends on finding foreign markets for South Africa's products. Most of what South African workers produce is not available to them, even if they could afford to buy with the starvation wages they are paid.

2. Foreign companies bring technology to South Africa, not money. The money that Ford, General Motors, AECL, etc, spend on their factories is mostly profits they make from South African workers. It is just a part of the wealth created by South Africans, that foreigners have decided to spend here. In fact, foreign companies take much wealth out of South Africa - in charges for machinery, in licence and management fees, in payouts to foreign shareholders, and in profits sent back to head offices in London, Bonn or New York.

 3. Foreign companies have wasted South African resources. For example, until recently there were at least seven motor manufacturing companies, all trying to keep a share of the market. Do we need 15 different models of fancy motor cars, when the really basic problem is one of safe public transport? In the same way drug companies use fancy brand names when simpler and cheaper medicines are available as substitutes. These wasters of our resources, of our energy, our labour and our minerals are here for profits not to serve South Africa's people.
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4. Lastly, the high-tech machinery of foreign investors puts workers out of jobs. This machinery needs fewer workers. So even though South Africa's economy was the fastest growing in the world in the 1960's, unemployment remained at a high 19%! The technology is not suited to a situation where employment of workers is a top priority.

It is clear, then, that the majority of South Africans have not generally benefitted from foreign, imperialist investment in our country. But for the big South African bosses, who work with imperialists, it is a different story. They have been able to share in the super profits. Apart from these economic gains, the big South African bosses and the apartheid government also benefit politically from imperialist investment in this country. This investment means that foreign imperialists have a stake in South Africa. They want "law and order" and a "stable climate" for their investments. This is why Botha's closest allies include the representatives of the biggest imperialist countries - Reagan and Thatcher. This is why they are so keen on "constructive engagement" with apartheid, and why they are always giving Botha "more time".

THE GROWTH OF THE DISINVESTMENT CAMPAIGN

Since the 1970's a powerful movement has grown up, calling for disinvestment. In the US for example, there are many disinvestment demonstrations and pickets. On campuses many students have been arrested. US dock workers have refused to handle South African goods.

Many states and cities have refused to invest in companies with interests in South Africa. This disinvestment campaign has brought massive awareness and solidarity in many countries overseas. It has been part of the overall campaign to isolate the apartheid regime, diplomatically, culturally and politically.

But will this campaign not harm the oppressed in South Africa, the very people it is meant to help? We can provide two kinds of answers to this question:

1. In the first place, the destruction of apartheid as soon as possible, is crucial - apartheid daily harms people. The deaths and shootings, the cost of the SADF hippos and SAP casspirs, the cost of the tri-cameral parliament with all its pay-outs to collaborators, mismanagement of the economy, starvation in the bantustans... the end of apartheid is a matter of life and death for the majority of South Africa's people. We have shown that we are prepared to make short term sacrifices so that we do not suffer forever. In our consumer boycotts we have shown a determination to even pay higher prices in township shops from our meagre wages, in order to pressure the big white bosses. Even a short term loss of jobs might be worth it if we can guarantee jobs in the long term for our people. This is the first answer: the majority of South Africans are prepared to make sacrifices for their freedom.
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2. But this is only part of the answer to the question. There are also sound economic answers to the question "won't blacks suffer more from disinvestment?" As we have already seen, the high-tech investment that is in question in fact puts many workers out of their jobs and onto the streets. Last year Ford layed-off 6000 workers at the drop of a hat, to guarantee its profits. Foreign companies are not committed to South Africa, they will go to places anywhere in the world where profits are high. Tomorrow they might prefer Chile or Grenada to South Africa. They are no safe guarantee of security of employment.

In fact, disinvestment may even create jobs! All sorts of goods that South Africa used to buy overseas, will have to be made locally. Over 100000 jobs were created in the armaments industry after the international arms boycott of South Africa. It will be up to the workers to demand that useful products get made in the new factories from the wealth that they have created.

Disinvestment will nevertheless hit the economy hard. Prices will rise; there will be less money to waste on luxuries and useless apartheid schemes. Someone will have to sacrifice. If the democratic movement is strong enough, than it can ensure that that these sacrifices do not come out of the people's pockets. Let the government and bosses show their concern for black workers by cutting back on their own extravagant lifestyles, and not expect the people to pay for apartheid's disastrous policies.

One very positive result of the disinvestment debate is that it forces us to look very hard at the kind of economy we want. The Freedom Charter demands that the people should own the mines, monopoly business and banks. The wealth of the country and its natural resources belong to South Africans, and not overseas investors who have profitted from the people's misery. Above all, it is these long term issues that really scare the government and bosses about the disinvestment debate: the direction of the economy, and how it serves the people, is no longer in the hands of a contented and wealthy minority.

QUESTIONS FOR DISCUSSION

1. In this article it says that the USA has imposed sanctions against 20 countries. Among these 20 are countries like Poland, Cuba, and Nicaragua. Why does Reagan apply sanctions against these countries, while arguing so heavily against anti-apartheid sanctions?
 2. Does disinvestment mean that the factories of the big multinational companies in South Africa have to close down?
 3. What kind of economy do we want to build in the new South Africa?
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