

In June 1970, Mr. Neil Wates, managing director of Wates Ltd., one of Britain's biggest building and construction companies, visited South Africa. He came to examine the possibility of investment in South Africa by franchising the Wates System of industrial building.

He found this prospect ethically unacceptable. Mr. Wates' assessment is naturally his own and in no way commits his colleagues. Yet his reasons for refusing to invest in South Africa are so important that we publish them in full.

They at once both challenge the church and industry.

- they challenge the South African churches to examine their business practices, how they justify church investment and spending and to what end they use their financial power,
- and they challenge Christians again to work at the ethical norms of commerce and industry. (In our next issue we plan to place an article on this subject by the British economist, Dr. F. Schumacher who is presently visiting South Africa).

.....AND SAID

In January this year - about the time we received news of our success in operation 'Breakthrough' in the United States - we also received an invitation from a firm of South African developers to franchise our System to them. You will recall that we refused to do so, on the general grounds that we felt we could not be true to our company goal "to grow people" if we were forced at the same time to work within a system which limited the opportunities of some people "to grow" according to the colour of their skin.

Our South African friends responded, very properly, that we did not know our subject, that we were totally misled by hostile propaganda and that we simply could not take such a decision 7,000 miles away. Accordingly we agreed that I should go out on behalf of the company to look at the situation at firsthand.

Ideal Investment Area

I must report prima facie South Africa is the ideal land for investment; stability is a relative term, but in the foreseeable future there

can be few more stable countries than South Africa. The economic outlook is excellent.

Yet totally unacceptable

Notwithstanding all this, I must report that the idea of doing business in South Africa is *totally unacceptable*; we could not be true to the basic principles on which we run our business and we should lose our integrity in the process. We should have to operate within a social climate where the colour of a man's skin is his most important attribute and where there is virtually no communication between the races; we should be locked into this system. We should have to operate within an economic climate which is designed deliberately to demoralise and to maintain an industrial helotry; we should, in turn, profit from such exploitation and ultimately end up with a vested interest in its maintenance.

We should have to operate within a legal climate where the rule of law has been abolished in favour of rule by decree, which bids fair to become a reign of terror.

WHAT

WATES

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The cumulative effect of all these factors in the long term must be self-defeating; within the short term it must make it impossible for ourselves individually, or as a company, to connive at anything which would serve to perpetuate a system which in the last analysis has no other justification than the preservation of white supremacy as an end in itself.

To analyse each of my points in a little more detail

1. "There is virtually no communication between the races"

This is a wellknown fact to the African; they simply cannot afford to "tell it like it is"; the tragedy is that most whites are totally unaware of the way they are isolating themselves by limiting their contact with non-whites to a purely functional or master/servant relationship. In the first place there is very little physical contact - there are of course the well-known, albeit incredible to a foreign visitor on his first encounter - "non-European" park seats, bus-stops, airport entrances, lavatories, taxis, buses, etc. etc.

(the duplication of services would be absurd if it were not often tragic; witness the collapse of a grossly overloaded non-European footbridge over a railway, causing the death of many Africans, while the adjoining "white only bridge" was empty).

In the second place there is very little social contact; white and non-white cannot sit in the same office, eat in the same public place and enjoy simultaneously the same cultural or physical recreations. Of course, a white can invite a non-white to his home - but it would be fraught with difficulties. In the first place his servants - not to mention his neighbours - would raise their eyebrows; in the second place, unless the African had his own transport, the white could not run him home at the end of the evening without a permit. It would, of course, be illegal for the African to stay the night.

Above all - following the Improper Interference Act 1968 - whites and non-whites cannot attend the same political meetings or join the same Party;

Small wonder that with such little communication between the races, so much fear and misunderstanding is engendered, together with a siege mentality among the whites. As visitors we found it almost impossible to talk to Africans and we had the usual absurd stories about "them" from our fellow whites - their ignorance, their criminality, their immorality, etc. etc. For contact with 'the African' we had to wait until we visited Zambia where Africans were obtaining levels of responsibility and acquiring skills which would have frankly astonished the storytellers in South Africa.

These tales were greeted there with the laughter they deserved, but it was an incredible shock to realise that our dinner party with the President of Zambia - truly one of the world's great men - would have been virtually impossible in South Africa, and the consumption of alcohol would have been illegal. On second thoughts,

the President being a teetotaler perhaps we did not break the law.

2. A scandalous under-utilisation of human abilities

In the first place the policy of reserving key jobs for whites virtually means that 3.6m whites must provide the entire management capability and key skills for a population of over 19m. In the second place the sheer bureaucracy of running such a dirigiste economy to go with the systematic arrest of 5% of the population a year and imprisonment of 4%, has increased the percentage of economically active whites involved in the public sector from 30% in 1960 to over 36% in 1969.

The real scandal lies in the fact that all the real job opportunities one can see being grasped by Africans both in supervisory management and in the area of technical skills in a country like Zambia are totally denied to them in South Africa. It is impossible to say how many firstclass minds are doing the most menial jobs and it is, of course, impossible to measure the waste of ability.

The theory of separate development is plainly nonsense all the time the whites depend on the blacks for their industrial manpower - and of course there can be no meaningful development in the home lands where most of the blacks are working in white areas. Only 8.7% of employed Africans are working in the home lands - whilst over one-third "live" in the home lands, but work away from home on annual contracts. This self-defeating policy prohibits any prospect of career development for them, let alone the building up of any loyalty to the company and reduces the non-whites to the level of a "Labour Unit".

Of course we would ensure that any business we set up would be a beacon of good employment practices, with basic principles of equal-pay, equal-fringe benefits and working conditions. But we could not open the career to talents

in the way we strive to do in this country and in the States through our policy of "optimising individual and the company goals" - because some goals are simply not open to some individuals.

3. "A climate designed to demoralise and maintain an industrial helotry"

White industry needs African labour; but each one of those Africans must have a permit to "work, live and be". It is true that he can establish certain residential qualifications to live in a township - if for example he has worked in the area for fifteen years, or ten years in the same job. But he may not necessarily be able to live with his wife - he certainly cannot invite a friend in for the night without permission and he is liable to lose all his rights if he is found to be "idle and undesirable" - whereupon he will find himself sent to a "homeland" which means nothing to him.

What he needs, of course, is a home and not a Government fabricated myth of a homeland. What he gets is life in a transit camp, without property, political - and precious few legal rights. So far from being a protector the law is seen as a persecutor; incredibly 934,000 people were convicted of offences in 1968, 674,000 were admitted to prison during that year and the average daily prison population was 80,000.

Since it is virtually impossible not to break the law in a small way each day, major and minor offences become blurred and respect for the law goes to the wall.

It is small wonder that there is virtually a reign of terror in the native townships by night; in Soweto, the average number of murders on the peak night of the week is 7; nobody knows how much unreported crime of violence takes place - but then none of this would be obvious to the superficial white observer; there is a curfew for all non-Europeans in the centre of Johannesburg which makes it probably the safest city in the

world for the white man to walk about at night. Yet the price of all this - and indeed of the whole agreeable servant supported way of life in the white suburbs - is being paid for by the blacks who are kept out of sight in the townships.

It is no defence to point out the undeniable truth that the black South Africans are better off than blacks in any other country in the world; the important factor is their relative well-being to their white fellow citizens; the Africans constitute 68% of the population, but their share of the National cash income is 19% - whereas the white constitute 19% and their share of the cash income is 73%.

This is only one measure of inequality - the facts are that political, social and economic inequalities of the system are such that we would find it impossible to give effect to our ideas for "creating a sense of partnership within the company, where people are encouraged to give of their best to their work".

4. "The rule of law has been abolished"

If there is a physical reign of terror in the townships, all the ingredients are there for a legal reign of terror within the country. Legally speaking, it is extremely hard to distinguish the situation in Vorster's South Africa from Hitler's Germany in 1933; Hitler engineered the Reichstag fire and then declared an emergency decree "for the protection of the people and the State"; he set up Peoples' Courts for political offences; he interfered in criminal cases to protect his officials; he had the right to banish or imprison people whom he thought had been too lightly treated in the Civil Courts and he placed his Gestapo beyond the law.

In South Africa, under the 1967 Terrorism Act (which created new offences and made them retrospective to 1962) it is explicitly stated that "no Court shall pronounce on the validity of any action for

the release of a detainee under this Act". Under the Bantu Administration Act the President is supreme and his actions cannot be challenged in respect of the African right to remain, reside or work in certain areas. With the Suppression of Communism Act 1967 which virtually says you are a Communist if the Minister "says so" (Lord Gardner) there are wide powers to arrest, together with the right to bar Counsel - and if you obtain your discharge under this Act you can simply be re-arrested in open Court and detained *sine die* under the Terrorism Act - as happened to the 22.

Clearly the Terrorism Act is itself an act of terror; in accepting the security of the State, rather than that of the individual as the overriding consideration, the rule of law has been abolished and a potential reign of terror through rule by decree has been established. It is true this is currently mainly directed against the black, but it is already beginning to be used against the white and must ultimately prove self-defeating.

Clearly South Africa is becoming a very difficult - not to say dangerous - place for anyone who values the right of free speech.

I will confess that I travelled South Africa hoping that I would find good reasons for doing business there; privately I had always considered critics of South Africa to be shrill and emotional - to whom everything black was good and everything white was bad. But the parallel between Hitler's treatment of the Jews in the 1930s and South Africa's treatment of the blacks today, became daily more obvious to me in the course of my visit and was brought home most vividly to me when I saw blacks being literally herded like cattle through the Bantu Administration Courts - just as I think with hindsight it would have been totally wrong to do anything to connive at Nazism in those days, so also do I think we should do nothing that would help to perpetuate apartheid.

Business should be ethical

I was frequently pressed in South Africa to say whether we were looking at it as a business or an ethical problem; there can, of course, be no difference.

During the course of my visit I came to see more clearly how South Africa is the battle ground for the major issue which threatens the world - including within it of course the world of business - the problem of race. There is a direct confrontation in South Africa and another confrontation in the United States - and increasingly in this country.

Towards a non-racial world

It is crucial that as individuals and as a company we make our stand known and play our part in promoting a non-racial world. In the face of my negative conclusions, I put forward some positive proposals:-

1. We put our own house in order. We need a company audit to determine how far we as a company are colour blind in our employment, sales and rental policies, together with the articulation of positive strategies.
2. We should make our reasons for not doing business in South Africa known within the business community; we should challenge those British companies who do business there to say why they are doing it; and how their employment practices really are a beacon in that land of darkness.
3. We should take positive steps to ensure an exchange of visits and fact-finding tours between industrialists in this country and in South Africa.
4. We should keep open the channels of communication we have established in Zambia and review the business opportunities there in the light of future developments in Rouse/Wates.