

**FIVE FREEDOMS FORUM-AFRICAN NATIONAL CONGRESS CONFERENCE, JULY 1989  
REPORT OF COMMISSION ON SANCTIONS (A3)**

In the commission sessions only the question of economic sanctions was addressed, owing mainly to time constraints and the contentious nature of this subject. Participants agreed that we should not attempt to reach consensus on most issues, as it was clear from the start that strongly held positions were very divergent.

Sanctions were understood to refer to the withdrawal or ending of trade links with South Africa, or disinvestment from South Africa. Three sanctions packages (United States, Commonwealth and Scandinavian) were passed from 1986 to date. The oil and the arms embargo have also been notable sanctions against South Africa. Towards the end of the discussion, differentiation was made between comprehensive and targeted sanctions.

Much of the debate focused on the economic effects of sanctions. It was argued that since the 1980's population growth has been exceeding economic growth. The result has been rising unemployment and an inability to develop economically. The economy is in desperate need of black advancement and skilled human resources. Sanctions only further the economic crisis, and South Africa may find it impossible to recover from a spiralling economic decline. Capital investment cannot be turned on or off. Capital will find other markets and South Africa would not be able to re-establish itself in the global economy.

In contrast, some felt that the economic effects were only a secondary consideration. The strength of Apartheid derives from the economy, and a huge proportion of the national budget is spent on maintaining apartheid (in areas of defence, police, the bureaucracy). The Carnegie enquiry into poverty concluded that the poverty in South Africa is centrally the result of apartheid legislation. It is apartheid's violence that is the destroyer of our economy; thus raising the costs of maintaining apartheid through placing pressure on the state's resources will bring about a quicker end to apartheid. It was also agreed that every strategy that is aimed at ending apartheid has economic costs. One of the biggest costs is that South African business is investing elsewhere because of political instability which results from resistance to apartheid. Because sanctions are targeted at undermining the state's resources and ability to maintain apartheid does not mean that the economic costs of other strategies are not as high.

Moving to the impact of sanctions, three areas were covered.

1) Business - two arguments emerged:

1.1 sanctions force business to ally itself with the state. Trading partners will always be found, and the government is in the best position to relate to these. Also 50% of the economy is driven by the state. Thus business dependence upon the government, and hence a reluctance to criticise it, will increase.

2.2 Sanctions have in fact driven a wedge between business and the government, as business has been forced to disagree with political actions of the government that increase the likelihood of

sanctions. For example, the organisation around the demand to give clemency to the Sharpeville 6.

## 2. Frontline states-two arguments:

2.1 South Africa has immense power and can retaliate at the frontline states. Because the entire Southern African region remains dependent on the South African economy, sanctions will and are devastating the region

2.2. In fact, since the implementation of sanctions, the extent of destabilisation of frontline states has been drastically reduced, as a result of the increased costs related to sanctions. If there is one success story of sanctions, then it is that the destabilisation of the frontline states has subsided, and the gains here far outweigh economic losses.

## 3. White attitudes :

- after the U.S. comprehensive sanctions package was passed, the National Party gained considerably in the General Elections, whilst the PFP lost official opposition status
- sanctions develop a seige economy and seige mentality among whites

It was argued that sanctions work when bearing the cost of going around sanctions is greater than the cost of responding to the demand for change. At present, in many areas, the cost of capitulation to these demands (which are not clearly understood) are perceived as being higher than the cost of sanctions busting.

In summary, there were three areas outlined for foreign pressure on South Africa to effect change:

- a) friendly persuasion - which has not worked
- b) force or
- c) economic and other sanctions - which work as pressure, but which create short, medium, and in some opinion long-term upheaval

Other options for the ending of Apartheid were discussed. The most important were around the growth of the trade union movement, and the notion that large scale capital investment may "drown" apartheid more effectively than it could be starved by sanctions.

The argument around trade unions reflected that sanctions undermine the power of trade unions, and this will result in the slower demise of apartheid. In an expanding economy, black advancement and skills training will empower trade unions to assert political demands for a non-racial democratic and united South Africa, and use their substantially increased economic muscle to back these demands. Essentially, although it was recognised that political change is necessary for long-term economic growth, political change could only occur in the context of an expanding economy.

Others felt that it would be wrong to view trade union activity in

isolation, and that it could not substitute for other political strategies. In addition, the Labour Relations Amendment Act and restrictions should act as a pointer to the objectives of the state with regard to broader trade union activity, and it would be wrong to rely on the trade union movement, in isolation, for change.

Capital investment in important areas - like education or housing - could be viewed as a constructive foreign intervention. Further, investment by companies with good track records in the fields of advancement and social responsibility can arguably strengthen the democratic forces in South Africa. Against this, it was argued that one should not fall into the trap of viewing strategies in isolation. The struggles around rents and education in the townships are what has resulted in the state being pressurised into putting resources into these areas. It would be counter-productive to release this pressure on the state, providing it with resources for repression.

Finally, the question of targeted sanctions - identifying the primary areas for sanctions, and also those industries which would not recover from sanctions - were regarded as important, although they were not in antagonism necessarily to comprehensive sanctions.

We could only base decisions about selective sanctions on careful and detailed research, and targeted pressure may indeed be more "cost effective" than comprehensive sanctions. The problems with targeted sanctions, however, is that economic injections into a system simply disappear to enrich the financial economic system as a whole.

In summary, consensus was reached in that all participants felt strongly that the demise of apartheid is essential and that we must exert pressure to end it. There was general agreement that the basic aim of sanctions is to get rid of apartheid, that sanctions as a strategy could assist the destruction of apartheid, with some ambivalence and one objection to sanctions as a method of destroying apartheid, believing it to be counter-productive. The ANC are committed to comprehensive, mandatory sanctions, whilst in the FFF delegation, opinion varied, with most delegates supporting further investigation of targeted sanctions.