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U.S. SANCTIONS ON SOUTH AFRICA: THE RESULTS ARE IN

INTRODUCTION

The first results of Western economic and political sanctions against the government of South Africa are in: Apartheid's supporters have been strengthened while those seeking reforms have been weakened. The evidence of this is abundant:

◆◆ In the whites-only election last month, the ruling National Party (NP) was returned with even greater control over the Parliament than before.

◆◆ In the election, the racially moderate Progressive Federal Party (PFP) was replaced as the official opposition party in the Parliament by the pro-apartheid Conservative Party (CP). This means that for the first time since the institutionalization of apartheid in 1948, the Pretoria government will be criticized in the Parliament not for moving too slowly to abolish apartheid, but for moving too quickly.

◆◆ U.S. influence in Pretoria has been reduced, as the South African government has rejected what it views as unacceptable foreign interference in its internal affairs.

◆◆ Economic sanctions have not damaged the South African economy severely. Most South African producers have found new markets for their products. Further, sanctions have caused a short-term stimulus, as the economy moves to create its own substitutes for former imports.

◆◆ To the extent that the effects of sanctions have been felt in South Africa, they have been felt by blacks--precisely the people they were supposed to help.

◆◆ Disinvestment by U.S. corporations doing business in South Africa also has set back the anti-apartheid campaign. U.S. corporations have sold their manufacturing plants and assets to South African businessmen at firesale prices.

The South Africans then are free to terminate U.S.-created social responsibility programs and once again can bid on South African government contracts.

◆◆ More disturbing, these negative reactions to sanctions have overtaken many positive changes that have taken place over the past several years within the Afrikaner leadership. Key elements of the governing coalition had begun to rethink their positions on apartheid. Sanctions have chilled many of those reform efforts.

In light of this overwhelming evidence, it is puzzling why the Reverend Leon Sullivan, author of the Sullivan Principles (which suggest a code of corporate responsibility for U.S. firms operating in South Africa), just days ago called for complete corporate withdrawal from South Africa. Perhaps the Reverend Sullivan, who has not visited South Africa since 1980, simply is unaware of the setbacks to reform there.

Congress soon will be looking at South Africa once again with a view to imposing new and harsher sanctions against Pretoria. June 12 will mark the first anniversary of the imposition of the nationwide state of emergency in South Africa, and it is virtually certain that congressional and media liberals will use that date to focus attention on the lack of progress in eliminating apartheid over the last year. They hope to build a climate of public sentiment throughout the U.S. that will support the imposition of new sanctions in October, when, by law, Ronald Reagan will have to report to the Congress on the situation in South Africa.

Wrong Predictions. Instead of calling for more sanctions against South Africa, Congress should examine closely the results of the sanctions already imposed by the West. Predictions by advocates of sanctions have been proved wrong: Far from pressuring Pretoria to speed the pace of reform, sanctions have brought the reform process to a halt and have given South African State President P.W. Botha an excuse to call an election that he knew his party would win. Nor have sanctions resulted in greater U.S. influence in southern Africa; U.S. influence in Pretoria is down sharply, without an offsetting increase in influence throughout the black community in South Africa.

More important, certainly, is the fact that sanctions have not hurt "only the whites," as they were intended. Instead, white South Africa, largely shielded from the effects of sanctions, has watched unaffected as the burden has fallen on blacks. U.S. and other Western corporations active in South Africa, instead of pressuring the government for reform, as they had been over the last several years, increasingly have opted to leave South Africa altogether. In doing so, they are selling their assets to South African businessmen who are getting rich in the process, while terminating the companies' social responsibility programs which enormously helped black communities.

Sanctions thus not only have not done what they were supposed to do, they have actually been counterproductive, and have set the anti-apartheid struggle back several years. This is precisely what many critics of sanctions predicted. The evidence of this is so compelling, in fact, that the African National Congress, the Pretoria regime's fiercest foe, now seems to be having second thoughts about

sanctions. At a late-May conference for business executives in London, ANC President Oliver Tambo indicated to assembled business leaders that sanctions were causing more harm than good in South Africa. The ANC has found that sanctions have cost it support throughout black communities, which now blame the ANC for the unemployment resulting from sanctions.¹

Using Carrots. For the short term, the Administration should make clear to Pretoria in the strongest possible terms its displeasure with any moves away from reform. The South African government should be encouraged to put its overwhelming election mandate to good use: with such a strong majority in the Parliament, the NP should move quickly to resume its reform program.

Over the longer term, the U.S. should begin to apply the lesson of sanctions against Pretoria: when dealing with Afrikaners, the carrot works better than the stick. Instead of threatening more sanctions against Pretoria if the government does not resume the reform process, the Administration should offer to make efforts to lift the sanctions already in place. Positive incentives, not negative, offer a more realistic hope of achieving the desired results in South Africa.

PRE-SANCTIONS TRENDS: CRACKS IN THE WHITE SUPERSTRUCTURE

Contrary to the conventional wisdom, the struggle for power in South Africa is not simply between blacks and whites. Black South Africans themselves disagree over key questions, such as the best strategy for eliminating apartheid (violent or nonviolent?) and the best type of economic system to set up after they achieve power (socialist or capitalist?).

Nor is white South Africa united. At the most basic level is the split between whites of English descent (1.5 million) and Afrikaners (3 million). Traditionally, English-speaking whites, who dominate the financial and commercial fields, have been more open to racial change than Afrikaners, who have dominated the government and politics of the nation since 1948.

Even among the Afrikaners, divisions exist. Many Afrikaners in recent years have begun asking themselves if they can really hope to hold on much longer to a system that so clearly is changing. Two schools of thought have emerged over the question of how best to protect Afrikaner culture:

1) **The "exclusionist" school**, which argues that the "vulnerable" Afrikaner community should be "aggressively protective" of its language and culture, since all other elements in the society oppose it; and

1. See Peter Youngusband, "South African Rebels Back Off on Sanctions," *The Washington Times*, June 2, 1987, p. 1A.

2) The "inclusionist" school which believes that Afrikaners have established themselves well enough to be confident of the future, and that the best way to protect their culture is "to allow others to be attracted to it."²

Key elements of the traditional governing coalition apparently have come to accept the inclusionist view. Among the elements of the governing coalition to have accommodated themselves to the new view:

The Church

Afrikaners long have viewed themselves as one of God's chosen people, a group of modern-day Israelites. The Nederduitse Gereformeerde Kerk [NGK, the Dutch Reformed Church] has supplied the theological underpinning to apartheid. Over the last 12 years, however, the church has changed significantly. In 1974 it backed away from its traditional affirmation that apartheid was specifically blessed by Scripture, to a somewhat weaker position declaring only that apartheid was not contrary to Scripture. Throughout the early 1980s a growing number of NGK ministers urged the church to reexamine its justification of apartheid. Last October, the church synod elected the liberal Johan Heyns as moderator, and declared that "The Dutch Reformed Church is convinced that the application of apartheid as a political and social system which injures people and unjustly benefits one group above another cannot be accepted on Christian ethical grounds since it conflicts with the principle of neighborly love and righteousness."³

Rejected by the church, apartheid cannot long last in the rigidly Calvinist South African society.

The Intelligentsia

Apartheid is not only a system for white control, it is an ideology. As such, it needs an intellectual as well as theological justification. Historically, the University of Stellenbosch, outside Cape Town, has served as apartheid's "brain-trust," contributing the philosophical defense of apartheid. It is the oldest Afrikaans-language university in South Africa; six of the nation's eight Prime Ministers were graduates. State President P.W. Botha currently serves as the chancellor of Stellenbosch.

Stellenbosch has witnessed fundamental changes in the past several years, culminating in March, when 27 leading Stellenbosch professors, including Sampie Terreblanche, one of the State President's closest advisers, resigned from the National Party and issued a declaration demanding the elimination of all remaining

2. See Allister Sparks, "Afrikaner Group Seeks Out Blacks," *The Washington Post*, March 16, 1987, p. A1.

3. See "Dutch Reformed Synod Denounces Apartheid," in Foreign Broadcast Information Service-Middle East and Africa [hereinafter referred to as FBIS-MEA] October 23, 1986, p. U10. See also "Johan Heyns and the NGK's Change of Heart," interview with Johan Heyns, in *Leadership* magazine, Vol. 5, No. 5, 1986, pp. 46-50.

discriminatory laws.⁴ Calling themselves the "Discussion Group 85," they also demanded that Pretoria declare its "unambiguous intent" to share power effectively with blacks.⁵ The 27 were soon joined by over 300 other members of the faculty (out of a total of 700), who signed the declaration to demonstrate that the protest was in fact widespread.

Protesting Students. Protest against government policies has spread throughout the student body at Stellenbosch. By mid-1986 a student organization protesting conscription had been established there. Protests also have taken place at several other universities. Most recently, at the University of Cape Town, ten students were injured on April 27th when police fired birdshot into a group of 300 students protesting a cross-border raid into Zambia.⁶ And police arrested 120 students on May 4 at the University of Witwaterstand, in Johannesburg, when the students refused to disperse after a student meeting was declared illegal.⁷

The Secret Society

Founded in 1918, the *Broederbond* ("Brotherhood" in Afrikaans) originally was established as a secret society to help Afrikaners find jobs. Since then, the organization has grown in size and influence: it boasts a membership of 12,000 and includes the vast majority of Afrikaners in government, media, academic, and church leadership positions. To conspiracy-minded observers, the *Broederbond* is the ultimate refuge of "the Super-Afrikaners." It serves the National Party as a ready-reference sounding board of Afrikaner opinion: in several cases, pending NP decisions secretly have been circulated throughout the *Broederbond* to ascertain Afrikaner reactions.⁸

The *Broederbond*, though broadly representative of Afrikaner opinion, has had its divisions as well. In 1969, the organization splintered following the break-away from the National Party by die-hard apartheid supporters who formed the Herstigte Nasionale Party (HNP). This episode was repeated in 1982, when another group of parliamentarians, led by former *Broederbond* Chairman Dr. Andries Treurnicht, left the National Party to form the Conservative Party.

4. Some sanctioneers may point to the break in March--that is, six months after the imposition of sanctions--as evidence that sanctions have had a positive effect. Professor Terreblanche himself rejected that notion when asked, calling sanctions "disastrous for the whole process of reform in South Africa." Conversation with Terreblanche, Washington, D.C., May 21, 1987.

5. See "Academics Ask Government To Declare Reform Intent," in FBIS-MEA, March 9, 1987, pp. U5-6. See also Bruce W. Nelan, "Rocking the Cradle of the Volk," in *Time*, May 4, 1987, p. 88.

6. See "Cape Town Students, Police Clash During March," FBIS-MEA, April 28, 1987, pp. U3-4.

7. See "Police Break Up Witwaterstand Student Meeting," in FBIS-MEA, May 5, 1987, pp. U3-5.

8. See Ivor Wilkins and Hans Strydom, *The Super-Afrikaners: Inside the Afrikaner Broederbond* (Johannesburg: Jonathan Ball Publishers, 1978). The book is based on 15 years' worth of confidential *Broederbond* documents handed over by a disaffected *Broederbond* member to reporters of the Johannesburg *Sunday Times*.

Meeting with Blacks. More recently, attention was focused on the *Broederbond* when it was discovered that it had circulated a document to its members advocating negotiations between the government and major black opposition groups. Current *Broederbond* Chairman Pieter J. De Lange met with top African National Congress leaders in New York last June and arranged a meeting between 30 black radical youths from Soweto and 30 white youths.⁹—Such ferment within the previously monolithic *Broederbond* is evidence of serious change within the Afrikaner leadership caste.

The Politicians

Since their electoral victory in 1948, the Afrikaners, through the National Party, have ruled South Africa without serious challenge. As recently as 1977, some 83 percent of the Afrikaner population supported the NP.¹⁰ Through the early 1980s, however, the NP, led by P.W. Botha, moved to abolish the more obnoxious elements of apartheid. Following the 1982 announcement of its reform program, 16 die-hard pro-apartheid parliamentarians broke away to form the Conservative Party. The NP continued to move toward reform, losing Afrikaner support in the process to both the CP and HNP. A group of younger, reform-minded NP parliamentarians—dubbed "New Nats" by the South African media—emerged to push the NP toward further, faster reform.

Following the announcement of elections for May 1987, however, the National Party reform program came to a halt. Security replaced reform as the predominant NP campaign issue. Wynand Malan, a prominent New Nat leader, resigned his position in the NP and ran for Parliament as an Independent. He was joined by Dr. Dennis Worrall, who resigned his position as South Africa's Ambassador to Great Britain to return home and run as an Independent. Worrall's chosen opponent: Christopher Heunis, Minister of Constitutional Planning and Development, the author of the NP reform program and one of the heirs apparent to the State Presidency.

Malan was reelected to his seat, and Worrall came within 39 votes (of almost 9,000 cast) of upsetting Heunis. Following the election, Worrall promised to continue his efforts on behalf of reform, leading observers to conclude that he would form a new extraparliamentary organization.

THE IMPACT OF WESTERN SANCTIONS

On October 2, 1986, the U.S. Senate, by a vote of 79-21, overrode Ronald Reagan's veto of sanctions legislation. The Comprehensive Anti-Apartheid Act of 1986 (CAAA) prohibits new loans to the government of or new investment in

9. See Allister Sparks, "Afrikaner Group Seeks Out Blacks: Leader of Key Secret Society Describes Meeting with ANC," *The Washington Post*, March 16, 1987, p. A1.

10. See N. Brian Winchester, "Republic of South Africa," in George E. Delury, ed., *World Encyclopedia of Political Systems and Parties, Vol. II, Nepal-Zimbabwe* (New York: Facts on File, Inc., 1983), p. 915.

South Africa; forbids the export to South Africa of crude oil, petroleum products, and computers; bans the importation from South Africa of gold krugerrand coins, agricultural products and food, iron, steel, coal and sugar; and terminates direct flights from South Africa to the U.S., and vice versa.¹¹

Sophisticated Signals. The public justification given for the CAAA varied. One group of legislators argued that sanctions would harm South Africa's economy, and thereby force Pretoria to abolish apartheid. Another group, believing itself more "sophisticated" in its understanding of the efficacy of sanctions as a policy tool, argued that though sanctions would not significantly pressure the South African government, it was inevitable that blacks would soon rule South Africa, and the U.S. needed to "send a signal" that it was "on the right side of history."

These "sophisticated" legislators further argued that the sanctions they hoped to impose specifically were limited in scope to hurt only whites. Other legislators, who supported not just sanctions against South Africa but also disinvestment by U.S. corporations in South Africa argued that disinvestment would remove apartheid's external sources of support.

None of the justifications have proved accurate. Sanctions have undermined reform in the following ways:

1) Positive Changes Halted. Sanctions have not harmed the South African economy significantly enough to pressure Pretoria into further reform. Instead, the reform process has come to a halt, as white South Africa reacted negatively to what it viewed as unacceptable foreign interference in its internal affairs. Serious reforms that had begun were overtaken by the sanctions. In a "rally-round-the-flag" reaction to Western sanctions, many liberal South African whites who had pressured the government for further change ended their protests and supported their government.

2) Reduced U.S. Influence. Nor have sanctions increased U.S. influence in South Africa. Even the *Washington Post*, which editorially supported sanctions last year, belatedly recognized the counter-productive nature of sanctions, publishing a news analysis last December entitled "Sanctions Said To Weaken U.S. Influence in Pretoria."¹² The article detailed loss of U.S. clout in South Africa as a result of sanctions. Example: Howard Wolpe, the Michigan Democrat, chairman of the House Foreign Affairs Committee Subcommittee on Africa, wanted to lead a congressional delegation to South Africa this January to examine the effects of sanctions. He and his delegation were denied visas by South African Foreign Minister Roelf "Pik" Botha, who declared "I know of no greater enemy [of South Africa] than Mr. Wolpe."¹³ An Agency for International Development official

11. See "Comprehensive Anti-Apartheid Act of 1986," Public Law 99-440, October 2, 1986.

12. See Joanne Omang, "Sanctions Said to Weaken U.S. Influence in Pretoria," *The Washington Post*, December 18, 1986, p. A62.

13. See "Foreign Minister Interviewed on Foreign Relations," FBIS-MEA, December 23, 1986, p. U5.

planning to do research on the health conditions in black "homelands" in South Africa was also refused entry by Pretoria following the imposition of sanctions.

3) Shift in Political Dynamics. What even Botha could not predict was the astonishing success of the Conservative Party, which captured an estimated 43 percent of the Afrikaner vote. It replaced the Progressive Federal Party as the official opposition party in the Parliament.¹⁴ As the strongest opposition party, the CP will influence greatly the agenda for debates in the Parliament. For the first time since the National Party's victory in 1948, it will no longer be criticized in the Parliament for moving too slowly to eradicate apartheid, but for moving at all.

4) Harmful Impact on Blacks. To the extent that sanctions have hurt South Africa's economy, they largely have damaged those sectors in which blacks make up the dominant share of the workforce, such as agriculture and food products. Example: exports to the U.S. of rock lobster, which amounted to \$30 million annually, were terminated as a result of the CAAA. The U.S. market accounted for 75 percent of South Africa's exports of rock lobster and 50 percent of the total volume. Though South African distributors have found new markets for almost 70 percent of the exports, they now receive a lower price for the product. Black fishermen bear the brunt of the monetary loss.¹⁵

5) Marginal Impact on Whites. White South Africans, especially the Afrikaners, are largely shielded from the effects of sanctions. Over 40 percent of the Afrikaner adult population works in the South African government bureaucracy. As the Southern African Catholic Bishops' Conference reported this January 27, in its scathing indictment of sanctions, "...those responsible for policy in the government and in government supporting roles, have effectively shielded themselves against the impact of deprivation. They will be the last to feel its effects."¹⁶

6) Economy Stimulated. For the most part, sanctions have not damaged the South African economy. South African wholesalers have found new markets for their goods, working in some cases through third countries.¹⁷ Further, the South African economy has acted to counter loss of certain imports by creating new firms to provide those products. In a sense, to the extent sanctions have affected South Africa, they have forced South Africa into an import-substitution mode, causing a stimulus to the economy.

14. Conversation with Dr. Sampie Terreblanche, Washington, D.C., May 21, 1987.

15. See Vivienne Walt, "Sanctions Ensnare Fishing Village," *Newsday*, February 22, 1987.

16. See "Report to Bishops: Sanctions Counterproductive," *The Wall Street Journal*, February 11, 1987. What is all the more interesting about this report is that it was commissioned last May, when the Southern African Catholic Bishops' Conference recommended the imposition of sanctions by the West. As a result of the report, the Conference has changed its stance.

17. This was the case with sanctions against Rhodesia. The Smith government found a ready buyer in the Soviet Union for its chromium: Moscow then sold the chromium to the West at inflated prices. Rhodesia sold its chromium, and Moscow pocketed the difference.

Nor has disinvestment hurt apartheid. U.S. and other Western corporations leaving South Africa in most cases have sold their assets to South African businessmen. This has resulted in a transfer of assets from the West to South Africa, at firesale prices, enriching South Africa in the process. In the best example, the giant Anglo-American Co. of South Africa was able to buy out South Africa's largest bank, Barclays National, by paying \$8.06 per share for stock trading previously at \$10.30.¹⁸ Barclays will receive only half that amount because of South Africa's two-tiered exchange system, and Pretoria will save roughly \$14 million in foreign dividend payments per year.

7) Private Sector Anti-Apartheid Efforts Weakened. Disinvestment by Western corporations and the transfer of their assets to South African businessmen allows the new firms to bid on South African government contracts, without being bound to pay for costly social responsibility programs, such as those called for in the Sullivan Principles.¹⁹ Example: the new South African owners of General Motors' old plant in Port Elizabeth will be able to produce trucks for the South African Defense Forces. So doing, it will get back into a lucrative market long denied the company when it was owned by the U.S.-based parent firm. And General Motors Chairman Roger Smith, in announcing the decision to withdraw from South Africa, admitted that the new owners would have "greater opportunities for reductions in labor and benefit costs." In other words, the South African GM workforce is likely to have its benefits and wages slashed.²⁰ The newly-purchased companies, moreover, will not feel restrained from reducing their contributions to black education, housing, and medical programs.

8) Government Backtracking. Since the election, Pretoria has cracked down on violations of the Group Areas Act, which legally divides South Africa into White, Black, and Colored living areas. Over the past several years, South African authorities discreetly had declined to enforce the act, in what was widely viewed as a precursor to scrapping it altogether. (This has been Pretoria's standard technique for eliminating apartheid regulations.) But since the election, Pretoria has informed hundreds of blacks and coloreds that they must move from white areas within three months or face eviction. Knowing of the blacks' predicament, white realtors are taking advantage of the situation, buying up their homes at below-market prices.

CONCLUSION

Much public policy debate is carried on in an atmosphere devoid of solid fact. Arguments are made and predictions offered, action is taken, and then attention

18. See Peter Brimelow, "Why South Africa Shrugs at Sanctions," *Forbes*, March 9, 1987, pp. 99-104.

19. The Sullivan Principles, named after the Rev. Leon Sullivan of the General Motors Board of Directors, set the standard for corporate conduct in South Africa by U.S. firms. They call for non-discriminatory hiring and promoting practices, equal wages for equal work, and other measures designed to help eliminate apartheid.

20. See William Raspberry, "Quitting South Africa: If That's the Answer, What's the Question?" *The Washington Post*, October 22, 1986, p. A25.

shifts to something else. Rarely are policymakers given a chance to see very quickly the consequences of the policy decisions they have made. Only occasionally is there a chance to study the results of certain policies and learn from them. This is the case with the South Africa sanctions and disinvestment debate.

Bottom Line. The bottom line is simple: Western sanctions against Pretoria have done nothing to bring Pretoria closer to eradicating apartheid. In fact, Pretoria is farther away. The promising liberalizing trends throughout the key institutions of Afrikanerdom--the church, the intelligentsia, the *Broederbond*, the government--have been set back. The object of U.S. and Western policy should not be sanctions but an effort to convince the Afrikaners that they stand to gain more from abolishing apartheid and rejoining the community of nations than they do by going back into their defensive laager.

To be effective, U.S. policy must take this basic reality into account. The goal of U.S. policy, as stated by both the Reagan Administration and the Congress (through the Comprehensive Anti-Apartheid Act), is to foster an atmosphere in South Africa conducive to negotiations between Pretoria and legitimate representatives of the black majority. As long as the U.S. appeared to side with Afrikaners against the blacks, it had no credibility in opposition circles as an honest broker. But by reversing itself with the imposition of sanctions and high-level diplomatic contacts with the African National Congress, the U.S. has destroyed its credibility with the Afrikaners without gaining any credibility in the eyes of the blacks. Instead, the U.S. must play a carefully structured role, walking a fine line between the two. The Administration should be seen by all sides in South Africa not to favor any one group over another, but to favor negotiations with all.

Pretoria, understandably, has read the mood of the Congress--which it now correctly deems to be controlling U.S. policy toward southern Africa--as harsh. Pretoria has reacted by backtracking on the reform process. In addition to the crackdown on the Group Areas Act, P.W. Botha has announced his intention to terminate external funding for extraparliamentary opposition groups. The practical effect of the second measure will be to eliminate Western assistance to government opponents. The U.S. strongly should urge Pretoria to renounce such moves and resume its reform process.

Resisting Further Sanctions. Toward this end, the U.S. must reestablish its credibility with Pretoria. To do so, it must resist congressional calls for further sanctions against South Africa and must make sure that the South African government knows it is doing so. Ronald Reagan should take the evidence of the consequences of sanctions and use it to educate the Congress when it pressures him later this summer. He was right to oppose sanctions last year, and now he has the evidence to back up his position.

The Reagan Administration must learn the lesson of sanctions against Pretoria, and must teach the Congress: when dealing with Afrikaners, carrots work much better than sticks. The next time sanctions legislation is discussed, a clear line must be drawn between those who are sincerely trying to achieve positive change in South Africa--those who have studied the situation well enough to have learned the lessons of sanctions--and those who are merely posturing for a constituency in

the U.S. To remain intellectually honest, those who are sincerely interested in fostering positive change in South Africa must drop the sanctions arrow from their quiver.

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