A REAGAN VETO TO HELP SOUTH AFRICA'S BLACKS

Votes in the Congress this week to impose economic sanctions on South Africa may make good political sense to lawmakers under pressure to "do something" about apartheid. But they tragically will penalize the very victims of apartheid whom the lawmakers say they want to help. Noted The Washington Post in an editorial this week, "It is...the country's economy [that] is its most effective engine of social transformation, compelling whites to grant blacks precisely the training and education, the livelihood and personal rewards, the choices of where to live and work, the associations and organizations, the sense of their own power and community, that apartheid would deny them."

By seeking to slow down this engine of change, Congress, unwittingly, will extend apartheid's life. Congress instead should foster the fundamental reforms that are being fueled by economic growth, rather than simply trying to register moral outrage in a way that will hinder South Africa's slow but inevitable transformation. If Congress persists in this misguided approach, Ronald Reagan should veto the legislation--while remolding his own policy of constructive engagement into a more powerful strategy of "investment leverage."

Many Americans have been discovering recently that the demands of an industrialized economy are forcing Pretoria grudgingly to make key concessions to black South Africans. Liberal columnist Richard Cohen declares the call for disinvestment to be "the moral equivalent of a free lunch," and black essayist William Raspberry scores divestiture--the selling of stock in companies doing business in South Africa--as "principally a ritual washing of hands." Other fair-minded Americans began having second thoughts when such moderate black leaders as Zulu Chief Gatsha Buthelezi, who speaks for more than one in four black South Africans, condemned disinvestment as "tactical madness." Some key organizations in America are also expressing grave doubts--recently the governing council of the American Jewish Congress turned back a proposal to support divestiture and disinvestment.

The earlier consensus on sanctions is eroding because it is clear that economic growth in South Africa has wrought far more change than that achieved by external pressure. In 1979, for instance, black trade unions were recognized, sowing the seeds for the empowerment of organized black labor. The policy of reserving skilled jobs only for whites is also collapsing, as labor shortages enable blacks to force their way

through the "whites only" employment door. Half of all skilled positions are now held by blacks, and the figure is likely to reach over 70 percent within ten years. By setting an example of progressive labor relations and pay equity between their black and white employees, American companies have accelerated this black employment progress. And when an oppressed group obtains such critical positions in the oppressors' economy, it is not long before the social and political balance of power begins to shift in its favor--witness recent agreements of the Pretoria government to end the ban on interracial marriage and to accept the permanence of blacks in "white" urban South Africa.

Sanctions are unlikely to have much effect in South Africa. There are plenty of countries willing to take America's place and to act as funnels for indirect trade. But if sanctions do bite, they will impede progress spurred by industrialization and urbanization. To be sure, American companies can give little more than a small boost to the deep current of change. Stopping new investment, however, will weaken even this influence. And if American companies are forced to pull out, the resulting fire sale of U.S. factories will simply provide a "golden opportunity," in the words of a leading Johannesburg investment bank, for Afrikaner firms to buy up their American competitors at a knock-down price. Observes The Economist (of London): "It is hard to see how replacing an American personnel director with an Afrikaner one is an advance for anti-apartheid." Similarly, there is little reason to believe that Pretoria will be pressured by sanctions into policy changes that would threaten its own existence. Extremist Afrikaner parties gain votes in droves when the government seems to be giving in to pressure. External threats therefore only make it much harder for Pretoria to accommodate the internal pressures arising from economic growth.

Congress and the Administration should be seeking to turn up the pressure unleashed by economic expansion, not choke it off. The diplomatic approach of constructive engagement is not enough. Instead, the Administration should actively encourage U.S. firms to invest in South Africa. It should work with American trade unions to help promote black trade unionism, and it should help those firms, such as IBM, that are fostering the creation of black businesses in South Africa. By expanding black economic power in South Africa, the U.S. can build up black political power and hasten change. If Congress places sanctions on South Africa, or demands disinvestment, it will weaken black unions, erode the corrosive effects of economic growth, and help perpetuate apartheid.

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For further information:

Stuart Butler, "An Investment Strategy to Undermine Apartheid in South Africa," Heritage Foundation Backgrounder No. 427, April 30, 1985.
Richard Cohen, "An Evil Un-Simplified," The Washington Post, April 26, 1985.
"America and South Africa," The Economist, March 30, 1985.