

SOUTHERN AFRICAN CATHOLIC BISHOPS' CONFERENCE
SPECIAL COMMISSION ON ECONOMIC PRESSURES

REPORT JANUARY 1987

TERMS OF REFERENCE

The task of the Commission is -

- 1.1 To monitor the operation of economic pressures.
- 1.2 To provide information and guidance in connection with economic pressure to all Catholics, members.
- 1.3 To monitor other charges suggested by the Government.
- 1.4 To suggest further steps that the SACBC could take in the spirit of the Bishops' Conference Pastoral letter on economic pressures.

2

CONSTITUTION OF COMMISSION

2.1 Membership

Chairman	Noel Pistorius
Members	Monsignor Paul Nadal Professor Brian Gaybba Mr Clive Leon Mr George Kraljevich [Schoenstatt Christian Business Management, - Attorney]
Consultors	Mr Mark Orkin Professor Francis Wilson Dr Edith Raed' [Schoenstatt Christian Business Management]

2.2 Appointments for vacancies needed

Informed black opinion, a fulltime researcher, economist.

2.3 Locality of Commission

This is currently officially in Durban although most consultation is carried out in Johannesburg. The Commission is seeking to establish itself regionally on the Reef, Durban, the Eastern Cape and the Western Cape.

3

MEETINGS

The Commission has met twice in 1986 although substantial private investigation has been done.

BUDGET PROPOSALS

The scope of operation of the Commission is still evolving, but preliminary indications as to financial needs are as follows for 1987 :

Airfare and travel	5 000,00
Fulltime researcher 12 months @ between R1 200 and R1 500 per month say	18 000,00
Stationery and admin. say	500,00

As sanctions and their monitoring are likely to be long term, however, the need for an on-going fulltime researcher will have to be reviewed, with the likelihood of his or her work being done on a part time basis, and at a lower level of expenditure.

5

DETAILED REPORT ON ACTIVITIES


See Annexure A attached.

6

MINUTES|PREVIOUS REPORTS

Reference is made to the minutes of first meeting of 22 October 1986, together with "review of current position [October 1986] - an opinion" under the hand of the Chairman of the Commission which review should be read together with this report.

Dated at Durban this 12th day of January 1987.


N R PISTORIUS
CHAIRMAN COMMISSION ECONOMIC PRESSURES

SOUTHERN AFRICAN CATHOLIC BISHOPS' CONFERENCE
SPECIAL COMMISSION ON ECONOMIC PRESSURES

1

INTRODUCTION

- 1.1 The whole range of economic pressures, from disinvestment and divestment across the board to trade sanctions, import and export boycotts, are now in operation, and are being applied against the country on a considerable scale to one extent or another by most of the country's trading partners. The real effects though are still to be felt and identified.
- 1.2 The way ahead is therefore most complex and there is no clear indication as to the general direction that the sanctions will take and what their effect will be. One of the features of the sanctions debate over the past two years, has been increased confusion over the real impact of sanctions, for example how far would they really harm the economy? Whom would they harm most? What will be their effect on white and black politics? These arguments are soon lost not just in uncertain and confused predictions over the future course of Afrikaner politics, but in the equally uncertain issue of what course of action is likely to benefit the country in the long term. There are as many opinions as opinion givers, as many economic predictions as there are economists. Who are likely to be accurate or correct in the short, medium or long term, cannot be said, and because of the rapidity with which events are overtaking any kind of planning, it is the Commission's view that care needs to be taken in relying on much of outside opinion in order to formulate a policy for the Church in Southern Africa as a whole.
- 1.3 Notwithstanding the complexity of the picture, however, there are certain trends starting to emerge.
- 1.4 Apart from the sanctions issue, an additional issue is emerging as being of vital importance to opinion formers, namely how adequate is the existing economic order in Southern Africa to cater for the future of the region and is some other economic order likely to emerge to meet the immense demands of the people in the post-apartheid era. Although this is beyond our terms of reference, inevitably the Commission's investigations have touched on aspects pertinent to the subject.

2

PRESENT POSITION

2.1 Southern African Economy

The economy of Southern Africa is very precariously balanced. The economy is still labouring in its worst recession in forty years. Inflation is entrenched at a most unhealthy level. Inflation has hovered above 10% for more than ten years with the outcome being massive unemployment. Current rates of inflation are about 20% and

if it continues at this disasterous rate, the damage to the social fabric to the country will far exceed anything that comprehensive trade sanctions will do to the economy. The sad thing is that the Government appears to be either unable or unwilling to do anything about rectifying this disasterous situation. The application, therefore, of economic pressures against the country is only going to exacerbate an existing serious situation, so that despite optimistic observations by certain business commentators that the economy of the country is starting to recover tentatively, it is reasonable to assume that as sanctions become more and more effective, the tentative recovery heralded by these commentators is likely to be destroyed.

2.2 The United States of America

American sanctions have so far taken the following forms :

- i] Trade embargoes on a range of South African goods, principally agricultural produce, coal and steel and Kruger rands.
- ii] Financial embargoes and stoppage of loans.
- iii] Disinvestment by United States of America companies and disinvestment, mostly with South African management take-overs, buy-outs accompanied in some cases by technology and franchise arrangements.
- iv] Blacklisting of all State and "para-statal" organisations in South Africa from doing business in South Africa.
- v] Cancellation of SAA landing rights in USA.

Up to the end of 1986 some 65 American companies had already withdrawn from operating in Southern Africa, and according to the American Chamber of Commerce in Johannesburg a further 26 United States Corporations are on the verge of withdrawing from South Africa in the face of increasing disinvestment pressure. The most recent was EXXON, the international oil group whose withdrawal will more than likely pave the way for others, particularly as the economy declines. Notwithstanding this approximately 259 American companies are still operating in South Africa and according to the American Chamber of Commerce are likely to remain. Whether this will be an accurate forecast of the situation or not, will depend on how in the future the pressure groups in the United States can effectively continue to persuade American companies to withdraw from the country. The impetus is growing and the American Chamber of Commerce's forecast is likely to prove optimistic.

2.3 Elsewhere

There are a number of organisations for example Barclays National Bank, that are directed from countries other than the United States, and which are also withdrawing from the country. Continued

pressure is mounting from Governments of Western countries, such as Canada, the European Economic Community and Japan. As the economy of the country continues to deteriorate it is reasonable to expect that more and more companies will see as attractive the prospect of withdrawing from a situation where they can no longer make the profits they were expecting. The disastrous inflation rate in the country may well to a certain measure, however, be offset by factors such as a depreciating dollar/rand exchange rate with regard to exports, but with exports becoming the subject of boycotts, the extent of this benefit must at least, be uncertain.

3

A BRIEF ECONOMIC OVERVIEW

Because of the wide variety in the measures taken against South Africa and the difference in the intensity with which countries enforce these measures, the ultimate effect thereof on the South African economy cannot easily be quantified. There seems to be little doubt, however, in the minds of all economic commentators that the coercive measures will definitely impinge on the well being of the South African economy which could thrive in the short term but will gradually bow before the attrition of sanctions, and in the long term, suffer grievously. It is not known what constitutes the long term, but periods of between 10 and 15 years have been forecast.

South Africa has an open economy with a large proportion of its economic activities being dependant upon the continuation of its foreign economic relations. The country is, therefore, particularly vulnerable to adverse foreign influences such as disinvestment, divestment and sanctions. Although we have seen that disinvestment is frequently accompanied by the assets of foreign concerns being acquired at a discount by local companies, thereby preserving some or all of employment opportunities, and also retaining franchises and licence arrangements, it must be kept in mind that funds that could have been utilised to create new business capacity and therefore employment opportunities have had to be used to acquire foreign assets.

It seems that an effective trade boycott is likely to be more detrimental than any disinvestment action. Export orientated sectors which would be most vulnerable to trade boycotts, are also the main employers of black labour, for example the mining and mineral industries. Measures leading to a decline in commercial agricultural output will also have serious implications for employment, particularly in those sub-sectors where labour in-put is relatively high to capital, and which are largely export orientated, for example maize, sugar, wool, deciduous and citrus fruits.

An effective boycott of imports to South Africa would result in denying foreign in-puts to local industries which will then curtail the scope for development in the South African manufacturing sector and a resulting increase in the rate of unemployment. Progressive restrictions on the import of capital goods will also render the structure of South African manufacturing less efficient and less competitive thus further entrenching an inflationary bias in the economy generally. The ultimate consequences of sanctions on South African imports would therefore be a misapplication of resources and secular inflation. This means that some products would

increase substantially in price and because of in-elasticity of demand, for example of foodstuffs, the smaller market [minus exports], would cause local prices to rise to maintain current income|wage|turnover levels. This will lead to inordinate inflation in common consumer goods and because of the reduced market, can lead to cut-backs in production with resultant unemployment. It is appreciated that these views run counter to the opinions of personages such as Professor Gavin Maasdorp of the Economic History Department of the University of Natal, who has advocated a policy of "inward industrialisation", but the views of the Associated Chamber of Commerce in this regard are that there is insufficient capital within the country to generate such inward industrialisation at any meaningful level. It is also interesting to note that COSATU has expressed the view that such "inward industrialisation" is a fanciful hope in the light of lack of direction by business and an inability in both the private business sector and much of the anti-government lobby, to organise themselves properly.

According to ASSACOM the main consequences to the Southern African economy of international actions against this country can be summarised as follows :

High rate of inflation - a rate of between 17% and 19% minimum is expected for 1987.

Increased emigration of skilled workers.

Stricter limitations on capital transfers in order to alleviate disinvestment actions.

Increased unemployment which will adversely affect certain sectors of the economy as well as certain towns, such as Richard Bay, Newcastle, Saldanha Bay, Witbank and Middleburg. Regions which will be worst hit are likely to be the Eastern Cape, due to the concentration of the motor and related industries; Western Cape due to the production of deciduous fruit and the wine industry; and the far North Eastern Transvaal and the Eastern Transvaal Lowveldt due to the production of citrus fruit.

We set out the brief implications of three important sectors in the South African economy, namely the iron and steel sector, the South African coal sector, and agricultural products.

a) Iron and Steel

South African ranks about 8th in terms of world trade in terms of world production of iron ore. Major exports of approximately 41% of South Africa's production are to Asia and European countries.

With regard to iron and steel products, South Africa exported in 1985 some 42% of its local production. The Steel and Engineering Industries Federation of South Africa [SEIFSA], estimates that some 450 000 workers are employed in the RSA iron, steel and related industries, with some 2.5 million people in the RSA, Mozambique, Swaziland, Lesotho and Botswana being dependant on their income.

Regions in the RSA which will be affected by an embargo on iron ore and iron and steel products will be the development region B [Sishen], region F [Witbank|Middleburg] and region E [Newcastle].

It is expected that South African Transport Services especially in its harbours in Durban, Port Elizabeth and Saldanha Bay and the economic activities in the surrounding activities would be adversely affected.

b) South African Coal Sector

In 1985 55% of total RSA coal exports were sent to Asia and European countries with coal export earnings amounting to well over R3 billion. It is estimated that should all exports of coal be banned, it could be expected that about 25 000 coalmine workers will be retrenched, with approximately 100 000 people depending on these incomes being affected. A recent Financial Mail report [5 December 1986], states that the coal industry is already causing stock piles of coal to swell, and also expects that the European Economic Community sanctions are likely to be applied in the medium term. Desperate measures are also being taken to protect the vital Japanese market, and a general reduction in the price of coal is expected in the coming year. Plans for new mines are being shelved and there appears to be considerable anxiety about the future.

c) Agricultural Products

During 1985 exports of agricultural products amounted to R2,3 billion or 25% of total value of agricultural production. With the exception of gold, agricultural products contributed to nearly 20% of total value of RSA exports in 1985.

The agricultural sector employs about 1,3 million of the economically active population of the RSA of which 1,1 million are blacks, with a further 200 000 people being employed by industries which have important forward and backward linkages with the agricultural sectors. A total embargo against exports of agricultural products could lead to the retrenchment of approximately 100 000 workers in the Western Cape and Northern and Eastern Transvaal. Workers in Natal are also threatened. The recent rejection by USA of some 500 000 tons of sugar is an indicator of the magnitude of trade boycotts in force. It is not known if an alternative market has been found, but the Sugar Industry is going to be considerably prejudiced, a move that will inevitably lead to loss of farm work for agricultural workers. Most importantly the agricultural sector also provides accommodation to farm workers and their families, for example housing facilities and farm schools. During 1984 nearly 460 000 pupils were enrolled in 5 477 primary farm schools. This represented about 30% of total black school enrolment in RSA. Adverse economic conditions which would arise in the event of total fruit embargoes could have a major impact on these communities.

Again the observation of the Commission is that notwithstanding the optimistic and often brave statements made by Government and big business that the country will be able to weather sanctions, there is no doubt that sanctions are, and as their impact increases, will become, very hurtful to the economic and therefore the social fabric of the

country. Mr Harry Schwartz Progressive Federal Party finance spokesman, has predicted that the economy will be hurt by American disinvestment next year. "There is a sort of euphoria in South Africa at the moment that we can deal with this disinvestment. But that is going to start disappearing within the next twelve to eighteen months when the real impact of disinvestment will be felt", Mr Swartz said. When we have regard to the cold facts of this situation, Mr Schwartz' projections seem to carry more than a realistic ring of truth.

4

EFFECTS OF SANCTIONS ON ATTITUDES

At this stage it is not feasible to predict what effect sanctions will have on attitudes, particularly the attitudes that sanctions seek to convert government policy and the white electorate supportive of apartheid. Professor W Kleynhans, Retiring Professor of Political Science at UNISA and certainly no Government supporter, says it is "anyone's guess". He says "the interrelated factors are so diverse and complex that it would be foolhardy to claim the ability to forecast with any semblance of probability what will happen." He seems to be of the view that sanctions are going to have catastrophic effects on the socio-economy of South Africa, but what their effect will be on Government and Government support [and presumably the right-wing of pro-apartheid], is "sheer guesswork".

The Commission shares this view at this stage and feels the SACBC should be on its guard against claims to make predictions for the future. We confine ourselves to present effects and opinions on the current state of affairs.

4.1 Government

As anticipated the whole issue of economic pressures has clearly had a totally counter-productive effect on Government thinking. The whole sanctions issue has consolidated Government in its retreat from meaningful and indeed, any, reform. The following are relevant :

- 4.1.1 The State President has re-shuffled the Cabinet with ten new Deputy Ministers appearing to have been "bought" in to give added support. It is also noteworthy that approximately 90 Government members of Parliament have paid posts in addition to their ordinary standing as members of Parliament which seem to insulate them against the temptation to cross the floor to the right or the left.
- 4.1.2 The establishment of the new super Economics Ministry by combining Economic Affairs and Technology, including Trade and Industry, Mineral and Energy Affairs and Tourism, and the addition of Economic Advisory Affairs to the finance portfolio. This seems to be designed to put into place an economy and structure to withstand siege. Government sources have recently been reported as stating that they were not concerned about world reaction anymore as nothing the Government did could stem the tide of sanctions.

- 4.1.3 The sanctions busting effort is gaining momentum with Government co-operating in every facet. Passports of convenience appear to be fairly easily obtainable as is Reserve Bank co-operation in forming off-shore operations to circumvent all kinds of trade pressures.
- 4.1.4 Whilst in France recently the State President stated that "peace must be secured by strength".
- 4.1.5 At the State President's third economic "summit" [boycotted by several important business leaders], whilst giving business the chance to hammer the remaining vestiges of institutional apartheid, produced nothing, and certainly no positive Government response - only warnings to business "not to meddle in politics", and strong rebukes that Government must be given full support by the business sector.
- 4.1.6 Government attitudes have become noticeably more and more defiant and "kragdadig" - more so than when sanctions were threatened. It is drawing more and more people into its service making more and more people beholden to it. In just three years, its wage bill has doubled. Whilst the economy will be severely hurt by sanctions, it can survive, although for how long it is difficult to say, but those responsible for policy in Government and in Government supporting roles, have effectively shielded themselves against the impact of deprivation. They will be the last to feel its effects.
- 4.1.7 At all the recent National Party Congresses, political change and the fate of political detainees and future reform was not addressed.
- 4.1.8 The incomprehensible attitude of the State President at the recent conference with certain of our Bishops, seems to supply final proof positive that the State President is totally closed to any overtures of reason or moral persuasion.
- 4.1.9 The clamp down on the media coupled with total suppression against all sectors of opposition to the Government is further clear support for the gloomy prognosis that Government does not intend to change realistically, and certainly has no intention of admitting to any process whereby political power will be relinquished peacefully - at this stage regardless of the consequences.

An election during the course of 1987 is to be held. Whether this will produce the emergence of the right-wing as the official opposition or not, has yet to be seen. Cynically it seems that the emergence of a right-wing as official opposition may result in much greater respect overseas being given to the existing Government. At present the Government is severely criticised for not moving quickly enough. Violent criticism from a right opposition and Government

defiance of that violent criticism could create a good albeit false impression.

Certainly the whole issue of sanctions seems to have drawn a smoke-screen or red herring across the trail of why sanctions are being imposed, so that inordinate energy appears to be directed to overcoming sanctions and justifying the actions of a government seen by most of the white population to be a saving influence to maintain the status quo, rather than addressing the problems that lead to these steps in the first place.

What was anticipated by the pro-sanctions lobby early in 1986, namely an early change in Government policy with expectations of imminent meaningful black participation in a regime overcome by the pressures of economic boycotts, is not likely to materialise, and will probably only emerge but in a unpredictable manner, a long time ahead. The struggle is going to be arduous and lengthy, and very substantial suffering and confrontation is likely to continue to be experienced.

4.2 Business Attitudes

Sanctions are likely to continue to pressurise business attitudes into applying their minds to the problems not only which have given rise to sanctions but at possibilities of overcoming those possibilities. The Chambers of Commerce and responsible business leaders are pressurising their members to become more and more conscious of their role that they must play in the reform process and there is no doubt that the economic decline in the country and the various pressures brought to bear have played a positive role in forcing business men and leaders to apply their minds to the whole subject. The Commission is of the opinion that moves by business organisations and leaders to pressurise Government, for whatever motive, should be encouraged however token and inadequate they may be.

4.3 Black Views

The consensus amongst black people appears to swing like a pendulum depending on surveys, the questions asked, and who has reported on those surveys. There seems to be little doubt that the opinions of informed black people who can be said to have politicised or socialised views, are definitely in favour of sanctions. The random opinions of black persons who appear otherwise to be in touch with black opinion, seem to be favouring the continued imposition of sanctions more and more. Questioned on the understanding by black people of what this means for them, Mr Paul Zulu of Natal University advised that blacks have become inured to suffering - the deprivation to which they have been subjected by the ruling regime has conditioned them to an extent that they have become far more resilient than whites would ever imagine. This resilience is strengthened by the extended family system found in black community life, and the mutual support found in such communities.

Accordingly, as the financial crisis of the country creates less and less resources, black people are likely to support each other mutually, something that whites do not seem to understand. The suffering brought about by apartheid, and the realisation that unless something drastic is done, is crystalising to a head whereby black people see it as inevitable that great and on-going sacrifices are now necessary more than ever before, if freedom for the future of the black peoples as a whole is to be obtained. "Even if black people have to suffer for generations as long as fifty or sixty years, if in the end result the oppression to which they are now subjected is overcome, the suffering would have been worth it." Black opinion seriously questions if whites are likely to have as much endurance and resilience to such hardships as they too are going to suffer.

The problem, however, arises in that so many of those questioned did not seem to be able to offer any alternative to the present system, nor were they able to offer any solution as to how the difficulties that would be experienced in the long imposition of sanctions, could be overcome. The popularly expressed view that "blacks were so used to suffering that more suffering would not hurt them", appears to be discounted in a reported survey taken by Mr Mark Orken analysed in the Financial Mail of 28 November 1986. The following is a quotation from the report :

"His [Orken's], survey asked respondents to choose which of three views they supported most. One encouraged investment, the second wanted to limit or restrict investment to companies that actively pressure Government to end apartheid and recognise black unions, the third opposed all foreign investment. Approximately 75% of blacks questioned said that they favoured total disinvestment or conditional investment."

These figures showed a shift in attitude towards the radical end of the spectrum as circumstances evolved.

"Of course, saying you favour disinvestment is not the same as being willing to undergo hardship because of it. Several black leaders have said blacks are willing to suffer, but blacks en mass appear much more ambivalent. Being in favour of sanctions as long as there is no suffering is a bit like saying you favour them as long as they are ineffectual. When Orken progressed to this question, his results were a lot closer to those of Schlemmer. He found for example that only 26% of blacks were hardliners in favour of sanctions, even if it meant the loss of many black jobs. But 48% were against sanctions if it meant the loss of many black jobs, and 25% were only in favour if sanctions resulted in "a few blacks" losing jobs. Says Orken, "an ordinary black person is likely to be implacably hostile to apartheid. Yet as a wage earner with dependants, he is anxiously aware of the daily grind of survival, at a time of enduring recession and rising unemployment. It seems likely that many respondents look to conditional disinvestment for a strategy which could help end apartheid while threatening their every day livelihood as little as possible."

In summary it seems logical that black people desperately want an end to the oppression of apartheid, and are willing to endure some hardship to see this happen. It seems, however, that if the policy is likely to produce a loss of their vitally needed jobs, most blacks prove to be tentative about pressing the issue. The Commission concludes from this report that it cannot be said that blacks overall favour sanctions and are prepared to endure the hardship, a view apparently held by a minority only, for when the stark reality of loss of jobs is presented, then quite humanly this spector forces the preference for sanctions into the background.

Quite clearly massive aid and development for the black sector is required in order to alleviate a situation which is likely to be imposed on the country regardless of the will of the people, because it seems inevitable that sanctions will strike hard and most effectively at the victims of oppression rather than the perpetrators thereof. It may well be, therefore, that the prognosis by Mr Paul Zulu that the resilience of blacks against deprivation will be such that they will be able to endure far longer than whites, will need to be relied on to an extent far greater than may have been anticipated. Whilst, however, such a suggestion may be anathema to the average white person, to the average black man suffering so severely from a system of suppression, the concept may well be endurable in view of the goals that such people must have in their lives. The alternative options seem to be too bleak and full of despair for any normal human being to accept without serious challenge.

4.4 NAFCOC

The National African Federated Chamber of Commerce is forming a business trust to be known as the National Peoples Fund to afford black organisations, trade unions, and the people, to acquire meaningful status in business, companies and hopefully, those foreign controlled companies that will be withdrawing from South Africa. The objectives of such a trust may be idealistic at this stage, but it is an attempt to be constructive and moves such as this, aimed at building black initiative and black financial standing in the community, should be encouraged. Both the black worker, helped and supported by trade union movement, and black business, encouraged by organisations such as NAFCOC, must develop and grow, so that the self respect generated by such progress, will breakdown prejudice and political social barriers.

4.5 COSATU

The following are indications gained from an interview with Mr Alec Irwin, the Educational Officer of COSATU, from an examination from the COSATU News, and from statements made by various COSATU office bearers :

In summary it seems logical that black people desperately want an end to the oppression of apartheid, and are willing to ensure some hardship to see this happen. It seems, however, that if the policy is likely to produce a loss of their vitally needed jobs, most blacks prove to be tentative about pressing the issue. The Commission concludes from this report that it cannot be said that blacks overall favour sanctions and are prepared to endure the hardship, a view apparently held by a minority only, for when the stark reality of loss of jobs is presented, then quite humanly this spector forces the preference for sanctions into the background.

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COSATU continues its total commitment to sanctions, because sanctions is an attempt to pressurise the Government to bring an end to apartheid - per Jay Naidoo, General Secretary. According to Mr Irwin, however, the assets of all companies affected by sanctions must remain in South Africa. Mr Irwin is opposed to any sanction that will withdraw assets from the country.

COSATU states that all estimates of job loss as being attributable to sanctions are wrong. They focus job loss as having been caused through economics, rationalisation, monopolies, plant re-location, export of capital by multi-nationals, and other related economic factors. [Commission comment - These views cannot be gainsaid. The economy of the country is in a mess, and as so frequently happens in a capitalist system, it seems that jobs are the first to suffer. Whether this makes capitalism an evil or a failure, however, must be debatable.]

Sanctions will produce pressures on Government and Government with disinvestment will not be able to maintain its situation because it has insufficient resources which in themselves will be insufficient to maintain its army and security forces. [Comment - This must be queried because Government policy seems clearly to put security|police|army at the top of its expenditure. Social services and everything else will suffer before the Government gives way to its security expenditure.]

A Government isolated and ostracised will lose support. [Comment - This certainly is not so in the present case, as those who support the Government are those who support the status quo, and even worse in the case of the right wing. It is clear that many whites are rallying around the Government more than ever before in the face of economic pressures. It seems that a long period must elapse before the forces of attrition can eat their way into the resilience of Government support before Government can be said to face the threat of any loss of electoral support or support of big business.]

Sanctions will hurt business, and if business is hurt to the extent that profits are endangered or removed, big business will then be persuaded to start pressurising Government to change, rather than to encourage constructive engagement which does not bring pressure on Government policies. [Comment - This view certainly has a lot of force because the pressures on business are certainly pressurising business to pressurise Government in turn. The extent, however, to which Government takes cognizance of the opinions of business leaders is very questionable. Nevertheless, it is an agitating and pressuring factor which must continue if continued pressure on Government is to be maintained.]

Economic pressures are likely to pressurise business to take a leadership role to oppose Government so as to realise Government's responsibility to the people instead of putting Government and business first. [Comment - Whilst being very meritorious, it is an altruistic view which does not seem to find any outlet in reality.]

Sanctions must not be allowed to hurt the workers. For too long business has allowed business adversity to prejudice workers before profits. The workers must not be allowed to suffer because of sanctions. Business must bear the brunt of sanctions through reducing its profits so that the workers can endure. [Comment - Again this view is very laudable, but is too altruistic to be realistic.]

Sanctions must pressurise business into civil disobedience. At present business has no concerted direction and must be forced into opposition to Government. [Comment - Whilst such a course may eventuate with the passage of time, it is going to take a long process of attrition to force business to adopt such a course of action, if ever.]

Black financial influence and business activity only provides for a few elite blacks at the top. The whole system of capitalism and free enterprise is for the elite few. They cannot compete with the social demands of this country, and a whole new economic order is required. [Comment - This statement is beyond the scope of the Commission, but we note that no alternative is proposed]. Notwithstanding this, it is relevant to bear in mind a statement made by Mr Chris Dlamini, Vice President of COSATU :

"The unholy alliance of apartheid and capitalism has become obvious and concrete. One cannot expect to eradicate it simply by removing apartheid, nor can economic transformation come about by merely organising workers into Unions and demanding a living wage and good working conditions. What we are talking about is the total change of the present system in its entirety." Unfortunately Mr Dlamini does not say what the system should be changed to. It appears from various statements by COSATU leaders that socialism is the system that must be promoted. We gain the impression from a study of statements by COSATU leaders and commentaries in the COSATU press, that apartheid and its abolition is only a stepping stone to something which in COSATU's eyes appears to be more important, namely the abolition of capitalism. [What, therefore, is the principal motivation? Capitalism appears to be identified with apartheid and because apartheid is evil so capitalism must be evil. Whilst there may be much in capitalism that is of doubtful merit and morality, what concerns us is that COSATU's support of sanctions appears primarily to be as a means to overthrow the economic order rather than the immoral issue of apartheid per se. This is not surprising given the basic tenets of trade unionism nor may it necessarily be bad in itself, if it achieves the overthrow of apartheid, but nowhere is there any evidence that whatever COSATU may have in mind as an alternative economic order or the way in which it will be implemented, will, or is likely to be, better for the people than the present economic system. But we approach the objectivity of COSATU as an organisation which in its media classifies employers across the board as "the enemy", to be "fought" as "the common enemy of all workers", with caution. We do not detract from the good work many trade unions achieve for their workers - they are fulfilling a real need in these times, but we feel there is a need to go further than the opinions of COSATU to

gauge whether the masses of black people in fact are cognizant of what the effects of sanctions will be and nevertheless support them.)

5

THE WAY AHEAD

5.1 All, however, is not negative because the pressures that are being brought to bear and which inevitably have to be brought to bear to force people to think about the situation prevailing in the country, is producing the following beneficial effects :

5.1.1. There is a growing awareness of social responsibility in the private sector and in the business sector. Notwithstanding that the whole issue of so-called "constructive engagement" has been damned by certain forces and is criticised for example by COSATU as being cosmetic only, we believe that a statement which says that because black South Africans are denied political rights, efforts to improve their economic, educational and social status are cosmetic or trivial, is a fallacy. Efforts are being made by numerous companies not only to play an identifiable role in the upliftment of their workers, but also to contribute substantially towards the education and development of black leadership. Whilst the issue of "constructive engagement" is dead as an official American policy, nevertheless there are still many companies working hard to promote the policies and the Commission has been able to identify numerous corporations within the country making considerable contributions towards the upliftment of education and economic facilities to black people. The greater the economic power including trade union power, and the educational and economic levels of the black community, the more successful they will be in making their political voice heard.

At the same time, many whites and business are starting for the first time to recognise the legitimacy of the insistence of black South Africans that they have a right to a voice in the decision making process that affects their lives, and many are working to end all discrimination within their operation including active support for an end to discriminatory laws and regulations. It would be unjust not to recognise, and indeed for the Church not to support, the many organisations in the country both large and small, that are working within legal parameters to assist the country's black and so-called coloured communities to overcome the problems of changing social perspectives in the shift from one culture to another and to find accommodation in a milieu itself undergoing radical changes.

Black society must be built up and not broken down. Trade unions are doing an excellent job in this regard, and so is NAFCOG. Like everything, the good must be sifted from the bad, and so the good of white and black business must be sifted from the bad and encouraged to continue and spread its influence for change and upliftment. Long after business has built the bridges, politicians will cross over.

- 5.2 There is a discernable growth amongst many large business concerns actively to support pressures against Government to reform its attitudes.
- 5.3 The focus on the apparent inadequacies of capitalism per se to cater for the needs of an ever growing population is creating debate and analysis at a level unheard of before in order to try and develop some solution for the future. This has been described in various terms such as "a mixed economy", which is an economy supported by both sociologists and also supported by the African National Congress. It is contributing to an airing of views which might not otherwise have come to light.
- 5.4 There is a growing awareness to encourage black initiative, and the focus on the need for black people to develop in their own right is creating a flow of economic assistance in this direction that would not otherwise have arisen.

The Commission urges that the goals ahead must at all times be kept in mind. We see this primarily as twofold; namely the transformation of South Africa by the abolition of apartheid into a just society from which racial discrimination is eliminated, and in which equal opportunity with equal political rights will prevail, and at the same time the building of a base upon which a humane and just post-apartheid era with a Christian emphasis and orientation can be ushered into this country. In this the Church has a vital and far reaching role to play. Two main thrusts present themselves for consideration :

- a) Strong support for black initiative in all spheres and spiritual, social and economic upliftment of the majority of people, allied with -
- b) the continued thrust to convert white attitudes at which sanctions are aimed.

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