SOUTH AFRICA
SANCTIONS FACT SHEET
Lessons from Rhodesia

by
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Together with
The Conclusions
of the
MISSION TO SOUTH AFRICA
Report of the
Commonwealth Group of Eminent Persons
appointed under the Nassau Accord on
Southern Africa
SOUTH AFRICA

SANCTIONS FACT SHEET --

Lessons from Rhodesia

In the current debate concerning the imposition of sanctions against South Africa, reference frequently is made to the case of Rhodesia. Concerned that the Rhodesian example is being misused by antagonists of sanctions against South Africa, many opponents of apartheid urged Elizabeth Schmidt to investigate the Rhodesian case.

Ms Schmidt's FACT SHEET was prepared on the basis of extensive research conducted at the National Archives of Zimbabwe and the Southern African Research and Documentation Centre in Harare. The evidence compiled from these sources has been supplemented by that obtained from numerous interviews with businessmen associated with the public and private sectors of the Rhodesian economy during the Unilateral Declaration of Independence of the former Smith regime. A select bibliography and list of interviewees is appended to this report.


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"Sanctions Fact Sheet: Lessons from Rhodesia"

In their attempts to forestall economic sanctions against South Africa, Reagan and Thatcher have claimed that sanctions "don't work." To justify their position, they have frequently pointed to the case of Rhodesia, now Zimbabwe, asserting that sanctions actually strengthened the Smith regime.

As the following evidence illustrates, the Thatcher-Reagan argument is demonstrably false. Sanctions, in conjunction with other factors, most notably the armed struggle, were instrumental in the demise of the Smith regime.

Those who distort the Rhodesian case do so on the basis of three erroneous assumptions:

1. They consider only the short term effects of economic sanctions, rather than studying their impact over the long term.

2. They consider sanctions in a vacuum, whereas proponents of sanctions speak of their effectiveness in conjunction with other forces.

3. They fail to consider the crucial differences between the political and economic situations of Rhodesia in 1965 (when sanctions were imposed) and South Africa in 1986. Many experts contend that these differences make South Africa even more vulnerable to sanctions than was Rhodesia.

The Case of Rhodesia

Ian Smith announced UDI (Unilateral Declaration of Independence) on 11 November 1965, entrenching white minority rule in defiance of the colonial power.

Between November 1965 and May 1968, a series of sanctions were imposed by the United Nations Security Council on the illegal regime. Sanctions escalated from being selective and voluntary to comprehensive and mandatory.

Sanctions Loopholes

Oil was Rhodesia's Achilles heel. It had no oil supplies of its own, and yet oil was absolutely vital to keep the economy, and later the war machine, running. This life-line was never severed. British, American, and French oil companies, as well as the South African, Portuguese, and British governments, collaborated to ensure Rhodesia a continuous supply of oil and other petroleum products.

If the flow of oil had been halted, Rhodesia could not have survived for more than a matter of months. The blame for this wide gap in sanctions enforcement lies squarely with the West. The very countries that had called for the imposition of sanctions lacked the political will to enforce them. (According to Article 25
of the UN Charter, sanctions can be imposed on any member state that refuses to comply with mandatory sanctions decreed by the UN Security Council. Western members of the Security Council refused to pressure major sanctions violators, in particular, South Africa and Portugal, by applying sanctions against them.)

Rhodesia's Vulnerability to Sanctions

Rhodesia in 1965 had an extremely open economy. For decades before UDI, international trade and investment had been the major source of its economic growth.

In 1964, exports earned 40% of Rhodesia's national income (compared to 5% for the U.S. and 20% for Britain). 34% of Rhodesia's national income was in turn spent on imports.

Exports

At UDI, the bulk of Rhodesian exports were primary products. Tobacco alone constituted 33% of the total value of Rhodesian exports at that time. Half of the tobacco exports went to one country—-the United Kingdom.

Mineral exports constituted another 22% of the total value of Rhodesian exports at UDI.

Imports

At UDI, Rhodesian imports were predominantly capital and intermediate goods, including machinery, transport equipment, chemicals, petroleum products, spare parts, and industrial raw materials.

Machinery and transport equipment constituted 32% of the value of total imports in 1964.

In spite of its heavy dependence on foreign trade, Rhodesia in 1965 had a healthy economy and was in the midst of a vigorous economic expansion, largely financed by exports.

The Immediate Impact of Sanctions

Between 1965 and 1966, exports declined 38%. By 1968, exports were only slightly more than half the value of 1965 exports. As a result of the decline in exports, not enough foreign exchange was earned to finance necessary imports. Between 1965 and 1966, imports declined 30%, affecting agricultural and industrial inputs, new machinery, and spare parts.

The terms of trade deteriorated more than 18% between 1965 and 1966.

In order to get goods into and out of the country, Rhodesia had to sell cheap and buy dear (i.e., the "sanctions discount" and the "sanctions premium"). The extremely low price for Rhodesian exports was necessary in order to keep them competitive. Trading partners weren't willing to take the risk of buying Rhodesia's contraband products unless they could strike a good bargain. Moreover, sanctions-induced costs were added to the basic price every step of the way. Rhodesia had to pay the extra expenses incurred by re-routing, handling by numerous middlemen, paper shuffling to disguise the products' origin, etc. Since Rhodesia was selling at a discount and buying at a premium, it was paying
the extra charges at both ends of the deal.

Over the 14 years of UDI, the sanctions discount alone was estimated to have cost Rhodesia about R$1.1 billion.

**Limits to Import Substitution**

Because Rhodesia could no longer obtain many products, it began a massive drive to manufacture them inside the country. Most import substitution industries that began during UDI made consumer goods. Because of the limited domestic market and Rhodesia's inability to export many of its manufactured products at competitive prices, the new industries were frequently not economical. They could not produce and dispose of large enough quantities to achieve economies of scale. Some of the Rhodesian-made goods were more expensive than the products they substituted—and often were of inferior quality.

Raw materials continued to have to be imported—and at great expense. A serious lack of foreign exchange, necessary for the import of raw materials and capital goods, stunted the growth of the import substitution industries.

By 1975, most of the consumer goods that could be made within the constraints of the Rhodesian economy were being made. Ten years after UDI, the shallow phase of import substitution had been completed. However, the deeper phase, that of manufacturing the majority of capital goods, was seriously constrained by the lack of foreign currency. Throughout the UDI period, Rhodesia remained heavily dependent on the outside world for many of its industrial and agricultural inputs and for capital goods.

**Wear and Tear**

During the 14 years of UDI, capital goods stocks ran down across the board. Without the foreign currency necessary to replace them, much time and energy, as well as expense, was spent in repairing and maintaining worn-out, obsolete equipment. Factories sometimes ground to a halt while spare parts were urgently ordered from South Africa.

**Lack of Foreign Investment**

Rhodesia needed external capital loans and direct investment for large scale development. Sanctions denied Rhodesia access to both sources of finance. Lack of capital meant lack of investment in new industries, in exploration for new minerals, in irrigation schemes, in research, etc.

As a result, growth suffered. In the past, Rhodesia's economic growth had been founded on expanding exports and the inflow of capital and skills. The imposition of sanctions severely hindered Rhodesia's access to these necessary inputs. Rhodesia's foregone growth potential was enormous. The economy had reached a plateau, and by 1974/75, it was no longer moving forward.
Oil prices increased dramatically worldwide in 1974. Between 1973 and 1976, Rhodesia's oil import costs trebled. To finance vital oil supplies, the Smith regime sharply cut all non-petroleum imports, reducing them by 40%. The cut-back severely damaged all sectors of the economy. Although oil prices increased around the world, Rhodesia was particularly affected in that it paid the sanctions premium on top of the OPEC price increase.

The oil price increase sparked a world economic recession. As an exporter of primary products, Rhodesia was especially hard hit. Prices for food, minerals, and other primary products declined most drastically. Rhodesian copper earnings, for instance, were cut by one-half. Rhodesian was actually earning less foreign currency for its exports at a time when it needed that currency more than ever.

The result of rising import prices and declining export prices was a serious deterioration in Rhodesia's terms of trade. By 1979, Rhodesia's terms of trade were 40% worse than they had been in 1965.

Between 1973 and 1979, Rhodesia's import capacity fell by 42%. This decline was largely the result of an import bill that was 192% higher than it had been in 1973.

Sanctions in conjunction with other factors

The world economic recession, the oil price increase--these strains on the economy were deepened by the cost of sanctions. Simulta-
eneous with these debilitating factors, was the escalation of the liberation war.

In December 1972, a new front was opened in Mozambique. With Mozambican independence in 1975, the war escalated even further.

The Rhodesian economy suffered severely as a result of the war. Economic activities were disrupted. The search for new minerals was virtually abandoned. White commercial farmers in remote areas began to abandon their farms.

Rhodesia's budget deficit increased five-fold between 1975-76 and 1979-80--from R$95 million to R$475 million. In 1977, income taxes increased by 10% and sales taxes by 50%.

By 1979, the war was costing Rhodesia R$1 million a day. It was consuming an increasing amount of government expenditures. In 1971, military costs were 18% of the budget. By 1979, they had almost doubled to 34%.

In the long run, the government could not finance both the economy and the war. Thus sanctions assisted the guerrillas by reducing the regime's ability to finance the war against them.
Pressure from South Africa

When sanctions were imposed against Rhodesia, Rhodesia relied heavily on the good will of South Africa and Portugal to ensure its well-being. Until the newly independent government in Mozambique closed its border with Rhodesia in 1976, Mozambique had been Rhodesia's most important outlet to the sea. From 1976, Rhodesia became almost totally reliant on South Africa to supply it with imports, to take its exports, and to allow passage of goods through its territory to and from Rhodesia.

Rhodesia's almost total dependence on South Africa rendered it extremely vulnerable to South African pressures. Ten years after UDI, South Africa's prime minister, John Vorster, had come to consider the Smith regime a thorn in the side. He saw it as a destabilizing factor in the region. He feared that if the liberation war continued to escalate, it might spread its message further south. Moreover, South Africa was itself beginning to feel external pressures. U.S. Secretary of State, Henry Kissinger, told Vorster that South Africa was risking sanctions by not severing its ties with the rebel Smith regime.

Vorster and Kissinger were much more interested in installing a moderate, pro-Western, easily manipulated black regime in Rhodesia than they were in supporting Smith's white minority rule. So, South Africa began to turn the screws. There were unexplained snarl-ups in the South African transport system, leaving Rhodesian imports and exports stranded. Vital oil supplies ceased to flow. South Africa cut off loans that were financing the Rhodesian war. Arms and ammunition, previously supplied by South Africa, began to dwindle.

When South Africa began to apply sanctions against Rhodesia, their effectiveness was greatly enhanced. South Africa, through its actions, was demonstrating that sanctions do work.

By 1979, the combined pressures of the war, the oil price increase, the world economic recession, and the impact of economic sanctions, forced the Smith regime to accede to majority rule.

The Case of South Africa: Comparative Reflections

South Africa in 1986, like Rhodesia in 1965, is an extremely open economy, heavily reliant on international trade and investment. 17% of South Africa's capital comes from abroad. Foreign trade constitutes about 55% of South Africa's gross domestic product.

Writing about South Africa in November 1985, the Standard Bank Review noted that, "As a small, relatively open economy, the country's prosperity is based to a great extent on its ability to freely sell materials and products abroad. In turn, South Africa depends on the outside world for many essential inputs."
Imports

Machinery and vehicles are South Africa's two most important imports—apart from petroleum products and military goods, which alone constitute an estimated one-third of the import bill.

In 1982, 50% of the transport equipment used in South Africa, 50% of the machinery, and 30% of the motor vehicles were imported. Chemicals and chemical products are also crucial imports.

Like that of Rhodesia during UDI, the South African manufacturing industry is heavily dependent on imported technology, imported inputs, and foreign expertise.

Oil

South Africa has no oil supplies of its own. Oil is an essential input in many vital sectors of the economy. The South African security forces could not function without it.

To circumvent the OPEC oil embargo, South Africa pays US$5-20 per barrel over the regular price for oil. This extra cost for purchasing on the spot market, plus the costs of middlemen, re-routing, and other forms of camouflage, cost South Africa about US$2 billion per year.

Arms

It is estimated that South Africa spends about US$2.1 billion per year to circumvent the UN mandatory arms embargo. (This figure excludes the cost of the weapons themselves.)

Although South Africa manufactures many of its own arms, 80% of the components of those arms are foreign made. Thus, rather than increasing South Africa's strategic self-sufficiency, the apartheid arms build-up is increasing its dependence on foreign collaboration.

Exports

Like Rhodesia during UDI, South Africa is extremely dependent upon exports to finance domestic growth.

Again like Rhodesia, the bulk of South Africa's exports are primary products, the prices of which fluctuate heavily on the international market.

More than 60% of South Africa's exports are minerals and mineral products, followed by agricultural and textile products. Of the mineral products, gold is most important, followed by coal.

The South African economy is essentially gold-based: gold contributes 45% of the value of all exports.

Already South Africa's export base is suffering. Between Jan. 1980 and mid-1985, the price of gold fell from US$850 per ounce to US$310 per ounce. South Africa's coal exports are also in jeopardy. France, once South Africa's biggest European customer, has steadily
reduced its intake of coal over the past few years. Denmark, currently South Africa’s largest coal customer, announced in May 1986 that it would no longer buy South African coal.

Vulnerability to Sanctions

South Africa is highly vulnerable to sanctions, in many ways even more vulnerable than was Rhodesia during UDI. South Africa is dependent on a small number of suppliers and exports markets. A few key export products make up most of the export trade.

South African technology is largely imported through subsidiaries of multinational corporations. Foreign loans have financed the expansion of strategic parastatals, oil, and military expenditures. Unlike Rhodesia in 1965, South Africa has long since passed the shallow phase of import substitution—i.e., the manufacture of consumer goods. Hence, sanctions will not serve to stimulate a period of growth in the manufacturing sector as they did in the case of Rhodesia (1965-1974). Even before the imposition of sanctions, South Africa has reached the plateau that Rhodesia reached some years after sanctions were imposed. It has not yet succeeded in producing the major share of its capital goods.

Another difference between Rhodesia in 1965 and South Africa in 1986 is the health of their respective economies. Rhodesia in 1965 had a vigorous economy, on the upswing. The South African economy is currently in dire straits. It is in the midst of the worst recession since the Great Depression:

- Inflation is rampant, running at more than 20%.
- Interest rates, also more than 20%, are among the highest in the world.
- Terms of trade have fallen by more than 20% since 1979.
- The rand has lost half its value since 1984.
- Black unemployment has reached record levels—about 30% in the urban areas and more than 50% in the bantustans.
- In September 1985, the press reported the largest flight of capital from South Africa since the aftermath of the Sharpeville Massacre 25 years before.
- Foreign banks are refusing to roll over South Africa’s lines of credit. South Africa’s foreign debt is now about US$32 billion, which is equivalent to over 33% of its gross domestic product—and makes South Africa one of the world’s top debtor nations.

Like Rhodesia in 1974, South Africa is faced with a recession, mounting military expenditures (now equivalent to 27% of the gross domestic product), and an escalating armed struggle. Pressed internally by militant trade union and community actions by the activities of the African National Congress, South Africa is extremely vulnerable to external pressures, especially in the form of comprehensive economic sanctions.
Quotes from Former Rhodesian Government and Business Officials

Rhodesia:

Ian Smith, prime minister of Rhodesia, to the House of Assembly, April 5, 1973:

"The imposition of sanctions created many trading problems for us. We find that we are compelled to export at a discount and import at a premium. The result is that we lose out on both transactions. This has the effect of reducing profit margins internally, and at the national level, it has an adverse effect on our balance of payments and foreign reserves. Because our foreign reserves are depleted artificially, our natural development is prejudiced."

A businessman who, during UDI, was concerned with getting Rhodesian minerals out of the country:

Describing the rapid decline of the Rhodesian economy from the mid-1970s..."Then you come to the crunch line where your major industries, which in this country remain export oriented, start to suffer in their volumes and in their prices or net prices and where you begin to run out of foreign currency for the necessary inputs into your new domestic industries, and where your foreign revenue begins to fall below the level required for those things for which you cannot possibly do a domestic substitution."

A businessman who worked with the Associated Chambers of Commerce of Rhodesia during UDI:

"Sanctions, by itself, would sooner or later have forced a political decision, because...(no) economy anywhere in the world can exist under a sanctions type situation for a long period of time...A small country such as ours could never have hoped to make the thing stick...Sooner or later something had to give."

A businessman concerned with exporting minerals:

The inability of the country to finance both the war and the economy "was in part attributable to sanctions."

Without sanctions, the bloodshed would have been prolonged: "If we had been able to continue our economic strength the political side of the thing would have continued the war longer."

A businessman working with the Associated Chambers of Commerce of Rhodesia:

"The state of war, the state of economic sanctions could not go on forever without a total collapse...It was incumbent upon the business community to try and get the message across to the politicians that sooner or later they had to grasp the nettle or else there would be nothing left to govern."
South Africa:


"Sanctions have the capacity to really damage the South African economy. In a sense they are more vulnerable than Rhodesia ever was because they are so much more sophisticated, so much more dependent on access to technology, so much more dependent upon exports of sophisticated products. It's difficult to hide a commodity which is made in South Africa--partly because they are so big."

A businessman who worked with the Associated Chambers of Commerce of Rhodesia:

"What the South African whites seem reluctant to accept is that in the end, what the blacks are talking about is not some form of power-sharing, is not some form of accommodation. They are actually looking for power and one-man-one-vote. And against that you have a white community which is facing the loss of power, which in their minds is catastrophic..."

In the end, all these things boil down to people. They don't boil down to buildings and machines. It boils down to people and what people are willing to do. If a person is willing to burn his house down rather than give it to somebody who he thinks doesn't deserve it, and he feels strongly enough about it, that's what he will do. But certainly, if sanctions can be applied successfully, then the consequences are pretty dire."

Select Bibliography

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Weekly Mail (SA)
Interviews, conducted in Harare, Zimbabwe, March-May 1986


H.W. Freeman, managing director of the Rhodesian government's Tobacco Corporation, throughout UDI.

Simon Gray, currently economist for the Confederation of Zimbabwe Industries.

Anthony Hawkins, professor of economics at the University of Rhodesia. Currently dean of Commerce at the University of Zimbabwe.

Ruth Weiss, Financial Mail (SA) correspondent in Rhodesia, 1965-68.

Sir Garfield Todd, prime minister of Southern Rhodesia, 1953-58. (Placed under restriction by the Smith government during UDI.)

Judith Todd Acton, author and campaigner against the Smith regime during UDI.

Also interviewed were businessmen and women involved in tobacco and mineral exportation, with the Association of Rhodesian Industries and the Associated Chambers of Commerce of Rhodesia, who preferred to remain anonymous.

Also interviewed were:

Dr. Nathan Shamuyarira, Minister of Information, Posts, and Telecommunications, Government of Zimbabwe.

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CHAPTER VIII: CONCLUSIONS

329. Our work in South Africa has been a moving personal experience for every one of us. We arrived in the country when there was carnage in Alexandra. On the day of our final departure from Cape Town, Crossroads was on fire and a pall of smoke hung in the sky. We saw a country in upheaval and witnessed great human suffering. Even as we write, the killings continue.

330. Each of us pondered at length the invitation to serve on the Group. It was clear that our task would be immensely difficult. Its success would depend, ultimately, on the good faith of the South African Government and on the co-operation of all significant sections of South African society. It was only because we were persuaded that, whatever the odds, this was a task worth attempting that we accepted. In the course of our successive visits to South Africa, and on becoming better acquainted with the effects of apartheid and the scale of the country's antagonisms, there could be little doubt that the alternative to a negotiated solution would be appalling chaos, bloodshed and destruction. We are concerned that the South African Government's rejection, in effect, of our negotiating concept compounded by its armed aggression against Botswana, Zambia and Zimbabwe makes those dangers more imminent and the prospect of negotiations more difficult.

331. With members from diverse national and political backgrounds, we possessed particular advantages. We believe we acquired the confidence and trust of all the principal black leaders and organisations within the country, as well as the liberation movements outside. We were able to travel freely throughout South Africa, to visit black townships normally not accessible to outsiders, to talk to a diverse spectrum of opinion including opposition parties, trade unions, church leaders, businessmen, women's groups and civil rights activists. In extensive discussions with the State President and many of his Ministers, we also gained valuable insights into the Government's own thinking and future plans. The range of contacts we made, enabling us to understand the complexities of the situation, was probably unique: the frankness and the openness of the discussions unlikely to be replicated in the near future. We, therefore, permit ourselves some broader reflections.

332. Our mandate was to foster a process of negotiation across lines of colour, politics and religion, with a view to establishing a non-racial and representative government. It is our considered view that, despite appearances and statements to the contrary, the South African Government is not yet ready to negotiate such a future - except on its own terms. Those terms, both in regard to objectives and modalities, fall far short of reasonable black expectations and well accepted democratic norms and principles.

333. The objectives of any negotiations, as Commonwealth leaders agreed at Nassau, and as all the non-white people of South Africa as well as increasing numbers of whites demand, would be the dismantling of the apartheid system and the erection of the structures of democracy in South Africa. We rejected as impractical the suggestion that the whole complex web of apartheid legislation be repealed as a prelude to negotiation; we were concerned to ensure, however, that there should be a firm and unambiguous commitment by the Government to ending apartheid in order to provide integrity to the negotiating agenda and the negotiating process - as well as specific and meaningful steps taken to that end. It needs to be remembered that apartheid goes beyond institutionalised racial discrimination and economic exploitation; it is primarily a means of keeping ultimate political and economic power in the hands of the white minority. Any reservations by the Government about dismantling apartheid would inevitably and understandably be viewed by the vast majority as a ploy for perpetuating white power in a new guise, a willingness to change its form but not abandon its substance.
334. The Government told us categorically that it was prepared to contemplate negotiations with a completely open agenda, where everything would be on the table. However, as we have pointed out elsewhere, in some respects, the open agenda appeared to be circumscribed. Nevertheless, for the purposes of our discussions we gave the South African Government the benefit of the doubt in our minds. In the Government's thinking, there were a number of non-negotiables; for example, the concept of group rights - the very basis of the system - was sacrosanct; the "homelands" created on the emergence of that concept would not disappear, but be reinforced with the emergence of an "independent" KwaNdebele; the principle of one man one vote in a unitary state was beyond the realm of possibility; the Population Registration Act would continue; and the present Tricameral Constitution which institutionalises racism must be the vehicle for future constitutional reform.

335. From these and other recent developments, we draw the conclusion that while the Government claims to be ready to negotiate, it is in truth not yet prepared to negotiate fundamental change, nor to countenance the creation of genuine democratic structures, nor to face the prospect of the end of white domination and white power in the foreseeable future. Its programme of reform does not end apartheid, but seeks to give it a less inhuman face. Its quest is power-sharing, but without surrendering overall white control.

336. In regard to the modalities of negotiation, the Government's position has a considerable element of wishful thinking. The Government is willing and ready to negotiate with "responsible" leaders; if only violence and "intimidation" would abate, these leaders would be ready to come to the negotiating table. Although we were never told by the Government who these "responsible" leaders might be - indeed, the Government assured us it would not prescribe or limit the people's choice - it could be inferred that prominent among them would be the "homeland" leaders whom the Government repeatedly urged us to see. With the exception of Chief Buthelezi, the "homeland" leaders have no formal political standing or following and would not, in our view, be credible parties in a negotiation to resolve South Africa's deepening crisis. It is not for us to prescribe or advise who the parties to a genuine negotiation might be; but we noted as significant the Government's ability to interpose that they should be the "true", "authentic" or "acknowledged" leaders of the people.

337. Negotiations leading to fundamental political change and the erection of democratic structures will only be possible if the South African Government is prepared to deal with leaders of the people's choosing rather than with puppets of its own creation. President Botha's recent statements expressing his determination to "break" the ANC bode ill for the country's future. There can be no negotiated settlement in South Africa without the ANC; the breadth of its support is incontestable; and this support is growing. Among the many striking figures whom we met in the course of our work, Nelson Mandela and Oliver Tambo stand out. Their reasonableness, absence of manoeuvre and readiness to find negotiated solutions which, while creating genuine democratic structures would still give the whites a feeling of security and participation, impressed us deeply. If the Government finds itself unable to talk with men like Mandela and Tambo, then the future of South Africa is bleak indeed.

338. The Government made it clear that it did not regard the ANC as the only other party to negotiations. He agreed, but would emphasise that the ANC is a necessary party. The Government itself acknowledges this, if only by blaming the ANC for most of the violence. The open identification with the ANC through banners and songs, in funerals and in churches throughout the country, despite the risks involved, supports the widely-held belief that if an election were held today on the basis of universal franchise the ANC would win it. Whatever the truth of that assertion, we nonetheless recognise that black political opinion is not monolithic. If, therefore, the Government is serious about negotiations, it must create conditions in which free political activity becomes possible and political parties and leaders are able to function effectively and test the extent of their popular support. Tragically, the whole thrust of Government policy has been to thwart such legitimate leadership from emerging and destroy it where it does.

339. Behind these attitudes lurks a deeper truth. After more than 18 months of persistent unrest, upheaval, and killings unprecedented in the country's history, the Government believes that it can contain the situation indefinitely by use of force. We were repeatedly told by Ministers that the Government had deployed only a fraction of the power at its disposal. Although the Government's confidence may be valid in the short term, but at great human cost, it is plainly misplaced in the longer term. South Africa is predominantly a country of black people. To believe that they can be indefinitely suppressed is an act of self-delusion.
340. By pandering to right-wing anxieties and demands, the Government fortifies them, compounding its own problems and losing whatever initiative it may have previously had. It is in danger of falling between two stools. Its promises of reform have created anxiety among certain sections of its supporters and contributed to a growing white backlash; yet the reforms themselves have had little impact on black attitudes or aspirations - save to confirm the Government's implacable resistance to significant change.

341. While right-wing opposition cannot be ignored, it would be fatal to give it a vato. Indeed, we gained the impression that white opinion as a whole may be ahead of the Government in significant respects, ready to respond positively if given a bold lead.

342. We are left with the impression of a divided Government. Yet even the more enlightened Ministers whom we met seem to be out of touch with the mood in the black townships, the rising tide of anger and impatience within them, and the extent of black mobilisation. And so, of course, are the great generality of white South Africans - only some ten per cent of whom, we were told, have ever seen conditions in a township.

343. Put in the most simple way, the blacks have had enough of apartheid. They are no longer prepared to submit to its oppression, discrimination and exploitation. They can no longer stomach being treated as aliens in their own country. They have confidence not merely in the justice of their cause, but in the inevitability of their victory. Unlike the earlier periods of unrest and Government attempts to stamp out protest, there has been during the last 18 months no outflow of black refugees from South Africa. The strength of black convictions is now matched by a readiness to die for those convictions. They will, therefore, sustain their struggle, whatever the cost.

344. The campaign against collaborators, and the ruthless elimination of agents of white authority, will continue. More and more black townships will be rendered ungovernable, and the process of creating popular structures of self-government within them will gather momentum. The number of street and area committees will increase and their functions will progressively enlarge.

345. The writ of the Government will be increasingly circumscribed. Inter-black rivalry and violence, partly encouraged and fomented by the Government, will grow, making the task of negotiating a settlement even more difficult. Political upheaval and social unrest will accelerate the flight of capital and professional skills and the economy's downward spiral.

346. Amidst all this gloom the quality of the country's black leaders shines through. Their achievement in bringing about popular and trade union mobilisation in the face of huge odds commands respect. Their idealism, their genuine sense of non-racialism, and their readiness not only to forgive but to forget but to forgive, compel admiration. These are precious assets which a new South Africa will need. They may be lost altogether if the Government continues to shrink from taking the necessary political decisions with a sense of urgency. The options are diminishing by the day.

347. The Government faces difficult choices. Its obduracy and intransigence wrecked the Commonwealth's Initiative, but the issues themselves will not go away, nor can they be bombed out of existence. It is not sanctions which will destroy the country but the persistence of apartheid and the Government's failure to engage in fundamental political reform.

348. In our Report we have addressed in turn the five steps which the Nassau Accord called on the authorities in Pretoria to take "in a genuine manner and as a matter of urgency". They, and our conclusions with regard to them, are as follows:

(a) Declare that the system of apartheid will be dismantled and specify and meaningful action taken in fulfilment of that intent.

We have examined the Government's "programme of reform" and have been forced to conclude that at present there is no genuine intention on the part of the South African Government to dismantle apartheid.

(b) Terminate the existing state of emergency.

Although the state of emergency was technically lifted, the substantive powers remain broadly in force under the ordinary laws of the land which, even now, are being further strengthened in this direction.
(c) Release immediately and unconditionally Nelson Mandela and all others imprisoned and detained for their opposition to apartheid. Nelson Mandela and other political leaders remain in prison.

(d) Establish political freedom and specifically lift the existing ban on the African National Congress and other political parties. Political freedom is far from being established; if anything, it is being more rigorously curtailed. The ANC and other political parties remain banned.

(e) Initiate, in the context of a suspension of violence on all sides, a process of dialogue across lines of colour, politics and religion, with a view to establishing a non-racial and representative government. The cycle of violence and counter-violence has spiralled and there is no present prospect of a process of dialogue leading to the establishment of a non-racial and representative government.

Overall, the concrete and adequate progress looked for in the Nassau Accord towards the objectives of "dismantling apartheid and erecting the structures of democracy in South Africa" has not materialized.

349. Indeed, in recent weeks, the Government would appear to have moved consciously away from any realistic negotiating process. It is not just their communications with us which have indicated a hardening of attitude. The same message has been clear in the State President's speech in May, the bombing of three neighbouring Commonwealth countries even while we were in discussion with senior Ministers, the denigration and smearing of the ANC, the retreat from the earlier readiness to accept "suspension" as opposed to "renunciation" of violence, the seeking of greater security powers for the police and military on top of the massive powers they already have, the renewed determination to suppress public meetings and free speech and to harass black leaders, and not least the more recent raids on Angolan ports.

350. For all the people of South Africa and of the sub-region as a whole, the certain prospect is of an even sharper decline into violence and bloodshed with all its attendant human costs. A racial conflagration with frightening implications threatens. The unco-ordinated violation of today could become in the not too distant future a major armed conflict spilling well beyond South Africa's borders. In such circumstances the entire economic fabric of the country would indeed be destroyed. Up to now those responsible for the armed resistance in South Africa have shown great regard for innocent lives. Unless the cycle of violence is broken, full-fledged guerrilla warfare as practised in other parts of the world, in which "soft" civilian targets become prime targets in a reign of terror and counter-terror, may come to pass. In the absence of significant moves to break the cycle of violence we see the prospect as inevitable and that in the very foreseeable future.

351. What can be done? What remaining influence does the international community have? What can major states do to help avert an otherwise inevitable disaster? There may be no course available that can guarantee a significantly more peaceful solution. But against the background in which ever-increasing violence will be a certainty, the question of further measures immediately springs to mind. As the Nassau Accord makes clear, Commonwealth Heads of Government have agreed that, in the event of adequate progress not having been made in South Africa within a period of six months, they would consider further measures.

352. While we are not determining the nature or extent of any measures which might be adopted, or their effectiveness, we point to the fact that the Government of South Africa has itself used economic measures against its neighbours and that such measures are patently instruments of its own national policy. We are convinced that the South African Government is concerned about the adoption of effective economic measures against it. If it comes to the conclusion that it would always remain protected from such measures, the process of change in South Africa is unlikely to increase in momentum and the descent into violence would be accelerated. In these circumstances, the cost in lives may have to be counted in millions.

353. From the point of view of the black leadership, the course now taken by the world community will have the greatest significance. That leadership has already come to the view that diplomatic persuasion has not and will not move the South African Government sufficiently. If it also comes to believe that the world community will never exercise sufficient effective pressure through other measures in support of their cause, they will have only one option remaining: that of ever-increasing violence. Once decisions involving greater
violence are made on both sides they carry an inevitability of their own and are difficult, if not impossible, to reverse, except as a result of exhaustion through prolonged conflict.

354. The question in front of Heads of Government is in our view clear. It is not whether such measures will compel change; it is already the case that their absence and Pretoria's belief that they need not be feared, defers change. Is the Commonwealth to stand by and allow the cycle of violence to spiral? Or will it take concerted action of an effective kind? Such action may offer the last opportunity to avert what could be the worst bloodbath since the Second World War.

355. We hope this Report will assist the Commonwealth - and the wider international community - in helping all the people of South Africa save themselves from that awesome tragedy.

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