FOREIGN FIRMS ~~ue~~ IN S.A. - GENERAL

1984

The Star Thursday February 9 1984 11

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Tutu: Tell overseas investors they aid apartheid

By Carina le Grange, Religion Reporter

It is vital to let those overseas who invest in South Africa know that they are buttressing the evil system of apartheid, the secretary-general of the South African Council of Churches said yesterday.

Bishop Desmond Tutu was speaking in his personal capacity at a Press conference in Johannesburg after a two-day meeting of church leaders of member churches of the SACC.

He was replying to a question on whether a booklet published jointly by the SACC and the Southern African Catholic Bishops' Conference (SACBC) on removals of people in South Africa, called "Relocations: the churches' report on forced removals", would also be distributed overseas.

The report was released to the media at the conference.

Bishop Tutu said one of the effects of relocations was poverty. "South Africa exports food, but people in South Africa starve due to deliberate Government policy which dumps them in places where there is no work and forces them to become migrant labourers. Even the Ned Geref Kerk has condemned the migrant labour system."

The SACC official responsible for the publication of the report, Dr W Kirstner, said the 10 000 copies printed would be distributed in SACC member churches. It would probably be translated into seven black languages as well as Afrikaans.

The report will be reviewed in The Star at a later date.

The two-day meeting of church leaders was attended by, among others, the president of the SACBC, Archbishop Denis Hurley; the president of the Methodist Church, the Rev Fremont Louw; Archbishop Phillip Russel of the Anglican Church; and the president of the SACC, Bishop Manas Buthelezi.

The purpose of the meeting was to strengthen the ties between leaders of the member and observer churches of the SACC, especially in view of Government actions against the SACC — such as the Eloff Commission instituted two years ago.

A major item on the agenda was a discussion on poverty.

Eloff' call puts Labour Party in a spot

S. Times

60

19/2/84

Political Correspondent

THE Eloff Commission's call for the advocating of disinvestment to be made a criminal offence has put the Labour Party on the spot.

If the Government goes ahead with the proposal a first victim would have to be one of the chief prospective participants in the new constitutional system — the Rev Allan Hendrickse's Labour Party.

Since 1977 the party's official policy has been one of disinvestment.

This week the weighty Eloff Commission report highlighted the South African Council of Churches' role through its leaders in encouraging disinvestment in South Africa.

The commission identifed the disinvestment stand as against the national interest and urged a tightening up of the provisions of the Internal Security Act.

Concerned

Definition of a specific crime of "economic sabotage" under the terms of the Internal Security Act was recommended by the commission.

If accepted by the Government, it would bring South Africa in line with scores of Marxist black African countries where "economic sabotage" is identified as a major crime and often severely punished.

Referring to the SACC stand on disinvestment, the commission observed that the Government "cannot but be concerned about this state of affairs".

This week Mr Hendrickse confirmed that the party's official stance was still one of disinvestment, but conceded that it was likely to come up for review in the light of the party's decision to participate in the new system.

"But I can't pre-empt whatever decision the executive or the congress of the party might take."

Reacting to the findings of the Eloff Commission, he said he believed the SACC carried out important and worthwhile functions, although its internal administration could be tightened up.

Pressure on profits may force drug giants in SA to disinvest

Star 60 20/2/84

24 HOURS
The team that wraps up the news

By Stephen McQuillan

International drug manufacturing giants may abandon South Africa, disinvesting millions of rands, because they cannot make enough money.

The warning came at the weekend from the South African manufacturers' representative body and a top business economist.

The possibility arises after the disclosure that fierce competition between drug manufacturers chasing lucrative Government contracts was forcing pharmacists to sell medicines at exorbitantly high prices.

Pharmacists had to buy drugs at artificially high prices because manufacturers were selling the bulk of their output to the Government at rock-bottom prices.

Executive director of the Pharmaceutical and Chemical Manufacturers' Association Mr John Toerien said there was a danger international manufacturers could pull out of South Africa because of pressure on profits.

"If prices of medicines are depressed below economic levels, international manufacturers could withdraw," he said.

The drugs market at prescription level in the public and private sector had a turnover between R4,3 billion and R4,7 billion.

Professor Duncan Reekie, head of the business economics department at the University of the Witwatersrand, said pressure on prices and profits in United States and Australian drug industries caused disinvestment.

In the US research and development declined and moved overseas.

In Australia research sections of the industry closed, along with one or two manufacturing plants.

South Africa, Britain and Scandinavian countries were now attractive for investment and as bases for pharmaceutical research.

But South Africa could jeopardise its position because of the enormous pressure on prices and profits.

"There has been pressure on prices here mainly because of the Government tender system and the recent price control," said Professor Reekie.

"It would seem manufacturers could disinvest because of the pressure on them."

The tender system meant monopoly bargaining power for a non-competitive buyer. The buyer had the power to push prices below the level where a free market would settle them.

He called on the Government to break its bargaining power by allowing the SADF, provincial administrations and others to buy separately.

Research by the Pharmaceutical Society of South Africa two years ago revealed the Government bought 67 percent of the drug volume and paid 35 percent of total manufacturing costs.

The private sector bought 33 percent of the volume and paid 65 percent of the cost. The society says the gap could be bigger now.

Professor Reekie said Governments of other countries eased the pressure on the price of drugs after recognising the danger signals of possible disinvestment.

Mr Toerien said if manufacturers withdrew from South Africa — as they had from Australia and Canada — new medicines might not be available.

The country was also an important centre for tests on new drugs.

Mr Toerien said it was unlikely local manufacturers could continue the type of work done by international organisations, because of massive costs and lack of expertise. It cost between R50 million and R70 million to introduce a new drug to the market.

Miss Great Britain, Debbie Greenwood, photographed in last week when she previewed a big department store's s fashions wearing a "solar" bikini and "pareo" wra

Three crises that made a criminal of Stander

Pretoria Correspondent

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under motor cars to es-

More foreign firms set sights on W Cape

W/C Argus (60) 25/2/84 (60

By AUDREY d'ANGELO

A growing number of overseas firms are showing interest in building factories in the Western Cape, the Mayor of Cape Town, Mr Sol Kreiner, and the director of Wesgro, Mr Theo Behrens, said this week.

Both have received serious inquiries from overseas in recent weeks.

And Mr Joseph Ashe, publisher of an authoritative American newsmagazine "Plants, Sites and Parks", which highlights industrial and office development, arrived in Cape Town today.

He will have discussions with the Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers, and with Mr Kreiner, City Engineer Mr J Brand and the regional manager of the Industrial Development Corporation, Mr Frank Pratt.

Feasibility

Mr Behrens said a German electronics firm has just bought a site in Atlantis.

"Another German firm making heating equipment, which first contacted me in November, wrote this week to say it has carried out a feasibility study and is now looking for a site for a medium-sized factory.

"I have had inquiries recently from British, French and Belgian firms and yesterday I received one from a Dutch electronics firm.

"A British firm in the plastics field has told me it is interested in opening a branch office in Cape Town."

Confidence

Mr Kreiner said that a new R5,5-million complex built by Union Liquid Air, which he opened in Epping this week, was only one of several large projects recently completed or under construction.

Others included the new R40-million corporate headquarters of Mobil, the Liberty Life offices and St John's Place in Long Street.

"Confidence in the Western Cape is clearly growing.

"South African firms are already investing here in preparation for the upturn.

Positive attitude

"But I am receiving even more inquiries from overseas than from other parts of this country, particularly from firms in Europe interested in finding industrial sites.

"I gave a reception for 85 visiting American businessmen this week and several of them had already invested in property here."

Mr Kreiner, who believes in a positive attitude towards the need for more industrial and commercial development in the Western Cape, makes a point of writing to every delegate to conferences in the city.

"I thank them for coming, say I hope to welcome them back and tell them that Wesgro exists to help them if they are interested in investing in the area.

Upturn

"I have had stacks of letters from business people who have been here and want more information about the area, and I get telephone calls from overseas.

"I believe the economy of Cape Town will really take off when the upturn comes and farsighted business people are investing here now in readiness for this."

Mr Kreiner has also given interviews to overseas business publications and a feature on Cape Town will appear soon in an American magazine "Worldwide Destinations".

Tourist trade

He has written to the Mayors of other South African towns and cities inviting them to visit Cape Town during the festival next month.

"It is encouraging that the hotels seem to be doing very well this month after a quiet January.

"I believe the festival this year will be the best we have had and that should give a boost to our tourist trade."

ARGUS 4/4/84

PARLIAMENT

60

'Halt removals and release detainees'

Parliamentary Staff

A FREEZE on all removals, the release of detainees and the removal of banning orders on people like Beyers Naude would help to re-admit South Africa into the Western community of nations, Mrs Helen Suzman (PFP Houghton) told the Assembly.

Speaking during the Budget debate, she said the disinvestment campaign abroad benefited greatly from announcements of mass removals.

Referring to punitive measures against South Africa which are under consideration in the United States, she said they would certainly be approved if the Government announced schemes like the one made last week about shifting about 200 000 people from Nyanga, Guguletu and Langa to Khayelitsha.

If these punitive measures were passed, life would be made even more difficult for American firms operating plants here and for companies and banks already under pressure for doing business in or with South Africa, she said.

Mrs Helen Suzman

Very often the "hassle factor" associated with economic engagement with South Africa was enough to discourage firms or banks from doing business with South Africa.

Profitability was weighted against the harassment experienced at annual general meetings and with unfavourable publicity it was found not worth the risk.

"It is not possible to know just how much new investment has been diverted from South Africa because of this hassle factor, but I have no doubt it is considerable and has had a telling effect on our economic growth rate," she said.

"I cannot emphasise enough that nothing is more conducive to further isolation as forced removals, denationalisation of homelands citizens, arbitrary arrests, bannings and detentions without trial.

"And nothing would be more effective in blunting the cutting edge of all those organisations working for punitive measures against the Republic than a freeze on all removals, release of detainees and removal of the banning orders on Beyers Naude, Winnie Mandela and others."

SULLIVAN IN NEW LOBBY

(60)

Sowetan 5/4/84

WASHINGTON — The Reverend Leon Sullivan, author of the Fair Employment Code for American companies in South Africa, has launched a worldwide campaign to persuade 1 000 multinational companies to practise equal rights in the Republic and to take a stand against apartheid.

Mr Sullivan, who recently returned from Europe where he has promoted his new campaign, is also lobbying here for the Sullivan Code to become mandatory in US law for the 350 American companies in South Africa.

Many of the larger American companies already adhere to the code — but if a measure shortly to come before a conference of the US Senate and House of Representatives is approved, all will have to observe the code or face financial penalties in the US.

The Reagan Administration, while urging adherence to the code, is opposed to making it mandatory.

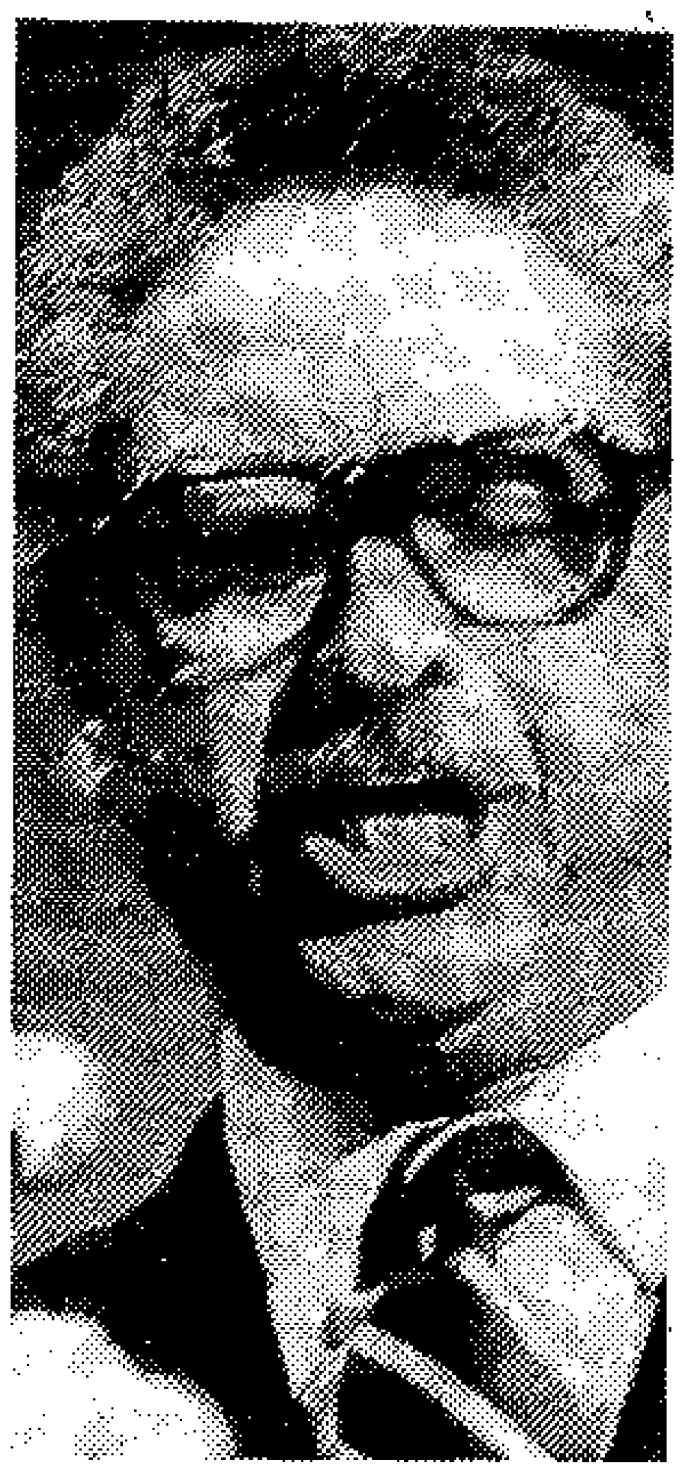
Mr Sullivan wants to extend his equal rights campaign to companies based in Europe and Japan. He argues that US adherence, even if mandatory, is not enough to eliminate apartheid.

At a meeting here attended by the Secretary of State, Mr George Schultz, Mr Sullivan said he had met government, industrial and religious leaders in Europe.

"The beginning of a network of mutual interest has been established that, if developed, can assist in bringing about this world multinational effort," he said.

He called on the US Congress to make the Sullivan Code mandatory, saying that it would influence the actions of companies and governments in other parts of the world.

"If 1 000 companies . . . practise goals of equal rights, recognise the rights of representative black unions, initiate the development of massive educational programmes, and lobby for an end to racial discriminatory practices and laws, the effects will be revolutionary," Mr Sullivan said.



AUTHOR: The Rev Leon Sullivan.

US VIEW

Spectrum

Industry integrates SA

Argus Foreign Service

ARGUS 11/4/84

60

NEW YORK — Industrialisation is beginning to integrate South Africa and move the country beyond racial politics, says a senior writer for the Wall Street journal.

In a lengthy article on the newspaper's editorial page, staff writer Suzanne Garment takes a guardedly optimistic look at South Africa's future and, at the same time, says that Western investment in the country is making an important contribution to the process of change.

Garment, an associate editor of the Journal's editorial page, bases the article on wide-ranging talks she held with South Africans of all political persuasions.

An activist

She writes about a long-time political activist, who she says has been "tortured, confined, harassed." but the man wants to talk about something more fundamental than government abuses.

"My friends," Garment quotes the man as saying, "don't understand why I've refused to panic, refused to leave. But there is a huge engine of industralisation here that has been forcing everyone together since the 1930s. It is going to make the next political steps around here peaceful ones."

Writes Garment: "South African activists of widely varying views share this analysis: old-style concepts of nationhood, and each people's old-style attachment to its land, have divided South Africa. By contrast, industrialisation is beginning to integrate the country."

Fascinating

Garment continues: "The hopeful economic determinism you hear in South Africa no doubt is too optimistic a view of the country's political future. But it makes a fascinating country even more so. The most closely held secret about the country, kept from us by those who tell us it is immoral to visit there, is that the place is vastly attractive in the literal sense of the word.

South Africa's spectacular riches, the poverty needing amelioration, the political and moral drama — all these beckon the outsider to become, you should pardon the expression, constructively engaged. But, perhaps even more important, a look at the nation makes it overwhelmingly clear that no good will be done there by the West's withdrawal."

Motlana criticises disinvestment moves

(60) Star 25/4/84

The Star's Foreign News Service

STOCKHOLM — Dr 'Nthato Motlana has spoken out here in favour of the presence of foreign companies in South Africa.

In an interview published at the weekend in the Swedish national daily, Svenska Dagbladet, he said that in many ways foreign companies could be "a support for the blacks' fight against apartheid".

Dr Motlana expressed scepticism at the results of the general international boycotts and sanctions against South Africa, such as the Swedish law banning investments in the Republic.

"I have never led any campaign against the presence of foreign companies in this country. On the contrary, it is often through foreign companies that blacks get their only opportunities for a proper skilled education and training," he added.

Dr Motlana said he gave up his advisory role to the American Congressional Sullivan Code Committee when he realised it would be impossible to exercise any controls on the code's implementation.

He is in favour of the establishment of more foreign companies in South Africa and says they can contribute towards turning developments in the "right direction".

Dr Motlana foresees the creation of a black middle class and adds: "Historically, all the great revolutions of the people have been led by the middle classes. The creation of a black middle class in South Africa is a good reason for allowing foreign companies to remain and develop."

RDM . 27/4/84 (60)

Multinationals are co-ordinating help

By LIN MENGE

MULTINATIONAL companies in the Eastern Cape have come together to assist in the development of local coloured and black suppliers.

Mr Roland Huckle, manager of New Business Development for Ford Motor Company in Port Elizabeth, said it became clear last year that the various multinationals trying to assist black suppliers should co-ordinate rather than duplicate their efforts.

Quarterly discussions have now been set up between companies such as Ford, Firestone, Goodyear, Borg Warner, General Motors and Volkswagen.

They discuss current and potential suppliers and arrange to combine volumes on certain products so that the manufacturer can operate cost-effectively.

"If we develop a supplier we will assist him in costing," Mr Huckle said. "We must make sure he is not operating at a loss because we are looking at future viability.

"Then once he's set up for Ford, the way is clear for, say, GM to go in with their own specifications."

"At Ford we go round our plants and look for products that could be made by black manufacturers without much capital investment. Because today's big suppliers turn out even simple items by the million, we have to look for labour-intensive products which need individual cutting or stitching," Mr Huckle said.

"Then, provided the small manufacturer can obtain his raw materials at a reasonable price, he will be able to compete. So we also ask our own raw-material suppliers to consider supplying him at a competitive price."

Dutch aid for mini-loans

By LIN MENGE

WHEN very small manufacturers need a small loan to be able to buy a small piece of equipment, they are unlikely to find a bank willing to lend them the required amount.

Now the Dutch Embassy has stepped in with a donation which will be revolved in a novel mini-loan scheme for members of the Katlehong Industrial Association (KIA).

If it proves successful, the embassy might consider increasing its initial donation of R6 000.

According to Mr Dave Milstein, manager of business development for the Urban Foundation, the fund will be administered by a committee appointed by the 25 residents of the KIA industrial park, who will also be responsible for collecting debts.

Applicants will have to bother with application forms, but will be interviewed by the committee. They will have to pledge unencumbered assets to the value of the loan.

Loans will be made solely for short-term needs for materials and no loan may exceed R2 000.

Loans of more than R1 000 must be repaid at 18% interest within three months, while those of less than R1 000 must be repaid within six months at 15% interest.

This is to revolve the funds as often as possible.

Mr Millstein said small businessmen could afford high interest rates if the amounts were small and the time-scale short.

The KIA Industrial Park came into being in 1980, after the Urban Foundation set up a counselling service to identify genuine entrepreneurs among the backyard manufacturers of Katlehong.

Rand Daily Mail Business Day Friday, April 27, 1984

Mvubelo slams disinvestment

Star (~~230~~) (60) (~~135~~) 27/4/84

By Carolyn Dempster, Labour Reporter

Most South Africans would vote against disinvestment by foreign companies, veteran trade unionist Mrs Lucy Mvubelo has said.

The 64-year-old general secretary and founder of the 16 000-member National Union of Clothing Workers said this week she believed current American support for disinvestment was largely fuelled by South African exile groups.

"If it were not for our own people propagating disinvestment, it is unlikely there would be much interest or support among overseas groups".

Mrs Mvubelo has just returned from America where she was scheduled to testify before the House of Representatives' sub-committee on the District of Columbia's deliberations for disinvestment of the Cities Pension Funds.

Veteran trade unionist Mrs Lucy Mvubelo . . . "if foreign companies move out of South Africa, who is going to provide the opportunities?"

BILLIONS

The pension funds, which total billions of dollars, are used to assist American enterprises throughout the world.

In a report-back to the American Chamber of Commerce, Mrs Mvubelo explained that the subcommittee refused to listen to her submission.

"It was clear they had made up their minds before I even arrived," she said.

The trade union leader has long been the target of severe criticism by fellow unionists for her anti-disinvestment stance, and has been dubbed a Government stooge by anti-apartheid groups since the 1970s.

But she points to the changing attitudes of prominent black political figures as proof that disinvestment is not necessarily the "right route".

'ASK TUTU'

"Look at Dr Motlana. Ask Bishop Tutu what he thinks.

"I am not a voter. I have no voice in this country. But, as a worker, I know that if foreign companies move out of South Africa, who is going to provide the opportunities?

"What is going to happen to the generation coming up with a better education?

"I do not see why foreign companies should be used as a springboard to bring down apartheid."

Mrs Mvubelo does not see herself as a politician and reiterates that the economy is the only solution to the problems facing South Africa.

Yet she openly states: "Of course, our aspiration is liberation".

"We have still got people, even at this hour, who are prepared to sit down and talk with the Government."

VAA 60

Methodists will not disinvest from SA

By JOHN BATTERSBY
London Bureau

LONDON. — The Methodist Church in Britain has rejected calls for economic disengagement in South Africa and has squashed an internal bid to pressure the church into cutting its ties with British companies with interests in South Africa.

At its annual conference in Wolverhampton, the Methodists reaffirmed their policy of "positive engagement" whereby they hope to influence the companies in which the church holds investments to bring about change.

The reaffirmation came following a bid by a leading Methodist, the Reverend David Haslam, who accused the church of living off "immoral earnings" from South African investments.

Mr Haslam — who is secretary of the activist group ELTSA (End Loans To South Africa) — described such British companies as "the pimps for apartheid".

He named several British companies with South African links in which Methodist investment exceeded R2-million.

But a call for the Methodist Church to disinvest in such companies was defeated by a substantial majority of the 600 delegates attending the conference.

The Methodist Church has an estimated R38-million in British companies with South African interests. The conference also refused to advise local church organisations to withhold contributions to central funds unless the church's central finance board changed its policy on investments.

The report of the finance board described apartheid as "abhorrent" but reaffirmed its current policy of "positive engagement".

The board's general secretary, the Rev Derek Farrow, described the proposals to pressure the church into economic disengagement as "no way for a great church to behave".

"If the church is not satisfied with what the central finance board is doing it has the right to dismiss it — but that would be an extreme step."

But the Rev Bernard Arnold from Reading said: "I believe we should take a moral stand and risk losing our money."

And Mr Leon Murray, the first black vice-president designate of the Methodist Conference said: "We must make up our minds whether to support a system which denies 20-million people their rights."

Top programme to upgrade black teachers needs money

W/E ARGUS 19/5/86 (60)

Education Reporter

THE PRIVATE sector is being urged to sponsor an independent in-service programme aimed at upgrading most of the 60 000 under-qualified black primary school teachers during the next decade.

The Teacher Opportunity Programme (TOPS), the first of its kind aimed at improving education at a higher primary school level, is being organised on a national basis. The Western Cape branch was formed six months ago.

Initiated by an oil company, the project is now autonomous and has the full support of black teachers' associations and academics from many universities, who have been involved in the programme since its inception 18 months ago.

The organisers hope to get a total of R2 million a year for the next decade from all signatories to the Sullivan Code.

So far 1 200 teachers who have only standard eight and a teaching diploma have enrolled in the programme, which aims to equip them with a matriculation certificate.

Professor Leonard

"This is the lowest acceptable qualification for a primary school teacher," said Professor Cecil Leonard, an associate professor at the University of the Western Cape and TOPS regional chairman.

He said unless pupils were given a solid grounding at higher primary school level remedial projects in black education would always be necessary.

"The hundreds of thousands of rands spent by the private sector on black education in this country in recent years could have been better spent. Unlike many of these earlier projects, TOPS is not just doing cosmetic work. It is trying to nip the problem in the bud.

"By giving teachers better training the standard of education will rise."

He pointed to a recent study by Professor L Schlemmer, of the Centre for Applied Social Sciences at the University of Natal, which showed there was a definite fall off in the quality of black education.

Of pupils interviewed, 60 percent believed teachers were the main factor hampering their progress at school, while 49 percent said if boycotts or demonstrations broke out the main cause would be dissatisfaction with teachers.

The De Lange Report on education predicted 200 000 new teachers would be needed by the turn of the century.

"Trying to meet this need and to solve the other numerous problems in black education is going to take most of the Government's funds and resources.

"There will be very little over for upgrading of teachers and that is why this project is so important," Professor Leonard said.

Teachers taking part in the TOPS programme are given notes to study at home; hese are supplemented by regular tutorials conducted by paid professionals.

"The unique feature about TOPS is that it goes beyond mere academic upgrading and also concerns itself with the long term professional and personal development of the teacher," he said.

"Methodology and school management components are included to improve the total competence of the teacher."

You can't solve problems by walking away

(60) S. Times 10/6/84

> Would disinvestment ensure freedom from hunger, unemployment or fear? Or would it bring with it the chaos of a Congo, the civil strife and misery of a Ghana, the grinding hunger of a Burundi or the despotic cruelty of a Uganda?

By TONY BLOOM

One of South Africa's top business leaders puts the case for continued overseas investment

NOBODY who has any in-depth knowledge of South Africa really believes that universal suffrage on the Westminster pattern is the solution to our problems, or, even if it were, that the present South African Government would have the remotest intention of allowing it, except over their dead bodies.

It is one thing for a foreign power to press South Africa into ridding itself of an unjust system of government based on racial discrimination, and quite another to seek to impose simplistic solutions based on the concept of one man, one vote.

However, it is undeniable that discrimination which is embodied in statutes is in stark contrast to the firmly held beliefs of the United States Government.

This has meant that, for American companies doing business in South Africa, their business has become an issue of more than simple economics.

Most of the criticism springs from church groups and universities, and these critics argue that anything that is done in South Africa that makes a contribution to its economy also helps to prop up the repressive and odious system of apartheid; and that the South African Government is so immune to rational persuasion that it would react only to the stark reality of economic withdrawal.

This approach is negative and destructive, and primarily harmful to the very interests it purports to assist.

One might well ask: why should the American companies bother? For many of them, their South African interests represent only a fraction of their total interests. Is it all worth it?

The answer is simply that it is too important for overseas corporations to adopt that attitude, too important from the point of view of their long-term strategic interests, too important as a fundamental question of principle and too important from the point of view of the lives and hopes of their employees and their families in South Africa, of whom there are hundreds of thousands.

South Africa cannot be lightly dismissed. It is geographically crucial to the West, as a huge percentage of the crude-oil and strategic-mineral imports of Western Europe and the United States is transported round the Cape sea route.

It is a country endowed with an almost unbelievable bounty. It is in the unique position in the world today of being a net exporter of minerals, energy and food as well. A catastrophic drought has altered the food position at this moment, but is clearly a short-term phenomenon.

South Africa occupies less than four percent of the surface of Africa, and only six percent of the continent's population lives in South Africa.

Yet it is responsible for 36 percent of Africa's maize production, 18 percent of its wheat crop, 54 percent of its wool yield, 54 percent of its sunflower-seed harvest, 20 percent of its meat and 33 percent of its sugar cane.

It is responsible for 40 percent of the continent's industrial production, 22 percent of its exports, approximately 66 percent of its steel production and around 70 percent of electricity consumption.

Furthermore, South Africa provides the free world with a significant, and often irreplaceable, proportion of its supplies of not only gold and diamonds but equally important uranium, chrome, manganese, tin, iron ore, vanadium, platinum, coal and so on.

Black Africa, too, has an enormous stake in the shared interests of building security and prosperity in Africa. It is interesting to note that, despite the public rhetoric, more than 90 percent of the members of the anti-South African OAU trade with us in one form or another.

The potential value of constructive relations with South Africa is clear, and there is no profit or future for Africans if the continent remains a battleground for superpower contention in its crudest form, whether in the Horn of Africa or Angola.

In this scenario, what role is there for the US business community? I believe that both the business community in South Africa and the international business community with interests in South Africa have a unique opportunity and an important and constructive role to play.

They have the ability to become a major force for change and a source of constant pressure in some of the main and most intolerable areas of discrimination, which, when they are broken down in the work environment, will, without any doubt, spill over into many other aspects of society.

American companies can take pride in the achievements which have been made and in the fact that they are in the forefront of promoting change for the better in South Africa.

Clearly, US companies are not alone in this respect — many European companies have done equally important pioneering work, and there are, happily, a number of South African companies (some of them the largest employers in the land) which can also take a great deal of credit.

But most US companies need in no way be ashamed of their record.

More than 360 American firms operate in South Africa. The total American investment in South Africa amounts to more than $2 600-million, and American firms employ more than 150 000 people of all races.

If one assumes an average family unit of four persons (a conservative assumption for South Africa), then there are more than 600 000 people whose lives, ambitions and aspirations can be affected by the policies of American companies alone.

There is an enormous potential for influencing an even larger circle if these corporations continue to set the pace in dismantling the apparatus of discrimination in employment, to set the pace in the civilised treatment of their employees, in their training and promotion programmes and in the granting of socio-economic benefits which substantially benefit those employees and their families.

In the latter regard, it is interesting to note that, since the promulgation of the Sullivan Principles, $78,5-million has been spent by US companies alone on black education, health, welfare and training in entrepreneurship.

Given this track record, I argue strongly and persistently for the extension rather than the diminution of American interests in South Africa.

I argue for the extension of diplomatic, cultural, economic and, yes, sporting ties with South Africa; for increased investment, not boycotts — for US corporations to lead by example — not to isolate by withdrawal.

To demonstrate in an effective and in a practical manner that enterprises can be run on a non-discriminatory basis and yet remain viable. To maintain moral integrity and at the same time to achieve constructive gains.

To use the carrot instead of always the stick. And to lead, as the world expects you to. There is no need to become a part of the system.

Every time that an international coloured sportsman plays in South Africa, racial barriers tumble and changes in attitudes occur for the better.

Every time a corporation desegregates a canteen, promotes a black manager, increases the skills and job opportunities for black staff members, other corporations gain the courage to do so.

Payment of the rate for the job, training programmes, promotion opportunities, pension benefits, medical-aid assistance, housing subsidies, educational bursaries for employees' children and legal counselling are but a few of the constructive and positive programmes in which US business can continue to involve itself — and not only from philanthropic motives. In most cases it makes good economic sense as well.

I go farther — in the non-business field I would like to see a flood of academics, artists and athletes of all races coming to South Africa — by all means firm in their intention to perform before desegregated audiences only and firm in their intention to contribute towards change.

For the first time for more than three decades one has a sense that the political leadership in South Africa has the will and the imagination to engage in a sincere search for solutions, imperfect as they sometimes seem to an outside world.

To do this we need the support of like-minded friends and allies — friends and allies who have strategic, moral and business interests in the promotion of a stable and democratic region in Africa.

It is here that the international corporations and their political and commercial interests can make a positive and lasting contribution.

Economic and political isolation is a negative and retrogressive step — it will not persuade South Africans to accept otherwise unacceptable formulas and would undoubtedly intensify the paranoid siege mentality which ripples below our national psyche.

No problem was ever solved by walking away or quitting on it. Disinvestment is the ultimate absurdity — starve the blacks to change the whites!

There will be other views — the vocal minority of radicals and revolutionaries who profit from anarchy, destruction and chaos, and who are resolved to destroy any structure that strives to harmonise with Western, democratic capitalistic values, and impose a Utopian Marxist model — a model which, incidentally, is responsible for much of the misery of Africa today.

A reasonable future for all the people of South Africa cannot possibly be linked to a lessening of economic ties. Disinvestment, partial or total, will achieve little other than its value as a moral salve and perhaps the applause of the Soviet Union.

It will certainly not achieve what the black South African needs for himself and his family.

Let us ask ourselves the question: would a lessening of economic ties give him freedom from hunger, unemployment or fear?

Will it contribute towards the goal of equal opportunity? Or will it bring with it the chaos of a Congo, the civil strife and misery of a Ghana, the grinding hunger of a Burundi or the despotic cruelty of a Uganda?

The answer to a diminution of ties must be an unequivocal NO.

(Extracted from a speech this week to the United States Business Council at the Harvard Club, New York.)

MOVE AGAINST RACISM

New York in bid to cut off trade links with S Africa

NEW YORK — The biggest and richest city in America, New York, is on the brink of making a major decision on South Africa that could result in sanctions against companies that do business with the Republic, it was learned at the weekend.

A senior official at City Hall told Sapa: "The 'Big Apple' is only days away from a big decision on the issue of apartheid and racism. Its effects will be far reaching."

SA Press Association

The past few days have seen considerable activity in relation to South Africa, all of it, according to officials, stemming from the discovery a few months ago that two city departments had been buying pineapples from South Africa.

"That began a process of discussion, the results of which are about to be seen," said Mr Barry Ensminger, director of policy to Ms Carrol Bellamy, the City Council president who is one of the prime movers behind the anti-South African stand.

Powerful

Backed by powerful trade union leaders, as well as so-called "advocacy groups" — including local representatives of the African National Congress — Ms Bellamy has proposed a resolution calling for the council to boycott all those doing business with South Africa.

The proposed resolution has already been given a hearing before the council's Governmental Operations Committee, and among those who made impassioned speeches in its favour were representatives of trade unions as well as the ANC.

According to Mr Ensminger, the resolution is now being worked on and "fine tuned" for presentation to the full council.

In its present form, it would commit New York to not buying products from South Africa, and to not doing business with anyone trading with South Africa. But Mr Ensminger admitted it would have to be made "more pragmatic."

Imperative

"We have a moral imperative here," he said, "because a majority of our people are minorities, so it is right that we as a city should be concerned with South Africa.

"But we have to be pragmatic."

Mr Ensminger, who is the key figure in the debate over the precise wording of the resolution, said the form emerging could look like this:

- The city will boycott all South African goods and services.
- When the city is considering tenders from companies for council work, preference will be given to companies that are specifically not doing business in any form with South Africa.
- The city's cash deposits will be taken out of banks doing business with South Africa.

Business sources say such a resolution could have considerable impact. New York city has the third largest budget in the United States after the Federal Budget and the New York State Budget. Each year it awards contracts and tenders worth billions of dollars. In business terms, it matters.

Moves connected with Ms Bellamy's resolution are being co-ordinated with others initiated by Mr Ed Koch, the mayor, who is one of the most colourful and powerful politicians in America.

Both are members of the Democratic Party, but are political foes, and the Bellamy camp accuses Mr Koch of "flip flopping" on the issue.

The mayor has appointed a commission, headed by his chief counsel, Mr Fritz Schwartz, to go into the matter, and that too will be reporting in the next few days.

Militancy

Mr Koch, a powerful Jewish activist and arch-pragmatist, is probably less than enthusiastic about anti-South African militancy. He made this plain during the recent row over South African fossils set for display in New York.

But he faces a re-election battle next year. Ms Bellamy is likely to be one of his opponents. He has to have regard for the black vote. And joining the anti-South African chorus is one of the easiest things in American politics, most political analysts believe. — Sapa.

BOYCOTT: Mr Oliver Tambo, president of the African National Congress. His organisation is involved in the New York City plan to have South African goods boycotted.

United States strengthens its position in the ILO

GENEVA — Four years after returning to the International Labour Organisation (ILO), the United States appears to be rapidly strengthening its position in the UN agency while Soviet influence wanes. The growth of US influence since its 1977-1980 break in membership has in fact been accompanied by a decline in block voting by Third World and developing nations, and an almost total absence of the "anti-Western" attitudes commonly found in other UN agencies.

The Soviet Union, meanwhile, has suffered a series of setbacks at the Geneva-based organisation, including inability to quash discussion of Poland's suppression of the independent union Solidarity, blunt criticism of Soviet block labour practices, or enact initiatives weakening the ILO.

"The Soviets are quite demoralised," said a US official who has been closely following the annual ILO conference that ended June 26. "A lot of countries are getting tired of hearing the Soviets criticise them all the time, and then refusing to accept criticism, and are saying: "You can't play us like that anymore."

Positive

Indeed, this year's annual conference of the ILO, its 70th since the labour organisation was formed by the Treaty of Versailles in 1919, has been described by Western diplomats as "positive," "fruitful," and "a refreshing experience."

"The conference has gotten down to doing its technical job, rather than getting mired in political issues and East-West sparring," one Western diplomat commented privately.

Such views come as somewhat of a surprise, since the conference opened on an ominous note. At a news briefing before its June 6 start, ILO director-general Mr Francis Blanchard made a rare statement of concern about initiatives offered by ILO members.

"The US . . . has stressed the positive aspects of the ILO's standards, showing Third World countries how they can benefit rather than hurt their labour situation," the US official said.

Criticism

The United States, which provides 31,8 million dollars (R43-million) a year, or about 25 percent of the 150-nation ILO's annual budget, left the organisation in 1977 over what it then called a decline in the independence of delegates attending ILO conferences, immunity of certain countries to criticism for violating workers' rights and the introduction of "extraneous" political issues into the ILO's debates.

But the US Government delegate to the ILO, Mr Robert Searby, says the US rise in influence should not be seen just as a "major victory" for the United States.

"The United States feels that this is not a 'great victory' but that it is really a victory for the ILO as an organisation that still has fundamental democratic principals," he said. — Sapa-AP.

(60) Sowetan 8/8/84

US union to pull out of SA

NEW YORK — The New York City employees' retirement system is to gradually withdraw its investments in companies doing business with or in South Africa.

It is the biggest public pension fund in the United States to have decided to make such a move in protest over apartheid.

Miss Carol Bellamy, president of the New York City Council and a trustee of the pension fund, said:

Message

"What we are doing by our action is sending a loud and clear message that business as usual in South Africa is not acceptable."

Another trustee, city comptroller Mr Harrison J Goldin, said:

"Companies which persist in promoting apartheid in South Africa are companies in which we do not care to have an investment."

After five years the fund will be rid of all such stocks except those in companies that are of "substantial assistance" in fighting apartheid.

The Sullivan Principles will be among the criteria used in deciding whether to disinvest.

RDM 5/7/84

Pressure has worked, says Fosatu

By STEVEN FRIEDMAN
Labour Correspondent

THE Federation of SA Trade Unions said pressure on foreign companies to disinvest from South Africa "has had a positive effect" and "should not be lessened".

However, Fosatu did not call for actual disinvestment by companies.

It said only that it was against forms of foreign investment that accepted "the conditions of oppression" maintained by the Government.

And it added that its own concern was to build a strong labour movement which would ensure that plants and machines presently inside the country wouldbe retained in South Africa "for the benefit of all".

These points were contained in a section on disinvestment in a Fosatu statement on international policy, which was released yesterday. The policy was the result of decisions taken at a Fosatu central committee meeting in April.

Essentially, the Fosatu policy statement argued that pressure for disinvestment had had an impact on company labour policies but that it did not mean that local unions should seek actual disinvestment.

It argued that the chief priority of local unions should be to ensure that foreign investment acts in the interest of workers, rather than seeking to have it withdrawn.

In its statement, Fosatu said that as a union organisation "concerned with the jobs and livelihood of its members", it had to give "careful consideration" to the disinvestment issue.

British unions set to back anti-SA moves

By JOHN BATTERSBY
London Bureau

LONDON. — The Trades Union Congress (TUC) is expected to overwhelmingly support a motion at its annual conference in Brighton calling on the TUC general council to step up pressure on multinational corporations operating in South Africa.

Today's TUC debate on South Africa is expected to focus on the role of multinational companies which project a responsible image in Britain yet pursue discriminatory employment practices in their South African operations.

A composite resolution on South Africa, which will form the backdrop for the South African debate, also calls on the TUC conference to reaffirm its commitment to give "practical assistance" to the development of independent trade unions for black workers in South Africa and welcomes the support the TUC general council are giving them.

The motion includes a call on the TUC general council to "research and identify" offending multinationals in South Africa.

"Congress calls on the general council to expose their duplicity to the British public and maximise pressures on them to ensure the speedier development of black South African interests," the motion said.

"Congress deplores the hypocrisy of those multinational corporations operating in South Africa, which, within the United Kingdom, endeavour to project themselves as responsible and socially enlightened pillars of our society while denying recognition and trade union rights to black South African trade unionists."

The motion does not name any companies.

But a hand-out distributed by the London-based Anti-Apartheid Movement at the TUC conference — entitled "Miners in struggle in South Africa" — accuses Rio Tinto Zinc, Lonrho, Shell and BP of "a unique form of super-exploitation of labour" through its investments in the coal industry.

The AAM said South African coal-mine owners were hoping that the coal strike in Britain would provide the opportunity for further penetration of the coal market in Britain.

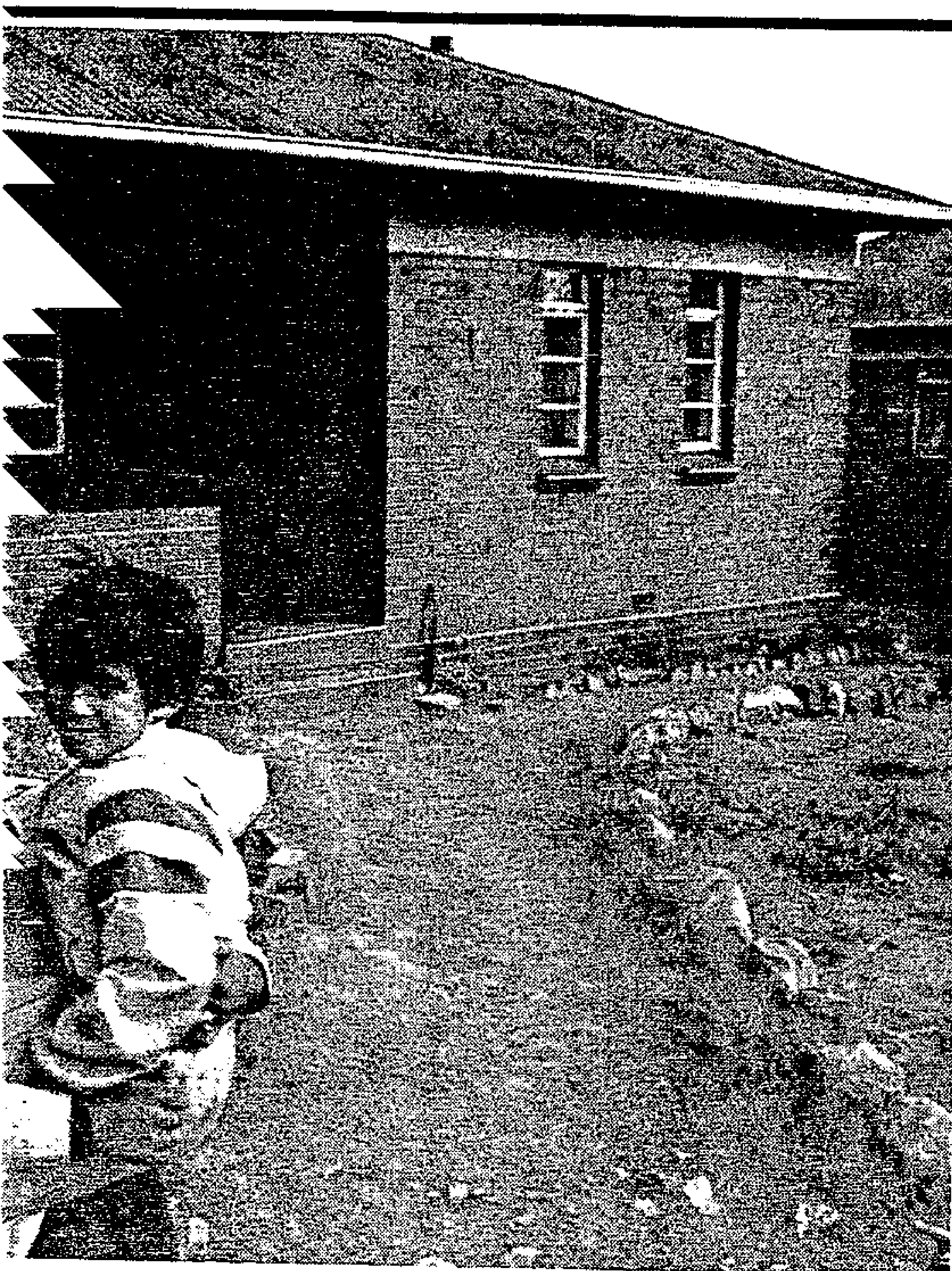
"The AAM urges the British trade union movement to mobilise in solidarity with the black miners of South Africa and to stop importing South African coal."

In its motion on South Africa, the TUC also calls for a tightening of the sports boycott and the imposition of mandatory economic sanctions against South Africa, condemning the British Government for "consistently using its UN veto against sanctions."

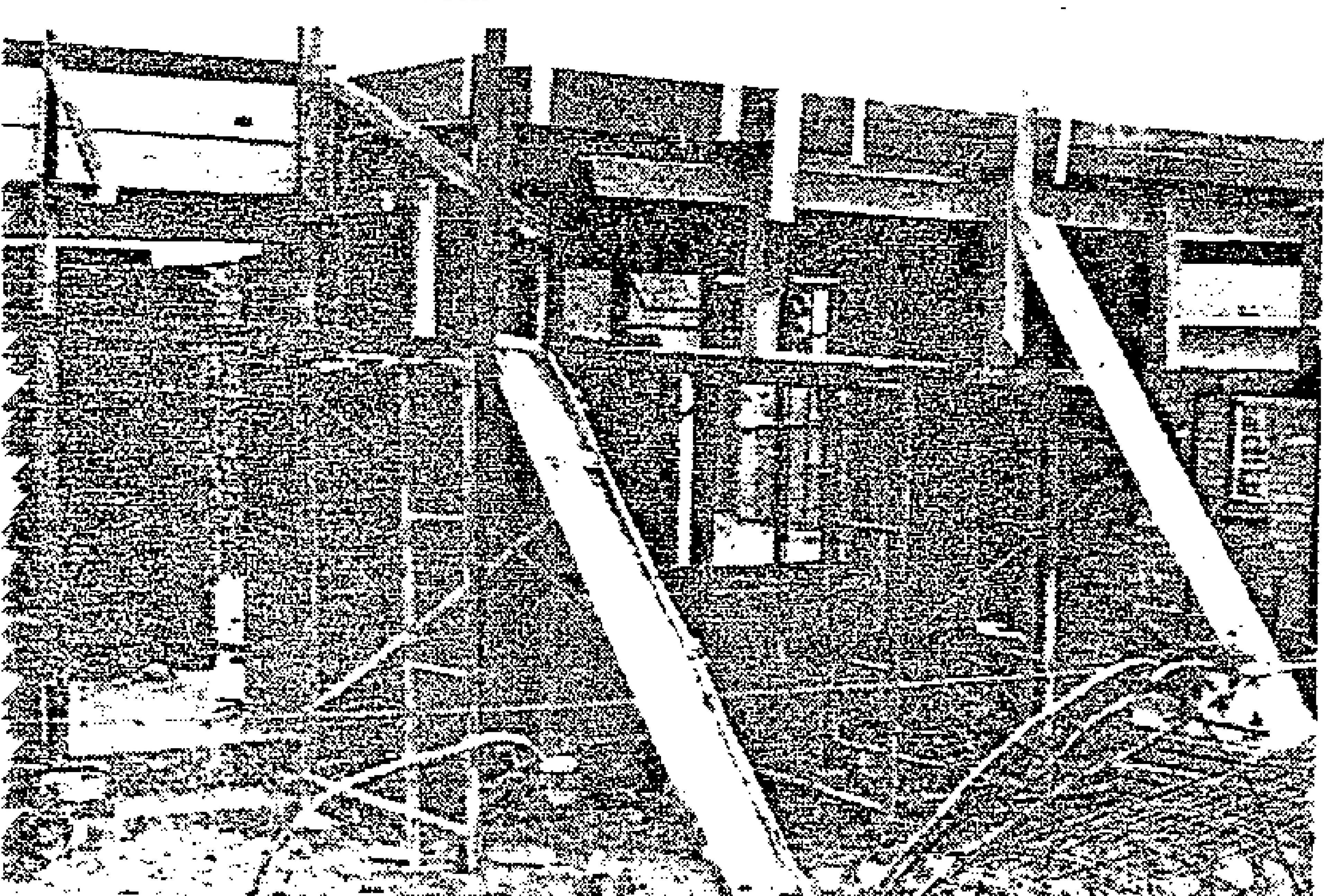
It condemns the English Rugby Union for its tour of South Africa and deplores the recent visit to Britain of the Prime Minister, Mr P W Botha.

The TUC also calls on the British Government to support other UN countries in "insisting" that South African troops quit South West Africa.

(60) RDM 10/9/84



house as it used to look.



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Hartzenberg's double-storey in Coronationville have slightly delayed building. The pictures show how the house looks now, almost at the half-way stage.

As Homefront reported previously, Norman and Pam Hartzenberg were able to buy the house — once proper legal protection had been made for the elderly pensioner, Mr Cecil Jonosky, who was the registered tenant while they, the lodgers, paid the rent. When the renovation is complete, Mr Jonosky will return to the house, knowing he has a secure roof over his head to the end of his days, while the Hartzenbergs have security for the money they have spent on improving the property.

US cities step up drive against SA investments

By RICHARD WALKER

NEW YORK. — Mayors in big cities in the United States have stepped up the drive to disinvest in South Africa by calling on leaders across the US to join them in boycotting businesses with SA ties.

Prodded by Boston and New York, the United States Conference of Mayors will vote on a proposal for general disinvestment when it meets in Washington in January.

In a rare joint Press conference at the weekend, the New York Mayor, Mr Ed Koch, and Boston's Mayor, Mr Raymond Flynn, called on others to follow their lead and pass ordinances mandating the withdrawal of municipal funds from companies doing business with the SA Government.

They were doing so "in response to the tragic events that have taken place in South Africa over the past few days, and to the general conditions that characterise the South African economic and political system," they said.

"While the federal Government has absconded from American traditional commitment to justice and fair play, we as America's mayors will not."

Mr Flynn said the aim was "to impact on the economy and the pocketbook (wallet)".

The move of the conference executive and the accompanying action of the two mayors was a major coup for Mr Dumisane Kumalo, project director of the American Commitee on Africa and coordinator of the disinvestment campaign.

Mr Kumalo, whose parents live in riot-torn Evaton, said he was "very proud" of the mayors' stand, which he hailed as "a direct way of hitting the South African Government, hopefully to force that Government to come to its senses".

Twelve American cities and five states have so far voted to withdraw funds from US banks and companies operating in South Africa.

The Boston ordinance passed in July affects about R15-million in municipal pensions.

In New York, Mr Koch has endorsed the gradual disposal of up to R2 000-million invested in South African-linked businesses and the city's biggest municipal pension fund began selling off some stock last month.

Unisa numbers up by 5%

Pretoria Bureau

THE University of South Africa (Unisa) has more than 63 000 registered students this year, according to figures published in Unisa News.

This is an increase of 5% on last year's figures.

In 1955, the total number of students enrolled was 5 586. In 1964, there were 16 326 students, 34 159 in 1975 and 63 197 this year.

Over the past 10 years, the intake of students to Unisa has increased by 22 990.

The average age of the students remains 30 years.

Forty nine percent of the student body comes from the Transvaal, 16% from the Cape, 15% from Natal and 3% from the Free State.

Most students enrolled with Unisa live in Pretoria — 8 538. In Johannesburg, there are 8 246 students, 5 495 in Durban and 2 819 in the Cape Town-Bellville region.

More than 6 000 students live outside South Africa, 541 of them overseas.

SA Mint is coining it

Mail Correspondent

DURBAN. — The South African Mint had a brief to produce its money at a profit, a spokesman for the mint said at the weekend.

He was commenting on reports that it cost the Royal Canadian Mint 6c to make a 5c coin and 2c to make a 1c piece.

"In fact, South Africa is one of the few countries that does produce all its money at a profit.

"India must be among the worst where it costs them up to five times the face value of a small denomination coin to produce that coin," he said.

The spokesman said South Africa's money-making system was very profitable, but he would not provide the exact cost of making a 1c or 2c coin.

Andy's new girlfriend

LONDON. — A peer's daughter who resembles Princess Diana and has links with Wyoming, US, has a "deepening

Survey shows massive support for continued foreign investm

BLACKS SNU ANTI-SA LOB

NUA 60 S. Times 23/9/84

Sunset safari to a tycoon's treetop wedding

By JEREMY BROOKS

THE bundu wedding of the year took place at sunset yesterday in a riverside treehouse.

Transvaal tycoon Desmond Bol-

By IVOR WILKINS

SOUTH Africa's black workers have dealt a massive blow to the growing demand for disinvestment.

Despite a growing sense of political anger, they overwhelmingly reject the withdrawal of foreign capital and trade boycotts as a strategy for their liberation.

In a major survey, black production workers have registered their views on the vital issue, and 75 percent of them were firmly against it.

For the first time, those most closely affected by the question have voiced their feelings on a subject that is widely debated and on which dogmatic positions have been taken here and in Britain, Europe and North America.

The findings come when the disinvestment lobby is redoubling its efforts in the United States.

Already four American states and 20 cities have passed legislation which inhibits or prohibits investment in South Africa.

Political issues

The landmark survey was conducted by Professor Lawrence ...

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S. Times 23/9/84

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Political issues

The landmark survey was conducted by Professor Lawrence Schlemmer, head of the Centre for Applied Social Sciences at the University of Natal.

The study, described as an "Indicator South Africa" issue focus, was financed by the American State Department and tested the opinions of 551 black production workers in the industrial areas of the Transvaal, Port Elizabeth and Natal.

Commenting on the findings, Prof Schlemmer remarks: "... (black worker) replies on political issues show clearly they are no dull, apathetic and crushed proletariat who must be saved from a morass of false consciousness by liberated minds abroad."

The survey's major findings of black worker opinion are that:

- 75 percent reject disinvestment.
- Anger has risen dramatically and half the labour force describe themselves as "angry and impatient".
- 60 percent feel their circumstances are deteriorating.
- 61 percent, more than ever before, say they are ready to take political risks.
- They realise the potential power they wield, but at present most are reluctant to involve trade unions in the political struggle.
- Most of them — including trade unionists — prefer free en-

Audrey's dodo disc becomes big hit

By DOUGLAS GORDON

BLONDE singer Audrey Landers, the sexy Afton

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By RUTH GOLEMB

ZOLA BUDD'S dazzling intern career is hanging on a delicate

The tiny reluctant heroine is two men in her life and the love and security of home and friends as opposed to the desperately lonely life of a top world-class athlete.

On the one side there is her father, British citizen Frank Budd, who has bought a house in London and intends starting a business there after he returns this week.

And on the other, her closest friend and confidant, coach Pieter "Lappies" Labuschagne, who recently settled into his new home in Bloemfontein and is chained to South Africa by a contract with the Education Department.

Insiders say there is no love lost between the two men and they have not spoken to one another since before the Olympic Games.

Mr Budd wants Zola to return to England with him and pick up on her road to fame and glory.

But the chances of her leaving without her coach

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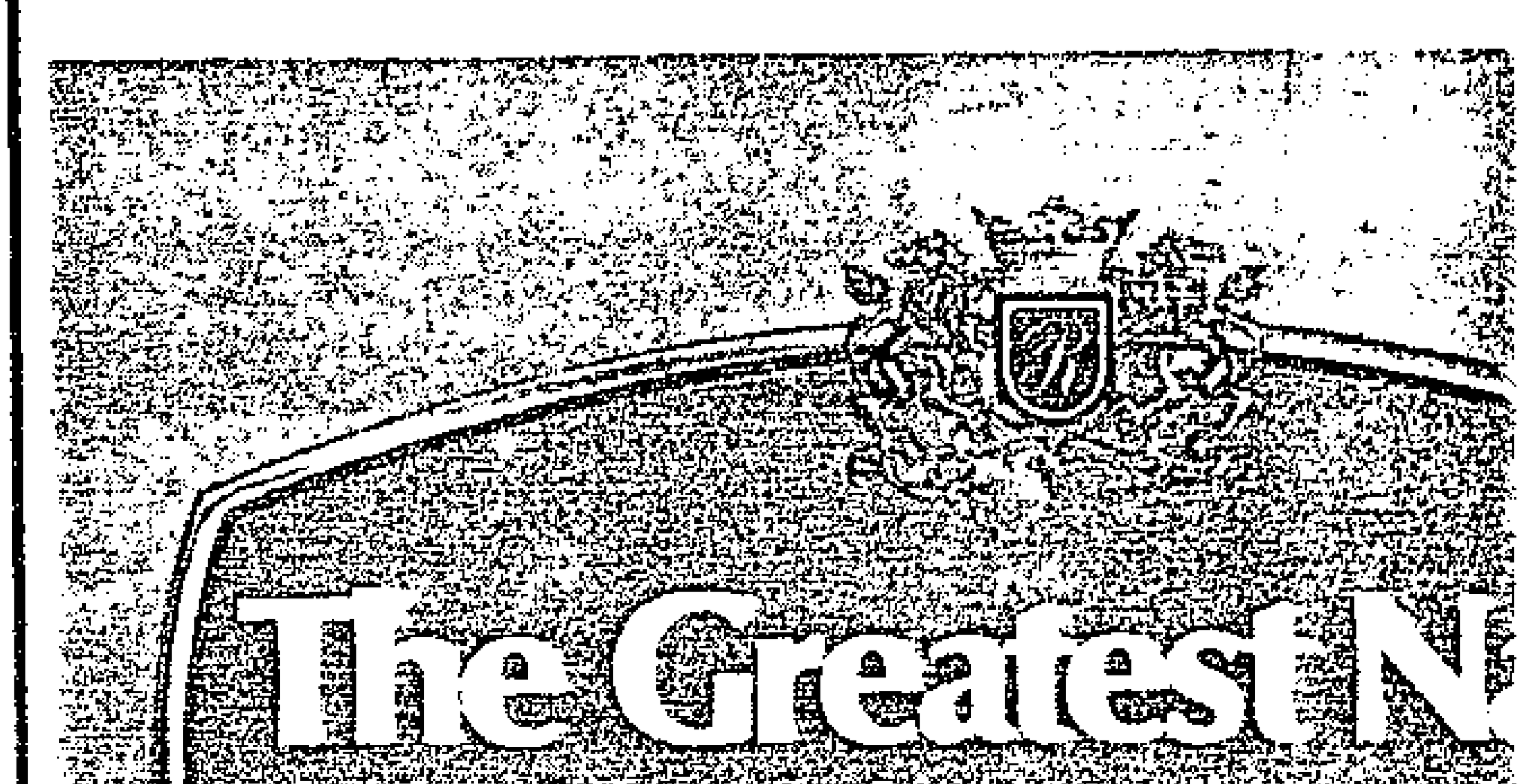

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- 60 percent feel their circumstances are deteriorating.
- 61 percent, more than ever before, say they are ready to take political risks.
- They realise the potential power they wield, but at present most are reluctant to involve trade unions in the political struggle.
- Most of them — including trade unionists — prefer free enterprise to socialism.

Benefits

From the survey, it is clear that black workers separate their economic and political agendas to a remarkable degree.

On disinvestment, Professor Schlemmer says black workers "take an unabashedly short-run and material view" and most wished to see the benefits of the industrial system protected, regardless of other aspects of political change.

They were prepared to support banned organisations — in the Transvaal and Port Elizabeth, the African National Congress (ANC) is the most favoured body — and more than a third were prepared to participate in a mass political strike.

But they also wanted their employment and material opportunities protected.

"Disinvestment ... and trade sanctions are a threat to their material and work interests, and therefore they oppose them with firm consistency."

However, there is widespread support for the ANC, which includes economic sanctions in its programme.

Lesson

Says Professor Schlemmer: "If ever (pro-disinvestment) agencies achieve formal influence in South African policy and affairs, black production workers ... will be among the first supporters of that leadership."

In an interview, he said the major lesson was that if anger grew, black workers would probably bridge the gap between political and economic aspirations and use labour as a weapon.

The minority of hardliners prepared to unleash worker power for political ends is a substantial 30 percent.

● See SA Blacks want Investors to Stay, pages 16 and 17.

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But the chances of her leaving without her coach

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Audrey's dodo disc becomes big hit

By DOUGLAS GORDON

BLONDE singer Audrey Landers, the sexy Afton Cooper in "Dallas", has taken South Africa by storm — with a delayed-action hit.

Her record "Manuel Goodbye", released seven months ago, has suddenly taken off.

Even record company bosses are amazed by the late success of the song.

With sales of 22 000, it last week rose to number four on the Springbok radio national pop charts, and is set to oust supergroup Queen from the top slot.

The record industry and the SABC disc-jockeys call it "a housewives hit".

The single was released in March, when Audrey and her "Vegas" TV-star sister, Judy, supported pop star Andy Gibb at Sun City's superbowl.

"After seven months on the market, a pop single is usually at the dodo level," said Mr Paul Zamek, managing director of RPM records.

"But Audrey is suddenly booming as one of the biggest acts in the pop market at present."

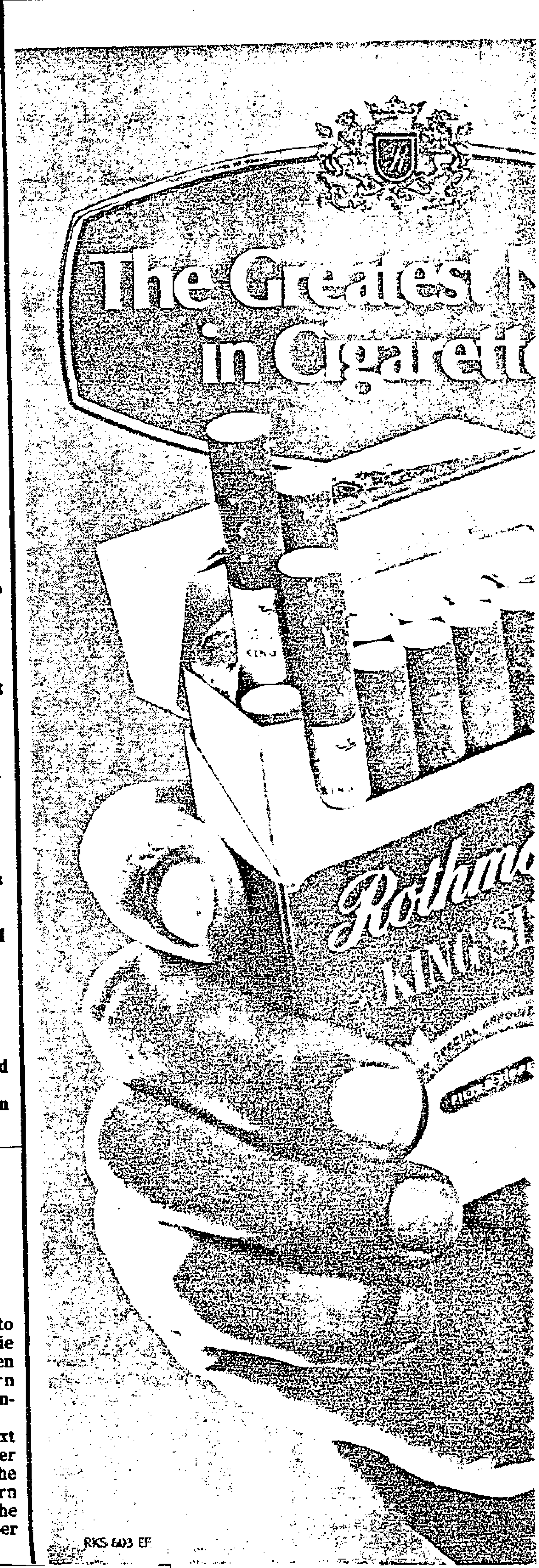
An SABC spokesman said listenership response to "Manuel Goodbye" has been "staggering".

Free State into the semi-finals

FREE STATE romped into the semi-finals of the Currie Cup rugby competition when they thrashed Northern Transvaal, 29-7 in Bloemfontein yesterday.

They meet Natal next Saturday, with the winner playing the winner of the Western Province-Eastern Transvaal semi-final in the final at Newlands on October 6.

● See Page 35



Most SA blacks want investment from overseas

(60) S. Times 23/9/84

THREE-quarters of South Africa's black production workers support foreign investment in South Africa and reject disinvestment and boycott as a strategy for advancing black liberation.

This is the core finding of the Indicator South Africa magazine in an Issue Focus on black attitudes and provides the first statistical analysis of black feeling on the disinvestment issue.

Professor Lawrence Schlemmer, head of the Centre for Applied Social Sciences at Natal University, who conducted the authoritative survey commissioned by the American State Department, described the finding as "remarkable".

Benefits

The survey found that most South African black workers also preferred the free enterprise system to socialism.

The support for the constructive engagement option is especially interesting when viewed against the opening question of the disinvestment series.

One question asked who benefited most from American investment?

Most blacks, 46 percent, felt the South African Government gained most; 38 percent said black progress benefited; and 16 percent thought whites were most helped.

It would appear then that, while black militancy and anger is on the rise (see accompanying reports), most blacks take a pragmatic view and do not wish to see their material wellbeing and job security destabilised by political action.

Nationwide

The findings emerged from a series of questions put to black production workers in a sample that covered the main industrial areas of the Transvaal, Natal and Port Elizabeth.

The main question provided two options. Overseas people, banks and companies should:

● "Stop buying South African goods and stop sending money to build factories in South Africa so as to frighten the South African Government into getting rid of apartheid."

Only 25 percent supported this proposition.

● "Continue to buy South African goods and send money to build factories because it makes jobs for all people in South Africa."

Seventy-five percent supported this, the constructive engagement, option.

Broken down into categories, young blacks, 16-24 years old, were most in favour of disinvestment.

A third of the respondents in that age group supported the option.

Next were worker radicals, identified by the responses to questions in the survey as those prepared to use labour as a weapon for political gain.

Wages

But, even then, only 29 percent of the labour "hardliners" favoured disinvestment as a strategy.

A follow-up question asked black workers whether they felt movements overseas trying to stop investment in South Africa were a good thing or a bad thing and elicited similar responses.

The disinvestment lobby got 26 percent approval and 74 percent disapproval.

Of those who thought disinvestment was a good thing, 39 percent felt it would encourage better wages and conditions, 30 percent that it would frighten the South African Government and 28 percent that it would encourage political rights for blacks (See Table 1).

Of those who thought it a bad thing, 54 percent said it would lead to fewer jobs, 41 percent that it would harm blacks, and 19 percent that it would make South Africa poorer.

Almost identical responses were given on the question of trade sanctions and boycotts against South Africa.

A final trio of follow-up options confirmed the trend. The options were that American companies should:

● Build as many factories in South Africa as they can, making as many jobs for blacks as they can. This was most appealling, getting 59 percent approval.

● Only run factories in South Africa if they can pay blacks high wages, give good pensions and help with housing, even if they make fewer jobs. This gained 32 percent approval.

● Not run factories in South Africa because they make the Government of South Africa stronger. Nine percent of the respondents favoured this option.

This last result is noteworthy, says Professor Schlemmer, because it shows that when the option of codes of employment conduct are introduced into the question, support for disinvestment drops from the 24-25 percent originally recorded to only nine percent.

"Hence one must conclude," he says, "that the promotion of total disinvestment by US companies operating in South Africa has virtually no support among black workers in the very representative areas surveyed."

Professor Schlemmer considers the possibility that too great an incentive was given to reject the disinvestment position by mentioning the effect on job creation in the wording of the questions.

"This incentive, however, was matched by the opposite incentive which was worded as 'frightening the South African Government into getting rid of apartheid'.

"Generally speaking," Professor Schlemmer argues, "black people have great faith — often unrealistic faith — in the capacity of the Western powers to influence the South African Government.

Astonishing

On the ideological question of capitalism or socialism, the workers were asked whether in a black-ruled country they would prefer factories and shops owned by:

● The black government — 18 percent said yes.

● Black businessmen — 23 percent said yes.

● Anyone who can be successful in business, not only black people — to which 60 percent said yes.

Broken down into subcategories, it transpired that an astonishing 71 percent of trade union members — generally more hardline than others — favoured the last option.

VIEW OF EXTERNAL INVESTMENT

SUPPORT DISINVESTMENT BECAUSE:	
Warn/frighten SA Government	30%
Weaken Government/whites	18%
Weaken employers/capitalists	9%
Encourage better wages/conditions	39%
Encourage black political rights	28%
REJECT DISINVESTMENT BECAUSE:	
Fewer jobs	54%
SA becomes poorer	19%
Harms blacks	41%
Makes no difference	5%
Harms SA/Government	12%

* Answers exceed 100% because more than one answer could be given.

Nerury 26/9/84 (60)

Scepticism over Schlemmer poll

WASHINGTON—American backers of disinvestment yesterday flatly rejected Prof Lawrence Schlemmer's newly-published poll showing that a majority of black South African workers were opposed to U S companies withdrawing their investment.

Simon Barber

Mr Gerald Funk, a key adviser on African issues to Democratic presidential candidate Walter Mondale, said of the survey: 'If that's polling, I'm a Chinese aviator. I don't think any political scientist worthy of the name could take it seriously.'

The adviser, formerly the Africa specialist on President Jimmy Carter's national security council, made it clear the findings would in no way change Mr Mondale's commitment to disinvestment.

'CIA activity'

A spokesman for Congressman Howard Berman, a co-sponsor of the so-called Solarz amendments which would ban new U S investment in South Africa, criticised the fact that the State Department had helped fund Prof Schlemmer's project.

'It sounds almost like a CIA activity,' he said.

'I didn't know the U S Government was in the business of paying for polls in other countries.'

The spokesman doubted that the poll accurately reflected black feeling.

'My understanding is that it was only taken in certain areas and included only unskilled workers.'

Disavowed

'Also people in South Africa cannot legally advocate disinvestment, so they're not going to give their real views to a pollster.'

Mr Philip Martin, a spokesman for Boston Mayor Raymond Flynn, who has taken a lead role in urging other mayors to follow his city's tough example on disinvestment, said after reviewing the poll: 'We remain firm in our commitment to a policy of divesting public funds from companies andfinancial instututions doing business with South Africa.'

Mr Ken Zinn, an analyst for the Washington Office on Africa, a lobbying group that has been helping to co-ordinate the disinvestment movement, called the poll 'objectionable' and 'highly suspect'.

Mr Zinn said the South African Institute for Race Relations, of which Prof Schlemmer was president, had disavowed the survey.

He also argued that too much weight was being placed on on just one statistic.

More important than the 75 percent opposition to disinvestment was the finding that 91 percent thought the typical employer was too close to the Government.

Miss Meg Voorhees, a researcher with the non-partisan Investors' Responsibility Research Group, which has taken no position on the disinvestment issue, criticised the Reagan Administration's decision to fund the project.

'A lot of people are going to dismiss it because of that,' she said.

University to disinvest

NEW YORK. — The board of trustees of the City University of New York has voted unanimously to approve a resolution that the university divest itself of stock in companies doing business with South Africa.

The resolution called on the university to "divest itself of any investments in financial institutions or companies doing business with the Republic of South Africa" as soon as possible. — Sapa.

60

RDM 26/9/84

 60

US cities are urged to join boycott of SA

BOSTON. — The 100 biggest cities in the United States are being called upon to launch an economic boycott of South Africa by withdrawing millions of rands in investments from companies doing business with SA.

Spearheading the campaign is Boston Mayor, Mr Raymond Flynn, who says he hopes the resulting financial pressure would help bring about an end to "the oppressive system of apartheid".

The direct target of Mr Flynn's lobbying efforts are about 350 US companies and financial institutions with ties to South Africa.

Faced with the loss of millions of rands in municipal and state pension funds invested in them, he hopes many companies would break their commercial links with South Africa.

The State Department estimates that the companies have direct investments in South Africa totalling R3,8-billion while private estimates place the amount much higher.

"Apartheid is a repugnant and immoral way of life which no American should be party to," Mr Flynn says. "If even a handful of major cities pass divestiture ordinances, then noticeable financial loss for South Africa would result."

Over the past two years, four major cities and five states have passed laws restricting investments in companies that do business in or with SA.

Mr Flynn, whose city has passed the nation's toughest "disinvestment" law, said that similar legislation by cities throughout the US "would send a clear message to the South African Government" that apartheid was unacceptable and would not receive financial support from public funds.

Several small cities and universities passed laws requiring the divestiture of funds from firms with South African ties during the 1970s. But it was not until 1982 that the first major city, Philadelphia, passed such an ordinance.

Since then Washington DC, Boston and New York have followed suit, as have the states of Connecticut, Michigan, Nebraska, Maryland and Massachusetts.

Most state and city disinvestment laws now on the books make exceptions for the 122 US companies that have agreed to uphold the Sullivan principles — guidelines devised by the Reverend Leon Sullivan of Philadelphia in 1977 which require fair labour practices for blacks and desegregated facilities.

The Boston law, however, prohibits investments in any company doing business in South Africa or any bank or institution extending credit to the South African Government, without exception.

The ordinance forced the withdrawal of R16-million in city retirement funds invested in eight companies.

The Reagan administration opposes disinvestment, saying it could result in fewer jobs for blacks by hurting the South African economy. Most US companies have taken the same stand.

Xerox president, Mr David Kearns, says US companies can do more good by working for change within South Africa.

He has said he deplores apartheid and believes that Xerox's efforts to follow anti-discriminatory policies in the workplace, as well as the housing, training and educational assistance programmes it has for blacks, counteract the SA Government's official policies. — Sapa-Reuter.

of being a "closet liberal" *and a* political chameleon. "I have supported four political parties in my time," *told* me, "*because this is where* I thought I could most effectively contribute to a South Africa which ing ideals.

As journalist, founder of the magazine *New Nation*, senator, then across his throat, and said "Don't be too hard on me." □ — *The Observer News Service.*

stone in Britain's steady drift towards widespread industrial unrest.

Star (288)

ISSUES OF THE WEEK: MOZAMBIQUE.....AND DISINVESTMENT

6/10/84

FROM PAGE ONE

rebels had recognised Samora Machel as president of Mozambique this did not mean that the MNR would support him in the future and the movement had made no promises to keep him in power.

Mr Fernandes's attitude illustrates clearly just how rocky the road to peace will be.

The MNR's attitude apparently is that the declaration is an agreement to the principle of a ceasefire, but that the commission must still work towards that ideal.

Even if the resistance movement did agree to an immediate cessation of hostilities it is doubtful that the leadership would be able to control all their estimated 10 000 fighters in the bush.

Some of the fighters have split into bands which allegedly terrorise and plunder local communities and who may refuse to bow to any ceasefire.

The MNR claims to hold the upper hand in the civil war and has warned that unless Frelimo accedes to its demands for an accord on certain terms, it will make a "final offensive" to topple the regime this month.

For Frelimo there is a major propaganda advantage in being able to report, as its negotiation team leader General Jacinto Veloso did on his arrival back in Maputo after the signing of the declaration, that the MNR had recognised the "necessity for an immediate and unconditional end to all acts of violence and terrorism in our country, and recognised also the legitimate authority of our state and government".

But from Mr Fernandes's comments, Frelimo has no real cause to be easy and the pressure to incorporate MNR rebels in key Cabinet portfolios in a national government of reconciliation will remain.

For South Africa there are several advantages in this week's developments.

For starters the hard work by Foreign Minister Botha over the months will boost the Government's prestige and help prove its sincerity in making the Accord of Nkomati, signed in March, work.

The accord, which looked as if it might collapse if some satsifactory settlement to Mozambique's civil war was not forthcoming, is now seen to be effective and a valuable agreement between the two countries. This is likely to impress other African countries, particularly others in Southern Africa which have balked at signing similar treaties with South Africa.

The deployment of South African troops in a peace-keeping role and to assist in several socio-economic projects will provide a useful opportunity to use soldiers being withdrawn from Angola and Namibia.

The pressures on the commission, which is to be chaired by the Deputy Minister of Foreign Affairs, Mr Louis Nel, will be great.

Statements such as those made by Mr Fernandes and General Veloso after the declaration will probably be common and the acrimony between the two sides may even wreck the agreement.

But the important thing is that the two sides, and South Africa, have shown a willingness to talk and settle differences. They have demonstrated their desire for peace and prosperity in this region of a troubled and weary continent, and that can only be good. □

Survey is the most scientific done so far, says The Economist

60

Star 6/10/84

WOULD a withdrawal of foreign investment shock South Africa into changing its racial policies? Or would it just hurt the very people it was supposed to help — black workers and black businessmen? A disinvestment campaign is gathering pace in the United States, so the American state department asked the views of the black workers themselves, through a survey by South Africa's top pollster, Mr Lawrence Schlemmer. The answer? Three-quarters of the 551 industrial workers questioned said they were against disinvestment.

Pro-government newspapers have called the findings a "massive blow" to the disinvestment campaign. Lobbyists in favour of it have scorned them. Bishop Desmond Tutu, who says economic pressure is "our last chance for peaceful change", claims the figures do not square with his own impressions.

Mr Schlemmer says his methods contain built-in checks against distortion, but some lawyers think it is against the law to advocate disinvestment. Would vulnerable blacks answer a pollster frankly? "That to some extent must place a question mark over this study's validity," says Mr John Dugard, a leading law professor.

Foolproof or not, the survey is the most scientific to date. It is not surprising that most black workers, asked how they feel about a campaign that could cost them their jobs, should say they don't want it. Even 68 percent of the angriest group — the 16/24-year-olds — and 71 percent of trade union radicals were against the idea. There is, however, some ambivalence in the matter. Most workers, though against disinvestment, also favour movements such as the African National Congress which advocates disinvestment.

The Schlemmer findings will probably not jolt many of the disinvestment campaigners. They argue that black South Africans are so badly off that a slight worsening of their lot would make little difference. It would be a priceworth paying to get rid of apartheid.

But would it succeed? There is no certain answer. The backers of economic sanctions against South Africa say prosperity bolsters the Government and relaxes the pressure on it from blacks, eroding their will to rebel. A weakened economy, they argue, would weaken the Government and make the blacks more restive.

Yet the Government's powers of control, which it could display in a recession, are formidable. It simply sends unemployed blacks back to the tribal "homelands." Nor is it certain how much disinvestment would hurt the economy. If, say, Ford or General Motors were to pull out of South Africa, that would make a telling symbol. But Mr Ian Smith's Rhodesia showed how quickly Japanese, French and other companies pick up the slack. And South Africa can call up quite a lot of its own capital to invest. It has already built a large military industry to get around the United Nations arms embargo.

If the disinvestment campaign did catch on, South Africa could retaliate by blocking dividends for foreign investors. Foreign companies remit £2 billion a year out of the country, or 4 percent of GDP. That would create a siege economy. But little Rhodesia showed how long a resilient country run by a minority government can last: and South Africa is much bigger. — *The Economist.*

UN given list of 20 000 companies dealing with SA

(60) C. Times 18/10/84

From RICHARD WALKER

NEW YORK. — A list of more than 20 000 companies and business enterprises dealing with South Africa has been released at the United Nations despite protests from many goverments.

Prepared by the UN Economic and Social Council and introduced as a report to a General Assembly committee dealing with social and humanitarian affairs, it is vastly larger than previous listing and is the first to be computerized.

Ranging from humble suppliers of household goods to the largest multinational corporations, even the International Monetary Fund is listed for providing "economic finance".

The entries are grouped under 32 countries.

Admitting that attacks on the report had "reached a crescendo", its sponsor Mr Ahmed Khalifa told the committee that the more fierce and ferocious the protests, "the more fulfilled I feel".

Mr Khalifa, who runs a human rights sub-commission, called the list a valuable tool in pressing for an economic boycott of SA, which he called crucial because "South Africa needs every cent available to it to perpetuate its way of life".

"We are fooling ourselves with partial boycotts," he claimed, giving Namibia as an example of a territory where investment and development were a benefit.

"Its resources are being plundered in a race against the clock," he said. "It is said that anything good in life is either illegal, immoral or fattening and Namibia is all of those things to certain parties."

Mr Khalifa denied that his list "picked on" certain countries — such as Israel — and maintained that all evidence available had been used.

Complaints have centred on apparent inaccuracies and old data, as well as alleged selectivity. Aerolineas Argentinas, the very first firm listed, has said through its government that it discontinued flights to South Africa years ago.

RDM 18/10/84 (60)

20 000 firms 'with SA links' on UN list

By RICHARD WALKER

NEW YORK. — A list of more than 20 000 companies and business enterprises having dealings with South Africa has been released at the United Nations.

Prepared by staff of the UN Economic and Social Council and introduced as a report to a committee of the General Assembly dealing with social and humanitarian affairs, it is vastly larger than any such listing attempted before and is the first to be computerised.

Ranging from suppliers of humble household goods to the largest multinational corporations — even the International Monetary Fund is listed — the companies are listed for providing "economic finance" to South Africa.

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"We are fooling ourselves with partial boycotts," he said, citing South West Africa as an example of a territory where investment and development were a benefit — "its resources are being plundered in a race against the clock," he said.

"It is said that anything good in life is either illegal, immoral or fattening and Namibia is all of those things to certain parties."

Mr Khalifa denied that his list was "picking on" certain countries — such as Israel — and he maintained that all evidence available had been used in compiling the list.

Complaints have centred on apparent inaccuracies and out-of-date data, as well as alleged selectivity.

Radicals will harm blacks, says Sebe

260 (60)

8/11/84 E.Post

BISHO — European countries would be making a grave mistake if they thought disinvestment campaigns would not backfire, President Lennox Sebe told politicians, bankers and industrialists at the opening of a new Ciskei trading agency in Zurich yesterday.

In a speech released in Bisho, he said Europe could not isolate itself from the problem of developing black Africa.

Those "radical elements" perpetrating disinvestment as a solution to the problems of Southern Africa could normally be found living in luxury as the "hired hands" of radical organisations, he said.

He described disinvestment as one of the evil double standards of some radicals who, while proclaiming to be the champions of human rights and of the black man, denied blacks their livelihood.

President Sebe said he found it ironical that the United Nations and the world saw fit not to recognise the Republic of Ciskei as an independent country, but rushed to the aid of countries that gained their independence through the barrel of a gun.

"Ciskei exists. It is there. It is a fact, and you cannot wish one million people away," he said.

Ciskei was implementing a series of dramatic economic reforms that would make its presence felt in the Third World as the most free and unrestricted economic society in Africa, he said.

● The new Ciskei trading agency, established to draw investment to the homeland, will be headed by Dr Josef Bollag, a Swiss lawyer and expert on international relations. — Sapa

60

Sebe: disinvestment boomerangs

BISHO — European countries would be making a grave mistake if they thought that disinvestment campaigns would not boomerang, President Lennox Sebe said in Zurich yesterday.

In a speech released here he told a group of Swiss politicians, bankers and industrialists that the effects of successful disinvestment in Southern Africa would reverberate and must, of necessity, also have a negative effect on them.

Opening a new Ciskei trading agency in Zurich, Pres Sebe said Europe could not isolate itself from the problems of developing black Africa.

Those "radical elements" advocating disinvestment as a solution to the problems in Southern Africa normally could be found living in luxury as the "hired hands" of radical organisations, he said.

He described disinvestment as one of the evil double standards of radicals who proclaimed themselves to be the champions of human rights and of the black man in Africa, but denied blacks their livelihood.

Pres Sebe said he found it ironic that the United Nations and the international world saw fit not to recognise Ciskei as an independent country, but rushed to the aid of countries that gained their independence by violence.

"Ciskei exists, it is there, is a fact and you cannot wish us away," he said.

"Whether we are recognised or not, one million people are not going to disappear from the face of the earth by some stroke of the international political pen."

He said Ciskei was implementing a series of economic reforms which would make the presence of Ciskei felt in the Third World as the most free and unrestricted economic society in Africa.

The new Ciskei trading agency in Switzerland, established to attract investment to Ciskei, is to be headed by Dr Josef Bollag, a Swiss lawyer and expert on international relations. — DDR.

Look at this woman...

and understand my nightmare

60

IN the aftermath of Bishop Tutu's Nobel Peace Prize, ALAN PATON, in an article in the Sunday Times, questioned the black leader's political morality for supporting disinvestment. His piece has opened a debate on the issue. Here he replies to one of his critics.

By ALAN PATON

I READ that Dr Villa-Vicencio, who has in the past often thought I was right, thinks now that I am wrong in passing moral judgment on those who advocate disinvestment.

He thinks I take a simplistic view of the whole issue.

It seems that I have also misunderstood the parable of the sheep and the goats. I understood Jesus to mean that if you denied a hungry man food and thirsty man drink you were doing something very wrong.

I deduced from that parable, which I take very seriously, that it would be wrong to advocate any course that would put a man out of a job.

To be simplistic is bad enough, but to fall off one's pedestal makes it worse. One is hurt, not only in one's body, but also in one's pride. There is only one sensible thing to do in these circumstances, and that is to go to bed. So I went to bed, to sleep, perchance to dream ...

I DREAM

They came to see me, these Americans, full of righteousness. They flattered me too.

They told me my name was well known in America, almost as well known as Gary Player and Chris Barnard, and now of course Zola Budd and Bishop Tutu.

They told me the Americans had great respect for my moral judgments, and that if I came out for disinvestment, it would be a certain winner.

They asked me to become the president of the World Disinvestment Campaign. They also told me that if anyone was put out of a job, it wouldn't be me. I told them I had certain moral doubts, but they explained that I was being simplistic.

One should bear in mind that Jesus was talking about meat and drink, not about jobs. After much moral wrestling I accepted the argument. No-one can be more convincing than an American.

Also I must admit that I have some moral weaknesses — one is vanity and the other is money.

When it was announced, with a great blowing of trumpets, that I had become president of the World Disinvestment Campaign, my life changed overnight.

Mr Archimedes, who hadn't spoken to me for years, came up to Botha's Hill to tell me that I was now the hero of Africa. Professor F sent me a telegram saying that I had at last atoned for praising the Israelis for rescuing their hostages from the clutches of Idi Amin.

Mr R who had venerated me when he was young and had ceased to venerate me when I said that P W was astute, telephoned to say that he now venerated me again. Chief B rang up in a fury and said that I had destroyed a friendship of nearly 40 years and that he would never speak to me again.

Cables of congratulations poured in from America, Canada, Britain, Sweden and other countries. Alas, I lost most of my capitalist friends, but one must pay a price for taking a stand.

I travelled all over the world. I was welcomed on campuses which would have shouted me down a year before. It was nice to come in out of the cold.

Then came the great day. Representatives of America, Canada, Britain, France, West Germany, Holland and Scandinavian countries met in London and declared for total disinvestment (except perhaps for a strategic mineral or two). Mrs Archimedes came up to tell me I was the hero of the whole black world.

Disinvestment began to bite. Port Elizabeth and East London became dead cities. Even in a quiet place like Botha's Hill there were daily black queues for food and jobs.

I must confess I didn't like passing them. Many of the people of the Valley of a Thousand Hills were my

me. He told me one must pay a price for making a stand.

There is unrest in the Valley, in Botha's Hill and Hillcrest and Kloof and Westville. I find that I spend more and more time in my study. I pull down the blinds. I find that I feel better when the blinds are down.

But Julia comes to tell me that there are black women wanting to see me. She brings their leader into my study, a tall woman for these parts, a tall woman carrying a child and dressed in black.

She looks like a sculpture of the Sorrow of the World. She gives me the child and I see that it is dead.

— *Why do you give this to me?*

— **Because it is yours.**

— *How can it be mine? I have never seen you before.*

— **You took its life, therefore it is yours.**

She goes out of the study and calls to me. She points to the waiting women.

— **They will bring you their children too.**

When the police have taken away the body of the child I come to a decision. I get into my car, my new bullet-proof car, and I drive to Pinetown and I buy something I have never bought before. It is a gun.

I go home and go into my study with the drawn blinds. There, surrounded by all the hundreds of books and papers that I wrote for the World Disinvestment Campaign, I shoot myself to death.

How could I do such a thing? How could I bring such a noble life to such an ignoble end? How could I commit such a deadly sin? I am filled with an agony of remorse. The burden of it is intolerable. I wish only to die.

I WAKE

But ... what am I talking about? Am I not dead already? No I am not! The whole thing is an unspeakable dream. I am full of joy to realise that I never had anything to do with any campaign for disinvestment.

I ring up the Rev John Ndlovu of the Church of the Paraclete. Why did you not ring before, he asks, I began to fear that you were dead.

I hereby solemnly declare that I will never, by any word or act of mine, give any support to any campaign that will put men out of jobs — not even if they promised me that it would bring Chernenko down. Or Reagan. Or P W Botha.

I rush to the post office and send a telegram to Dr Villa-Vicencio: three cheers for simplisticity.

Business Day/MOZAMBIQUE

RDM 14/11/84 (60)

Maputo joint venture a 'first'

THE first joint-venture company between the Mozambican government and a local private entrepreneur was established in Pretoria yesterday.

The signing ceremony was attended by the South African Deputy Foreign Minister, Mr Louis Nel.

Signatories to the agreement creating the National Tourist Company of Mozambique were its director, Mr George Welch, and a Komatipoort businessman, Mr Johnny Henn.

Mr Henn said the company, in which he has a 50% shareholding, would spend R1,5m by mid-1986 to develop a hotel and facilities on Inhaca Island, near Maputo.

However, he added, the first tour group would be taken to Inhaca next month.

Mr Henn said at the ceremony, which was attended by the Mozambican Secretary of State for Tourism, Mr Antonio Materula, and other government officials, that the company was an indication of the private sector's willingness to get involved in Mozambique.

"I hope this will be the start of economic co-operation between the two countries," he said.

Referring to the possibility of guerrilla action in Mozambique deterring potential tourists, Mr Henn said that making a success of the Mozambican economy was a way of halting dissatisfaction and the military conflict.

"However, I don't think one must put too much emphasis on the so-called terrorist activity," he said. — Sapa.

Ciskei factory to be opened today

D. Dispatch 14/11/84

60

EAST LONDON — President Lennox Sebe will officially open the Disa Garments factory in the Fort Jackson industrial estate at Mdantsane today.

The managing director of the Ciskei People's Development Bank, Mr F. S. Meisenholl, said yesterday that the factory was the largest industrial undertaking yet established in Ciskei in association with the bank.

The factory has been established by a Hong Kong-based international consortium in a building erected by the bank.

It employs more than 3 500 people in the manufacturing of women's garments solely for the export market and has been in operation since May. — DDR

Questions raised over firms' motives

CALLS to overseas companies to disinvest from South Africa are a waste of time. For, the motive for their being here in the first place is a greed for profits based on the exploitation of labour and the resources of the country.

This is the view of the editorial group of the Bridgetown, Bokmakiérie, Silvertown, Kewtown, Parkwood and Manenberg Residents' Association.

They argued: "The call for disinvestment is an incorrect and dead-end approach. For, it is an appeal directed largely at the bosses of multinational corporations and the governments which serve their interests.

"The correct approach would be to appeal to workers of all countries — in this case of the advanced countries — to support and show active solidarity with the struggle against exploitation and oppression led by workers in South Africa."

OPPRESSION

The Association pointed out that in every country, the extraction of profits was accompanied by a policy of oppression of workers and a repression of their struggles.

And the chief function of apartheid in SA, they said, was to act as a buffer against the united strength of workers and to assist in the creation of super profits for the international capitalist class.

'Whites won't surrender'

PETER Marais, leader of the People's Congress Party, President's Council member and former member of the Prime Minister's Economic Advisory Council, is naturally strongly against disinvestment.

"Boycotts never work," he says, "and disinvestment is just another word for boycott.

"When the world tried to break us with an arms embargo — we went ahead and made our own.

"We beat the oil embargo with Sasol.

"Sport boycotts spawned the rebel tours.

"The fact is," he says, "if the United States, Britain, West Germany and all the other countries who invest here pull out tomorrow, South Africa will put her head down and become self-sufficient."

PUSHING

He believes it far better that overseas companies "continue to pump money into South Africa, while at the same time pushing hard to improve the qualifications and living standards of their black workers."

He argues too, that the majority of blacks do not support an economic boycott of the country because most of them are unskilled workers who, he says, would be the first to lose their jobs.

"Even if an economic boycott should bring the country to its knees, the white rulers will never surrender," he says.

● PETER Marais — money from overseas companies helps raise qualifications and living standards of black workers.

6 Cape Times, Tuesday, November 20, 1984

60

Tutu lists investors' conditions

Own Correspondent

LONDON. — Nobel Peace Prize-winner Bishop Desmond Tutu last night spelt out minimum conditions for foreign investors to use their persuasive power to help dismantle "this evil system of apartheid".

Delivering the annual Drawbridge Lecture before more than 2 000 people in St. Paul's Cathedral, Bishop Tutu stopped short of a call for immediate disinvestment but named four conditions to provide a minimum moral justification for foreign investment:

- The provision of family housing at the place of work to undermine the system of migrant labour.

Union of choice

- Ensuring that all their black workers were unionized in the trade union of their choice.
- Granting the right to their black workers to work at the place of their choice to undermine the system of inlux control.
- Investing in black education.

"Economic pressure is our best chance to get things moving if we are to avert a bloodbath in South Africa," he said.

He said that if he advocated economic sanctions against South Africa he would be liable to a minimum five-year prison sentence.

Bishop Tutu added: "That shows you the importance of foreign investment."

He said investors should use this power for the active dismantling of apartheid.

If these persuasive conditions were not met he urged foreign investors to take "punitive measures".

Refused

The Dean of St Paul's, the Very Rev Alan Webster, said he was delighted that Bishop Tutu was able to deliver the lecture which he had been prevented from delivering last year when the South African Government refused to grant him travel documents.

To laughter, Bishop Tutu disclosed that his current "travel document" — he does not have a passport — described his nationality as "indeterminable at present".

"I thought I was as South African as a Krugerrand," he said.

Alternating effortlessly between Van der Merwe jokes, politics and theology, Bishop Tutu said that if Christians were to be obedient to the Gospel they had no option but to speak out against "injustice and oppression".

Impossible

He drew thunderous applause when he called on Britons to stop their present and future governments from collaborating in the perpetuation of apartheid.

"They should ensure that it is made impossible for a British premier to receive a South African premier while apartheid stays in place."

● US expert warns of hard times, page 11

Post 12/12/84 (60)

Norway to lead new campaign against SA trade

OSLO — Norway, following up the award of the Nobel Peace Prize to the anti-apartheid campaigner, Bishop Desmond Tutu, said yesterday it would press for an international trade boycott against South Africa.

The Commerce and Shipping Minister, Mr Asbjoern Haugstvedt, told Parliament the bishop should in future be able to say Norway was at the forefront of moves to isolate South Africa.

He was responding to an Opposition resolution calling for an end to Norwegian oil shipments to South Africa. The resolution was automatically passed on to the Government for further consideration after Parliament raised no objections.

Mr Haugstvedt said a Government-appointed committee would soon recommend measures to reduce trade and shipping links with South Africa.

He said he had already contacted his counterparts in the United States, Britain, the Netherlands, Denmark and other Nordic countries to co-ordinate action on imposing an international trade boycott on the Republic.

"We neither can nor should give up our efforts on this issue, and the Nobel Peace Prize laureate, Bishop Tutu, must in future be able to say that Norway is at the forefront on this matter," he said.

The Minister said there had been a considerable reduction in Norwegian oil shipments to the Republic in 1984, and that no Norwegian tanker had called at South African ports in the third quarter of this year. He gave no comparative figures.

The resolution, by the Opposition Labour Party, came after Bishop Tutu collected his award.

The general secretary of the Foreign Relations Council of the Church of Norway, Mr Trond Bakkevij, said he welcomed the resolution as a first step towards the imposition of a mandatory oil embargo against South Africa.

Norway's official Lutheran Church has long campaigned for a ban on oil shipments to South Africa, claiming that Norwegian tankers carry almost half the oil imported there.

Bishop Tutu leaves today for a two-day visit to Sweden, still full of energy in spite of a week that has included talks in Washington with President Reagan and meetings in Oslo with political and church leaders and with King Olav.

In his Peace Prize address yesterday, Bishop Tutu claimed some of the credit for a change in United States policy towards South Africa, saying he had shamed Washington over its stand on apartheid.

Bishop Tutu was commenting on a speech yesterday by President Reagan on human rights in which he made his strongest statement to date on South Africa.

The bishop said the Reagan Administration had been forced to change its policy because of the strength of anti-apartheid feeling in America.

The American leader, in his speech marking the 36th anniversary of the adoption of the universal declaration of human rights, said he felt a moral responsibility to voice "concern and grief" at South Africa's apartheid policy.

A senior US official, who asked not to be identified, said in Washington that Mr Reagan's remarks meant the volume of US criticism regarding South Africa was being turned up. — Sapa-Reuter

(60)

Norway pleges to curb trade with SA

By JOHN BATTERSBY
London Bureau

LONDON. — The Norwegian Government has promised to reduce its trading links with South Africa and has announced a new initiative to co-ordinate action for an international trade boycott against the Republic.

The government has also promised to reprimand three oil companies which have allegedly been selling crude oil to South Africa in violation of the government ban on the sale of oil shipments to South Africa.

And the Norwegian Foreign Minister, Mr Svenn Stray, has announced that an interdepartmental committee will make recommendations to tighten the ban on trade links with South Africa in the New Year in fulfilment of a commitment to reduce trade and shipping links.

The disclosures were made in the Norwegian Parliament during debate on a resolution from the socialist Labour Party opposition calling for an end to Norwegian oil shipments to South Africa.

An Oil Ministry official disclosed after the debate that three Norwegian-based oil companies which had sold crude to South Africa would be called in to the department to discuss the matter.

The renewed promises came on the second day of a visit by the Nobel Peace Prize winner Bishop Desmond Tutu, who has described economic pressure as the last chance to get South Africa to change its apartheid policies.

In spite of an official ban on Norwegian oil sales to the Republic, the leftwing Trade Union Council (TUC) uses independent research statistics to substantiate its claims that 35% of South Africa's oil needs were met by Norwegian crude last year.

The TUC is also waging a campaign to pressure the government into curbing Norwegian trade with South Africa in commodities such as oranges and other goods.

Addressing about 2 000 people at the TUC's Oslo headquarters on Tuesday night, Bishop Tutu called on trade union leaders to urge their government to "sharpen economic pressure on South Africa".

The Norwegian Government has clearly been embarrassed by the focus on clandestine trade and oil shipments during Bishop Tutu's visit, although the Nobel Peace Prize winner diplomatically side-stepped questions to comment on Norway's apparent failure to implement its own embargoes.

Norwegian Foreign Office sources said that the government's commitment to reduce trade with South Africa was genuine, but it was an almost impossible task to stop multinational companies operating in Norway from selling oil on the spot market.

The sources said that in spite of official policy discouraging trade with South Africa, trade with that country had increased significantly last year.

The Commerce Minister Mr Asbjoern Haugstvedt told the Norwegian Parliament during Tuesday's debate that the government had contacted Britain, the United States, Holland, Denmark and other Nordic countries to co-ordinate action on imposing an international trade boycott on South Africa.

Star 14/12/84 (60)

Encouraging disinvestment a crime?

By David Braun, Political Correspondent

Is the encouragement of disinvestment in South Africa a crime or not?

The answer to this question has not been easy to find as legal experts generally are vague as to whether it is an offence or in terms of which legislation it may be a crime.

The Anglican Bishop-designate of Johannesburg and this year's Nobel peace laureate, Bishop Desmond Tutu, apparently believes it is a crime, and has said so in front of audiences overseas.

However, top legal experts in Pretoria believe it is not a crime.

The Attorney General of the Transvaal, Mr Donald Brunette, said yesterday that it would probably be very difficult to bring a charge against anyone who merely advocated disinvestment.

Security legislation (Section 54 of the Internal Security Act) made it an offence only when it was coupled with an act of violence or with a deliberate physical act designed to cripple, prejudice or interrupt industries.

"There is plenty of scope within the law for protest and criticism. Bishop Tutu has proved that himself over the years, and not just on his latest overseas visit," said Mr Brunette.

The Director of Security Legislation, Mr Andre Bosch, also could not put his finger on any legislation which made the encouragement of disinvestment an offence.

As far as he knew there had only been a recommendation that the encouragement of disinvestment should be made a crime, by the Eloff Commission earlier this year.

The Eloff Commission of Inquiry into the SA Council of Churches recommended that consideration be given to the creation of a specific offence of "economic sabotage" under the Internal Security Act to counter the encouragement of disinvestment.

Denmark to halt imports of SA coal by 1990

60 14/12/84 Star

COPENHAGEN — Denmark's largest group of power plants decided yesterday to phase out its imports of coal from South Africa by 1990 under pressure from the Folketing, Denmark's parliament.

The board of the Elsam group, which supplies electricity to about one million households and industries in an area covering two-thirds of Denmark, said the switch to other suppliers will eventually increase the electricity bill of the average consumer household by 250 to 500 kroner (R46 to R92) a year.

The Elsam group accounts for two thirds of Denmark's annual imports of three million tons of South African coal.

A Ministry of Energy analysis concluded this week that a total halt of these imports will increase the costs of Denmark's energy imports by 500-1 000 million kroner (R92-184 million) a year.

The Elsam decision was in response to Folketing motions ordering the Danish government to make the power plants adhere to UN resolutions on economic sanctions on South Africa.

The latest Folketing motion was adopted in January last year with 85, including the opposition Social Democrats, voting for and 75, including the four parties in the centre-right coalition government, voting against.

The decision by Elsam was made under the pressure of a December 31 deadline for cancelling its so-called "evergreen" five-year contracts with African suppliers.

Elsam said it would still import two million tons of South African coal in 1985, but would have reduced the volume to about half by 1988 and to zero by 1990.

The Danish group has already signed contracts to import up two million tons of coal annually from Colombia beginning in 1986.

In its analysis, the Ministry of Energy warned that South Africa is not only the cheapest, but also the stablest coal supplier in the world.

It said other countries would move in to take over Denmark's share of South Africa's coal exports unless there is a global boycott of the nation that accounts for 30 percent of the world trade in coal for steam-generation.

Such a boycott could lead to international supply problems, and a unilateral decision not to import South African coal would make Denmark vulnerable to disruptions of supplies from other countries. — AP.

60 14/12/84 Star

RDM 15/12/84 (60)

Political reform is the answer to disinvestment

TO OPENLY support disinvestment is a crime in South Africa. It carries heavy penalties.

This alone is a clear indication of the alarm with which the Government views the growing campaign to withdraw foreign capital from South Africa.

It is a campaign that seems set to grow in the months and years ahead and will undoubtedly continue to cause divisions not only among South Africans, but also in those countries where the battles against investment are being fought.

The argument of those in favour of disinvestment is that the withdrawal of foreign capital will force the Government to speed up political reform.

The additional hardship that the consequent loss of jobs might cause blacks would be short-term and relieve their perceived oppression far quicker than is happening at present.

Those against disinvestment claim either that the Government is more likely to proceed with political reform in good economic times and when it is not under severe international pressure, or that it is grossly unfair to advocate a strategy that will lead to even greater suffering for blacks.

While there have been no large scale disinvestments to date, the pressures on foreign companies — particularly those in the United States — to pull out of South Africa are mounting.

From a relatively innocuous start 10 years ago by anti-apartheid lobbyists, the campaign in the United States today enjoys widespread support.

In a recent position paper for SA Forum, Professor Carl Nöffke, director of the Institute for American Studies at the Rand Afrikaans University, wrote that more than 350 American companies had more than R5 500-million invested in South Africa and more than 6 000 other United States companies did business with South Africa.

Other estimates, which included loans and gold shares, placed total United States investment in South Africa as high as R25 900-million while US bank loans to the private and public sectors in South Africa were estimated at R11 000-million.

He wrote that so far five United States legislatures had approved laws restricting investment in South Africa and at least 40 others were expected to deal with more than 60 disinvestment bills next year.

Some large American cities, including New York, Washington DC and Boston, have disinvestment ordinances and the Mayor of Boston, Mr Raymond Flynn, has urged the country's 100 largest cities to withdraw investments in companies doing business with South Africa.

Moves supporting investment restrictions to a greater or lesser degree have also been made by 41 United States universities, Prof Nöffke said.

At Federal level, the campaign to restrict financial dealings with South Africa has been fought bitterly in Congress and is expected to continue next year.

Although the disinvestment campaign in Britain and South Africa's other major European trading partners is not as strong or well organised as in America, it is being extended in those countries and observers believe it will gain momentum.

PROTEST . . . Randall Robinson, head of Transafrica, joins other demonstrators outside South Africa's Embassy in Washington this Wednesday

The growing disinvestment campaign against companies operating in South Africa has probably become the most serious foreign threat facing the Government. In the United States in recent weeks the campaign reached unprecedented heights, with even some of the country's conservative politicians supporting the call

CHRIS FREIMOND, Political Correspondent

A leading South African businessman, Mr Tony Bloom, head of the Premier Group, said in an interview that he was "extremely concerned" by the disinvestment lobby and believed its strength was being under-estimated.

He believed it was stronger now than it had ever been and said it might be only a matter of time before the inconvenience factor of pressures on companies with investments in South Africa outweighed their desire to remain in the country.

In South Africa itself disinvestment is an emotional issue. The extent of its support is unclear.

A recent survey by Professor Lawrence Schlemmer, director of the Centre for Applied Social Sciences at the University of Natal, indicated that 75% of black industrial workers polled were opposed to disinvestment.

But a number of black leaders and anti-apartheid organisations support investment restrictions of some sort and believe the majority of their followers agree with them. Due to legal restrictions it is not possible to quote many of their views.

However, it is widely accepted that the Bishop-designate of Johannesburg, Bishop Desmond Tutu, favours foreign economic pressure to force political change in South Africa.

Economic pressures are also supported by United Democratic Front leaders and its hundreds of affiliate organisations.

An international policy statement earlier this year by the Federation of South African Trade Unions, said that Fosatu, as a trade union organisation concerned with the jobs and livelihood of its members, had to give careful consideration to the question of disinvestment.

It was its considered view that the pressure for disinvestment had had a positive effect and should therefore not be lessened.

Fosatu's statement said: "Fosatu is definately opposed to foreign investment that accepts the conditions of oppression maintained by this regime".

The trend among many South African leaders and organisations seems to be towards conditional foreign investment, possibly along the lines of a "carrot and stick" policy with foreign companies.

Governments would put increased pressure on the South African authorities to introduce political change, and threatening to withdraw investments or approve disinvestment laws if it does not.

Whether the disinvestment campaign is capable of widespread success remains largely unknown.

Apart from their defence for remaining in South Africa on the moral grounds that they are assisting in the social and financial upliftment of blacks, most foreign businessmen have too much to lose by pulling out.

South Africa is also a valuable trading partner to many countries. Disinvestment and trade sanctions could cause economic hardships and unemployment in those countries.

Prof Nöffke wrote that a recent survey by the Institute for European Economic Studies in London, in conjunction with two research groups in France and West Germany, concluded that most Western nations would be economically and strategically weakened by concerted disinvestment in South Africa.

In an interview published in the latest edition of Leadership SA, the new chairman of Dunlop in London, South African born Sir Michael Edwardes, said he believed any "disengagement" from South Africa by freindly nations "has got to be a bad thing" for all the parties involved.

"Disengagement isolates and the last thing you want in the world today is isolation — you want communication.

"The only way to communicate is to have a vehicle and to have a cause to communicate.

"So, I believe disengagement by British and American companies from the scene plays into the hands of extremists and is unconstructive and unhelpful."

The problems are complex, but the solution is probably not nearly as difficult as many would believe.

Mr Bloom summed it up in two words when asked how he thought the disinvestment campaign could be countered.

"Political reform," he said.

Disinvestment 'can only partly work'

CAPE TIMES 17/12/86

60

Staff Reporter

A DISINVESTMENT and divestment campaign against South Africa could only "partially succeed", and if it did the government would encourage local companies to take over the shares of overseas firms which had decided to pull out of the Republic.

That was the message the State President, Mr P W Botha, spelt out in an interview with Morley Safer of the giant Columbia Broadcasting System which was televised in the United States last night.

Mr Botha added that "quite a number of companies" were "very anxious" to acquire such shares.

He also warned that an effective economic boycott would not bring South Africa to its knees but would cause great suffering to neighbouring states.

The interview covered a wide variety of subjects, ranging from the Westminister parliamentary system to the retention of the pass laws.

Towards the end of the interview, Mr Safer asked how the disinvestment campaign was affecting South Africa, and what would happen if moves succeeded for withdrawal of foreign investment.

'Couldn't even apply arms boycott'

Mr Botha replied: "I don't think it would succeed. It will partially succeed, and as far as it is going to succeed partly, South African companies will take over the shares.

"We have quite a number of companies in South Africa who are very anxious to buy up those shares, and I will inspire them to do so."

Mr Botha dismissed the anti-South African bloc's chances of instituting a successful economic boycott.

"They couldn't even apply a proper arms boycott against us," he said. "We defeated it. We're exporting now. They applied boycotts in other ways and (were) defeated; so an economic boycott will be defeated.

"But say, for instance, that it is applied effectively by all concerned. I would say that many people in Southern Africa will survive; we will have to tighten our belts; we will have to work harder.

'Many blacks will suffer'

"But I'm afraid that the people who are really going to suffer are our neighbouring countries, who are dependent on South Africa for co-operation in the economic field, and I believe that many workers who today live well in South Africa, on our mines, in our industry — and many of them are blacks — they will suffer the most."

He added: "I personally don't think that the international business community will ever accept totally the concept of disinvestment, because they know that South Africa is a country where investment is really a good concern."

The latest report of the International Monetary Fund, referring to the bad conditions existing in Africa, did not mention South Africa "because they know South Africa is not part of that terrible situation that they describe in their report".

60

PW: divestment won't succeed

CAPE TOWN — A disinvestment and divestment campaign against South Africa could only "partially succeed."

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"I personally don't think that the international business community will ever totally accept the concept of disinvestment, because they know that South Africa is a country where investment is really a good concern.

"If you take the latest report of the International Monetary Fund, referring to the bad conditions existing in Africa, they don't mention South Africa because they know South Africa is not part of that terrible situation that they describe in their report."

Mr Botha made it clear that whereas he was willing to get rid of certain unnecessary "measures of the past", he had no intention of abolishing all influx-control legislation.

"Pass laws, as they existed in the past, have been abolished," but there must be some control on the influx of people to urban areas.

"You cannot just allow people to flock into cities and towns without work, without housing. If you allow that you will have socio-economic situations starting which will be uncontrollable by any orderly government.

"So you must, to a certain extent, control the influx of people to your cities and towns and you must develop, economically, to such an extent that the underdeveloped areas will also be part of that urban development."

Mr Botha indicated that he had found a new willingness on the part of the international community to listen to South Africa:

"I think we are gradually breaking through, in the sense that we proved to (the) international community that we are not such racists and diabolical people as we were made out to be.

"Surely South Africa shouldn't be taken lightly. I don't think that people who are really informed enough will under-estimate our power."

He made it clear that he had no illusions about the relationship between South Africa and the United States:

"I am not a cynic, but I don't believe that you have love and friendship between nations. I think you have interests between nations and I think that the United States and the Republic have common interests. The moment the interests between the states diminish, that (is the) moment they drift apart." — DDC

D. Dispatch 29/12/84 (60)

Fund, not disinvestment key to SA change — Prof

LONDON — British businessmen can help to promote peaceful change in South Africa by complying more rigorously with the EEC code of conduct for foreign firms operating in the Republic and by initiating a major development fund for blacks, says Professor James Barber, author of several publications on South Africa.

In a letter to The Times, Prof Barber discusses the "persistent campaign for economic sanctions" against South Africa.

He writes: "Currently the call (both in the USA and here) is for disinvestment. However, for that or any other forms of economic sanctions the first matter to be settled is the purpose for which they are imposed.

"Are they to symbolise abhorrence for apartheid and to demonstrate a refusal to cooperate with its perpetrators; or are they to protect the government from anti-apartheid criticism; or are they to bring about political reform in South Africa?

"Previous experience of sanctions suggests that they are a blunt instrument which sometimes has little political effect and sometimes has the reverse impact to that desired. For instance, in this case they might lead to greater white intransigence and to adverse economic consequences for blacks inside South Africa and in the neighbouring states." — DDC.

FOREIGN FIRMS IN SA – GENERAL

1985

'Don't put our backs to wall'

CAPE Times 1/1/88 60

HOUSE OF ASSEMBLY. — The State President, Mr P W Botha, yesterday warned that a bloodbath would ensue if foreign proponents of disinvestment in the Republic had their way.

But he added that South Africa would resist disinvestment attempts and that the efforts of these "reckless elements" would fail.

"If elements overseas that are opposed to South Africa have their way it will lead to poverty and a bloodbath," Mr Botha said during the no-confidence debate.

"If this happens, then many will suffer. South Africa is constituted in such a way that it can easily be led into a bloodbath by any fool.

"Any fool can strike a match that will lead to a bloodbath but it takes wise people to avoid this happening," Mr Botha said.

"If the free world supports this fatal course then it is no longer free but an instrument of despair," Mr Botha added.

It was heartening to note that the Leader of the Opposition, Dr Van Zyl Slabbert, had opposed disinvestment and Mr Botha said he hoped Western leaders would add their voices to those who had already spoken out against the "foolish, radical, leftists" who proposed disinvestment.

The President said he did not underestimate the strength of the disinvestment campaign and would be a fool if he did.

"But I warn these reckless elements ... that they are making a mistake. They will make this country poorer, but the people they most want to help will suffer the most."

South Africa would resist all attempts to promote disinvestment.

"Don't put us with our backs to the wall. You might find a far different situation if you do."

Mr Botha said he was prepared to go far to improve race relations, but he was not prepared to lead the country's whites into abdication.

Disinvestment was a new way in which countries that had previously tried to prove that South Africa was destabilizing Southern Africa, were now trying to harm the Republic, the State President said.

"If they should succeed, we will naturally pay the price, but not the least of those who will suffer are those whose interests they (the disinvestment campaigners) say they serve," he said. — Sapa

Botha: World leftists' bid to ruin SA's base

HOUSE OF ASSEMBLY. — Radical leftists of the world were engaged in a deliberate campaign to make South Africa ungovernable and to ruin it as a regional power, the State President, Mr P W Botha, said during the no-confidence debate yesterday.

"South Africa's problems are being internationalized in the power struggle between these superpowers. Africa is torn in two. It is defenceless and divided. This is evidenced by the Organization of African Unity's disarray.

"As a result, Africa is in the process of deepening impoverishment and famine", which had also been caused by bad use of land and incorrect aid.

"Africa has lagged behind in training, in technologiocal advancement, in farming and in methods of exploiting the best of Africa and converting it to cash." By contrast, South Africa's standpoint was improved education and regional development, he said.

"These efforts are being countered with the aid of leftist radicals all over the world who mislead the uninformed about the truth regarding South Africa, in order to make South Africa ungovernable.

"Meanwhile the Soviets are extending their military might in the region. If these efforts should succeed, then South Africa will cease to be a regional power.

"If they are allowed to have their way, then South Africa will be converted into a dictatorship, which will not only end in a bloodbath, but will further impoverish the masses it is supposed to save."

What form of idealism motivated the burning of schools and houses, and the throwing away of pupils' best chances in life, Mr Botha asked. — Sapa

RDM 4/1/85 (60)

Facing up to a two-way disinvestment backlash

HERMAN GILIOMEE

BOTH the South African Government and the protagonists of disinvestment are in danger of miscalculation.

With some bravado Government leaders are sending out word that South Africa fears nothing from American disinvestment. Behind this lies the assumption that French, German and Japanese companies would rush to fill the void left by the Americans or, failing that, South African companies would be only too happy to acquire the American firms which had been operating in South Africa.

This argument has a dangerous flaw. The Americans will not withdraw gracefully from South Africa. We should not underestimate the American penchant for believing that what is good for America is good for the world. Nor its willingness to use American muscle to bring the world to heel.

Business leaders are deeply worried that once the United States has begun to disinvest it will pressurise other members of the Western alliance to follow suit. Dr Albert Wessels, doyen of the Afrikaans business community who, through his Toyota links, is in close touch with the Japanese business world, believes that Japan would find it exceedingly difficult to stay in South Africa once the Americans have gone.

It is equally dangerous to assume that South African companies would step in to the breach and negate any possible damage flowing from American disinvestment. As important as the $2,3 000-million which some 300 US corporations have in fixed South African investments is the new technology expertise and managerial skills which they introduce.

These are crucial contributions to the South Africa's economic strength which South African companies cannot hope to substitute adequately. Moreover, American disinvestment would be such a hammer-blow to business confidence that South African companies may feel rather jittery about making substantial new investments.

Gross domestic fixed investment has been in decline since the end of 1981 and, while this is partly due to the business cycle, business confidence and the fear of disinvestment have also played an important role.

The South African Government would do well to realise that disinvestment is not simply yet another obstacle that the ship of state could brush aside.

On the other hand the protagonists of disinvestment are equally inclined to downplay the dire dangers which may flow from it. Their argument comes down to this: blacks are already suffering and disinvestment would not increase that suffering materially. It is contended that blacks do not want the black-white struggle to continue for another 30 to 40 years, they want liberation now and disinvestment would help to bring about the resolution of the conflict and an end to black suffering.

The disinvestment scenario may be correct. But looking at both historic trends and contemporary political dynamics, I would argue that an opposite scenario is far more credible.

In my view disinvestment would over the medium term bring about a sluggish economy with a low growth rate, spiralling black unemployment and terrible hardship and suffering.

Far from inducing whites to negotiate a political settlement with blacks, disinvestment will strengthen the hardliners, both on the white and black side. A state of siege is hardly the condition in which people would still put a high premium about the need to expand black education, promote black advancement and provide relief for the army of black unemployed.

Indeed, a white government would use literally all its credit to prop up the declining living standards of its white constituency.

Violence would increase, for disinvestment will bring not cool heads but an environment of terrible uncertainty and irresponsibility in which the security apparatus could easily overreact to any challenge, while blacks, in a mistaken belief that Western aid would be forthcoming, could easily overplay their hand.

This is my scenario but there is of course no way of proving that it will be more accurate than the disinvestors' scenario. What South Africa needs right now is a sober and thorough debate about the issue. We above all need adequate and reliable information about what the majority of blacks thinks about the issue.

Let there be no mistake, it is blacks who must speak their mind on the issue, for it is ultimately blacks, more than whites, who would suffer.

The majority may opt for investment or it may not. After all, blacks may hold the view once vividly expressed by the Cambridge economist Joan Nelson. She said that the Third World is discovering that there is one thing worse than being exploited by multi-national companies and that is not being exploited by them.

At the moment we have one important piece of evidence in black attitudes in this regard. A survey sponsored by the US Government and undertaken by Professor Lawrence Schlemmer found that approximately three-quarters of South African blacks opposed disinvestment.

No one who knows the high quality academic work and personal integrity of Prof Schlemmer would question his professional competence to conduct such a survey. The problem with the survey lies in two other areas. Firstly, it was a mistake for the US Government with its commitment to constructive engagement to have initiated and sponsored this survey. As Bishop Tutu remarked, the US Government did not commission a similar survey before it imposed certain sanctions against Poland.

Secondly, it is a criminal offence in South Africa to propagate disinvestment. While I do not believe that black respondents in the Schlemmer survey were inhibited by this, there is an element of doubt which enables the disinvestors to discount the survey.

It is in South Africa's own interests to repeal as soon as possible this law to enable a free and open debate on disinvestment to take place. Before that is the case all empirical data on black attitudes to this vital matter will be treated with scepticism, if not scorn.

Disinvestment is by far the most serious issue facing South Africa in 1985. Neither blacks nor whites can afford to ignore all warnings and steam ahead to the iceberg of disinvestment and only after the crash discover how grim are the survival chances of both whites and blacks.

(60) Mercury 4/1/85

S A must square up to threats of disinvestment

The pattern of politics by Hermann Giliomee

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This argument has a dangerous flaw: the Americans will not withdraw gracefully from South Africa. We should not underestimate the American penchant for believing that what is good for America is good for the world; nor its willingness to use American muscle to bring the world to heel.

Worried

Business leaders are deeply worried that once the United States has begun to disinvest it will pressurise other members of the Western alliance to follow suit. Dr Albert Wessels, doyen of the Afrikaans business community who, through his Toyota links, is in close touch with the Japanese business world, believes that Japan would find it exceedingly difficult to stay in South Africa once the Americans have gone.

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Want it now

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Far from inducing whites to negotiate a political settlement with blacks, disinvestment will strengthen the hardliners, both on the white and black side. A state of siege is hardly the condition in which people would still put a high premium about the need to expand black education, promote black advancement and provide relief for the army of black unemployed. Indeed a white government would use literally all its credit to prop up the declining living standards of its white constituency.

Uncertainty

Violence would increase, for disinvestment will bring not cool heads but an environment of terrible uncertainty and irresponsibility in which the security apparatus could easily over-react to any challenge, while blacks, in a mistaken belief that Western aid would be forthcoming, could easily overplay their hand.

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Repeal it

It is in South Africa's own interests to repeal, as soon as possible, this law to enable a free and open debate on disinvestment to take place. Before that is the case all empirical data on black attitudes to this vital matter will be treated with scepticism, if not scorn.

Disinvestment is by the far the most serious issue facing South Africa in 1985. Neither blacks nor whites can afford to ignore all warnings and steam ahead to the iceberg of disinvestment and only after the crash discover how grim are the survival chances of both whites and blacks.

● *Herman Giliomee teaches politics at UCT.*

SA needs to confront disinvestment threat

CAPE TIMES 5/11/85 (60)

BOTH the South African government and the protagonists of disinvestment are in danger of miscalculation.

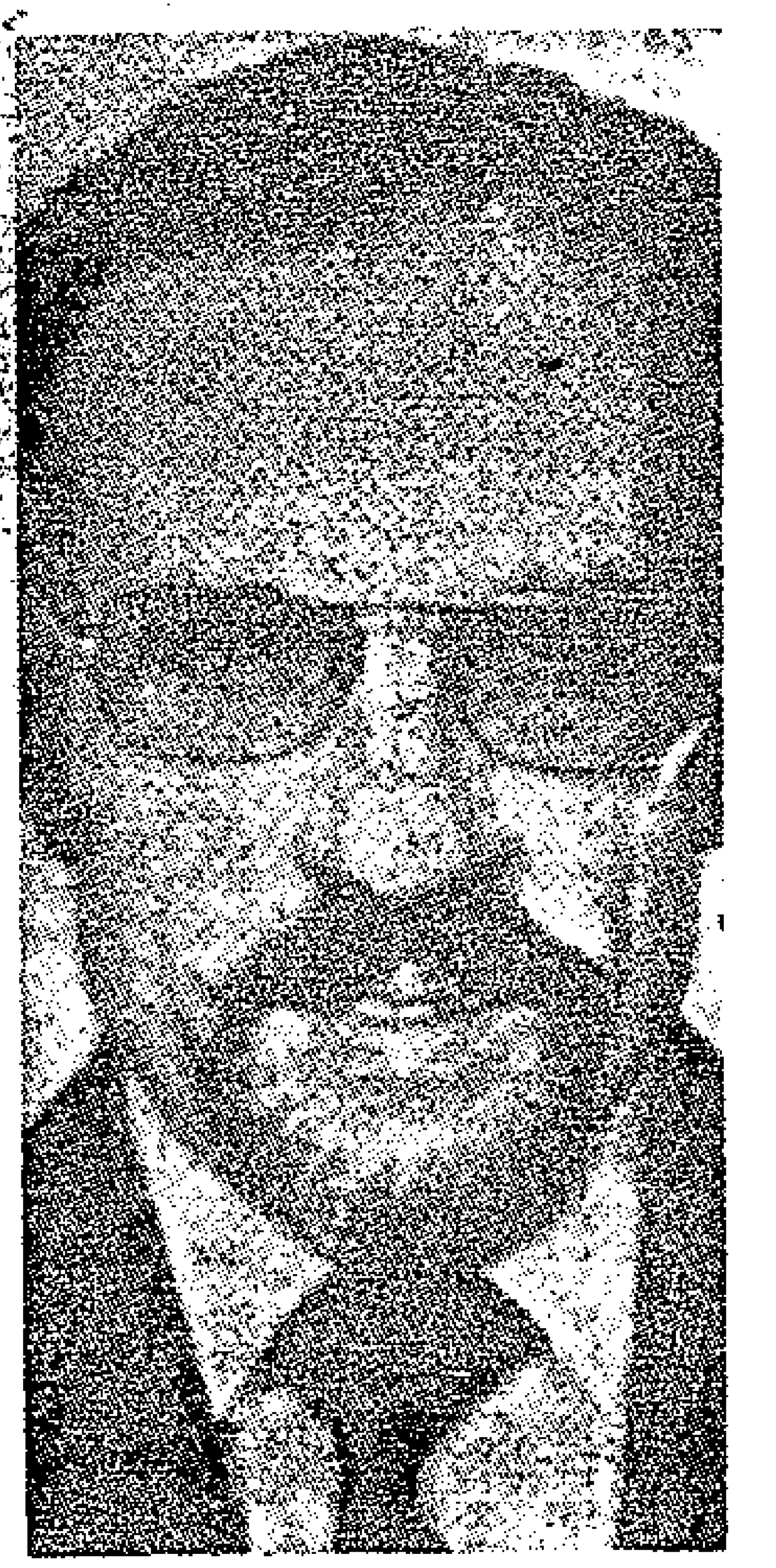
With some bravado, government leaders are sending out word that South Africa fears nothing from American disinvestment. Behind this lies the assumption that French, German and Japanese companies would rush to fill the void left by the Americans or, failing that, South African companies would be only too happy to acquire the American firms operating in South Africa.

The Pattern of Politics

By Hermann Giliomee

This argument has a dangerous flaw. The Americans will not withdraw gracefully from South Africa. We should not underestimate the American penchant for believing that what is good for America is good for the world. Nor its willingness to use American muscle to bring the world to heel.

Business leaders are deeply worried that once the United States has begun to disinvest it will pressure other members of the Western alliance to follow suit. Dr Albert Wessels, doyen of the Afrikaans business community who, through his Toyota links, is in close touch with the Japanese business world, believes Japan would find it exceedingly difficult to stay in South Africa once the Americans have gone.



Professor Schlemmer ...problematic survey

Dr Albert Wessels ...difficult for Japan

Hammer-blow

It is equally dangerous to assume that South African companies would step into the breach and negate any possible damage flowing from American disinvestment. As important as the $2,3 billion (R1,13 billion) which some 300 US corporations have in fixed South African investments is the new technology, expertise and managerial skills they introduce.

These are crucial contributions to South Africa's economic strength which South African companies cannot hope to replace adequately. Moreover, American disinvestment would be such a hammer-blow to business confidence that South African companies may feel rather jittery about making substantial new investments.

Gross domestic fixed investment has been declining since the end of 1981 and, while this is partly due to the business cycle, business confidence and the fear of disinvestment have also played an important role.

The South African government would do well to realize that disinvestment is not simply yet another obstacle that can be brushed aside.

On the other hand, the protagonists of disinvestment are equally inclined to downplay the dire dangers which may flow from it. Their argument comes down to this: blacks are already suffering and disinvestment would not increase that suffering materially. It is contended that blacks do not want the black-white struggle to continue for another 30 or 40 years — they want liberation now and disinvestment would help to bring an end to black suffering.

The disinvestment scenario may be correct but looking at both historical trends and contemporary political dynamics, I would argue that an opposite scenario is far more credible.

Hard-liners

In my view disinvestment would, over the medium term, bring about a sluggish economy, a low growth rate, more black unemployment and terrible hardship and suffering.

Far from inducing whites to negotiate a political settlement with blacks, disinvestment will strengthen the hard-liners, both white and black. A state of siege is hardly the condition in which people would still put a high premium on the need to expand black education, promote black advancement and provide relief for the army of black unemployed.

Indeed, a white government would use all its credit to prop up the declining living standards of its white constituency.

Violence would increase, for disinvestment will bring not cool heads but an environment of terrible uncertainty and irresponsibility in which the security apparatus could easily over-react to any challenge, while blacks, in a mistaken belief that Western aid would be forthcoming, could easily overplay their hand.

This is my scenario, but there is no way of proving that it will be more accurate than that of the disinvestors. What South Africa needs right now is a sober and thorough debate and, above all, adequate and reliable information about what most blacks think about the issue.

Let there be no mistake, it is blacks who must speak their minds or it is ultimately blacks, more than whites, who would suffer. The majority may opt for investment or it may not. After all, blacks may hold the view once vividly expressed by Cambridge economist Joan Nelson. She said the Third World was discovering that there is one thing worse than being exploited by multinational companies and that is not being exploited by them.

At the moment we have one important piece of evidence in black attitudes in this regard. A survey sponsored by the [US] government and undertaken [by] Professor Lawrence Schlemmer found that about 75 per cent of South African blacks oppose disinvestment.

No one who knows the high quality academic work and personal integrity of Professor Schlemmer would question his professional competence to conduct such a survey. The problem with the survey lies in two other areas.

Offence

First, it was a mistake for the US government, with its commitment to constructive engagement, to have initiated and sponsored this survey. As Bishop Tutu remarked, the US government did not commission a similar survey before it imposed certain sanctions against Poland.

Second, it is a criminal offence in South Africa to propagate disinvestment. While I do not believe that black respondents in the Schlemmer survey were inhibited by this, there is an element of doubt which enables the disinvestors to discount the survey.

It is in South Africa's own interests to repeal to soon as possible this law to enable a free and open debate on disinvestment to take place. Before this is the case all empirical data on black attitudes to this vital matter will be treated with scepticism, if not scorn.

Disinvestment is by far the most serious issue facing South Africa in 1985. Neither blacks nor whites can afford to ignore all warnings — and only after the crash discover how grim are either group's chances of survival.

● **Hermann Giliomee teaches politics at UCT.**

60 7/1/85

SA need to confront disinvestment threat

By DR HERMANN GILIOMEE, professor of political studies, University of Cape Town.

Both the South African Government and the protagonists of disinvestment are in danger of miscalculation.

With some bravado, Government leaders are sending out word that South Africa fears nothing from American disinvestment. Behind this lies the assumption that French, German and Japanese companies would rush to fill the void left by the Americans or, failing that, South African companies would be only too happy to acquire the American firms which had been operating in South Africa.

This argument has a dangerous flaw. The Americans will not withdraw gracefully from South Africa. We should not underestimate the American penchant for believing that what is good for America is good for the world. Nor its willingness to use American muscle to bring the world to heel.

Business leaders are deeply worried that once the United States had begun to disinvest it would press other members of the Western alliance to follow suit. Dr Albert Wessels, doyen of the Afrikaans business community who, through his Toyota links, is in close touch with the Japanese business world, believes that Japan would find it exceedingly difficult to stay in South Africa if the Americans should go.

It is equally dangerous to assume that South African companies would step into the breach and negate any possible damage flowing from American disinvestment. As important as the 2,3 billion which some 300 US corporations have in fixed South African investments is the new technology expertise and managerial skills which they introduce.

These are crucial contributions to South Africa's economic strength, for which South African companies cannot hope to substitute adequately. Moreover, American disinvestment would be such a hammer-blow to business confidence that South African companies might feel rather jittery about making substantial new investments.

Gross domestic fixed investment has been in decline since the end of 1981 and, while this is partly owing to the business cycle, business confidence and the fear of disinvestment have also played an important role.

The South African Government would do well to realise that disinvestment is not simply yet another obstacle that the ship of state could brush aside.

On the other hand, the protagonists of disinvestment are equally inclined to play down the dire dangers which may flow from it. Their argument comes down to this: blacks are already suffering and disinvestment would not increase that suffering materially.

It is contended that blacks do not want the black-white struggle to continue for another 30 or 40 years; they want liberation now and disinvestment would help to bring about the resolution of the conflict and an end to black suffering.

The disinvestment scenario may be correct. But looking at both historic trends and contemporary political dynamics, I would argue that an opposite scenario is far more credible.

In my view disinvestment would, over the medium term, bring about a sluggish economy with a low growth rate, spiralling black unemployment and terrible hardship and suffering.

Far from inducing whites to negotiate a political settlement with blacks, disinvestment would strengthen the hardliners, both on the white and black side.

A state of siege is hardly the condition in which people would still put a high premium upon the need to expand black education, promote black advancement and provide relief for the army of black unemployed. Indeed a white government would use its credit to prop up the declining living standards of its white constituency.

Violence would increase, for disinvestment would bring not cool heads but an environment of terrible uncertainty and irresponsibility in which the security apparatus could easily over-react to any challenge, while blacks, in a mistaken belief that Western aid would be forthcoming, could easily overplay their hand.

This is my scenario but there is of course no way of proving that it will be more accurate than the disinvestors' scenario.

What South Africa needs right now is a sober and thorough debate about the issue. We above all need adequate and reliable information about what the majority of blacks thinks about the issue.

Let there be no mistake: it is blacks who must speak their mind on the issue, for it is ultimately blacks, more than whites, who would suffer. The majority may opt for investment or it may not. After all, blacks may hold the view once vividly expressed by the Cambridge economist Joan Nelson. She said that the Third World is discovering that there is one thing worse than being exploited by multi-national companies and that is not being exploited by them.

At the moment we have one important piece of evidence on black attitudes in this regard. A survey sponsored by the United States Government and undertaken by Professor Lawrence Schlemmer found that approximately three-quarters of South African blacks opposed disinvestment.

No one who knows the high quality academic work and personal integrity of Professor Schlemmer would question his professional competence to conduct such a survey. The problem with the survey lies in two other areas.

Firstly, it was a mistake for the US Government, with its commitment to constructive engagement, to have initiated and sponsored this survey. As Bishop Tutu remarked, the US Government did not commission a similar survey before it imposed certain sanctions against Poland.

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Disinvestment is by far the most serious issue facing South Africa in 1985. Neither blacks nor whites can afford to ignore all warnings and steam ahead to the iceberg of disinvestment and only after the crash discover how grim are the survival chances of both whites and blacks.

Times

January 8, 1985 9

Some sour on Senator

JOHANNESBURG. — The tour of South Africa by Senator Edward Kennedy is attracting major attention from newspapers and the state-run television and radio service, but not all the attention is positive.

The SABC said Kennedy officials "did everything they could" to prevent coverage of his meeting yesterday with Mr Pik Botha.

"The behaviour of the Kennedy group this morning was in sharp contrast to the media arrangements made yesterday for the visit to Soweto," the SABC said.

Mr Kennedy visited the most notorious hostel for black migrant workers in Soweto on Sunday and said it was "one of the most depressing, despairing visits . . . during my lifetime."

The conservative English newspaper the Citizen said on Monday that Mr Kennedy's comment came "after a visit to a single migrant labourer" and said the interview lasted "less than 15 minutes."

In an editorial headed "Anti-K", the newspaper said: "Kennedy, a leading liberal, is totally opposed to this country in the blinkered manner of many other liberals. (South Africa) needs constructive criticism, not overblown rhetoric like Senator Kennedy's."

Johannesburg's Rand Daily Mail, a committed opponent of race discrimination, carried a full page of pictures of Mr Kennedy's first day and extensive reports on the inside pages.

The newspaper carried no editorial comment, but did place a cartoon of a plump Kennedy, wearing a "Ted '88" lapel button, telling reporters: "I am pleased with this opportunity that the people have of meeting me." — UPI

8/1/85 (60)

Cape Times, Tuesday,

Giant employers tell Kennedy of reforms in SA

Own Correspondent

JOHANNESBURG. — Six powerful employer bodies last night pre-empted their meeting with Senator Edward Kennedy scheduled for today by issuing a strong memorandum opposing disinvestment, economic boycotts and other restrictive actions.

The memorandum, which comes on the eve of Mr Kennedy's address to businessmen at the Carlton Hotel today, says such action would obstruct the country's growth "which is a powerful catalyst in the process of peaceful, social and political reform".

It was issued by die Afrikaanse Handelsinstituut, the Association of Chambers of Commerce of South Africa, the Chamber of Mines, the SA Federated Chamber of Industries, the National African Federation of Chamber of Commerce and the Steel and Engineering Industries Federation.

In the memorandum they claimed to represent more than 80 percent of the country's employment strength and said they were "strongly committed to furthering an on-going process of economic and political reform".

Mr Kennedy is likely to reply to the memorandum in his address today.

Last night he met privately with a number of South Africa's most powerful business and industry leaders.

Mr Kennedy is a guest in South Africa of Bishop Desmond Tutu, who has taken an outspoken view on disinvestment, and Dr Allan Boesak. In his many meetings with local black leaders, he is likely to come under considerable pressure to take a stronger stand on issues such as disinvestment and boycotts.

In their memorandum, the employer bodies said they have been in the forefront in successfully urging the South African Government to make meaningful policy changes, especially in the following areas:

- Widening the labour relations framework to embrance all workers, regardless of race, colour, sex or creed.
- Opening up housing to black private ownership and thus effectively reversing the use of black urban housing shortages as a form of influx control.
- Relaxing restrictions on small and informal business activities to give blacks an opportunity to acquire a genuine stake in the economy.
- Revising the system of education and training to bring it into line with the needs of the economy.

"The private sector, at both corporate and institutional level, is using its own resources to integrate facilities and to remove discrimination in the workplace," the memorandum said.

"It has effectively improved living conditions and social amenities for coloured, Indian and black employees beyond the work place. While much still remains to be done, this record of corporate responsibility stands for itself. "We believe that without a stable, secure and prosperous work force the country's economic potential and political stability cannot be ensured in future."

It said they were committed to an ongoing programme of reform in the areas of meaningful political participation for blacks, full participation in private enterprise for all, universal citizenship, the development of a free and independent trade union movement, the administration of justice and an end to forced removals.

It said said these goals would only be attained in the context of strong economic growth and this would be undermined by a ban on US investments, trade restrictions, a prohibition on bank loans and a boycott against corporations doing business with South Africa.

"Such action will inevitably obstruct the country's growth momentum which is a powerful catalyst in the process of peaceful, social and political reform in the country," it said.

Forewarning on disinvestment

(60) (Pos) (Ref) 2. Post 8/1/85

JOHANNESBURG — The disinvestment debate has caught up with Senator Edward Kennedy as he prepared for his first major address to about 400 local businessmen today.

Six major employer organisations, all of which will be strongly represented at today's meeting, last night issued a memorandum rejecting disinvestment, economic boycotts and other restrictive measures as being counterproductive.

The Association of Chambers of Commerce, Afrikaanse Handelsinstituut, Chamber of Mines, SA Federated Chamber of Industries, the National African Federation of Chambers of Commerce and the Steel and Engineering Industries Federation, who jointly represent 80% of the country's employment muscle, said negative economic action against South Africa would obstruct the country's growth, which was a "powerful catalyst in the process of peaceful, social and political reform".

In their memorandum they said they had been successful in urging the Government to make meaningful political changes especially in the field of labour relations, private ownership in black housing, easing restrictions on small and informal black businessmen and restructuring education and training to match industrial needs.

The private sector had effectively used its own resources to improve living conditions and social amenities for coloured, Indian and black employees outside the workplace.

"While much remains to be done, this record of corporate responsibility stands for itself," the memorandum says.

Yesterday Senator Kennedy raised the issue of disinvestment with the Minister of Foreign Affairs, Mr Pik Botha, who said after their hour-long meeting the Senator had not directly expressed support for it, but had explained why it was popular on Capitol Hill in Washington.

The Senator is the guest of the SA Council of Churches and particularly its outgoing secretary-general, the Anglican Bishop designate of Johannesburg, Bishop Desmond Tutu, who has himself been caught up in a debate on disinvestment.

On the first day of his eight-day Southern African tour, Senator Kennedy went on a hand-shaking tour of several Soweto streets and entered three private homes where he questioned the families closely on their employment situation.

It is almost certain that Senator Kennedy will speak about disinvestment in his keynote address today, but observers do not expect him to take any specific stand on the issue while in South Africa.

This afternoon's address will be Senator Kennedy's last major engagement in Johannesburg before he returns at the weekend for a farewell address at Soweto's Regina Mundi Cathedral on Sunday. — Sapa

Cape Times 9/1/85

Nafcoc opposes disinvestment

60

JOHANNESBURG. — Mr Sam Motsuenyane, president of the National African Federated Chambers of Commerce (Nafcoc), yesterday pleaded for direct international investment in black health, education and business rather than disinvestment.

He responded on behalf of the hosts at a 750-plate lunch where Senator Edward Kennedy of the United States gave a keynote address as guest speaker.

Mr Motsuenyane said the changes that had come about since the 1976 riots — "although they do not meet the basic requirements for a free and just society" — had to be regarded as an important beginning.

He singled out advances made in labour unions, black business and industrial rights and housing. The private sector had to be given credit for exerting the pressure which "ultimately led to the partial transformation of traditional government policies and attitudes".

He was of the opinion that the international community should also play some role in helping to accelerate the process of black economic development.

He said Nafcoc, representing 35 000 black businessmen, was pleased to have been granted R6,1-million by the US State Department last year for the training of black businessmen.

He said the members of Nafcoc appreciated what American businessmen had done in implementing the Sullivan code and initiating worthwhile projects in the black areas.

"Certainly without this valuable imput, blacks would not have advanced as far in some areas as they have done in recent years." — Sapa

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E. Post 9/1/85

says Sparrow

amentary by-election, MR JOHAN STANDER
l election agent, a former PFP Provincial
OW.

By JOHN CLARK, Municipal Reporter

FIVE companies in the Far East have made firm inquiries about investment in Port Elizabeth as a result of the visit to Japan, Taiwan and Hong Kong by a municipal delegation.

Mr André Crouse, the city's Development Officer, said he was simultaneously optimistic and pragmatic about the results of the present discussions with the Far East investors.

"I think we achieved our goals. We went to tell them what Port Elizabeth had to offer them. That will sell the city in the long run," he said.

Mr Crouse said the five were looking into fields as diverse as light steel products, household stainless steel products, developing sectional title factories for small businesses, the hotel-motel trade, garments and even plastics.

Some of the men wanted to go into joint ventures with South African businessmen.

Since the visit, one businessman had already visited Port Elizabeth and three others, representing a vast industrial conglomerate, have confirmed their intention to visit the city in March.

A fifth man was waiting for a research project to be completed locally and would visit Port Elizabeth on the strength of its motivations.

Mr Crouse said he was receiving calls from overseas and local investors every day.

"As a result of our recent Far East trip, there have been several firm offers — even from an Israeli visiting there at the time."

Mr ANDRE CROUSE

Mr Crouse urged Port Elizabeth entrepeneurs to speak to him about possible joint venture opportunities.

"The Far Eastern businessmen are looking for opportunities to broaden their markets and get around the quota system limiting their exports to the European and American markets.

"Local businessmen must be ready to offer them the best in supporting industry and products, or they'll go elsewhere."

Mr Crouse said the future of Port Elizabeth lay in industry and exports.

"We can overcome our distance from markets problem by looking to use our modern harbour for exports," he said.

The Far Eastern investers see tremendous benefits in our port, he said.

"Then when we tell them the price of land in Port Elizabeth, they ask if we have made a mistake. It is one-tenth the price of land in Durban, for example.

"That is why we must have the 135 hectares of land in Markman Township that the Government refused to rezone."

Mr Crouse said Port Elizabeth must, like businessmen on the Witwatersrand, capitalise on the low value of the rand.

"The rand will remain low for a long time — so export opportunities will be favourable for us for a long time."

One Port Elizabeth businessman was taking advantage of the low value of the rand and exporting car accessories to the United States.

"He is producing a far higher quality product than what is available there at one-third of the local US price — because the rand is low," said Mr Crouse.

"If businessmen don't know what opportunites are available, or if there is a market for their products overseas, they should discuss it with South African Foreign Trade Organisation (SAFTO), their export association, or me at my office."

[illegible] workers [illegible]

Disinvestment 'will hit blacks hardest'

African Affairs Correspondent

THE Chief Minister of KwaZulu, Chief Gatsha Buthelezi, told Senator Edward Kennedy in Durban yesterday that black workers had not yet called for disinvestment in South Africa.

Chief Buthelezi said in a memorandum read to the senator at breakfast at the Royal Hotel that disinvestment had become a 'parrot cry' among some blacks to frighten white South Africa to fall in line so far as human rights, social justice and black human dignity were concerned.

Pressures on the South African Government, which were likely to move the 'regime' into bringing about fundamental changes in South Africa, were welcome, he said.

But to exert pressures which did more harm to the oppressed than to oppressors was madness.

'No one has proved to us that the suffering which will ensue within the black community as a result of disinvestment will actually force the regime to effect the fundamental changes which all of us are clamouring for,' Chief Buthelezi said.

It was no good doing things just to ease consciences, he said.

As the economic situation continued to deteriorate, it was the black people who were the first to bear the brunt of it all.

Chief Buthelezi said black people had no choice about where they lived, whether it was in rural or urban areas.

He told Senator Kennedy it was a lot of 'balderdash' for people to say to him that American investors should not be involved in the so-called homelands.

These areas had not been created by the South African Government, but by history and conquest, just like the Indian reservations in the United States.

Chief Buthelezi said spokesmen like Bishop Desmond Tutu, Anglican Bishop-elect of Johannesburg, were applauded and fêted in the West as they proclaimed the 'myth' that black South Africans supported disinvestment, supported armed struggle and the country was on the very brink [illegible] change.

But [illegible] did not have [illegible] to real life constituencies for what they were doing.

He said black leaders who called for the kind of things Bishop Tutu and others were calling for had come and gone. They would come and go again after Bishop Tutu had fallen out of the limelight.

Inkatha, on the other hand, had grown phenomenally in the very decade in which other groups had faded into oblivion.

Chief Buthelezi said there would not be a successful armed struggle in South Africa.

South Africa was too powerful in the sub-continent to permit neighbouring states to be used [illegible]

Kennedy only out to win votes, says Azapo

Political Reporter

THE Azanian People's Organisation has severely criticised Senator Edward Kennedy's South African tour as 'imperialistic' and designed for vote-catching back home.

The national publicity secretary for Azapo, Mr Imram Moosa, said the senator was not interested in local publicity and his real concern in South Africa was not change, but stability, as he was an 'avowed capitalist'.

Azapo demonstrators protesting about the tour met Senator Kennedy at Jan Smuts Airport when he arrived there at the start of his visit as well as when he arrived in Durban on Wednesday.

Mr Moosa's comments are supported by the shoddy treatment given to the Press in Durban by Senator Kennedy and his aides.

Not once did Senator Kennedy address the local Press in spite of promised 'media opportunities'.

Instead, the senator was hustled past local pressmen to his car or to meetings.

Mr Moosa said both American political parties supported international capitalism and Senator Kennedy was on record as saying his visit was meant to rekindle black support for the West.

'There is a concerted effort to portray ex-presidential candidate Senator Kennedy as a champion of the cause of black people.

'With the mood in the U S A being strongly against the South African regime, we are of the view that Senator Kennedy's visit is meant to fool the oppressed people of Azania into believing that their enemy is Reaganism and not American imperialism itself,' he said.

Senator

FROM PAGE 1

grammes for the poor.

'The fact that I do oppose injustice in my own land, wherever it occurs, does not mean that I can or will be blind to injustice in South Africa or in the Soviet Union or anywhere else.

'The South African Government stubbornly refuses to discuss the central issue which is full political rights and citizenship for all the people of this land.

There are disparities in the U S between black and white Americans, but they are barely a fraction of the disparities in this society.'

They were also disparities between Americans who had equal rights politically not between whites who had the privilege of citizenship and blacks who were treated as aliens in their own land, Senator Kennedy said.

[illegible] leaders condemn [illegible]ge contraception

planning clinic and the Durban and Pietermaritzburg municipal clinics.

But yesterday Bishop Michael Nuttal, Anglican Bishop of Natal, said: 'I think it is very wrong.

'And I would go further to say that any encouragement or condonation of sexual intercourse outside of marriage is wrong.

'The supplying of contraceptives, especialy to young girls, implies condonation and even encouragement,' he said.

Bishop Nuttal said he sympathised [illegible] the [illegible] of whether [illegible] sexually active girl contraception and risk an unwanted pregnancy.

'But premarital sex is still morally questionable.'

The chairman of the Durban Council of Churches, the Rev B K Dludla, said he felt the people responsible for giving contraceptives to young girls were doing an injustice to the parents and the community at large.

This is encouraging promiscuity which is immoral, unchristian and not helping the community at all,' he said.

See Editorial Opinion

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57

Star 12/1/85

'Invest — but code should ensure black rights in SA'

The Star Bureau

LONDON — *The Financial Times* is opposed to disinvestment in South Africa — but believes American and EEC companies should apply the Sullivan Code more stringently.

In an editorial yesterday headlined "The high costs of apartheid", the newspaper says the visits to South Africa by Senator Edward Kennedy and to the US by Nobel Peace Prize winner Bishop Desmond Tutu "have helped stimulate debate on a complex issue: the role of foreign investors in the Republic".

It adds: "The compelling argument against disinvestment is the adverse impact on black jobs. The views of black workers on this issue are difficult to determine. What is clear, however, is their demand for improved working conditions.

"These include trade union rights, the freedom to work where they choose and the right to live with their families, from whom most black workers in the Republic are separated."

It notes that last month employer responsibilities under the Sullivan Code were taken a significant step further.

The code now asks the fifth of American companies in South Africa which subscribe, to campaign for the right of black businessmen to set up in urban areas, and for complete freedom of mobility for black workers.

The Financial Times says the Sullivan Code is being backed by an increasingly concerned US lobby "which can back breaches of the code with consumer action".

No similar lobby exists in Europe — "perhaps the reason for the limited impact of the EEC Code of Conduct".

It points out that in "an unprecedented step" six South African employer groups, employing over 80 percent of the workforce, had this week called for major reforms.

"The new call comes after a watershed year. There has been almost daily black student unrest, mounting trade union activity including a two-day strike by black workers which just about paralysed Johannesburg, and the introduction of a new constitution which exacerbated rather than mollified dissent.

"All these pressures can only make more urgent the need to dismantle the apartheid system."

and trains on the Sapa-AP

Reuter

EEC urged to accept Sullivan Code

CAPE TIMES 14/1/86

From STANLEY UYS

LONDON. — The extension of the Sullivan Code in the United States should be matched by the EEC, the Financial Times urged in an editorial yesterday.

The Sullivan Code, subscribed to by a fifth of the United States companies in South Africa, sets out six principles which include non-segregation in company facilities, equal pay, training programmes for non-whites and improved housing, education and health care for black employees.

Freedom

Last month employer responsibilities under the code were taken further and the code now asks United States companies to campaign for the right of black businesmen to set up in urban areas and for complete freedom of mobility for black workers.

The Financial Times editorial said: "Behind the code is an increasingly concerned lobby in the United States, based on the black vote, which can back breaches of the code with consumer action.

"No comparable lobby exists in Europe, where the EEC code of conduct for companies with interests in South Africa has — perhaps for this reason — limited impact.

"The extension of the Sullivan Code should nevertheless be matched by the EEC."

Although the Financial Times editorial does not mention it, the Rev Sullivan will meet representatives of a number of British companies with major interests in South Africa shortly to persuade them to match the Sullivan Code.

Changing mood

The Financial Times said that if the EEC matched the Sullivan Code it would be reflecting "the changing mood of the local business community in South Africa".

The editorial referred to the "unprecedented" step by six employers' federations in South Africa this week in calling on the government to make concessions to the black community.

It said the South African business community had made calls for reforms in the past, but the new call for reform came after what could be seen as a watershed year.

Referring to the recent black unrest in South Africa and black trade union activity, the Financial Times declared: "All these pressures can only make more urgent the need to dismantle the apartheid system."

Furnishing group's R4m rights issue

JOHANNESBURG. — World Furnishers Group Ltd said it will make a rights issue to raise about R4m, to be underwritten by its holding company, W & A Investment Corp Ltd, Mr R Swindler and Mr H Rose, said.

World furnishers said the severe adverse economic conditions in the short-term had caused it to take a cautious view by strengthening the capital base.

As already announced, World Furnishers Pretax income fell to $3,94m in the year ended June 30 from R4,18m in the previous 12 months. — Reuter

Multinationals: The storm grows

Sowetan 17/1/85

60

MORE trade unions yesterday supported the call for industrial action against foreign companies operating in South Africa unless they comply with the Sullivan and European Economic Community codes.

And representatives of various overseas governments in South Africa have claimed that the codes are observed and monitored and have welcomed complaints from black unions that have problems with overseas companies.

The controversy started this week after two trade union federations had asserted that the codes were not monitored and indicated that industrial action might follow if the practice continued.

In the latest development the Motor, Assemblies Component Workers' Union of SA (Macwusa) has contended that the codes were not observed by companies they have dealt with in the past.

The union would support any action taken by workers who fight for their rights, especially with regard to wages and unfair working conditions at plant level, the spokesman said.

The spokesman added that their members were being "pushed up and down" by the motor industry which has in the past months retrenched several hundred workers.

The Black Allied Mining and Construction Workers' Union (Bamcwu) general secretary, Pandelani Nefolochodwe, said that he supported workers who fought for their rights, whether against the codes or any other unfair treatment from management.

RDM 22/1/85 (60)

SA remains risky for foreign investors

By MIKE JENSEN

SOUTH Africa will remain a high-risk country for foreign investors this year, reports the international business information company, Frost & Sullivan.

In the latest 82-country assessment of global business risk, Frost & Sullivan's political risk services division said South Africa would continue to face difficulties in attracting international capital because of its political problems.

Designed to aid international banks and multinational corporations to make investment decisions, Frost & Sullivan's risk assessments are based on data provided by a network of 250 business executives, government officials, political scientists and other experts, both in and outside the countries analysed.

In 1985, the SA Government might have to rely more heavily on the military to suppress an increase in labour violence and sabotage of public facilities.

It would also have to cope with growing militancy from the National Union of Mineworkers and other black labour unions.

"More concessions on wages and benefits, along with general labour turmoil, will bring higher labour costs and lower worker productivity. A greater proportion of the already strained budget will be spent on improving the lot of the coloured and Asian populations, especially in public housing."

Permanent African residents in the urban townships would be given greater control over local government and some prominent blacks might be brought into the Government as "consultants".

"But a growing number of key decisions will be made by the executive in close collaboration with the military, and the legislative branch could become a mere puppet.

"In any event, we expect the regime to become more authoritarian, yet possibly more reformist, if the turmoil can be contained."

In its evaluation of risk in other countries, Frost & Sullivan found that Chile, Cameroun, Peru, the Philippines, Nigeria and Sri Lanka would pose considerably larger risks to foreign investors in 1985.

On the up side, Turkey, Argentina, Uruguay and India were expected to be less risky bets for business this year.

In general, the report found that risk levels would be about the same as in 1984. In fact, the need of many countries to attract direct foreign investment had actually led to a lessening of government restrictions in several countries, and thus a more positive environment for international business.

Trends seen as having a significant impact on the investment climate included a gradual easing of Soviet-US tensions, a continuation of international and domestic political violence in several critical areas, OECD real growth of about 3% and stable oil prices.

Although the international banking system would not collapse, it would be subject to severe pressures, the report added.

CAPE TIMES 23/1/85 (60

SA seen as high risk for foreign investors

Own Correspondent

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Taiwanese eyes on PE project

60 ~~3~~ E. Post 28/1/85

By TREVOR BISSEKER

PORT ELIZABETH could become the site of a Taiwanese industrial park if a group of Taipei businessmen are suitably impressed by the city's potential when they visit South Africa in March.

City in the running for 'industrial park' plan

The businessmen, representing several companies, also plan to establish a major display and promotion centre.

This will be in Johannesburg, but the site for the industrial park — a factory complex in which space could be leased — will be decided only after their visit to Durban, Port Elizabeth and Cape Town.

Judging from what I was told in Taipei by the men behind the scheme, Port Elizabeth has an excellent chance of being chosen.

There is also great interest in building a hotel in the city.

"This will be our second visit to South Africa," said Mr Stephen Hsu, managing director of the Bee Industrial Corporation.

"Last time we didn't go to Port Elizabeth ... November we were visited in Taipei by a group led by your Mayor, Mr Ivan Krige, and he and the industrial development officer, Mr André Crouse, greatly encouraged us.

"We were promised a lot of help with the site, and other concessions, so we are going to see for ourselves.

"If it is good, our industrial park could be set up in Port Elizabeth."

The products likely to be manufactured are cutlery, plastic goods — from inflatable boats and toys to moulded cups and kitchenware — luggage and textiles.

"We have the money — the Taiwan Government would not be involved — but we will be looking for assistance of the type Mr Crouse mentioned on behalf of the City Council," said Mr W T Yang, president of Hwa Nan Plastics and ...

"Perhaps the city can be our partners," he said. "We want everyone to benefit, not only ourselves."

Hwa Nan Plastics is the biggest manufacturer of inflatable products in Asia and it already has wide markets in the United States and Europe.

What did he envisage as the initial investment?

"Well, it's difficult to say without knowing the cost of the land and construction," said Mr Yang. "It could be five million US dollars, or $3 million, or perhaps more, to start the project."

Mr Yang is also the man behind the hotel idea. He has in mind a good-quality but not luxury hotel with Chinese and Western-style restaurants.

Mr Yang and Mr Hsu will be accompanied on their visit by two or three other businessmen, including representatives of the Pei-Lin Luggage Co, which is already exporting to South Africa, and the Singer Cutlery Co.

Mr Yang said that once the factory complex was established, he was confident other Taiwan companies would be eager to join the project by perhaps leasing space in the "industrial park".

Mr Hsu said the first objective would be to satisfy the South African market, but a second stage was already envisaged, namely to export from the South African plant.

Asked about employment prospects, Mr Hsu said the promoters would obviously have to bring their own technical experts to get the factories going, but the intention was to use local labour and train them for the skilled tasks.

He showed me through the vast Hwa Nan Plastics factory, which has four floors and employs about 1 000 people. Many of the workers were youths and girls aged from 16 to 19.

"Yes, some workers are young," said Mr Hsu. "In fact, they are students who study at our company's high school, which is a joint venture with the Government.

"They go to school for some of the time and work some of the time. They live in dormitories at the factory free of charge and of course also receive a salary. When they finish school, they are obliged to work for the company for three years."

Mr Hsu said it was hoped that Chinese workers would be able to live in premises at the industrial park.

My impression was that Port Elizabeth was first in line as a possible site, largely because of the incentives the city could offer, but also because of the large Chinese community here.

Mr Hsu said the Taiwanese would expect Port Elizabeth to provide local consultants.

"We are strangers," he said. "Give us a hand and we will provide you with a prosperous venture."

● See Page 2

Sowetan 30/1/85 (60)

26 unionists back from ILO seminar

By JOSHUA RABOROKO

ABOUT 26 black South African trade unionists have arrived in Johannesburg after completing a three weeks' education seminar on trade unionism in Zimbabwe.

The seminar, organised by the International Labour Organisation (ILO), was held in Harare, where the unionists dealt with various topics, which included the economic practises of multinational companies in South Africa and other Third World countries in Latin America.

South African labour laws, the controversial migrant labour system, and occupational health and safety were also brought under the focus of the seminar.

Lectures were given by labour experts, who included officials of the Zimbabwe Congress of Trade Unions and the Commonwealth Trade Union Congress, after which the unionists were given certificates.

Said one participant: "What this seminar seems to have done was to show us the amount of effort we still need to put behind everything we do in leading the workers to emancipation from not only economic exploitation, but psychological enslavement in particular.

Enslaved

"Many of us are hardly aware of the extent to which we are enslaved by the many laws that govern our working lives. If more unionists could take up such trade union educator's courses workers would become more knowledgeable about our situation," he said.

Those who attended the seminar include: Mr Sydney Mufomadi of Gawu; Mr Mbulelo Rakwena and Mr Motshumi Mkine of Bamcwu; Mr Sisa Njikelana and Mr Bonile Duluma of Saawu; Mr Denis Neer and Mr Fikile Kobese of Macwusa; Mr Pokela Rasethaba and Mr Sam Mabe of Mwasa; Mr James Skosana and Mr Modube Rankholo of Tawu; Mr Lucky Mhlaivhana of Sasdu, Mr Johnson Gamede of Mgwusa; Ms Florence de Villiers and Murtle Witboy of DWA; Mr Patrick Nxumalo of NFWU; Ms Nombuso Zungu of NDWU; Mr Mike Rossous of Juep; Mr Matthews Oliphant of Nismawu; Ms Gressentia Mofokeng of LDWU, Ms Gopolang Sekobe of UTP and Ms Eunice Makhatini of Sabmawu.

 (60) D. Rsfatit

Leaders against disinvestment

JOHANNESBURG — The serious consequences of US disinvestment on the black independent states surrounding South Africa was highlighted in SABC TV's review programme last night.

Leaders from Botswana, Swaziland and Lesotho were asked to establish to what extent they would be the victim of disinvestment and sanctions against South Africa.

Mr Peter Mmusi, Vice-President of Botswana, said Botswana was dependent on South Africa for most of her commodities and would therefore suffer.

However, he said Botswana would be prepared to welcome sanctions, despite the suffering, if they were to result in the dismantling of apartheid. He had serious doubts that the countries who had to apply the sanctions would do so.

The leader of the Botswana National Front, Mr De Kenneth Khoma, said South Africa was a powerful country economically and could adjust itself to the immediate consequences, but it was the countries whose economies were dependent on South Africa that would suffer.

Mr Mhambi Mnisi, Foreign Minister of Swaziland, when asked how disinvestment would affect his country, said:

"We would perish. We are together with South Africa, economically and geographically. Our exports and imports depend on you (South Africa)."

Prince Madtsitsela, chief of the Swazi Development Corporation, said the pain of disinvestment would be that the black people would suffer, in Lesotho and in Swaziland.

Mr Desmond Sixishe, Lesotho Minister of Information, said the dismantling of the apartheid system was the answer to many problems in Southern Africa. However, he said, because the Lesotho economy was interwined with the economy of South Africa, disinvestment would have adverse effects on Lesotho.

Meanwhile, Chief Gatsha Buthelezi, the Chief Minister of Kwa Zulu, said on US television that it was "arrogant" for people to advocate disinvestment, and disengagement by foreign companies would hit blacks hardest.

In an interview with NBC's John McLaughlin, re-broadcast on News Review, Chief Buthelezi said research had shown that 75 per cent "of workers" opposed disinvestment. — SAPA.

Sowetan 7/2/85

Tucsa blasts Govt policies

THE TRADE Union Council of South Africa has condemned the policy of forced removals, disinvestment and the proposed 20 percent increase in Escom's electricity tariffs.

Tucsa, one of the country's biggest trade union federations, has also expressed concern at the large number of retrenchments taking place and appealed to employers to "exercise the greatest possible restraint".

In a statement Tusca says forced removals violate the fundamental human rights, they are economically indefensible and are the source of much suffering and frustration.

Policy

Tusca believes that the Government's policy of forced removals is one of the major contributing factors towards South Africa's racial conflict and makes hypocrisy of the Government's claim to support the principles of free enterprise.

Referring to retrenchments, the federation says that it viewed with alarm, the growing number of worker dismissals that are taking place as a result of the current economic recession.

The hardship and suffering caused by growing unemployment as a result of the recession, is massive and the council recommends that — wherever remotely possible — workers should be placed on short time, instead of being laid-off or dismissed.

Tariffs

Tusca condemned Escom's proposed 20 percent — plus increase in electricity tariffs. Both the timing and the magnitude of the proposed increase are seen as potentially disastrous and dangerous way to fuel inflation.

Referring to disinvestment, Tusca says it reiterates its opposition to the policy of encouraging foreign companies to divest their South African interests as action of this nature harms the very people it is supposed to be assisting.

'TIMES ARE TOUGH — SO WHY AREN'T WE?'

C Press (60)

10/2/85 By ZB MOLEFE

DISINVESTMENT and the capitalism-socialism debate must be considered seriously now and in the future — especially after South Africans finally win their liberation — a prominent trade unionist said this week.

Black Allied Mining and Construction Workers' Union publicity secretary Motsomi Mokhine told City Press about the recent three-week International Labour Organisation seminar attended by 26 leading black unionists in Harare, Zimbabwe.

Union representatives included Sydney Mufumadi (Gawu), Sisa Njikelana (Saawu), Dennis Neer (Macwusa), Sam Mabe (Mwasa) and Matthews Oliphant (Nismawu).

"The question of multinational companies was of focal interest to us, and the message was clear that in our struggle we have to look at this question now and in the future," said Mr Mokhine.

American company Gulf Oil during Angola's independence was cited as an example. Zimbabwe president Robert Mugabe's practise of capitalism to achieve a socialist state was quoted as another example.

"This can become a serious problem if the masses' interests in the workplace are hampered.

"It also became clear that most Zimbabweans are very informed about their destiny under Mugabe — something which lacks in this country among blacks."

MOTSOMI MOKHINE: Focus on multinationals.

Another area which impressed Mr Mokhine at the seminar was the political education of the masses' interests at the This, he emphasised, has led to the sharing of ideas.

"This is what is desperately needed to run our unions here. And we hope this can be done as our unions gradually become a force to reckon with," he said.

Inkatha against disinvestment

12/2/85 Star

Chief Gatsha Buthelezi's Inkatha Movement yesterday joined the call for the unconditional release of African National Congress (ANC) leader, Nelson Mandela, at its East Rand regional meeting at the Kwesine Hostel hall in Katlehong, Germiston.

The region also supported the call to overseas firms not to disinvest. Members said they believed disinvestment would only bring hardships for blacks.

The region's Youth Brigade planned to embark on a campaign to keep the environment clean, as part of the International Youth Year project.

Disinvestment a focus of mayors' meeting

Cape Times 14/2/85 (60)

Chief Reporter

THE mayors of the major cities of South Africa have agreed to meet in Cape Town next Thursday to discuss "matters of common interest" which will include the effects of disinvestment on the people of the areas they represent.

This was announced late yesterday by the Mayor of Cape Town, Mr Sol Kreiner, who said it would be the first such meeting, on a formal basis, in more than 50 years.

The mayors invited to the meeting were those of Bloemfontein, Durban, Johannesburg, Port Elizabeth, Pretoria and Soweto.

Mr Kreiner said he had called the meeting in consultation with the mayors of the other two capital cities, Pretoria and Bloemfontein.

"The meeting is to discuss matters of common interest and concern to the mayors of large cities in the carrying out of their ceremonial and representational role, and will include discussion of any response of the cities to the question of disinvestment as it affects the life and work of their peoples in the large urban areas."

GM's Wilking wins backing of industry

By MIKE LOEWE and KIN BENTLEY

BIG business in Port Elizabeth has backed the head of General Motors South African, Mr Lou Wilking, in his call for Government action to defuse the disinvestment threat. 60 ~~62~~ ~~South~~

In a major speech last night Mr Wilking suggested that while business was often urged to lobby for South Africa overseas, the Government itself had to act by repealing harsh and discriminatory laws. ~~192~~ E. Post

In particular, he pointed to the Mixed Marriages Act, Section 16 of the Immorality Act, which forbids sexual intimacy across the colour line, and laws which allow detention without trial.

Mr Wilking also outlined the country's economic woes, pointing out that double digit inflation had endured for a decade and that the vast civil service was an unaffordable burden.

Mr Peter Morum, managing director and executive vice-chairman of the Firestone Rubber Company, said: "I think Mr Wilking's statement of the facts and of issues is valid. We have to address these issues. We have to handle them."

Overseas investors looking at the situation had watched the value of their investments dropped by more than 40% in two years.

The South African economy was operating on an "ad hoc manner".

"More important than anything is the fact that we do not have an economic strategy," he said. "We need to get the private and public sector working together. We need to develop our export industries.

"We have got to get control of the money supply. We have got to get control of expenditure in the public sector. We have got to get a handle on inflation."

He said the disinvestment lobby in the United States had grown into a very strong campaign. 21/2/85

"I think it is up to all of us to circumvent this wave building up in the United States. It is a highly emotive issue. The pickets are getting an enormous amount of coverage."

Mr Peter Searle, managing director of Volkswagen, said: "I fully support Mr Wilking's statements. The management of the economy should be the No 1 priority and it is critical that a policy centred around future economic growth and ecomomic employment opportunities should be established."

Another top local businessman with multinational links felt the Government was doing strange things, getting the country into deep trouble and urged it

● Turn to Page 3

PE industrial leaders rally behind Wilking

~~60~~ ~~62~~ ~~South~~

E. Post 21/2/85

● From Page 1 ~~192~~

take heed of Mr Wilking's comments.

The managing director of Goodyear, Mr Wally Life, said the recent incidents at Crossroads near Cape Town, in which 18 people have died, had "totally neutralised the progress we have made" in combating the disinvestment campaign in the United States.

He said he had formed an International Affairs Commmittee on the Midland Chamber of Industries, which would be assisting in this task.

Major reforms by the Government would assist the eommittee tremendously, he said.

Mr Life said there had to be an end to "forced removals, the harassment of squatters, the relentless clampdown on trade union and community leaders, detention without trial and so on" before South Africa's detractors overseas could be countered effectively.

● Mr Life said the International Affairs Committee would be addressed by the Executive Director of the South African Foundation in London, Mr David Willers, at a lunchtime meeting on March 8.

He said the committee would also promote "more direct interchange with opinion makers in major areas of the world".

Executives in Port Elizabeth would be briefed on ways of communicating the true situation in South Africa with influential people when they went overseas.

The chances of this working would be improved considerably if the Government implemented fundamental reform, he said.

CAPE TIMES 21/2/83 60

Motor trade chief takes govt to task

Own Correspondent

PORT ELIZABETH. — The government must do away with the Mixed Marriage Act, the Immorality Act, the Group Areas Act and detention without trial to lay the spectre of disinvestment to rest.

This was the message delivered here last night by Mr Lou Wilking, managing director of General Motors, in an address to the Institute of Cost and Management Accountants.

Warning about the growing movement calling for disinvestment in South Africa, he said business was being urged to tell the world about changes in the country, and was doing so.

"But when is the government going to assist the telling of the story by doing away with the Mixed Marriage Act, the Immorality Act, the Group Areas Act and detention without trial?

"If this can take place, the disinvestment issue can be laid to rest and I will hazard an educated guess that the economy will begin to come right."

General Motors did not support disinvestment legislation affecting firms in South Africa because this would penalize companies which were contributing to the achievement of social justice and racial reform.

He said an emotional tone typified arguments in favour of disinvestment which were based on abstract moral values that failed to take into account the harm disinvestment would bring to black people who would be the first to lose their jobs.

Mr Wilking asked those present what their assessment as businessmen would be of a country which had:

- Double-digit inflation for over a decade.
- Interest rates rising from 7 percent to 25 percent in four years.
- Its currency devalued by more than 60 percent in a little over two years.
- A government employing nearly 62 percent of all whites and increasing their salaries by 30 percent in the year of a major recession.
- Raised general sales tax from 6 percent to 10 percent in less than six months and looked set to raise it by a further two to five percentage points in March.

Lieutenant Laubscher ad-

supplies, food and bedding during the unrest.

The mayors of seven South African cities met in the City yesterday to discuss matters of common interest, including possible American disinvestment. Seated (from left) are Mr Eddy Magid, Mayor of Johannesburg, Mr Sol Kreiner, of Cape Town, and Mr Edward Kunene, of Soweto. Standing (from left) are Mr Neil Maclennan, of Durban, Mr J A Strohfeldt, of Bloemfontein, Mr C J van Heerden, of Pretoria, and Mr I L Krige, of Port Elizabeth.

CAPE Times 22/2/85 (60)

Disinvestment: Mayors' plea

Municipal Reporter

MAYORS of seven South African cities are to appeal to their American counterparts to reconsider their support for the current campaign against investment in this country.

A press statement released after yesterday's historic meeting in the City of the mayors of Cape Town, Bloemfontein, Durban, Johannesburg, Port Elizabeth, Pretoria and Soweto, condemned the "uninformed, mischievous and irresponsible" attitude of certain United States mayors towards disinvestment.

The mayors resolved at the meeting to adopt "a more determined and thrustful" approach to counter this and called for a co-ordinated effort from the private sector and local government to respond to the disinvestment campaign.

"The mayors considered that the view of people thousands of kilometres away, however well-meaning, that causing economic damage to South Africa for political reasons would advance the cause of people of colour and improve their quality of life, was ironic and misguided and deserved to be corrected . . ." the statement said.

They are now considering "a number of practical steps", including a "Mayor-to-mayor, person-to-person appeal or reaction by the cities whose peoples are likely to suffer in greatest numbers".

"The mayors would very much welcome closer communication with fellow-mayors in American cities and were concerned that their balanced and friendly telegraphic communications to the president of the US Conference of Mayors in January had not received any courtesy of acknowledgement," the statement said.

PW, business meeting seems to be on

E Post 22/2/85

By KIN BENTLEY

A SECOND source has confirmed that a top-level meeting between the State President, Mr P W Botha, and leading industrialists is scheduled for Monday.

The source said it was regrettable that the meeting had been mentioned to the Press because the Government frequently took exception to premature announcements.

The Office of the State President today declined to comment on the possibility of the President meeting a delegation — from the Federated Chamber of Industries.

"You will have to get it from them."

The Evening Post reported yesterday that a delegation of five industrialists, representing 50 big businesses around the country, would be seeing Mr Botha over the disinvestment issue. It was later learnt that other topics would also be discussed.

The discovery that the meeting was to take place came to light yesterday during an Evening Post investigation concerning the approaches multinationals could make to the Government to head off the disinvestment lobby.

Mr Lou Wilking, managing director of General Motors, said the meeting had been arranged through the Federated Chamber of Industries. In a later report, Mr Wilking said he had been misinformed. He could not be reached today.

The managing director of Volkswagen South Africa, Mr Peter Searle, would not comment today when asked if such a meeting had been arranged.

UK-Sweden row erupts over investment in SA

ARGUS 25/2/85 ~~(60)~~ ~~(30)~~ 60

Argus Foreign Service

LONDON. — Curbs on investment in South Africa have caused an international row in the Organisation for Economic Co-operation and Development.

Britain and Sweden have been at each other's throats over Swedish legislation passed last week to limit further the ability of Swedish companies to invest in their South African subsidiaries.

The row erupted when Britain complained to a meeting of the OECD's committee on international investment and multinational enterprises on February 6 that Sweden had ignored OECD "rules" by not informing other OECD states of the impending legislation.

They also claimed that in spite of repeated requests for copies of the legislation they were not supplied for 10 weeks.

Britain says the legislation has extra-territorial implications — because it applies to subsidiaries of Swedish companies in third countries, including Britain, which invest in South Africa.

"No need to tell the rest"

So, in terms of OECD "rules", Sweden was bound to inform OECD member states of the legislation and to circulate copies of it.

But Sweden says it had no need to inform OECD member states of the legislation because it was simply an amendment to legislation which had been in effect since 1979 — without complaint from other OECD members.

Sweden also points out the legislation makes clear that when there is a conflict of laws those of the host country in which the company operates take preference.

For these reasons Sweden did not think it necessary to inform the OECD.

And Sweden said it took 10 weeks to deliver copies of the legislation because it had to be translated into English — and legal translation was time-consuming.

Sweden declined to comment. A spokesman for the British Home Office referred inquiries to the Department of Trade and Industries, who had no comment as it "affected relationships between states".

Parliament and Politics

Foreign bosses 'ripping off' SA

CAPE TIMES 26/2/85 60

Political Staff

MILLIONS in taxpayers' money was being ripped off to line the pockets of foreigners who had established industries in the Ciskei, Mr Colin Eglin, Progressive Federal Party MP for Sea Point, said yesterday.

Mr Eglin, PFP spokesman on foreign affairs, said even President Lennox Sebe had complained that the decentralization concessions were being used to increase the salaries of executives while the majority of workers were being exploited.

Speaking during the debate on the Additional Appropriation budget, Mr Eglin called on the government to monitor decentralization expenditure and called for a select committee inquiry into the issue.

Replying to his attack, the Deputy Minister of Foreign Affairs, Mr Louis Nel, said the South African Government was not satisfied with the different priorities drawn up for South African assistance in the Ciskei.

The three-year agreement with the Ciskei for R120-million a year budgetary assistance had now expired and before any new amount was agreed, the South African Government would have to be satisfied with the administration of these amounts.

Mr Eglin said what was needed were details of specific controls for the spending of an extra R17-million on decentralization under the foreign affairs vote.

He said the companies were able to claim R110 per employer in cash grants, but he had information that some companies were paying workers R40, R50 and R60 a month and claiming the difference.

In brief . . .

Special Account Bill 'like the SS'

HOUSE OF ASSEMBLY. — The SAP Special Account Bill could lead to the police being compared to the SS or the KGB, Mr Derrick Watterson (NRP Umbilo) said yesterday in debate on a standing select committee report on the bill — which was accepted by the House with the NRP and PFP voting against it.

Over 126 000 people moved

HOUSE OF ASSEMBLY. — A total of 83 691 coloured families, 40 067 Indian and 2 418 white families had been moved from their homes in terms of the Group Areas Act since its commencement in 1966 to the end of August last year, according to figures given by the Minister of Constitutional Development and Planning, Mr Chris Heunis, in reply to a question.

Cost of 'Thunder Chariot' guests

HOUSE OF ASSEMBLY. — A total of R116 425 was spent on transport, catering and accommodation for guests who watched "Exercise Thunder Chariot", the Minister of Defence, General Magnus Malan, said yesterday in reply to a question.

Whites top list of lung cancer deaths

HOUSE OF ASSEMBLY. — From July 1983 to June 1984 a total of 340 people died of lung cancer in South Africa. Of these 162 were white, 121 coloured, 52 black and five Asian or other, the Minister of Health and Welfare, Dr N A K van der Merwe, said in reply to a question. — Political Staff and Sapa

Buthelezi urges Canada against disinvestment

(60) Star 28/3/85

OTTAWA — Halting Western investment in South Africa will bash the very victims of apartheid, said Zulu leader Chief Mangosuthu Buthelezi yesterday.

In a wrap-up to a month-long lecture tour of North America, he went to the Canadian Press Club to preach opposition to investment cuts.

"It's no use having a stick that raps the South African regime over the knuckles but which in the process ends up bashing the very victims of apartheid," he said.

"For us, even to get one job means the difference between life and death."

Chief Buthelezi, chief Minister of South Africa's 6 million Zulus, said: "We face oppression by one of the toughest systems of racism ever devised by mankind."

He visited Toronto yesterday and was met by 50 demonstrators who accused him of collaborating with South Africa's white rulers.

— Sapa-Reuter.

New group will fight disinvestment lobby

American businesses in South Africa, under mounting pressure to withdraw from the country in protest at its race policies, yesterday launched a drive against the disinvestment lobby.

Mr Stephen Bisenius, who has just resigned as executive director of the American Chamber of Commerce in South Africa, said the new American Association for Trade and Investment aimed to co-ordinate an "aggressive response" to the disinvestment campaign.

Launching the new group, Mr Bisenius said: "The campaign, correctly defined, aims to affect almost all trade, licensing agreements and technology transfer between the US and South Africa."

"Economic sanctions which US opponents of South Africa's apartheid policies want to see introduced "more correctly reflect the goals of destroying business relations between the two countries," he added.

Nearly 350 US-based companies have ties with South Africa and the US State Department estimates that they have direct investments of about R4,6 billion.

President Reagan has said he will continue "constructive engagement" — his policy of using persuasion rather than confrontation to bring reform in South Africa.

But Congress members of his conservative Republican Party have threatened to support economic sanctions unless South Africa makes swift and substantial changes.

Pressure for disinvestment has intensified after a year in which more than 200 people died in continued unrest in South Africa's black townships.

Mr Bisenius said the new organisation would combine the vested interests of firms located in South Africa with those of about 8 000 US corporations which trade with SA.

It would aim to protect and expand trade and investment and would be "totally independent, highly flexible and funded only by the private sector".

He added: "To emulate our opponents, this organisation must also work around the clock and maintain constant vigilance against anything which would affect trade and investment." — Reuter.

FOREIGN RELATIONS

ARGUS 5/3/85 (60)

A laager draws up against disinvestment

BRUCE CAMERON of the political staff reports on the emerging strategy to counter the American disinvestment campaign

A DISPARATE and loose alliance stretching from Ulundi to Washington is being drawn together to fight the disinvestment campaign in the United States.

There is growing concern about the effectiveness of counter measures so far, amidst fears that the campaign, if it takes hold, could snowball in other countries

No one in Government wants to go on the record about how serious the situation is or what exactly is being done about it.

Dr Mark Burger, the Foreign Affairs Department man appointed specially to deal with disinvestment won't discuss what he is doing.

All he will say is that it is "very serious" and "very sensitive".

However it is becoming apparent that the Government is encouraging the private sector to take the lead in countering the campaign.

Government strategists apparently feel that if the Government leads the anti-disinvestment campaign it will have far less credibility and will appear as if the Government is trying to save its own neck rather than the country's economy.

This does not mean the Government has taken a back seat. There have been indications that it has being doing its best to counter the campaign through diplomatic channels.

For example copies of the speech made by President P W Botha at the opening of Parliament, in which he announced major changes in back affairs policy, were in the hands of diplomats before anyone else.

While the Government is loath to admit that any of the changes in apartheid policy have been forced by pressure there are indications that nearly every Government move at the moment is made with an eye on the disinvestment danger.

Chief Gatsha Buthelezi

Government concern can be discerned in many areas. For instance, suddenly the much maligned Chief Gatsha Buthelezi, Chief Minister of Kwa Zulu, is back in favour having done probably more than any other South African politician to discourage disinvestment on a three week tour of North America.

Talks have also been held about disinvestment with South Africa's neighbours and three, including Lesotho, which has been a long and hard critic of aprtheid, have thrown their weight behind Pretoria.

But it is the private sector the Government has been quietly encouraging to take the brunt of the campaign and to protect its own interests big business is quite prepared to do so.

Even here the forces are disparate ranging from a committee of mayors under Mr Sol Kreiner, Mayor of Cape Town, to a plan of action being compiled by international industrialists.

For people of the standing of Basil Hersov of Anglo Vaal, Mike Rosholdt of Barlow Rand, Tony Bloom of Premier Milling and Murray Hofmeyer of Anglo American to get together at Leeds Castle in Britain with other international industrialists is an indication of how seriously they see the situation.

They are not only looking at ways to stop disinvestment but to stimulate investment to help a massive campaign of training and housing for blacks.

Big business meets to discuss reform in SA

(60) Star 6/2/85

The Star Bureau

LONDON — Major companies from Britain, the US and South Africa are due to begin their unprecedented two-day conference tomorrow to discuss the part they can play in the reform of apartheid.

The conference at Leeds Castle, Kent, will be chaired by former British Prime Minister Mr Edward Heath, and the opening address will be given by the Rev Leon Sullivan, the American clergyman who helped frame a code of conduct for US companies operating in South Africa.

Discussion at the closed meeting may include ways in which both the Sullivan Code and its EEC counterpart could be strengthened and more closely monitored.

PARTICIPANTS

Companies invited to Leeds Castle include Mobil, Caltex, General Motors, Control Data and Merck from the US, and Shell , BP, GEC, Barclays and Rio Tinto from Britain. Sir Peter Baxendell, chairman of Shell, and Sir Alistair Frame, chief executive of Rio Tinto, are among those expected to attend.

South African participants include representatives of some of the Republic's leading companies which have led calls for far-reaching reforms to South African society including an end to racial job reservation and to the enforced removal of blacks from white-designated areas.

Mr Mike Rosholt of Barlow Rand, Mr Tony Bloom of the Premier Group and Mr Basil Hersov of Anglo Vaal are expected to assess the implications of recent events in South Africa.

A keynote talk by Mr Rosholt will be on "the role of business in working towards justice through the political process."

The agenda also includes an address by Mr Jan Steyn, chairman of the South African Urban Foundation. Other contributions will come from US participants. At least one observer from a leading Swedish company will be present.

The meeting takes place at a time when the almost continuous political unrest in South Africa has provoked the growth of an increasingly powerful lobby in the United States agitating for comnpanies to pull out of the Republic.

Mercury 7/3/85

Businessmen consider plan to beef up Sullivan code

(6)

London Bureau

LEADING South African, British and United States business executives will meet behind closed doors in Kent today to consider proposals by the Rev Leon Sullivan for foreign investors to step up pressure for reform in South Africa.

The 'private' meeting has been organised by Mr Sullivan — the American author of the Sullivan code of conduct for U S firms operating in South Africa — with the backing of General Motors in the U S.

Invitations to major British and South African companies went out in the name of Mr Edward Heath, the former British Prime Minister and now a Tory MP, who, it is understood, will act as an informal chairman of the meeting.

The Sullivan initiative is believed to have the full backing of the Reagan Administration — anxious to rescue its ailing policy of constructive engagement in the face of mounting domestic anti-apartheid pressure.

It is aimed to pre-empt the growing U S disinvestment lobby backed by the Democratic Senator Edward Kennedy who recently made a highly controversial visit to South Africa.

During his visit he was presented with a far-reaching reform manifesto signed by the vast majority of South African business interests.

The two-day meeting will be held in Leeds Castle in Kent.

All participants declined to speak to the Press about the meeting yesterday.

A spokesman for Mr Heath confirmed that the former British Prime Minister, who visited South Africa in 1981, would be attending the conference but declined to comment on his role.

A spokesman for the American Embassy here said he had no details of Mr Sullivan's agenda.

The British Foreign Office denied any knowledge of the meeting.

The South African contingent will be headed by Mr Justice Jan Steyn, director of the Urban Foundation, who was due to address the conference.

Other leading South African businessmen expected to attend the meeting include Premier Milling's Tony Bloom and Anglo Vaal's Basil Hersov.

Reluctant

Mr Sullivan has won the provisional backing of 119 of the 126 U S signatories of the Sullivan principles for a revised code which would require signatories to apply direct political pressure on the South African Government to dismantle apartheid.

While American companies, under increasing domestic pressure to disinvest in South Africa, see the Sullivan strategy as an effective counter strategy to disinvestment, they are concerned about the implications of what amounts to direct interference in South Africa's domestic affairs.

It is understood that British companies are reluctant participants in the conference and will resist attempts to draw them into direct political confrontation with the Government.

It is reliably understood that the South African business representatives at the meeting will argue against any plan by U S companies to dictate the pace of reform in South Africa.

Mercury 8/3/85 (60)

John Battersby reports from London

Disinvestment threat: last chance for S A?

Mr Edward Heath . . . behind-the-scenes organiser.

AT a two-day conference which ends in the majestic Leeds Castle in Kent today the South African business community might have been presented with its last chance to defuse the mounting disinvestment campaign.

The hush-hush conference — described by the organisers as 'private' — is remarkable in several respects.

For the first time it has brought together the Reverend Leon Sullivan — author of the code of conduct for United States firms operating in South Africa — leading South African businessmen, US company executives, and executives of leading British companies who have firmly rejected disinvestment as a means of accelerating the pace of reform in South Africa.

Acting as informal chairman and behind-the-scenes organiser of the conference is Mr Edward Heath, MP, the former British Prime Minister, who gave a tough warning when he visited South Africa in 1981 that failure to grant blacks political rights would lead to violent revolution.

The conference, set up by Mr Sullivan with General Motors backing and with Mr Heath's assistance, is a follow-up to an earlier secret meeting with British executives in 1983, to seek UK support for his revised Sullivan principles.

The revised code requires signatories to apply direct pressure on the Government to dismantle apartheid.

It is believed that British companies are less than enthusiastic about the new Sullivan proposals in their present form, because they would amount to direct interference in South Africa's domestic affairs.

Most British companies with operations in South Africa subscribe to the voluntary and milder EEC Code of Conduct.

South African representatives at the Leeds Castle meeting — including Urban Foundation director Jan Steyn — have strong reservations about the revised Sullivan proposals.

But the possibility of a deal whereby the proposals would be toned down in return for an input and monitoring role for the SA business community has not been ruled out by sources close to the meeting.

Signatories would be required to campaign actively on issues such as influx control, forced removals, family housing for black workers, and an official 'hands-off' approach to black trade unions.

They would also be required to urge other companies in South Africa to follow the principles.

While about 119 of the 126 US Sullivan signatories have already given their provisional backing to the new proposals, many are uneasy about the implications of becoming involved in what amounts to direct interference in South Africa's domestic affairs.

Mr Steyn . . . Urban Foundation's impressive list of achievements.

Political intervention through multi-nationals operating in South Africa also raises for many US businessmen a series of moral questions about their operations in other countries with poor human rights records — particularly in the Eastern bloc.

However, given the current tide of disinvestment sentiment in the US, they realise that the choice is no longer between backing the Sullivan Principles or rejecting them, but between continuing their South African operations under the protection of the Sullivan umbrella or not at all.

In this way some firms not prepared to follow Sullivan into the political arena might reluctantly sell out to local interests, as Ford decided to do when they sold a 60% stake in a merger with Anglo-American in January.

Ford was recognised as the most progressive and highest-paying foreign employer of black labour in South Afica.

Mr Sullivan's efforts to broaden the base of his principles to include British companies operating in South Africa — and his attempt to seek the quiet co-operation of South African business — is without doubt the most far-reaching development on the disinvestment scene in recent months.

The move also manifests a concern by Mr Sullivan — and his General Motors backers — that American business should not bear the economic consequences of disinvestment alone.

If successful, the Sullivan strategy — which amounts to a manifesto for continued foreign investment in South Africa — would seriously undermine the growing campaign for outright disinvestment and, in effect, buy valuable time for the process of evolutionary change.

It would also dovetail with Bishop Desmond Tutu's two-year deadline for advocating economic sanctions — regardless of the legal consequences — if apartheid has not been dismantled by then.

It will take time before the results of this week's closed meeting at Leeds Castle are known, but the meeting could well mark a turning point in the disinvestment campaign.

The Urban Foundation's Mr Steyn will be able to chronicle an impressive list of achievements since it began its work nine years ago — particularly in paving the way for leasehold and freehold rights for blacks.

But he will strongly counter any moves by US business to dictate the pace of reform in South Africa.

The South African business contingent has been asked to co-operate in a Sullivan monitoring committee which would include business leaders, trade unionists, church representatives under the chairmanship of the American ambassador to South Africa, Mr Herman Nickel — an outspoken advocate of constructive engagement.

This does not rule out the possibility of a deal whereby SA business would agree to such a role in return for a toning down of the proposals.

In short, the Sullivan strategy presents possibly the last chance for the Reagan administration to rescue its policy of constructive engagement with Pretoria — albeit in a modified form.

It might also present the last chance for the South African business community — which has

Mr Nickel . . . an outstanding advocate of constructive engagement.

embarked on an aggressive campaign to promote fundamental reforms — to play a role in undermining the US campaign for disinvestment.

By their presence at the conference SA businessmen like Premier Milling's Tony Bloom, and Anglo Vaal's Basil Hersov, could make a major contribution to staving off disinvestment in some form.

The South Africa debate in the US — which has taken on the proportions of a national moral crusade — is no longer whether US companies should disinvest in South Africa but what form that disinvestment should take.

Already five states in the US have enacted laws preventing the investment of public funds in SA-linked companies, and disinvestment measures are pending in 27 other state legislatures.

New York City has already begun withdrawing R1,2 billion in pension money from SA-linked companies, and the huge Citibank has agreed to liquidate its loans to South Africa by the end of this month.

More than 20 other US cities are moving in the same direction, and about 40 colleges and many churches in America have decided on various forms of disengagement from South Africa.

A 'consensus bill' in the US to agree on a joint Democrat/Republican approach to disinvestment is only being delayed because of Republican reservations about the inconsistency of continued investment in various communist countries.

However, even the most committed proponents of disinvestment concede privately that even total US divestment in South Africa — if it could be achieved (which is doubtful) — would have, at best, a limited effect on accelerating the pace of internal reform.

But both opponents and advocates of disinvestment fear that the current crusade in the US has already assumed its own momentum and could result in disinvestment measures being adopted regardless of the wishes of those who initiated the campaign.

United States opponents of outright disinvestment fear that it could be counter-productive and even diminish the prospect of evolutionary change by hitting the blacks hardest and driving whites back into the laager.

However, at the same time there is a growing realisation in the US and the West generally that the use of economic pressure is the only peaceful option for countries which stridently condemn apartheid but continue to trade with South Africa.

For anti-apartheid activists who reject violence as an option economic sanctions or some form of economic pressure is the only avenue left.

The Rev Leon Sullivan....author of the code of conduct for US businessmen in South Africa.

It is this realisation which the British Government — weary of constant domestic and international pressure over its collaboration with Pretoria — is having to come to terms with.

On the one hand, Britain welcomes the award of the 1984 Nobel Peace Prize to Bishop Tutu and fully endorses his campaign of peaceful opposition to apartheid. But in the same breath it rejects economic sanctions or disinvestment as an ineffective and counter-productive strategy for internal change.

British executives realise that they will not be able to rely on British Foreign Office protection indefinitely.

Leeds Castle could prove a watershed for the South African business community.

(10) D. Dispatch 9/3/85

Divestment: fighting back

By John Battersby

The South African business community got a chance to defuse the mounting disinvestment campaign at a conference held at Leeds Castle in Kent.

The conference — described by the organisers as "private" — was remarkable in several respects.

For the first time it brought together the Rev Leon Sullivan, author of the code of conduct for U.S. firms operating in South Africa, leading South African businessmen, U.S. company executives, and executives of British companies who have rejected disinvestment as a means of accelerating the pace of reform in South Africa.

Acting as informal chairman and behind-the-scenes organiser of the conference was Mr Edward Heath MP, the former British Prime Minister, who gave a warning when he visited South Africa in 1981 that failure to grant blacks political rights would lead to violent revolution.

The conference, set-up by Mr Sullivan with General Motors backing and with Mr Heath's assistance, was a follow-up to an earlier meeting with British executives in 1983, to seek U.K. support for his revised Sullivan principles.

The revised code requires signatories to apply direct pressure on the government to dismantle apartheid.

It is believed that British companies are less than enthusiastic about the new Sullivan proposals in their present form because they would amount to direct interference in South Africa's domestic affairs.

Most British companies with operations in South Africa subscribe to the voluntary and milder EEC code of conduct.

South African representatives at the meeting — including Urban Foundation director Jan Steyn — have strong reservations about the revised Sullivan proposals.

But the possibility of a deal whereby the proposals would be toned down in return for an input and monitoring role for the South African business community has not been ruled out by sources close to the meeting.

Signatories would be required to campaign actively on issues such as influx control, forced removals, family housing for black workers and an official "hands-off" approach to black trade unions.

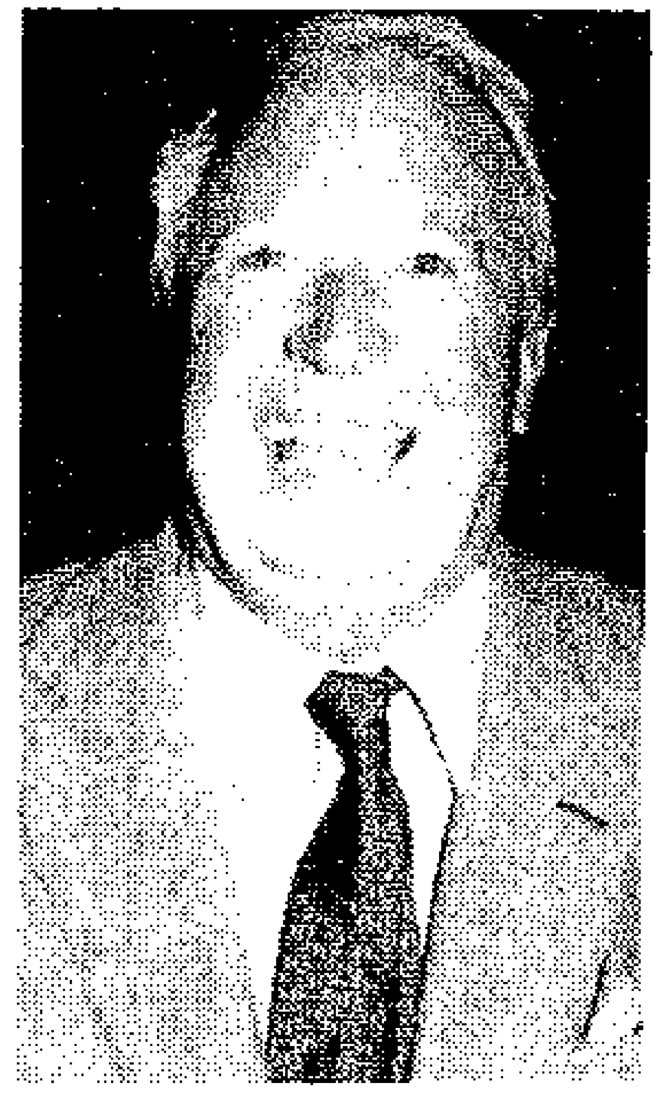
They would also be required to urge other companies in South Africa to follow the principles.

While some 119 of the 126 U.S. Sullivan signatories have already given their provisional backing to the new proposals many are uneasy about the implications of becoming involved in what amounts to direct interference in South Africa's domestic affairs.

Political intervention through multinationals operating in South Africa also raises for many U.S. businessmen a series of moral questions about their operations in other countries with poor human rights records — particularly in the eastern bloc.

However, given the current tide of disinvestment sentiment in the U.S. they realise that the choice is no longer between backing the Sullivan principles or rejecting them but between continuing their South African operations under the protection of the Sullivan umbrella or not at all.

In this way some firms not prepared to follow Sullivan into



Heath . . . putting it together.

Tutu . . . two years grace.

the political arena might reluctantly sell to local interests.

Mr Sullivan's efforts to broaden the base of his principles to include British companies operating in South Africa — and his attempt to seek the quiet co-operation of South African business — is the most far-reaching development on the disinvestment scene in recent months.

The move also manifests a concern by Mr Sullivan — and his General Motors backers — that American business should not bear the economic consquences of disinvestment alone.

If successful, the Sullivan strategy — which amounts to a manifesto for continued foreign investment in South Africa — would seriously undermine the growing campaign for outright disinvestment and, in effect, buy valuable time for the process of evolutionary change.

It would also dovetail with Bishop Desmond Tutu's two-year deadline for advocating economic sanctions if apartheid has not been dismantled by then.

It will take time before the results of this week's closed meeting at Leeds Castle are known but the meeting may mark a turning-point in the disinvestment campaign.

The Urban Foundation's Mr Steyn will be able to chronicle an impressive list of achievements since it began its work nine years ago, particularly in paving the way for leasehold and freehold rights for blacks. But he will strongly counter any moves by U.S. business to dictate the pace of reform in South Africa.

The South African business contingent has been asked to co-operate in a Sullivan monitoring committee which would include business leaders, trade unionists and church representatives under the chairmanship of the American embassador to South Africa, Mr Herman Nickel — an advocate for constructive engagement.

This does not rule out the possibility of a deal whereby SA business would agree to such a rule in return for a tuning down of the proposals.

By their presence at the conference South African businessmen like Premier Milling's Tony Bloom, and Anglo Vaal's Basil Hersov could make a major contribution in staving off disinvestment in some form.

16 Business Day RDM 11/3/85 (60)

EEC's code on SA business left on ice

By NEIL BEHRMANN

LONDON. — The EEC has not been under pressure to change its voluntary code of conduct for European businesses in South Africa.

Foreign officials say EEC governments have made no decision on whether they should modify the code in line with the proposed amendments to the United States' "Sullivan Principles".

In terms of the Sullivan Principles, American companies should desegregate their South African operations and promote the interests of black workers. But the amendment demands that they should begin to lobby actively against apartheid.

At a closed door conference at Leeds Castle last week, the Reverend Leon Sullivan, who formed the code, explained his intentions to British and South African businessmen. He was doing so in the knowledge that 119 out of 126 American corporate signatories have agreed to the draft Sullivan ammendment.

Several US companies are reluctant to involve themselves in South African politics. But they are accepting the draft amplification because it is regarded as good defence against the disinvestment campaign in the US.

If American companies do decide to lobby actively for political reforms, European companies will be confronted with a dilemma. Should they become directly involved in SA politics?

So far, most corporations abide by the EEC code. That code also specifies that their South African subsidiaries should end racial discrimination and improve the lot of black workers. But the code indicates that companies should not politicise their operations.

In recommending the code the British Government, for example, urged that UK companies maintained "the best employment practices in South Africa and be seen to do so".

But in "urging adoption of the policies and practices recommended in the code", the (UK) government "is not asking companies to act contrary to South African law".

Foreign officials said the British Government regarded the Leeds conference as a private affair.

But the secrecy surrounding the conference shows that South African, and European, businessmen are worried about Mr Sullivan's new amendment.

In an informal briefing, Mr Justice Jan Steyn, head of South Africa's Urban Foundation, said he thought it unwise that foreign companies should directly confront the Government.

Such pressure might prove to be counter-productive.

Subtle lobbying, possibly through the Urban Foundation or another joint South African business group, on the other hand, might achieve far better results.

But American companies are under pressure from lobby groups in their own country. Ford, for example, has said that US companies have already spoken against apartheid through the American Chamber of Commerce in South Africa.

RAND DAILY MAIL, Monday, March 11, 1985

SA firms score breakthrough on US codes

By JOHN BATTERSBY
London Bureau

LONDON. — A top level delegation of South African businessmen has scored a breakthrough in the propaganda battle to undercut mounting pressure for United States disinvestment in South Africa.

The breakthrough came at what had been planned as a secret summit of South African, British, American and Swedish business executives under the chairmanship of the former British Prime Minister, Mr Edward Heath.

The focus of attention at the meeting was the Rev Leon Sullivan, author of the Sullivan code of conduct for US companies operating in South Africa.

The South African delegation was led by the director of the Urban Foundation, Mr Jan Steyn, and included Mr Tony Bloom, executive chairman of the Premier Group; Mr Basil Hersov, executive chairman of Anglo Vaal, and Mr T R Hofmeyr, executive director of Barlow Rand.

Informed sources said the conference had brought South African business leaders to a closer understanding with Mr Sullivan who, in turn, recognised the vial role that SA businessmen were playing in promoting internal reforms.

The top-security meeting was held on Thursday and Friday last week behind closed doors in Leeds Castle, set in pictureqe countryside about 60km from London.

The conference was organised by US multinational interests through Mr Sullivan and Mr Heath, without the blessing of either the British or South African governments, and against the advice of the UK-SA Trade Association.

A bland statement released after the conference contained the essence of a remarkable new consensus which will simultaneously intensify business pressure on the SA Government and undercut the growing momentum for outright disinvestment.

The presence of a three-man Swedish delegation headed by Dr Aake Magnusson, chairman of the Council of Swedish Industries, is considered of particular significancee as the Swedish Government has been at the forefront of disinvestment moves aimed at stepping up international pressure for mandatory economic sanctions against South Africa.

The formal statement agreed by the 18 chief executives present, said participants had "agreed to continue their individual and collective efforts to encourage reform in South Africa".

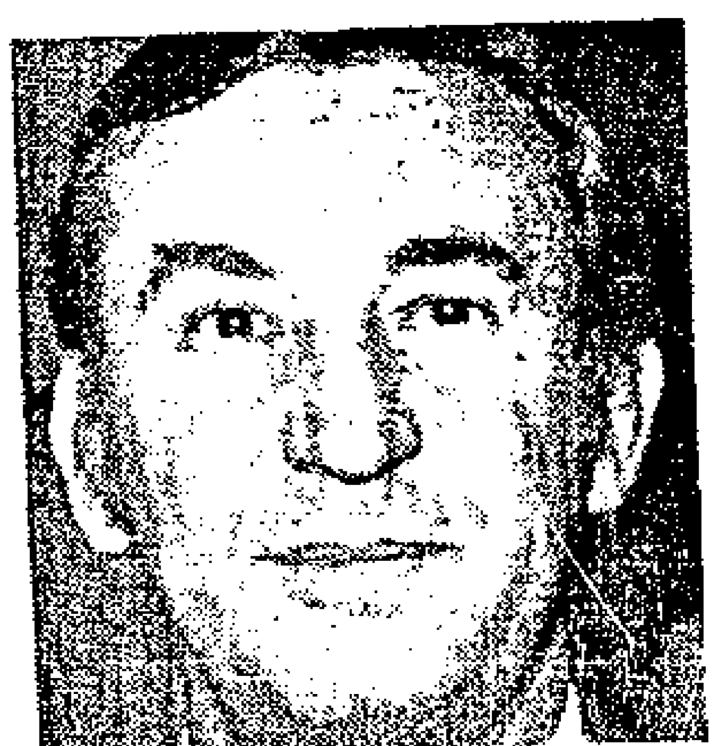
Although the statement said the meeting had been "one of several such meetings participants conceded privately that there had been no comparable gathering in the past.

A low-key secret meeting held between a handful of American and British executives and Mr Sullivan in London's exclusive Inn-on-the-Park in 1983, ended without agreement on a reform strategy.

South African participants in the conference pointed to the significance of a key paragraph in the agreed statement: "It is important to reflect that economic growth and productive investments are essential forces now taking place in South Africa . . . The participants are encouraged by the progress that has been made."

This, sources said, concealed a protracted discussion on shop-floor developments involving black trade unions and progress towards the acceptance of black urbanisation and the eventual phasing out of influx control.

MR JAN STEYN
Urban Foundation



MR BASIL HERSOV
Anglo Vaal

MR TONY BLOOM
Premier Group

A paper delivered by the Urban Foundation's Jan Steyn — entitled "The Social and Legal Situation in South Africa and which way the country is heading" — and one by Anglo Vaal's Basil Hersov on the role of private business in leading change — formed the focus of discussion.

The South African delegates argued that foreign investors could achieve more by continued involvement in South Africa than they could by opting for disinvestment or outright confrontation with the South African Government.

But there was general agreement among them that it was important to keep Mr Sullivan on the side of Sputh African business because his demands that foreign investers should support political change were not as "radical" as those being demanded by Senator Edward Kennedy and other influential figures.

They argued that while it was up to US business to counter the disinvestment lobby in the US, South African business had a responsibility to see that apartheid was dismantled so that there would no longer be grounds for a disinvestment lobby.

Although there was no discussion on the details of Mr Sullivan's revised principles — which in their draft form call on signatories to play a direct political role in promoting reform — there was broad agreement that local and foreign business pressure should be intensified.

British executives who attened the conference were more sceptical of what they saw as Mr Sullivan's attempts to impose his principles on them.

Plan to disinvest in SA undercut

CAPE TIMES 11/3/85

60

From JOHN BATTERSBY

LONDON. — A top-level delegation of South African businessmen has scored a breakthrough in the propaganda battle to undercut mounting pressure for United States disinvestment in South Africa.

The breakthrough came at what had been planned as a secret summit of South African, British, American and Swedish business executives under the chairmanship of the former British prime minister, Mr Edward Heath.

The focus of attention at the meeting was the Rev Leon Sullivan, author of the Sullivan code of conduct for American companies operating in South Africa.

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A bland statement released after the conference contained the essence of a remarkable new consensus which will simultaneously intensify business pressure on the SA Government and undercut the growing momentum for outright disinvestment.

'Encouraged'

The presence of a three-man Swedish delegation headed by Dr Aake Magnusson, chairman of the Council of Swedish Industries, is considered significant as the Swedish Government has been at the forefront of disinvestment moves.

The formal statement agreed on by the 18 chief executives present, said participants had "agreed to continue their individual and collective efforts to encourage reform in South Africa".

South African participants in the conference pointed to the significance of a key paragraph: "It is important to reflect that economic growth and productive investments are essential to forces now taking place in South Africa . . . The participants are encouraged by the progress that has been made."

This, sources said, concealed a protracted discussion on shop-floor developments involving black trade unions and progress towards accepting black urbanization, and the eventual phasing-out of influx control.

Argued

A paper delivered by Mr Jan Steyn, entitled "The social and legal situation in South Africa and which way the country is heading", and one by Mr Basil Hersov on the role of private business in leading change, formed the focus of discussion.

The South African delegates argued that foreign investers could achieve more by continued involvement in South Africa than they could by opting for disinvestment or outright confrontation with the South African Government.

But there was agreement among them that it was important to keep Mr Sullivan on the side of South African business because of his less "radical" demands that foreign investors should support political change.

Reluctant

Although there was no discussion on the detail of Mr Sullivan's revised principles — which in their draft form call on signatories to play a direct political role in promoting reform — there was broad agreement that local and foreign business pressure should be intensified.

The British participants in the conference insisted that their adherence to the milder EEC Code of Conduct for firms operating in South Africa was achieving results. They were clearly reluctant to endorse any strategy which would amount to a direct involvement in South Africa's political affairs.

Leaders reject disinvestment

Cape Times 12/3/85 (60)

CABINET ministers and prominent Western Cape businessmen commented on disinvestment at a New Southern African Club lunch yesterday.

● The Chairman of the Ministers' Council of the House of Delegates, Mr Amichand Rajbansi, said that disinvestment would directly destroy the political awareness of black people in Southern Africa.

"Any action against South Africa would be a move against the whole of Southern Africa. The political salvation of the black community depends on the rise of black consciousness and political awareness."

● The Chairman of the Ministers' Council of the House of Representatives, the Rev Allan Hendrickse, said: "We believed that a new situation had been created in South Africa; the beginning of a revolution of race relations. We are living through that revolution, in terms of social change and political change."

He said that those calling for disinvestment had wanted to create a situation in South Africa where anarchy and political chaos could thrive.

"Look at who is calling for disinvestment in the United States. It's not the 'Have-nots', it's the 'Haves'.

"Give us a chance and we can show those people that this country can be a place where people can live happily together," he said.

● The president of the Cape Town Chamber of Commerce, Mr P Krawitz, said that poverty was the only result of a disinvestment campaign.

He described those who advocated economic sanctions as "sadly misinformed do-gooders".

● The president of the Western Province Chamber of Commerce, Mr Oswald Mama, spoke of continued "conditional" investment in South Africa by foreign companies.

"Black areas are the hardest hit — they are very much impoverished. If some of the investment could be channelled into black areas, we could also play a meaningful role in the economy of the country by providing jobs for our own people," he said.

"The answer does not really lie with the Unites States but right here in this dear South Africa of ours. More attitudes must change in this country."

PARLIAMENT ARGUS 13/3/85 (60)

S Africans should work to beat disinvestment — Pik

Parliamentary Staff

ALL but four African countries maintained economic relations with South Africa, the Minister of Foreign Affairs, Mr Pik Botha, said in the House of Delegates yesterday.

Mr Botha was replying to a debate on a private member's motion opposing disinvestment in the country and calling on the Government to do all possible to bring about a just and free South Africa.

The Minister said all South Africans would have to do all they could to beat the threat of disinvestment because of the wider interests of the Southern African region.

All South Africa's neighbours sought increased benefits from closer economic association with the country.

Mr Botha said wealthy men and women in the United States were doing their utmost to make black people in South Africa pay through famine and degradation for their misplaced and perverse sense of justice and humanity.

Boycotters

The re-election of President Reagan, combined with the fact that the governments of South Africa's major economic partners were opposed to economic sanctions, should not be seen as a panacea for the disinvestment problem, the Minister said. Economic damage could be inflicted.

But, he said, the boycotters would not succeed in attaining their ultimate objectives.

The people of South Africa would determine their own future and would not take decisions to appease others.

Misguided

However the refusal to appease did not mean the country would not change.

The Government remained committed to the path of evolutionary, peaceful change.

Mr Ahmed Arbee (S Eastern Transvaal), who introduced the motion, said disinvestment was a misguided strategy that would do nothing to aid the struggle for evolutionary change in South Africa.

The leader of the Opposition, Mr J N Reddy, said rather than calling for disinvestment, concerned people in the United States should go into partnership with the blacks to help improve their standard of living.

Mr Salaam Abram-Mayet (Ind Nominated) said disinvestment would undermine the two most important black power bases in South Africa — independent trade unions and black consumer power.

The Minister of Health and Welfare, Dr M S Padayachee, said disinvestment would be disastrous for black South Africans.

Parliament and Politics

CAPE TIMES 13/3/85

Disinvestment: 'We will beat it,' says Pik

(60) 82 537 780

Political Staff

PARLIAMENT. — South Africans should accept that the disinvestment campaign in the United States could lead to "significant economic damage" — including loss of jobs, the Minister of Foreign Affairs, Mr Pik Botha, warned yesterday.

Speaking in the House of Delegates in a debate on a Private Member's motion on disinvestment, Mr Botha said the government viewed the threats seriously and would do all it could to contain and defeat them.

"We have faced sanctions before. We have faced this threat for more than two decades. We beat the arms embargo. We beat the oil embargo. With the country's help, we will once again beat this threat," he said.

In spite of opposition to sanctions by the US administration and by the governments of South Africa's other major economic partners, the threat was considerable.

The US legislative process, combined with the "anti-South African" majorities in the House of Representatives, the majority of states, and most major cities, made a variety of "hostile" actions possible.

But the "boycotters" could not succeed.

"Indeed, we can and will not allow it. We must, nevertheless, be forewarned of and prepared for the dangers," he said.

The "misplaced and perverse" sense of justice and humanity being displayed by the "wealthy men and women" in the US who advocated disinvestment would lead to famine and degradation for millions of blacks.

"We Africans face a harsh reality which is too little understood in the US. This is the reality of the first of all human freedoms, perhaps the most fundamental of them all: freedom from want and famine. Destroy a job and you take away a family's food," he said.

Yesterday's debate was noteworthy for the unanimous rejection of disinvestment by the Indian MPs.

The chairman of the Indian Ministers' Council, Mr Amichand Rajbansi, said the presence of US firms in South Africa had played, and would continue to play, a significant role in bringing about change in the country.

The Leader of the Opposition, Dr J N Reddy, called for even greater involvement by US firms in promoting social and economic upliftment among less privileged South Africans.

The proposer of the motion, Mr Ahmed Arbee, the Solidarity MP for Eastern Transvaal, called on US legislators not to rush into legal curbs on investment in South Africa.

He urged them to heed the views of all South African leaders, and to be aware of the opportunities that could be created for greater communist influence in South Africa if the disinvestment campaign succeeded.

Mr Pat Poovalingam, the Solidarity MP for Reservoir Hills, said he did not want to see the country damaged just because the government did "stupid things". He said disinvestment had been a communist threat for 20 years. "Liberals" in the US who believed they had suddenly discovered the strategy were unwittingly following the Moscow line.

Mr Pik Botha

Assocom urges action

By ANDREW DUNCAN

BUSINESSMEN must take immediate action to counter the threat of disinvestment, says the Association of Chambers of Commerce.

Assocom added in its latest quarterly review that everyone in business should act before irrevocable machinery was set in motion in the US.

People should urge their American contacts to lobby congressmen and senators to vote against any form of US disinvestment.

The publication said anti-SA sentiment had reached far beyond arms embargoes and original concepts of the Sullivan Code. Bankers were being forced to reconsider and, perhaps stop, loans to this country (Citibank has already stated that it will not grant new loans after March).

American trust and investment companies were being urged to shed holdings in US companies with trading links in this country.

The next step, said Assocom, would be to apply as much pressure as legally possible to force companies with interests in this country to sever all ties.

Assocom said businessmen dared not be indifferent to what was happening in the US nor should they regard pickets in Washington and legislative moves as being the actions of a crankish minority.

They were all sections of a lobby gaining strength and which could do tremendous damage to this country.

Assocom said the country's economic potential and political stability could not be ensured without a stable, secure and prosperous workforce.

Employer organisations had had some success in urging the SA Government to make policy changes in widening labour relations and in opening up equal opportunities for all, in advancing black home-ownership rights, educating and training people of all races, and in encouraging black entrepreneurship, especially in the informal sector.

It said employer organisations were still working towards further reforms in the structure of society.

These included more political participation for blacks, full participation in a p[redacted]erprise economy, full SA citizenship and a free and independent trade union movement.

Assocom said that time was, however, running out fast. Events were moving against SA and once decisions to disinvest or apply sanctions had been made they would be almost impossible to reverse.

The political juggernaut in this country often moved at a frighteningly slow pace, said Assocom, and action would have to come from the private sector.

 RAM 15/3/85 (60)

The business of survival

AFTER 25 years of existence the South African Foundation, under its newly elected president, Dr Fred du Plessis, chairman and managing director of Sanlam, faces a new challenge: to counter the looming threat of disinvestment, particularly in the United States.

The election this week of Dr Du Plessis, one of Afrikanerdom's most astute and dynamic businessmen, coincided with consideration by the Foundation's trustees of a six-point plan to neutralise the disinvestment movement.

The plan has not yet been finalised and modifications and refinements are likely to be made before it is adopted as a definite programme of action.

PATRICK LAURENCE
Political Editor

But it nevertheless provides guidelines to thinking by the Foundation, which, with more than 3 500 individual and corporate members, covers the entire spectrum of the South African business community.

The first point was presaged in forthright speeches at the Foundation's annual general meeting by both its outgoing president, Mr Ted Pavitt, chairman of Gencor, and its director-general, Mr Peter Sorour.

It is simply to demonstrate to friend and foe alike that effective steps are being taken to dismantle apartheid and to rectify South Africa's economic maladies and to make South Africa a profitable country for investment.

As Mr Pavitt noted in his keynote address, South Africa needs to help its potential allies and sympathetic critics overseas, of whom President Reagan is perhaps the foremost example, by giving legislative content to its reformist rhetoric.

"The response they need is a demonstrable dismantling of apartheid and . . . a credible commitment by government towards developing a coherent society of all South Africa's peoples."

But, Mr Pavitt added, apart from action lagging behind words, South Africa is labouring under a new handicap: the overseas perception that the South African economy is no longer a safe bet for investment, even if purely political considerations are ignored.

The view from abroad is of a "less attractive and deteriorating business and investment scene, with no growth, a weak rand, poor financial management and continuing unrest signalling insecurity for the future."

Politically-motivated pressure for disinvestment could be countered in the past by South Africa's strong economy and its record of honesty and reliability as a trading partner.

But that is no longer so and there are now signs that foreign investors and businessmen are considering disengagement from South Africa for economic rather than political reasons, Mr Pavitt said.

He concluded: "It is an escapable reality that businessmen and investors might be prepared to resist disinvestment pressures while enjoying a high-yielding stake in South Africa, but they become less willing to put up with the harassment and opprobrium attached to doing business here when the return on their investments is declining and its future looks unsure."

The remaining five points on the six-point programme under consideration can be summarised in a sentence: the most effective opponents of disinvestment in the United States are Americans themselves and the best plan of action is to assist them in resisting the disinvestment lobby in the US.

Points under consideration to achieve that end include mobilisation of potential US "grassroots" allies against disinvestment, an expanded programme of influential US visitors to South Africa, and a concerted campaign by South African commerce and industry to write to their counterparts in the US and ask them to oppose disinvestment legislation at all levels of government.

Mr John Chettle, North and South American director of the Foundation, gave delegates at the Foundation's annual meeting reason to believe that a campaign to mobilise opposition in the US would not be unsuccessful.

He referred to a recent poll in the journal, Business Week, which pointed to a "remarkable indication of change" in US attitudes towards South Africa.

"It confirmed that most Americans disapprove of apartheid and want the US Government to press the South African Government to give more freedom and political participation to South African blacks," he said.

"But by large majorities they reject any form of sanctions . . . Five years ago there were small pluralities in favour of minor sanctions against South Africa. Today there are decisive majorities against any form of sanctions."

But, as Mr Sorour made clear in his address, it is vital for the South Africa Government to move more quickly in translating its declared commitment to reform into tangible action.

"There is undoubtedly a greater impatience with the slow pace of political action in South Africa, even among our country's most sympathetic well-wishers," he said.

Business Day RDM 15/3/85 (60)

The reality of disinvestment

HOWARD PREECE ON THE ECONOMY

THE latest disinvestment threats to South Africa might not depress the economy quite as badly as seems widely believed, both here and overseas.

The reason for that is far from comforting, however.

Too little notice seems to have been taken of the fact that South Africa is already suffering considerably from foreign investor fears about the political outlook here.

In other words, many of the aims of the disinvestment lobby have in practice come about — and we are now feeling the pain.

The country has certainly failed for nearly a decade to attract anything like the amount of overseas capital investment that its wealth of natural resources ought to command.

This is well illustrated in the latest Barclays Business Brief from the bank's chief economist, Dr Johan Cloete.

He has taken a detailed look at the developments on the current and capital account of the balance of payments since 1976.

As it happens, Dr Cloete has chosen that starting point because it the central year of the recession of the mid-1970s.

It was also, of course, the year of what white commentators usually refer to as the "Soweto riots".

At any rate, that particular watershed in South African history has certainly done more to date to disrupt the economy than any actions so far from Senator Edward Kennedy and his allies.

Dr Cloete points out: "As an economy with considerable growth potential, South Africa should be able to attract sufficient long-term capital over a period of time to at least finance the accumulated current account deficits which are characteristic of a developing economy.

"Over the past nine years, 1976 to 1984, this has indeed proved to be the case."

Then comes the rub.

Dr Cloete says: "The entire net inflow of long-term foreign capital into South Africa recorded over the nine-year period (R4 353m) has come about, however, as a result of borrowing by the Government and semi-government organisations."

In addition, he suggests, the huge figures for short-term capital outflows from the private sector, plus what the Reserve Bank calls "errors and omissions (R5 988m altogether) are quite probably fairly substantially made up of exports of capital (both long and short-term) in contravention of exchange control."

This is "a factor which also testifies to the apparent unattractiveness of South Africa to the long-term investor".

Dr Cloete adds that "the nature of the long-term net capital inflow which has financed the net current account deficits has not been of the most desirable kind.

"Furthermore, there has been over the same period an ever-larger outflow of short-term capital which has, in fact, resulted in a net outflow of total capital over the years since 1976."

Why has the long-term capital inflow largely been "not of the most desirable kind"?

Dr Cloete explains:

"It is to be expected that a fairly large proportion of any long-term capital inflow into a developing country would be in the form of foreign loans taken up by government or semi-government institutions to finance infrastructural programmes.

"(But) it is probably preferable that a fairly substantial part of the net inflow should be in the form of autonomous foreign investment in productive enterprises and projects in the private sector of the economy.

"For, despite some major drawbacks of such autonomous investment in developing countries which have received a good deal of publicity in recent years, foreign investment is, by its nature, generally far more stable and beneficial than foreign borrowing.

"The foreign investor usually has a greater vested interest in ensuring the success of his investment than does a foreign lender, and foreign investment is less likely to be suddenly withdrawn than foreign lending."

Instead, the long-term capital flow has been overwhelmingly dependent on loans.

Dr Cloete says that "political factors obviously play a part in discouraging foreign investment."

He argues, however, that the lacklustre performance of the South African economy (and what he sees as its mismanagement by both Government and the Reserve Bank) has contributed to the lack of investment capital inflow.

Of course, what is now being proposed by Senators Kennedy and Proxmire in the US, and other proponents of disinvestment in its various forms, goes further than the capital side.

There are threats to cut South Africa off from outside technology, above all in computers.

There is an attempt effectively to ban Krugerrands sales in the US, an area which takes up about 8% of South Africa's gold exports at present.

But even if these new developments fail finally to get off the ground, the harsh fact remains that politically-inspired market forces are already taking a severe toll on South Africa.

Business warned on disinvesment

Argus 15/3/85

60

Staff Reporter

BUSINESSMEN were told today that unless they did something about issues such as detention without trial, forced removals and discrimination, South Africa would be doomed under disinvestment pressure.

Professor James Leatt, professor of business administration at the UCT Graduate School of Business, said if the problems of civil and political rights in South Africa were not solved the country's economic structure would fail.

He was addressing a Cape Town Chamber of Commerce seminar on corporate social responsibility, which he described as "voluntary expenditure of resources to do something not required by law and without immediate economic benefits". He said the survival of the country depended on this.

Mr Raymond Ackerman, chairman of Pick 'n Pay, told the meeting businessmen had to stand up to government and lobby for reform. He said businessmen could also play an important role by promoting South Africa overseas.

"A group of overseas bankers visited South Africa and were given a whitewash by the Government and the bad news by the Progs and they were switched off South Africa.

"Nobody told them that businessmen had negotiated the changes in the housing system which led to 99-year leases. When overseas people hear this they acknowledge we are worth fighting for."

A policy of corporate social responsibility could lead to economic growth.

"Don't avoid competition, don't maximise profits and don't fix prices. Break cartels and boards which export food at a loss and fight government to keep subsidies on basic foodstuffs," Mr Ackerman said.

"You can play a role in your community. No businessman can afford to ignore how much the consumer can help his business. This is just as important as buying and marketing."

Cusa: Don't invest in SA

Mail Reporter

THE Council of Unions of South Africa — which claims membership of about 250 000 — yesterday publicly endorsed the disinvestment campaign against South Africa.

Cusa reaffirmed a resolution passed last month that any investment in South Africa was investment in apartheid.

RDM 20/3/85

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PARLIAMENT

Call for 5-year moratorium on disinvestment approved

ARGUS 20/3/85 (60)

Parliamentary Staff

THE Government has put its stamp of approval on a call from the House of Representatives for a five-year moratorium on disinvestment and for encouraging increased foreign investment in South Africa.

The Deputy Minister of Foreign Affairs, Mr Louis Nel, said the call — in a private member's motion from the majority Labour Party — contained "a very positive element".

Mr Nel put the Government's viewpoint yesterday during a debate on the motion, introduced by Mr Peter Hendrickse (LP Addo), son of the Labour Party Leader and chairman of the coloured Minister's Council, the Rev Allan Hendrickse.

Welcoming aspects of the motion, Mr Nel said he agreed with proposed conditions to be met by foreign investors. These included equal pay for equal work, creation of job opportunities, participation in technical training and housing projects, and provision of recreational facilities and bursaries.

He said the disinvestment campaign was aimed at destroying South Africa economically. If it succeeded, South Africa's neighbour states would suffer a similar fate because they were dependent on South Africa.

Mr Nel suggested the disinvestment campaign was a "devilish plan" to get the United States to withdraw its influence from Southern Africa to make it ripe for other influences.

A major theme in the debate was that only the South African Government could stop disinvestment — by scrapping apartheid.

Speakers who supported the motion called for faster reform and urged the Government to spell out its intentions.

Introducing his motion, Mr Peter Hendrickse said disinvestment and sanctions on a large scale against South Africa would result in increased misery, poverty, unemployment and racism. It could spell the end of peaceful change.

"We are asking for a five-year moratorium on disinvestment. We are saying that the Government has said it is sincere about reform. Give us a chance, one could say — a last chance to bring about change peacefully," he said.

Mr Anver Essop (Democratic Workers' Party, Nuweveld) supported the motion but moved an amendment seeking to include certain conditions to be met by the Government.

The proposed conditions included a declaration that all apartheid laws would be scrapped within five years, the abolition of racial discrimination, and no more detentions without trial.

Mr Essop's motion was rejected amid mocking laughter from the Labour Party benches. Mr Peter Hendrickse's motion was adopted by an overwhelming majority.

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Cusa council backs disinvestment

THE Council of Unions of South Africa (Cusa) has endorsed the disinvestment campaign against South Africa.

According to spokesperson, a joint executive council of Cusa, last Sunday reaffirmed a resolution approved by the national executive last month that any investment in South Africa was an investment in apartheid.

agreed to:

- Disaffiliate the Hotel, Liquor Catering and Allied Workers Union for not adhering to Cusa policy.
- Accept the application for affiliation of the National Union of

The meeting of the executive council also Wine, Spirits and Allied Workers Union. The union has a membership of over 5 000 workers and operates nationally in the wine and spirits industry.

- Continue participation in the unity talks and arrange meetings with the national executive council of each affiliate to hold meetings to explain present progress and future strategy.
- Invite all like-minded trade unions and organisations to participate both nationally and regionally to actively plan and co-ordinate activities relating to May Day celebrations on May 1.

And UK local authorities get tough over apartheid

(60) (68)

RDM 22/3/85

WHILE attention is being concentrated on the growing campaign in the United States to disinvest financial holdings in South Africa, a somewhat similar — but less publicised — movement has been building up in Britain among local authorities.

STANLEY UYS in London

This week these local authorities launched a co-ordinated campaign of action against apartheid.

So far, 121 local authorities — exercising authority over 36-million of the country's 56-million population — are involved in the campaign.

Mr Mike Terry, executive secretary of the Anti-Apartheid Movement, describes the campaign as "potentially the most influential stand against apartheid that has been taken in Britain".

For years, boycott campaigns directed at consumer products were conducted against South Africa, but they were never particularly successful, because they relied on individual participation. The concept of corporate participation is proving to be much more effective.

Writing in a recent issue of Optima, Mr William de Genring, president of the American Chamber of Commerce in South Africa, pinpoints what has been happening in the United States.

Stating that the real aim of disinvestment is not merely to force American corporations to halt operations in South Africa but "to cripple this country's economy as a vital step in achieving its total political isolation," Mr De Genring writes:

"In other words, it would seem as if the former international campaign for the introduction of sanctions against South Africa has shifted from the United Nations to the capitals and cities of individual countries; from the obviously international level to the people's representatives ... that is, to subordinate legislatures at national, state or municipal level."

Mr De Genring mentions particularly the pressure that is being put on pension funds which are responsible for about 80% of the daily activity on American stock exchanges.

The total value of their United States investment is estimated at more than R600 000-million.

"That," Mr De Genring notes, "far outweighs the economic significance of current trade with South Africa. The result is that when a corporation is faced with the choice between cutting links with South Africa and losing valuable investor support, its decision is inevitable."

An analysis of the areas in which local authorities in Britain are supporting sanctions against South Africa gives the following breakdown (most councils take action in more than one area):

General anti-apartheid policy declarations — 29; banning purchases of South African products — 70; disinvestment policies — 38; discouraging economic links and trade missions — 22; withdrawing accounts from banks with South African involvement — 14; banning advertising of South African products — 11; promoting positive teaching on apartheid — 12; anti-apartheid displays in libraries and banning South African "propaganda" — 21; cultural boycotts — 28; sports boycotts — 41; twinning or other relations with African towns or direct relations with liberation movements — 12; honouring opponents of apartheid — 26; banning official visits from South Africa — 26; developing public understanding of the situation in South Africa — 21.

The first action by local authorities in Britain against apartheid took place in 1959, when the late Chief Albert Luthuli, then president of the ANC and Africa's first Nobel Peace Prize winner, called for a boycott of South Africa. The present Anti-Apartheid Movement grew out of that Boycott Movement.

About 20 local authorities responded to the boycott call and 10 imposed a permanent boycott.

Participation grew steadily, and attention was extended to British companies with subsidiaries in South Africa, with particular attention being paid to Barclays Bank.

In 1981, on the initiative of Sheffield City Council, local council campaigns were co-ordinated for the first time ... purchasing and investment policies, library services, education and so forth.

The following year the Labour Party gave its support to the co-ordinated campaign.

Sheffield City Council, acting on behalf of the United Nations Centre against Apartheid, has now prepared a survey of the anti-apartheid action being taken by the 121 councils in Britain, most but not all of which are Labour controlled.

The survey makes ominous reading. Clearly the campaigns are gathering momentum and no one can predict how far they will go, what their eventual effect will be on the South African economy and how much further they will push South Africa into isolation.

For example, councils are exchanging information now about disinvestment policies, although, they point out that changing from Barclays to some non-involved bank is not as simple as it sounds.

Some of them have budgets of hundreds of millions of Rand and they cannot simply ring their bank managers and tell them to close their accounts.

It is still to be seen, therefore, whether the local authorities' campaign in Britain will become as serious as the disinvestment campaign in the United States.

But at this stage, it would seem that the campaign should not be under-estimated.

In the circumstances, it is surprising that British companies with subsidiaries in South Africa apparently played such a low-key role at the recent Leeds Castle conference here.

The issue at the conference was whether business companies should put pressure on the South African Government to hasten its apartheid reforms.

By all accounts, some of the American — and even South African businessmen — were surprised by the resistance shown by British businessmen to acting independently in this field.

The view of British businessmen is that they are opposed to independent lobbying for political change in South Africa, although they are prepared to support proposals for political change initiated by South African business organisations.

This puts them in a very different position from the American Chamber of Commerce in South Africa, which this week called on President Botha's Government to abandon discriminatory laws.

No doubt the British businessmen have thought their position through and know what they are doing.

The new pressures that are being applied against business interests in South Africa highlight once again the urgent need for apartheid reform.

Mr De Genring has spelt out the situation as far as American businesses are concerned.

British businesses could well find themselves in the same straits ... unless Pretoria takes its reformist courage in its hands and acts soon and decisively.

Racial dilemma of disinvestment

PHILLIP VAN NIEKERK on the disinvestment debate and its implications for SA

BLACK South Africans have become a political football in the heated debate over disinvestment engendered by pending anti-South African legislation in the United States Congress.

The key arguments on either side hinge on the effects economic sanctions will have on blacks: one side says it will hasten the end of apartheid; the other that it will create greater unemployment and starvation among blacks.

The dilemma of those who have not yet made up their minds was summarised by Bishop John Walker, the Episcopal Bishop of Washington, DC, who viewed the workings of apartheid first hand during a recent visit to South Africa.

Although he is a black man and although he shook with anger after seeing the squatter camps and urban ghettos within a few hours' driving distance of Johannesburg's Carlton Hotel, Bishop Walker is not yet an advocate of total disinvestment.

"It would be premature for me to call for total disinvestment until the black people of South Africa have made up their minds and agreed on a unified stance on the issue," he said.

Bishop Walker put his finger on the crux of the issue: what do blacks think, how much will they suffer and is it a matter of making sacrifices for the higher goal of "liberation"?

For this reason, Chief Gatsha Buthelezi's recent tour of the United States was probably the most important card that the anti-disinvestment lobby could play in the propoganda battle in Washington.

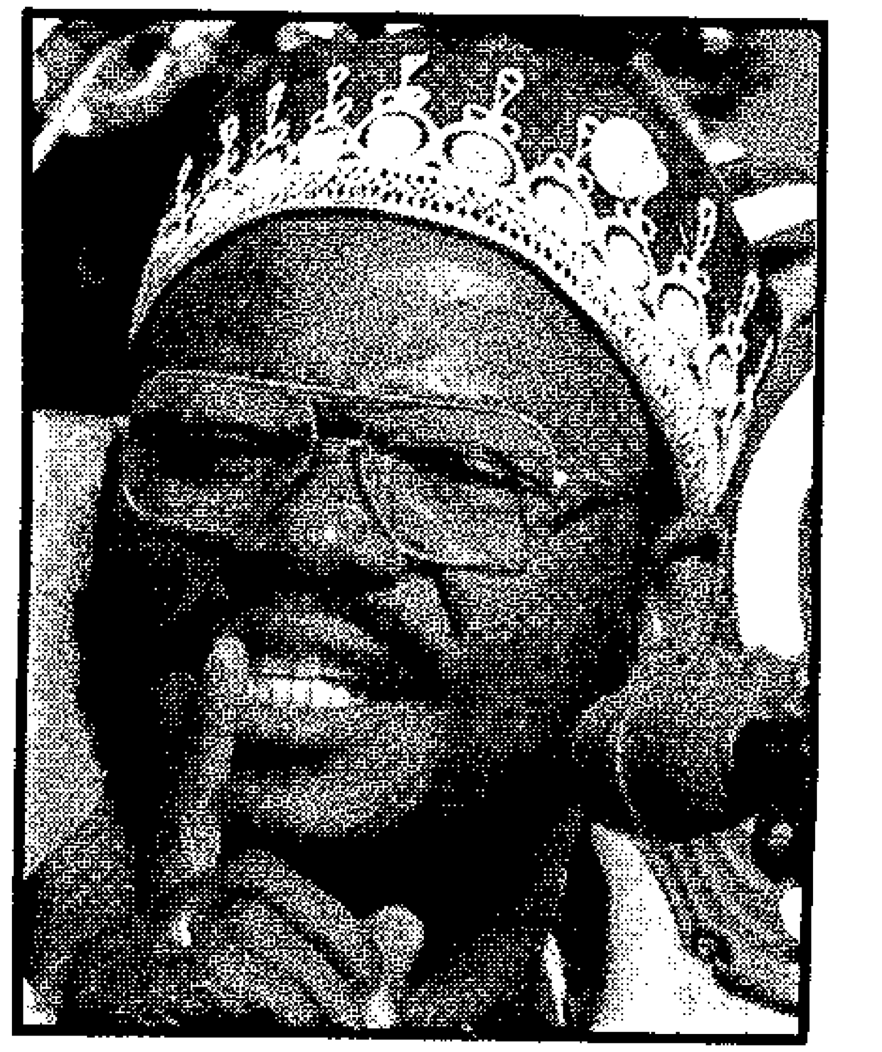
And the demand by Bishop Desmond Tutu, Bishop of Johannesburg, that the country dismantle apartheid in 18 to 24 months or he would advocate punitive economic sanctions was made to an attentive world audience.

In the black community, among political and trade union groupings, there are divergent approaches to disinvestment ... but the debate has been stifled by security legislation.

The widely-framed section 54 of the Internal Security Act is thought to make it a criminal offence to advocate disinvestment.

The most unequivocal pro-disinvestment stand is that of the African National Congress (ANC), which holds that foreign investment can only contribute to the strengthening of the "apartheid regime".

The ANC sees the call for disinvestment as both a tactical lever as well as a moral issue. They believe the removal of foreign investment will leave the Government undoubtedly weakened. "Coupled with mass political struggle and armed action, the downfall of the regime will be hastened that much."



CHIEF GATSHA BUTHELEZI ... disinvestment against black interests

The ANC holds that its call for disinvestment is a moral question, in that foreign investors in South Africa are making huge profits from an "immoral system that has been internationally condemned".

A number of internal political leaders, such as Dr Nthatho Motlana, of the Soweto Civic Association, have said that foreign investment creates stability, and that there is likely to be less change when the system is stabilised.

On the opposite end of the spectrum, Chief Buthelezi argues that the withdrawal of investments in South Africa by United States companies would be a strategy against black interests and not a "punitive stick" with which to beat apartheid.

He said in the United States that for large American companies to opt out of the South African situation was to opt out of being catalysts in the process of change.

"It is the large corporations which have broken apartheid barriers, leading to real advancement for black workers ... and international capital could back educational and development programmes".

This view — that foreign investment has a beneficial effect on reform and creates jobs — has been endorsed by the more conservative leaders of the national states, and mayors and members of the various town councils.

The leading black trade union leaders, however, believe it is important that economic and political pressure be maintained against the Government and say that they have no illusions that big corporations are the standard-bearers of change.

They believe black workers have suffered extensively over the years and that it would be a case of "crocodile tears" for employers to use the welfare of their employees as an argument against disinvestment.

The unions have not spoken out against the disinvestment lobby, but nor have they come out totally in favour of disinvestment.

Their predicament was summarised by a speaker at a panel discussion on disinvestment in Johannesburg this week, who pointed to the razor-sharp line dividing beneficial pressure from the fact that the sanctions movement develops a momentum of its own and could lead to economic chaos.

The Council of Unions of South Africa (Cusa) has made a strong call for "selective" disinvestment ... in effect, endorsing the legislation before the United States Congress.

"Apartheid is a crime against humanity, and the majority of people are racially oppressed. Under these circumstances we would consider calling for total disinvestment, but we don't think this would work," said Mr Piroshaw Camay, general secretary of Cusa.

According to Mr Camay, the freeze on new investment would be a control mechanism, to be maintained as long as apartheid remains in force, but with the incentive that it be removed once apartheid is eliminated.

He did not deny that foreign companies had played a role in uplifting the welfare of their employees and setting an example to local companies, but said workers were demanding fundamental change, not just the desegregation of canteens and toilets at their factories.

"What we are demanding of companies that stay in South Africa is that they get involved in pressurising the Government into fundamental change."

Mr Joe Foster, general secretary of the Federation of South African Trade Unions (Fosatu), said if he stood up in public and called for disinvestment "our members at Leyland would kill me".

While Fosatu felt it was correct for there to be pressure on the Government, they were not convinced that disinvestment would bring about the desired change, he said.

Fosatu believes that the credit for improvements to wages and working conditions should go to pressure from the black unions and not to the foreign companies.

On the bottom line, the primary pressure for change should be generated inside the country.

ON TUESDAY: The political timebomb over disinvestment ticks away in Washington

Trade boycotts more damaging ...

THE MOST frequently-used argument against disinvestment is that it would cause unemployment and harm blacks, the very people whom such action would be designed to benefit.

However, this fear could be exaggerated. According to the co-ordinators of the Sullivan Code, United States companies in South Africa employ only about 70 000 workers ... less than 1% of the country's total workforce.

Assuming a total pull-out by United States companies — an event which is still far from becoming reality — South African companies could buy up these factories, probably at discount prices, saving most of the jobs.

Mr Stephen Bissenius, head of the newly-formed American Association for Trade and Investment, has pointed out that the word "disinvestment" is a misnomer. "The campaign, correctly defined, aims to affect almost all trade, licensing agreements and technology transfer between the United States and South Africa," he said.

Thus the effects on unemployment could only be calculated in terms of the effects of a wide range of economic sanctions on the growth of the South African economy, a calculation which is almost impossible to make.

Here we can only go on the words of Dr Johan Cloete, chief economist for Barclays Bank, who pointed out that the "disinvestment lobby bodes ill for our economy".

The targets of the pending United States legislation include a ban on the importation of Krugerrands, a ban on all sales of computers and a ban on all new private and corporate investment.

The most dramatic — a freeze on new investment from the United States — might not be as drastic as has been imagined.

PROFESSOR ARNT SPANDAU estimated that a 50% export trade boycott would cost a total of 1 083 462 jobs

Since 1976 there has been a net outflow of United States and other direct foreign investment from South Africa, and foreign investment has declined as a slice of the country's economy.

Economic experts believe this partially accounts for the already high unemployment levels in this country due to the unstable political climate in South Africa.

This is a situation which, if accurate accounting were possible, might prove to have been far more damaging to the South African economy than any formal economic sanctions.

The effects of bans on the transfer of technology, such as computers, is impossible to estimate because of the likelihood that the country would be able to acquire this technology under the counter.

Bans on the sale of Krugerrands in the United States and on new loans from United States banks (forcing South Africa to look for loans in Europe) would be irritants, but would be unlikely to lead to economic catastrophe.

South Africa has had to live with an oil embargo for more than 15 years, and while this has forced the country to buy oil at a premium, it has hardly brought the economy to its knees.

Trade sanctions would hit South Africa more severely than an investment boycott, but even here the example of Rhodesia somewhat lessens the psychological threat.

Professor Arnt Spandau, then head of the Department of Business Economics at Wits University, pointed out in 1976 that Rhodesia was the "most astonishing example of survival potential under economic sanctions".

Manipulation of exchange control, the suspension of interest payments on United Kingdom loans and the wide-open "back door" of South Africa were some of the adjustments which kept the Rhodesian economy going.

Prof Spandau made the last comprehensive assessment of the costs of economic boycotts against South Africa in 1976.

He calculated that a "pure" boycott of 50% of all long-term foreign investments in South Africa would lead to the loss of a total of 90 911 jobs ... 51 789 of them black.

Prof Spandau also estimated that a hypothetical 50% export trade boycott would cost a total of 1 083 462 jobs, a figure which would since have increased marginally. But this is a scenario which is a long way from becoming a reality.

Much of what would happen under extended international economic sanctions belongs in the realm of guesswork.

The fact that one does not yet know what forms new sanctions will take in the future, and how the South African economy will adjust to the new situation, makes it impossible to make a finite estimate.

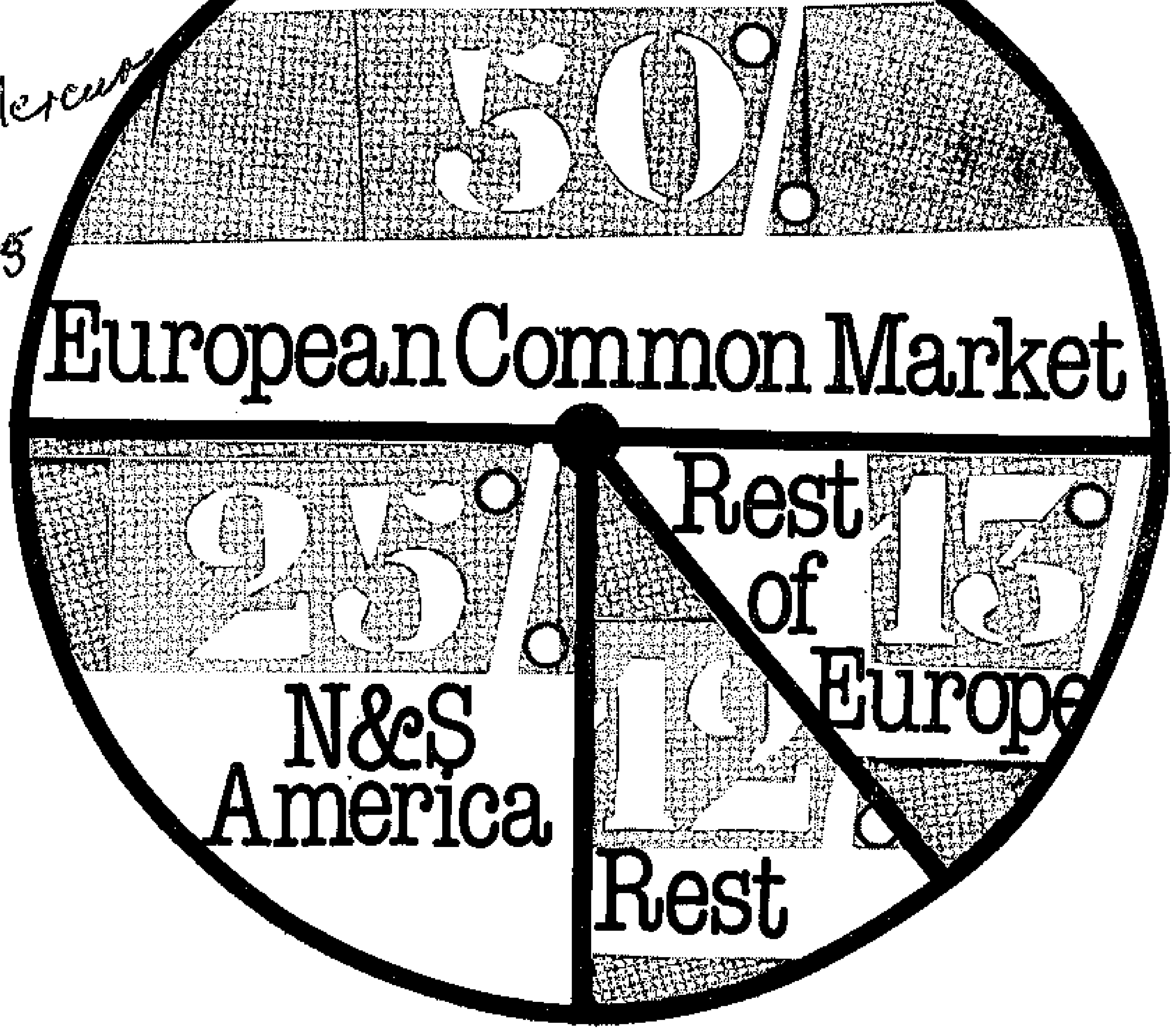
Just as it is impossible to estimate the irreperable harm that has already been done to the South African economy by the on-going political climate and international moral indignation with apartheid, which over the years has deterred foreign investors from moving into South Africa.

Disinvestment examined

Business Mercury

(60)

N.Mercury 25/3/85



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Disinvestment examined

Business Mercury

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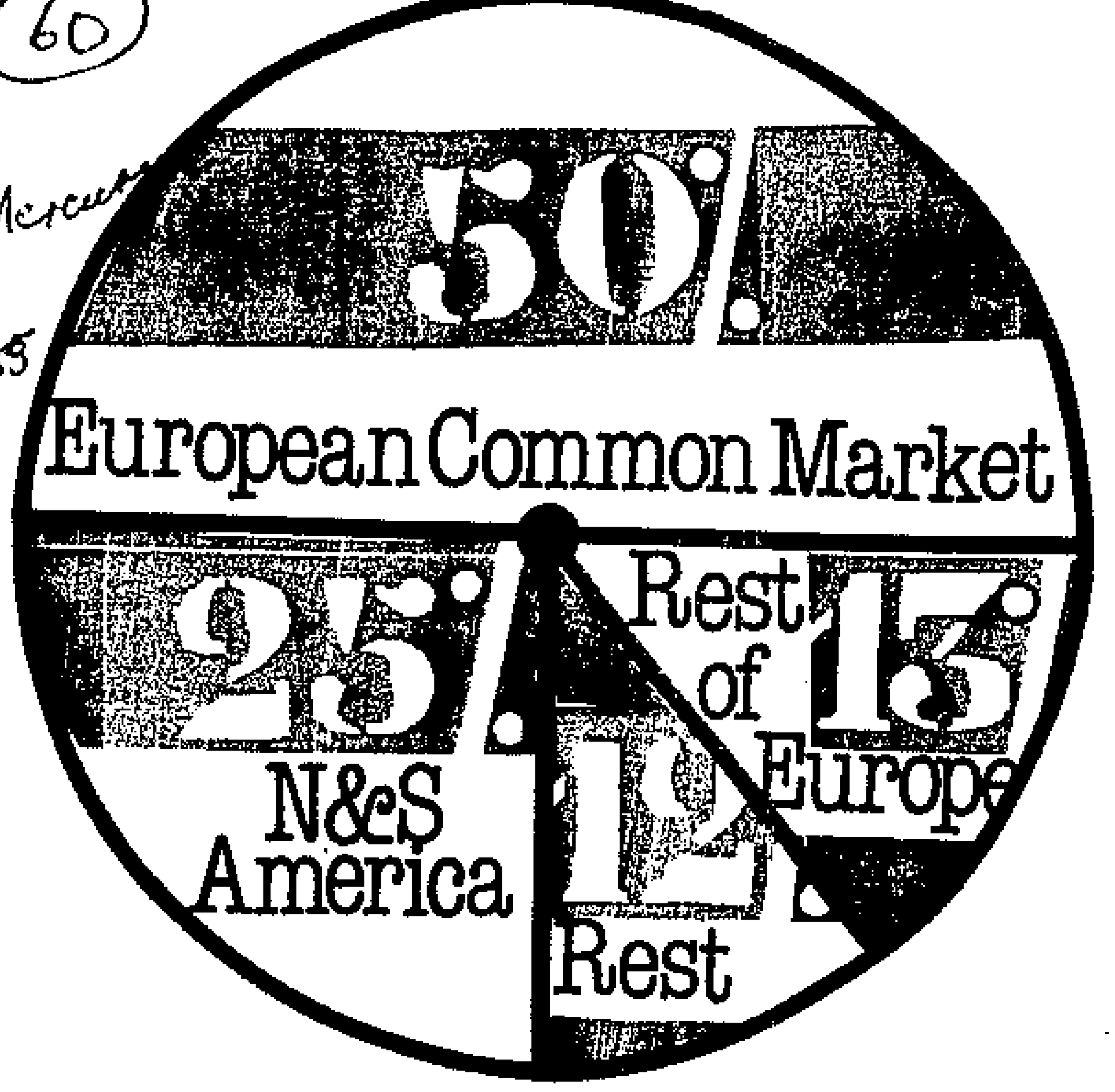

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Mercury 25/3/85 (60)

Union conference rejects strategy of disinvestment

Political Reporter

A BLACK Allied Workers Union of South Africa conference in Durban at the weekend rejected disinvestment as a strategy for change in South Africa because of the implications this would have for black people.

Instead it resolved to write to the State President urging negotiation with blacks and their full participation in government, the union's general secretary, Mr B E Khumalo, said yesterday.

The resolutions were taken during discussion on the theme of the conference, 'Revolutionary or evolutionary change — the role of the workforce'.

'While we recognise that black people are exploited and discriminated against and that disinvestment is a strategy to bring about change in this country, we rejected the strategy because of the repercussions foreign disinvestment would have for black people in South Africa,' he said.

'We want negotiation with government and any non-violent forces seeking effective change,' he said.

Although most of the organisations and unions invited to the conference did not attend, Mr Khumalo said: 'We are more than satisfied the conference was a success and are optimistic those organisations which were invited and did not attend will soon learn we have common interests.'

There is only one movement for liberation in this country, but with many organisations approaching the problem from different angles 'at some stage we are going to have to come together', he said.

Among those invited were Fosatu, Cusa, Tucsa, the UDF, Inkatha, the S A Black Social Workers Association, Azapo, the African American Labour Centre and the Lesotho Congress of Free Trade Unions.

26/3/85 (60) D. Dispatch

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Wiehahn's warning on disinvestment

Pretoria Bureau

United States investment, direct and indirect, is worth more than R32 000 million and the consequence of disinvestment would be widespread unemployment, the head of Unisa's School of Business Leadership, Professor Nic Wiehahn, has warned.

Speaking at a seminar on disinvestment and human suffering, held by Unisa's CB Powell Bible Centre in Pretoria last night, Professor Wiehahn warned that if a disinvestment policy took hold in the US, it would rapidly spread to Europe.

Hundreds of thousands of employees working for multinational corporations would lose their jobs. Many South African companies doing business with multinationals would be forced to retrench, he said.

"Disinvestment's effect would reach much deeper than most people realise," he said.

Training facilities for South African workers would be considerably reduced if American companies pulled out.

(60) Star 26/3/85

Methodist leader warns:

'Many blacks in favour of disinvestment'

By Colleen Ryan, Pretoria Bureau

The president of the Methodist Church of South Africa, the Rev Peter Storey, last night declared his opposition to disinvestment — but warned that many blacks favoured it as a method to bring about change.

Addressing a seminar in Pretoria on disinvestment and human suffering, Mr Storey said the real issue that should be debated was apartheid.

The Methodist Church is one of South Africa's largest churches, with an 80 percent black membership.

"There is not a watertight moral case against disinvestment," said Mr Storey. "If people believe in something enough and are desperate enough, they will use such a weapon and will at least have a right to say that it is better than violent revolution."

Mr Storey called for a national convention, the release of political prisoners, and dialogue with recognised black leaders.

Professor Johan Heyns, Moderator of the Northern Transvaal Nederduitse Gereformeerde Kerk Synod, said disinvestment would lead to greater antagonism between whites and blacks.

Disinvestment — how it could hurt

(60) S.Post 29/3/85

By a SPECIAL CORRESPONDENT in Johannesburg

THE most frequently-used argument against disinvestment is that it would cause unemployment and harm blacks, the very people whom such action would be designed to benefit.

However, this fear could be exaggerated. According to the co-ordinators of the Sullivan Code, United States companies in South Africa employ only about 70 000 workers ... less than 1% of the country's total workforce.

Assuming a total pull-out by United States companies — an event which is still far from becoming reality — South African companies could buy up these factories, probably at discount prices, saving most of the jobs.

Mr Stephen Bissenius, head of the newly-formed American Association for Trade and Investment, has pointed out that the word "disinvestment" is a misnomer.

"The campaign, correctly defined, aims to affect almost all trade, licensing agreements and technology transfer between the United States and South Africa," he said.

Thus the effects on unemployment could only be calculated in terms of the effects of a wide range of economic sanctions on the growth of the South African economy, a calculation which is almost impossible to make.

Here we can only go on the words of Dr Johan Cloete, chief economist for Barclays Bank, who pointed out that the "disinvestment lobby bodes ill for our economy".

The targets of the pending United States legislation include a ban on the importation of Krugerrands, a ban on all sales of computers and a ban on all new private and corporate investment.

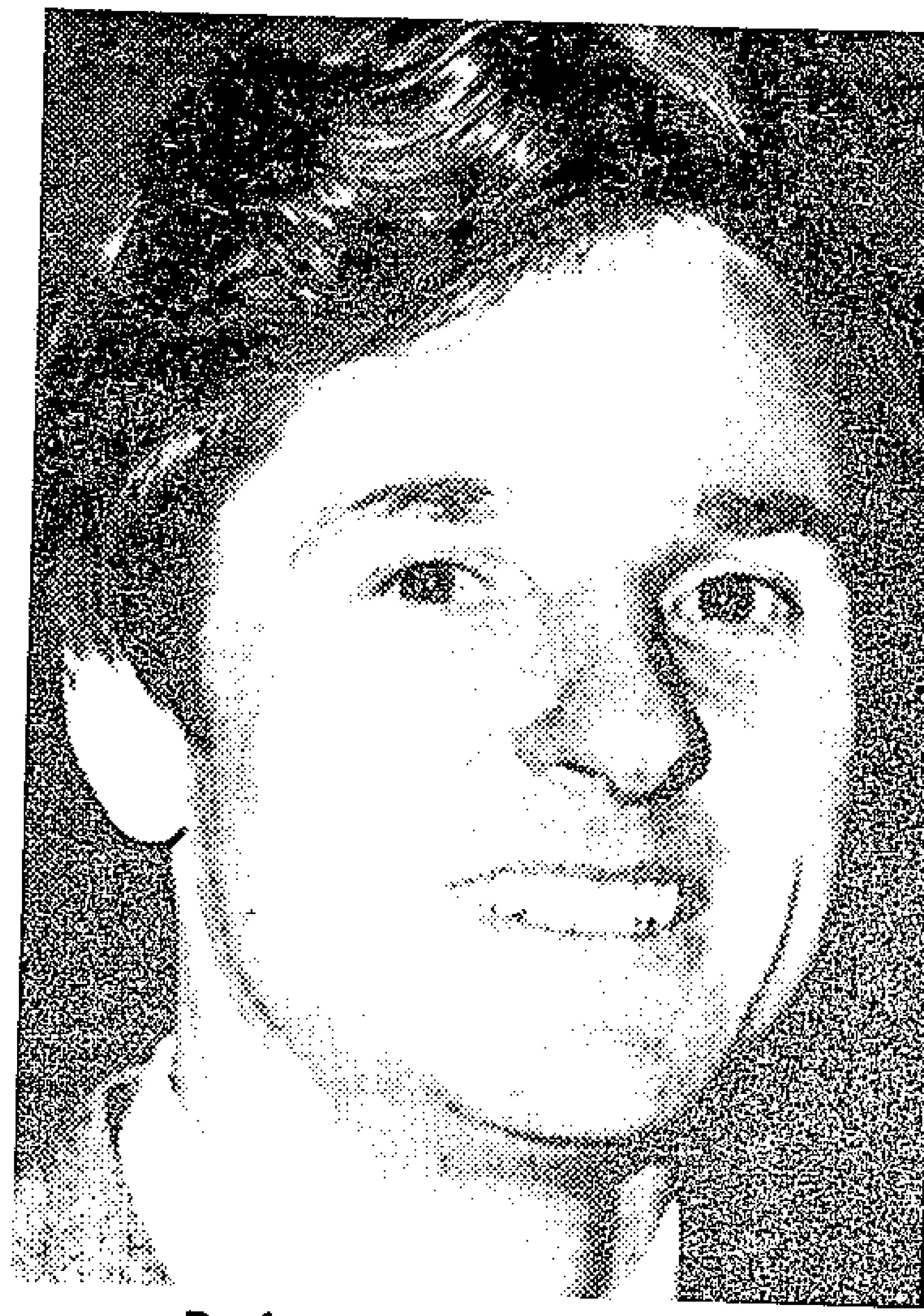
The most dramatic — a freeze on new investment from the United States — might not be as drastic as has been imagined.

Since 1976 there has been a net outflow of United States and other direct foreign investment from South Africa, and foreign investment has declined as a slice of the country's economy.

Economic experts believe this partially accounts for the already high unemployment levels in this country due to the unstable political climate in South Africa.

This is a situation which, if accurate accounting were possible, might prove to have been far more damaging to the South African economy than any formal economic sanctions.

The effects of bans on the transfer of technology, such as computers, is impossible to estimate because of the likelihood that the country would be able to acquire this technology under the counter.



Professor ARNT SPANDAU

Bans on the sale of Krugerrands in the United States and on new loans from United States banks (forcing South Africa to look for loans in Europe) would be irritants, but would be unlikely to lead to economic catastrophe.

South Africa has had to live with an oil embargo for more than 15 years, and while this has forced the country to buy oil at a premium, it has hardly brought the economy to its knees.

Trade sanctions would hit South Africa more severely than an investment boycott, but even here the example of Rhodesia somewhat lessens the psychological threat.

Professor Arnt Spandau, then head of the Department of Business Economics at Wits University, pointed out in 1976 that Rhodesia was the "most astonishing example of survival potential under economic sanctions."

Manipulation of exchange control, the suspension of interest payments on United Kingdom loans and the wide-open "back door" of South Africa were some of the adjustments which kept the Rhodesian economy going.

Prof Spandau made the last comprehensive assessment of the costs of economic boycotts against South Africa in 1976.

He calculated that a "pure" boycott of 50% of all long-term foreign investments in South Africa would lead to the loss of a total of 90 911 jobs ... 51 789 of them black.

Prof Spandau also estimated that a hypothetical 50% export trade boycott would cost a total of 1 083 462 jobs, a figure which would since have increased marginally. But this is a scenario which is a long way from becoming a reality.

Much of what would happen under extended international economic sanctions belongs in the realm of guesswork.

The fact that one does not yet know what forms new sanctions will take in the future, and how the South African economy will adjust to the new situation, makes it impossible to make a finite estimate.

Just as it is impossible to estimate the irreparable harm that has already been done to the South African economy by the on-going political climate and international moral indignation with apartheid, which over the years has deterred foreign investors from moving into South Africa.

Engineers put case against disinvestment

(60) Star 2/14/85

By Frank Jeans

Ten million blacks in South Africa could be seriously affected as a result of any disinvestment moves by overseas companies with interests in South Africa.

The extent of the problem of foreign closedown is seen in the engineering industry, the black workforce of which is 80 percent.

"Because of this large proportion of black workers, any diminishing of the engineering industry in South Africa would directly affect these workers who along with their families and dependents number about 10 million people," says Mr Colin Spence, president of the Federation of Societies of Professional Engineers.

Making a statement on disinvestment on behalf of the federation which represents 12 institutions and 18 000 engineers in all disciplines, Mr Spence says the principles of the Sullivan Code have been implemented in virtually all companies in the engineering industry.

"American companies operating in South Africa generally set a good example of equal job opportunities, non-discriminatory wages and fair employment.

"It is significant that the majority of the people of South Africa oppose disinvestment, including most black political, community and trade union leaders," he says.

Instead of disinvestment, Mr Spence urges increased foreign investment so as to uplift the quality of South Africa's black population "in the shortest possible time" and to strive towards complete parity in the physical, social and political lives of all South Africans.

Because all but four nations in Africa maintain economic relations with this country, disinvestment in this country could also have a ripple effect throughout the continent "further enhancing poverty and hunger in a region already seriously threatened".

"Disinvestment, which is simply a form of economic sanctions, is bound to fail in the long-term because, although it will cause serious temporary hardship, it will eventually generate permanent self-reliance," says Mr Spence.

"This has been shown to occur whenever economic sanctions have been tried."

Sowetan 3/4/85 (60)

UDF takes a stand against foreign trade

By ALI MPHAKI

THE United Democratic Front has launched a strong campaign against foreign investment in South Africa.

And yesterday morning, a group of about 40 members of the organisation staged a demonstration in the offices of an American bank in Johannesburg, protesting against foreign investment in South Africa.

It seems the anti-investment campaign, as unrelentlessly waged in the US, has finally taken root in the country, as the UDf officials held discussions with the bank management for more than 30 minutes, while others continued singing freedom songs and displaying placards on the 22nd floor of a city building.

The national publicity secretary of the UDF, Mr Terror Lekota, said however, that a final decision will be taken at the weekend during the organisation's annual general meeting.

Some of the placards read, "Citi Bank — you finance apartheid;" "Don't invest in apartheid — Ban foreign investment;" and "Citi Bank you profit, we suffer".

The UDF delegation, led by the publicity secretary Mr Sydney Mofumadi, told the bank officials: "We protest the silence of foreign companies each time the apartheid state violates the rights and humanity of our people.

"For decades while the Industrial and Conciliation Act denied black workers trade union rights, British, American and companies of other countries were content to reap super profits from the cheap and unorganised labour of our people".

After the discussions Mr Neil Munro, the bank's personnel officer, said the UDF officials took emotive stances which clouded the issues.

"They do not understand the role of foreign companies in this country", he said.

Disinvestment would hit 750 000 blacks in engineering

ARGUS 3/4/85 (60)

JOHANNESBURG. — The livelihood of about 750 000 black South Africans employed in the engineering industry would be directly affected if the disinvestment policy succeeds, the Federation of Societies of Professional Engineers (FSPE) said.

In a statement, the chairman, Mr Colin Spence, said because such a large proportion of all employees in the engineering industry were black, if the industry diminished as a result of disinvestment, it was considered that about 10-million black South Africans could be seriously and directly affected.

He said about 340 US companies were directly represented in South Africa in the engineering field and 80 percent of their employees were black. The companies generally set a good example of equal job opportunities, non-discriminatory wages and fair employment.

The principles of the Sullivan Code had been implmented in virtually all companies in the engineering industry, Mr Spence said.

He said all but four nations on the African continent maintain economic relations with South Africa and disinvestment would also have a ripple effect throughout the whole continent, further enhancing poverty and hunger in a region already seriously threatened.

"On the contrary, continued and increased foreign investment is required in South Africa in order to uplift the quality of life of our black population in the shortest possible time and to strive towards complete parity in the physical, social and political lives of all our people," Mr Spence said.

The FSPE felt disinvestment would be bound to fail in the long term because, although it would cause serious temporary harship, it would eventually generate permanent self-reliance. This had been shown to occur whenever economic sanctions had been tried previously.

Mr Spence said the profession doubted the bona fides of many of the protagonists of disinvestment and doubted their understanding of the implications of their policies.

It was also significant that most people in South Africa opposed disinvestment, including most black political, community and trade union leaders.

The FSPE represents 12 institutions of the engineering industry and more than 181000 engineers of all kinds. — Sapa.

Citibank security officer, Mr Ron Payne, talks to United Democratic Front officials against a background of placards and prote demonstration at Citibank's local headquarters yesterday. They were protesting against foreign investment.

UDF protests at bank over apartheid 'support'

RDM 3/4/85 60

By ANTON HARBER
Political Reporter

A PROTEST against foreign business "support" for apartheid yesterday brought the Johannesburg offices of Citibank to a standstill for about an hour.

About 40 supporters of the United Democratic Front and its affiliates marched into the offices of Citibank on the 22nd floor of the Anglo American Life Building in Commissioner Street early yesterday.

Startled Citibank officials met the leaders of the protest and the two groups held a polite, hour-long discussion about the role of Citibank in South Africa.

The protestors foiled both the extensive security system at the entrance to the building and the bank's own sophisticated security system.

They slipped into the building in small groups and gathered on another floor.

Two of their demonstrators then waited for a Citibank staffer to open the bank doors with a security card and they held the doors open for the group to enter.

They unfurled banners saying "Collaboration with apartheid is treason" and "Uitenhage shootings: Your silence is deafening" and began to sing and chant.

Citibank officials agreed to discuss the protest with Mr Samson Ndou, UDF Transvaal vice-president, Mr Sydney Mufamadi, UDF Transvaal publicity secretary, Mr Amos Masondo, of the Soweto Civic Association, Mrs Leah Tutu, of the SA Council of Churches and Mrs Emma Mashinini, of the Commercial Catering and Allied Workers Union.

Mr Mufamadi told the Citibank representatives people associated with "the apartheid regime" were accomplices in its "crimes".

"You have invested in this country and we maintain that your investment is tacit and even open support of apartheid.

"We have come to protest against your indifference to the people of this country. Because you have kept quiet about what is happening, you are not neutral.

"As long as you are indifferent to the problems of our people, then you will be identified with the enemies of the people.

Mrs Mashinini asked the Citibank officials to distance themselves from the "scandalous" reaction of US President Ronald Reagan to the Uitenhage shootings.

Citibank personnel director Mr Neil Munro declined to do this.

Mr Munro did most of the talking for the bank, reports Sapa-AP.

He said he could not make policy statements.

But he said Citibank was committed to improving the way of life for all South Africans, including blacks.

Mr Munro asked Mr Mofumadi repeatedly what concrete measures the protesters wanted the bank to take, and whether withdrawing all investments from South Africa would help or hurt blacks.

"We believe there has been injustice. We've been making representations."

He refused to elaborate.

60 3/4/85

The Natal Mercury, Wed

Disinvestment will hit 750 000 Africans in engineering trade

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The FSPE felt that disinvestment would be bound to fail in the long term. Mr Spence said the profession doubted the bona fides of many of the protagonists of disinvestment. — (Sapa)

Incredible SA 'truth squads'

EDM 60 4/4/85

SIMON BARBER in Washington

AS DISINVESTMENT panic mounts in South Africa, truth squads are barrelling across the Atlantic to dissuade America from its urge to express outrage impotently.

The merits of this strategy would be debatable even if Pretoria declared a total moratorium on shooting demonstrators. However, given that many well-meaning South African businessmen are convinced their presence over here will somehow cause Congressmen and State legislators to relent, they should at least try to be seen in the right kind of company.

Last week, a group of black South Africans was shepherded into town by Mr Gerald Muller, a former managing director of Nedbank, who said he felt he had to do something to stem the divestment tide.

In the space of two days, and with the help of the South Africa Foundation, which made most of the arrangements, the seven-man band unwittingly managed to associate itself and its cause with the most rabid elements of American Colonel Blimpdom.

On Wednesday they appeared at a news conference arranged by Alabama Senator Jeremiah Denton's National Forum Foundation. Mr Denton inhabits a lightless fringe of the political spectrum somewhere out beyond Senator Jesse Helms, his mentor.

Some in Pretoria — notably those who supplied him with data for his hearings on Swapo a few years back — evidently think otherwise, but it is hard to imagine a Senator who commands less mainstream respect.

In terms of publicity, the session was judged newsworthy only for its being disrupted by a black South African student covering it for Howard University's radio station.

Miss Terry Mphahlele lost patience with the team's suggestion that South Africa was geting better every day, and began to shout: "We want change now, we want the vote now ... nothing has changed for people who are living and dying in shacks". Set and game to the divestors.

Thursday morning's engagement could have been even more damaging had not the hosts been so troglodytic that, apart from a lone scribe from the equally troglodytic Washington Times, the media didn't show at all. An act of mercy, that.

Staged in a tiny room in the subterranean bowels of the Russel Senate office building (not a single Senator or Congressman attended), the event was billed as a meeting of the Committee to Restore Internal Security.

The South Africans sat looking patiently befuddled as the first witness, retired Admiral William Mott, expatiated on Soviet designs to grab South Africa's minerals and the Reagan Administration's stupidity in refusing to let the navy make use of Simonstown.

The admiral was prepared to concede apartheid had its faults, but the system was breaking down.

"Soweto has some houses in it that I would be proud to live in myself," he mused, on the basis of a recent visit as the Government's guest. To demonstrate the erosion of racial barriers, he recalled lunching at a hotel with "this really beautiful girl from the South Africa Foundation. You wouldn't know she was coloured".

Next up was Mr Marion Smoak, formerly Washington lobbyist for the South West Africa Administrator-General's office, who argued that Dr Chester Crocker was betraying President Reagan by calling for implementation of United Nations Resolution 435.

And so on for a couple of hours. Finally, the South African selected to be the day's spokesman was summoned: Mr Peter John Davidson, Umlazi businessman and member of the Inkatha central committee.

He did his best to persuade his interlocutors that Chief Buthelezi was not altogether on their side, and lamented, rather poignantly under the circumstances, that Americans had not bothered to discuss their anti-apartheid strategy with those it was intended to help.

Such a dialogue was clearly not being advanced by this proceeding. The panellists, having given the meeting's token spokesman about 15 minutes, ran out of questions and turned to Mr Muller, whom they evidently found to be closer to their own wavelength.

Mr Muller advanced a thesis that almost anywhere else in Washington would have been suicidal, so hard did it beg for misinterpretation.

South Africa's massive inflation rate, he said, was directly attributable to an increase in black wages without a concomitant increase in productivity.

The latter, he hastened to add, was entirely the whites' fault because they failed to adequately educate and train blacks, which in turn was why United States corporate involvement remained so important.

Assuming that the disinvestment debate is (a) a debate and (b) is therefore winnable by force of reason (both extremely dubious assumptions), the reason is going to have to be applied where it can do some good.

It is no use whatsoever presenting the case to people whom the South African Embassy, and all too often the South Africa Foundation, regard as "good contacts" or pleasant drinking companions.

That is the first point. The second is that the truth squads are going to have to be credible.

You and I know that Messrs Muller, Davidson and the rest are honourable and well intentioned. The people they are trying to reach see a white South African with a series of seemingly obedient blacks in tow all saying things that the Reagan Administration, Pretoria and other "vested interests" presumably want them to say.

All of which is increasingly moot. Things are getting so out of hand that even Bishop Tutu would be discredited if he came over to plead against disinvestment. Save the airfare.

(60) FM 5/4/85

FOREIGN INVESTMENT (60)

Changing patterns

SA remains one of the developing countries most heavily reliant on direct foreign investment, according to an International Monetary Fund (IMF) research paper. By the end of 1983 the stock of direct foreign investment in SA totalled $17,1 billion, having more than doubled over ten years.

During the period under review, financing tended to be more through loans rather than equity, a more restrictive and costly method to the borrower. Another problem is that new net lending through the international banking system seems likely to become more constrained in the future.

Direct investment by the industrialised countries accounted for 44% of SA's gross external liabilities at the end of 1983. This puts SA on a par with Hong Kong, and lower only than Singapore's direct investment share of 90% as a percentage of its total foreign liabilities.

The apparent large increase for SA during the period 1973-1983 must be tempered by comparison with the other non-oil developing countries. The average annual growth rate of investment into SA was just 7,4%, compared to 11,6% for all countries.

Direct investment is the major constituent of foreign private investment in the developing countries. As a whole, however, this dropped from an estimated 26,5% of total external gross liabilities to 17%. The share of public and publicly-guaranteed debt to financial institutions, on the other hand, rose from 10% to 26%.

The decline in the relative importance of direct investment in total capital flows to developing countries was not the result of any major change in policies of the industrial countries. It reflects changes in the structure of the international financial system over the last 15 years and, in particular, the greatly increased role of commercial banks in international financial intermediation.

Capital flows

This shift in the composition of private capital flows, argues the IMF, has increased the vulnerability of the developing countries to external payment difficulties. While debt requires regular repayments, equity implies payments only when the investment earns a positive return.

SA, however, has increased its outward flow of direct investment rapidly, to an average of around $700m a year during 1980 and 1981. But in 1982 this dropped sharply when there was actually a small net repatriation of capital of $5m. The total recorded outflow of direct investment from the other non-oil developing countries amounted to an average of $640m a year during 1980-1982. In 1973-1975, the figure stood at $120m.

The sectoral composition of foreign direct investment in developing countries has changed substantially during this period in response both to changes in economic structure and to policies designed to reduce the share of foreign capital in particular sectors.

Direct investment in petroleum and mining extraction fell sharply, while the share in manufacturing and services generally rose.

The principal source of private direct investment, the US, although still accounting for almost half the total stock, has become less important. Germany and Japan have increased their investment at rates of 17% and 21% respectively. The stock of investment from the UK and France grew more slowly at less than 9% a year.

Relative costs

There is controversy about the relative costs and benefits of direct foreign investment to developing countries. The principal argument in its favour is that the package of capital, and technological and managerial resources, generally increases the real domestic income of the host country by more than the profits returned to the investor.

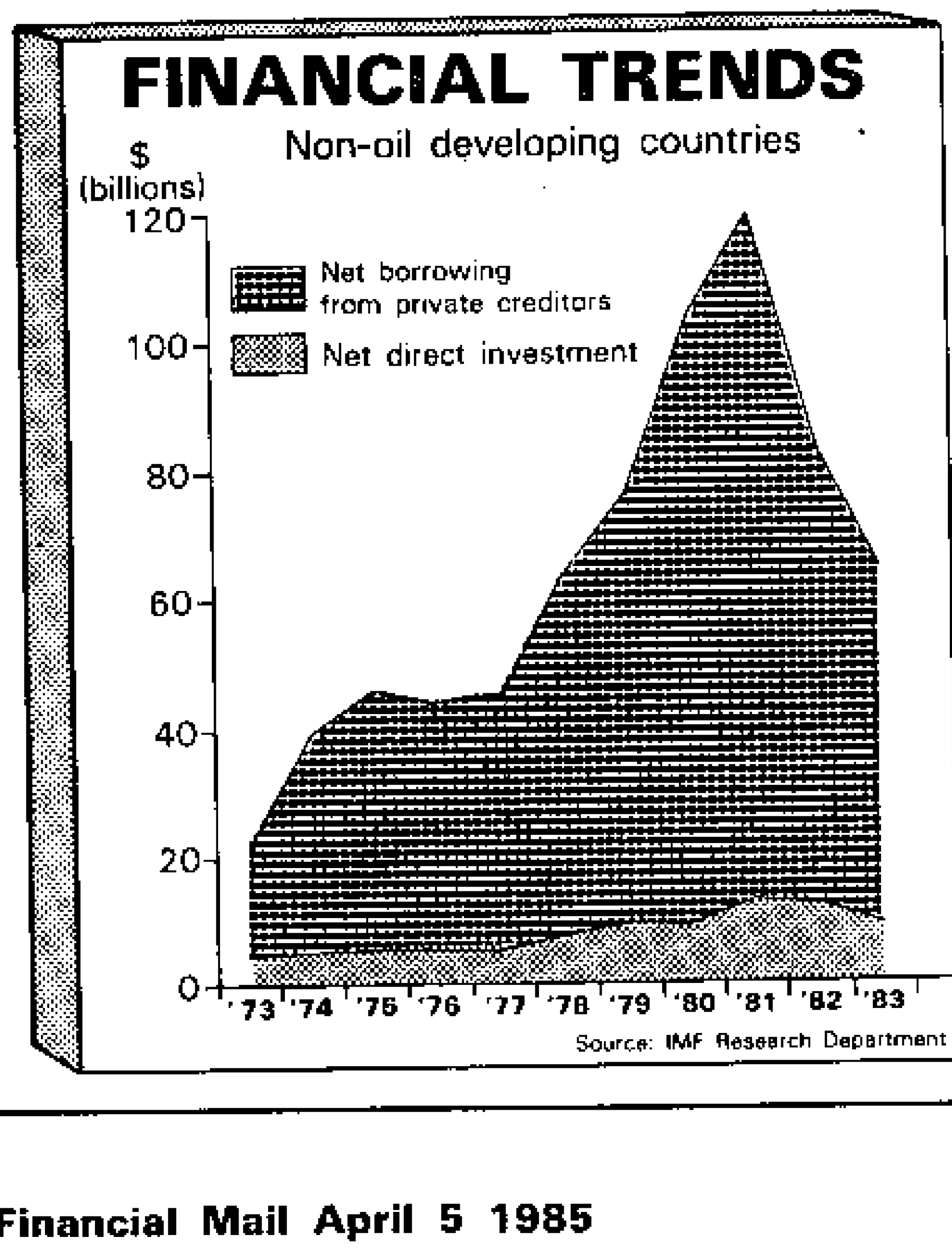
This increase is manifested in higher tax revenues, higher wages, or lower prices. Moreover, since profits accrue only when the investment earns a positive return, part of the risk is born by the foreign investor.

Transnational corporations, says the IMF, can help reduce developing countries' concerns about foreign economic influence by respecting the economic and social objectives and priorities of host governments. They should also signal their willingness to abide by generally acccepted standards of behaviour in areas such as transfer pricing and the transfer of technology.

The host countries, however, should remember that the provision of a stable economic environment and the adoption of appropriate financial and exchange rate policies may be more encouraging than policies related specifically to promoting such investment.

During the Sixties and Seventies there was a general trend towards greater restrictions: alternative forms of financing were more readily available, there was disappointment with some of the results of previous direct investment, and nationalist sentiment in many countries was growing.

Recently, more flexible policies have been adopted. ■



Swazi bank boss for investment

Sowetan 9/4/85 (60)

MR Sam Kuhlase general manager of the Central Bank of Swaziland, yesterday joined the debate over disinvestment from South Africa and complained that proponents of the cause overlook "the deleterious effect such action could have on South Africa's neighbours.

Mr Kuhlase is a visiting graduate student in economics at Boston University.

In a letter published on the editorial page of the New York Times, written from Boston, Mr Kuhlase says that South Africa's neighbours "remain vulnerable to disruptions in the South African economy. Unless these independent states can attract United States investment, disinvestment from South Africa will unfairly punish all the people of southern Africa."

Mr Kuhlase continues: "Swaziland, for example, a small nation, with a population of 50 000, is surrounded on three sides by South Africa. Because of a historical dependence on South Africa's economy, Swaziland would have difficulty surviving a US economic war against South Africa, unless American businesses soon came into Swaziland."

"Swaziland boasts an ever-diversifying economy. Yet, it remains overshadowed by South Africa's apartheid economy, which has attracted investments from about 350 US corporations," Mr Kuhlase writes.

"To date, there is no American business presence in Swaziland."

Mr Kuhlase says the benefits of locating in Swaziland are real. US companies are spared the growing condemnation that attaches to business viewed as supporting apartheid. Swaziland has one of the most developed infrastructures on the continent, including the highest literacy rate of any independent black nation in southern Africa. It offers the same sophisticated transport and communications network available in South Africa.

"Moreover, Swaziland is a nation where black and white live peacefully under a non-racial system of government. Already, several large businesses, particularly from Britain, have moved their operations to Swaziland.

"Ending apartheid will take an effort from all quarters. US businesses would be wise to realise that there is an alternative to South Africa," Mr Kuhlase concludes — Sapa.

RDM 11/4/85

Unions target multi-nationals

By PHILLIP VAN NIEKERK

A MOVE by the international trade union movement to "target" foreign multi-nationals in South Africa who do not adhere to international labour codes is on the cards.

An executive board meeting of the International Confederation of Free Trade Unions (ICFTU), representing 85-million workers throughout the world, began in Washington yesterday with the current situation in SA high on the agenda.

Meeting amid a climate of intense interest in foreign companies operating in SA, one of the aims of the conference is to "target" and plan international union action against "difficult" companies.

Mr A M Kailembo, the head of the ICFTU's Africa desk, told the Rand Daily Mail from Washington yesterday that this would include US companies who had not signed the Sullivan Code and European companies not respecting the EEC code.

● Senior EEC officials said yesterday the European Commission will debate recommendations for economic sanctions against SA, reports Sapa-Reuter.

A spokesman for the European Parliament's Socialist group said a majority of the commission's 14 members was expected to support the sanctions.

He said the British Labour Party's 32 members of the European Parliament, all attending a meeting in Madrid, tabled a motion for debate at the Strasbourg Assembly next week calling for the severance of all links with SA.

Disinvestment war: Ackerman calls for SA 'Sullivan code'

CAPE TIMES 13/4/85 ~~123~~ 60

opposed to the United States Sullivan code, Mr Ackerman says the depth of monitoring and progress made has been impressive.

"I used to criticize the US companies but have recognized that the Sullivan companies have actually forced us all into many of the changes made over the last 8 to 10 years. We can actually thank the US groups."

The adoption of a local code would show overseas critics what was being achieved by South African businessmen.

"Our business sector needs to be rated in the same way.

"The United States signatories to the Sullivan code are doing an excellent job of constructive engagement.

"We South Africans are following in their wake and performing well but are not being measured."

Mr Ackerman disclosed that he has being engaged in a series of top-level meetings with South African black leaders explaining what was being done by business to oppose discrimination.

"We have found black leaders quite unaware of the progress being made.

"But the significant result is that dialogue is underway."

Black leaders have been asked to propose a programme which could be adopted by the private sector.

'Simplistic'

"Important as we think areas such as non-discrimination, housing and job opportunities are black leaders are asking what we are doing in lobbying government on citizenship, influx control and forced removals. They have viewed business as being very much in the same camp as government and not talking to Government on these issues.

Mr Ackerman said the meetings with black leaders — which are continuing— had given him hope.

"There is a real chance of black and white living together — we don't just require this very simplistic one-man-one-vote . . .

"Obviously group areas , forced removals and influx controls are important but without doubt the key area is citizenship.

"A way has to be found for everyone to be a citizen of this country without creating fear among whites of one-man-one-vote."

Mr Ackerman called for three-cornered negotiations between Government, business and black leaders.

"Government must involve business more . . . not as partners but as part of a negotiating triangle."

Rand's drop

"To my mind the disinvestment problem is more serious than people like to make out.

"It is not merely the US banks saying we are not going to invest in South Africa and the concomitant problems of job creation.

"It is a very wide problem linked to the rand/dollar rate and the recession.

"There is no question that disinvestment has been helped by the rand's sharp drop.

"The profitability of many of the American companies here has been affected and their assets have fallen in value."

With profits falling, US companies have clearly found difficulty in opposing disinvestment.

"We are looking at a so-called moral issue and a hard business issue.

Take stand

"A number of people have told me that if business was good in South Africa there would be little question of disinvestment."

Mr Ackerman who believes businessmen and not politicans will blunt the disinvestment campaign, says businessmen must accept the challenge:

"We have to show ourselves and our people that business is leading the way. We have to clearly stand up in areas such as citizen rights and forced removals.

"Business must lobby overseas groups here and abroad and get the message across."

Apart from the high level talks Mr Ackerman is active on several fronts.

Steps being taken to counter the disinvestment drive include media briefings in Europe and the United States.

Fleet Street

In June Mr Ackerman will be briefing Fleet Street journalists on why investment should continue and will be addressing a London conference.

He is also negotiating for a UK Nightline-type television series on what South African businessmen are doing.

In addition press supplements are planned in both the London Financial Times and leading New York newspapers.

Pick 'n Pay and six other companies are sponsoring a film on the business role in black advancement which will be screened on US television.

A book dealing with the "real facts of the disinvestment issue" which will be distributed abroad is also being sponsored.

RDM 15/4/85 (60)

'Pullout could benefit Botswana'

By ANTON HARBER
Political Reporter

BOTSWANA Government officials have spoken positively for the first time about the campaign for disinvestment from South Africa, in what may indicate a rethink of its policy.

In two recent interviews, senior Botswana officials have suggested that disinvestment could be valuable to their country if investors could be encouraged to move to Botswana, rather than to leave the sub-continent altogether.

This may indicate a rethink of policy, since the Botswana government has previously spoken out against disinvestment from SA.

It has argued that it cannot support the disinvestment campaign because it would be unable to implement it itself.

On the other hand, it has chosen not to actively campaign against those countries which feel they are able to disinvest from SA.

The Botswana Secretary for External Affairs, Mr G G Garebamono, said yesterday that if disinvestment could bring a relocation of industries from SA to Botswana, then it would be of some benefit to his country.

The possibility of Botswana trying to use the SA disinvestment moves to attract investors to its own country was originally raised by Mr Garebamono in a recent interview.

Disinvestment, he said, could benefit Botswana if multinational companies realised their investment would be safer if channelled to Botswana.

This was echoed by the Assistant Minister for Finance and Development Planning, Mr David Magang, in another recent interview.

Mr Magang spoke out in favour of complete disinvestment by Western companies from SA.

He was quoted as saying Western investors should consider reinvesting their capital in neighbouring countries.

Yesterday, Mr Garebamono said the kind of selective disinvestment being considered in Washington would not seriously affect Botswana.

He said Botswana had not begun any specific campaign to attract investors leaving SA or contemplating investing there.

Business Day

Investment holds key

RDM 16/4/85

60

Financial Reporter

ONLY foreign investment will change the manpower mixture and force political change, says Mr Wilhelm Crous, executive director of the Institute of Personnel Management.

He adds that while, the official unemployment figure is 530 000, the unofficial estimate is 1-million.

"Job-creation opportunities at higher levels have decreased dramatically, with a resultant deceleration in the upward mobility of blacks to more senior positions in organisations."

This has resulted, he argues, not from disinvestment, but from a falling gold price, drought and excessive Government spending.

He believes the impact of an American investment withdrawal would be far-reaching.

Nearly half of SA's petroleum industry is American. About 70% of its computer industry and a quarter of the motor industry are controlled by US investors.

Mr Crous has produced two disinvestment scenarios.

In the first there will be a ban on the sale of Krugerrands, an end to further investment and the annual withdrawal of profits/dividends.

These disinvestment actions will lead to a drop of one percentage point in the growth rate to 3,5%, assuming a "normal" growth rate of 4,5%.

It will also lead to 35% fewer people seeking jobs in Class One (executive and managerial groups) and Class Two (professional, technical and highly-skilled).

The second scenario assumes a growth rate of 2,5% and the same disinvestment actions, leading to an estimated increase in unemployment of 3,7-million.

"This means that by the year 2000, about 4,7-million people — nearly 30% of the projected economically active population — will be jobless."

Mr Crous's views are based on the gross domestic product assumptions of scenarios one and two and on figures compiled by Professor Sadie of the Bureau for Economic Research at Stellenbosch.

Prof Sadie projects the supply and demand for four categories of the labour force from 1980 to 2000 as follows:

- Class One (executive and managerial) — supply 197 000, demand 94 000.
- Class Two (professional and technical) — demand 897 000, supply 455 000.
- Class Three (less skilled) — supply 2,495-million, demand 2,5-million.
- Class Four (unskilled, under-employed, unemployed and poor) — supply 3,796-million, demand

Foreign investment in S A up

NM 17/4/85 60

PORT ELIZABETH— Foreign investment in South africa has risen to R43 billion at present from R23 billion in 1979 despite intensified attempts to discourage it, Transport Minister Hendrik Schoeman said.

He said in prepared remarks that South Africa remained attractive because it recognised that foreigners would not invest in the country if they were not properly rewarded.—(Reuter)

Lobby against disinvestment, Parsons urges

ARGUS 19/4/85 (60)

Financial Editor

EVERYONE in South Africa with contacts in the United States must urge them to lobby their congressmen and senators to vote against any form of American disinvestment, says Mr Raymond Parsons, director of the Associated Chambers of Commerce.

In an address to the Mossel Bay Chamber of Commerce last night, he said the private sector in South Africa had a major task of mobilising and harnessing segments of American opinion to neutralise the disinvestment campaign there.

The battle agaist disinvestment will have to be fought by interests in America — with the South African business community in an essential supportive role.

But everyone in business must take action now before irrevocable decisions were taken by the United States Congress.

Mr Parsons said sanctions against South Africa, even if effectively implimented, would not cripple the economy owing to its size, diversity and sophistication.

But they would reduce the country's capacity to cope with the huge problems of population growth and the provision of jobs for the burgeoning population.

"With the South African population likely to double in the next 30 years and the need to create at least 250 000 jobs a a year, South Africa needs a high economic growth rate.

"It is the need for this high-target economic growth rate that renders South Africa vulnerable. We need both the foreign funds and overseas technology to meet the challenge of economic growth."

He said South African businessmen should give their American contacts the facts — positive and negative — about South Africa.

"But be objective and balanced in your assessment of the political and economic factors at work in South Africa.

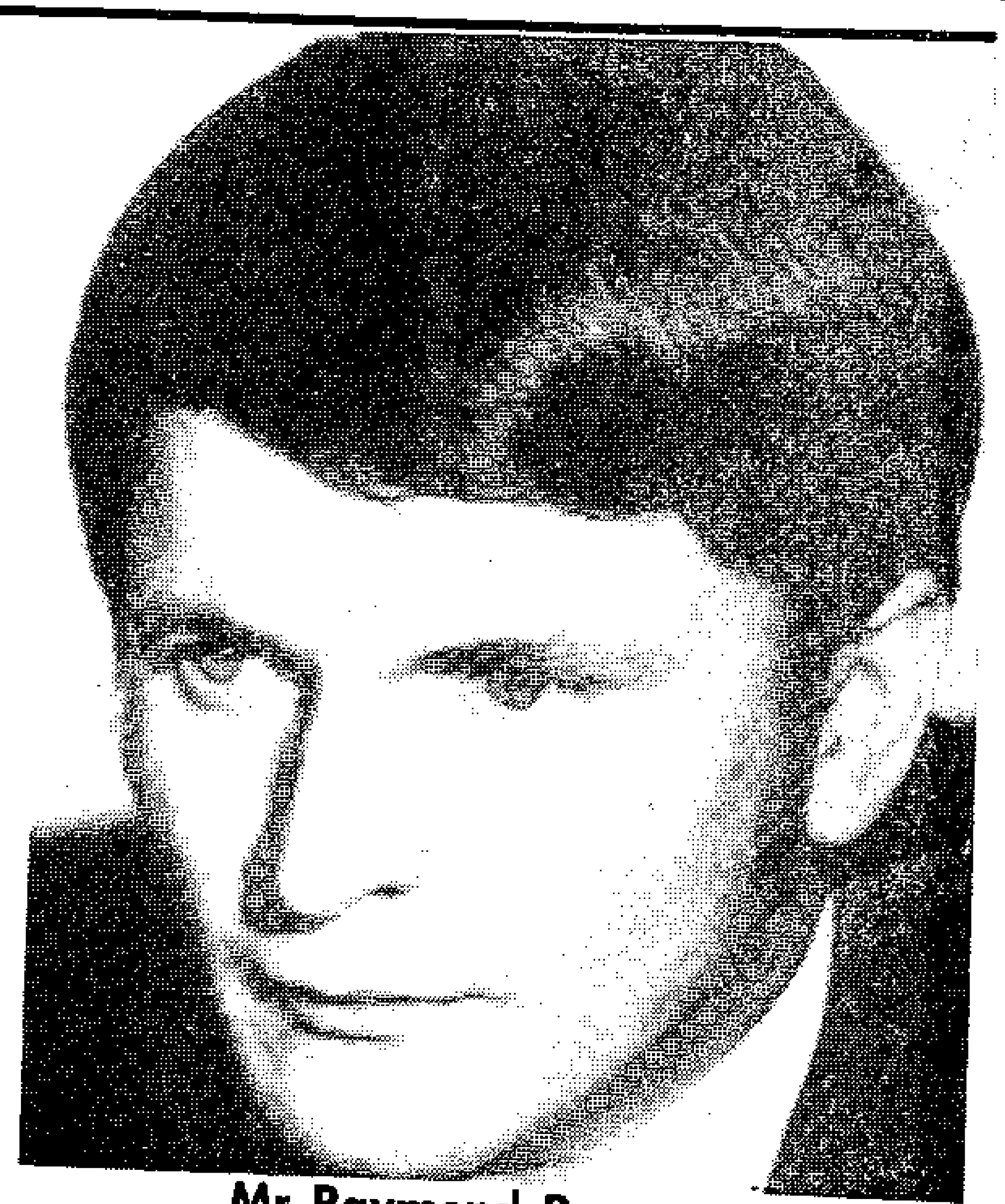
"Tell them that the burden of economic sanctions will fall on the black population in the form of unemployment. Point out that sanctions will weaken the blacks in the very areas in which their power has been growing — on the labour market, where their bargaining power is potentially decisive.

"Inform them South Africa is on the move. But add that a contracting economy, as a result of disinvestment, could well generate stronger anti-reform sentiment among whites.

"Draw attention to the fact that our neihbours in Southern Africa cannot afford to see economic sanctions applied to South Africa. Our neighbours are more vulnerable to sanctions against South Africa than the Republic itself. What would be a pinprick to South Africa could become a whiplash to them.

"Warn your business contacts there is always the possibility of retaliation."

South Africa had the scope to inflict damage on particular firms and sectors in the American economy.



Mr Raymond Parsons

Dr Dhlomo labels disinvestment as 'imperialism'

NM 19/4/85 (60)

African Affairs Correspondent

ULUNDI—The disinvestment lobby is another kind of imperialism which wants to ram foreign solutions down South African throats.

The KwaZulu Minister of Education and Culture, Dr Oscar Dhlomo, who is also secretary-general of the Inkatha movement, made this observation in the Legislative Assembly yesterday when he took part in a debate on the policy speech of the Chief Minister, Chief Mangosuthu Buthelezi.

Dr Dhlomo said South Africans wished to be left alone to solve their internal problems.

Pressure

He said the lobby which promoted disinvestment had made a number of unwarranted assumptions.

The lobby maintained, for example, that foreign economic pressure would facilitate political change.

Dr Dhlomo said experts agreed, however, that economic pressures did not promote liberal changes. The countries involved became even more reactionary in their outlook.

The minister said he disagreed with the assumption of the disinvestment lobby that it would be very easy to rebuild the South African economy after any disruption which could be caused by disinvestment.

'Economic decline is not like water that can be turned on and off,' Dr Dhlomo said.

He said black trade unions were playing an important role in the normalising of industrial relations in South Africa.

If there were fewer industries as a result of disinvestment, then this would retard the unionisation of black labour in the country.

Dr Dhlomo said a number of wholly South African-owned companies had begun drafting their own codes of conduct as far as employee practises were concerned.

This would never have happened had overseas companies not set an example.

D. Dispatch

Pres Sebe: Ciskei totally opposed to disinvestment

(60)

BISHO — Ciskei was totally opposed to disinvestment and economic sanctions, President Lennox Sebe said in his opening speech to the National Assembly here yesterday.

He said it was strange that while Ciskei was doing all in its power through constructive innovation to promote economic growth and development in the fight against poverty, malnutrition, suffering and hardship, their so-called friends from their positions of affluent wealth and luxury were seeking to pass legislation in the American Senate Chamber which would condemn them to perpetual poverty through imposed economic sanctions and disinvestment.

"We are a people who are recognised for our determination and perseverance. We do not need the fumbling, misguided, ill-informed disinvestment campaigns and economic sanctions of the American Democrats and other Western worlds.

He said it was claimed that these actions were introduced and promoted to help blacks escape the "yoke" of apartheid and racial discrimination.

"Strange is it not that the suffering and burdens of these negative policies fall fairly and squarely on the shoulders of our impoverished communities and conveniently release liberal champions from any financial aid programmes aimed at improving our opportunities and quality of life and welfare."

He said affluent Western friends should take a good look at the social economic situation in Southern Africa to understand that peace and stability would be achieved only through economic expansion and the creation of hundreds of thousands of job opportunities.

Turning to the recent outbreaks of violence, especially in the Eastern Cape, Pres Sebe said the Ciskei nation had been deeply shocked.

He said violence begat violence and no lasting benefits would ever be achieved through such appalling and destructive acts.

Precious and sometimes innocent lives were sacrificed in these "mad instances of confrontation on the apartheid battlefield", and South Africa desperately needed to take stock of the sick society which had been created in Southern Africa by decades of racial discrimination and neglect of the basic needs of the underprivileged.

"In desperate times such as these the people of Southern Africa look to the government of the day to take the initiative to put an end to violent confrontation and to bring the leaders of all the sections of our diverse communities to the conference table," he said.

Meanwhile, the education of Ciskeians and of all the black nations in the South African commonwealth remained a source of discontent and frustration, Pres Sebe said.

It was high time the South African Government gave earnest attention to the implementation the of the De Lange Report's recommendations and established once and for all one department of education for all the peoples of South Africa irrespective of racial origin.

"Our future security and economic welfare cries out for a united education system which will guarantee a common standard of education and educational facilities for all," he said.

Ciskei had not squandered its money and resources on power struggles, political ideology or racial issues, but had implemented meaningful and constructive development projects which had succeeded in bringing benefit and improved lifestyles to its people, beyond their wildest dreams.

He said the gross domestic product had grown from R293 million in 1980/81 to R604 million in 1983/84.

"This is spectacular advancement and signifies excellent improvement in the quality of the life of our people."

President Sebe said that in industry Ciskei had been through an industrial revolution at both Dimbaza and Fort Jackson.

The Ciskeian people were at peace, Pres Sebe said.

"We in Ciskei wish to create better understanding among all the diverse national groups in Southern Africa, and so broaden the basis for the promotion of goodwill, friendship and economic co-operation with all other people" — DDR

Furniture store boycott threat

NM 20/4/85

Labour Reporter

THE National Union of Furniture and Allied Workers yesterday called on the Government to curb furniture imports and announced plans for a boycott of stores which sell foreign-made furniture.

The union claims that large quantities of furniture are being imported into the country and this was depriving at least 1 500 workers of jobs.

In recent months, about 4 000 workers in the furniture industry were retrenched because of the recession.

Mr Mohan Lalaram, general secretary of the NUFAW, said yesterday that the union had learned that R36 million worth of furniture was imported in the first nine months of last year.

"We believe that even greater volumes will be dumped here this year in spite of the low value of the rand," he said.

If the volume of imports were translated into local production, it could provide work for at least 1 500 workers in about 70 small factories, he said.

The union said it was drawing up a list of retailers who stock foreign furniture as a first step towards calling a boycott.

ednesday April 24 1985

DR 60 Star

Boilermakers say no to disinvestment

The more than 50 000-strong South African Boilermakers' Society yesterday came out against disinvestment from South Africa, saying it would lead to a loss of job opportunities, economic stagnation and political chaos.

At the triennial meeting of its general council in Kempton Park, the society also reaffirmed its commitment to a multiracial policy which would allow greater participation of members in the society's activities.

Other resolutions passed included one on black education and another on participation in Government and other public structures.

The council resolved to monitor the situation in schools under the Department of Education and Training and to periodically make representations to the Minister concerned.

It also supported the society's participation in such bodies as the National Manpower Commission.

On disinvestment, the council said the action would "cause the loss of employment opportunities, economic stagnation and political chaos which will be irreversible".

It also called on the Government to:

- Implememnt the White Paper on part four of the Wiehahn Commission which would enable black miners to qualify for blasting certificates;
- Halt forced removals;
- Review laws relating to strikes so workers on legal strike would not be dismissed;
- Formulate a policy of urbanisation which allowed workers to sell their labour on the best market.

Rifkind says blacks divided on sanctions

The Star Bureau

LONDON — Mr Malcolm Rifkind, Minister of State at the Foreign Office and the Thatcher Government's expert on Africa, has repeated his Government's belief that black opinion in South Africa was "sharply divided" on the issue of economic sanctions.

Mr Richard Caborn, Labour MP for Sheffield Central, asked Mr Rifkind what evidence he had that black South Africans were overwhelmingly opposed to a policy of economic sanctions.

Mr Rifkind said some prominent black leaders had declared they were opposed and a 1984 Natal University survey had indicated that 75 percent of black workers favoured continuing trade links.

Disinvestment: Many will suffer, Ackerman warns

w/t ARGUS 27/4/85

Financial Editor

SOUTH Africa and Africa had many urgent problems to tackle and a disinvestment campaign would greatly intensify these problems, Mr Raymond Ackerman, chairman of Pick 'n Pay, told a Rotary International Conference in Somerset West yesterday.

He warned that a trade boycott against South Africa could cause serious unemployment problems in Europe and the United States.

In South Africa a total of 300 000 jobs would have to be created each year to absorb the growth in the labour market until the year 1990.

Large numbers of people were leaving the land to work in the cities, particularly since the recent drought — a process which was increasing the unemployment problem.

FORMIDABLE LIST

In spite of escalating unemployment, there was a chronic shortage of skilled manpower and of trained managers among the black population. There was also a need for more housing, training and educational schemes to be introduced immediately for blacks.

"This may sound a formidable list of problems, but South Africa I would remind you, is infinitely better off than most other countries in Africa. Let us consider the problems facing countries in the southern half of Africa as a whole."

A report by the Nairobi-based United Nations Environment Programme said that between 1970 and 1980 the region's population rose from 68-million to more than 90-million, about 3 percent a year and at the same time food production levels fell.

HUGE RESOURCES

United Nations figures showed that in Africa as a whole, about 150-million people — one in every three — was affected by malnutrition or starvation. Recent focus on the starving millions in Ethiopia had given a dreadful indication of what many other countries must be suffering.

Amid all this gloom on the African continent, South Africa

Mr Raymond Ackerman, chairman of Pick 'n Pay.

stood as an exception with its huge mineral resources, well-established infrastructure and transport systems and good financial and agricultural management.

Western bankers said that South Africa, in spite of all its present problems, was the best risk in Africa.

RIPPLE EFFECT

But disinvestment on a large-scale and backed by most countries could eventually reduce South Africa and its neighbours to the level of Ethiopia and its starving millions.

All but four of 50 countries in Africa maintained economic links with South Africa and disinvestment would have an adverse ripple effect throughout much of the continent.

South Africa's imports from other African states rose by 25 percent in 1984 to R406-million, while its exports to Africa rose 20 percent in 1984 to R954,1-million, even though South Africa cut back shipments of essential foodstuffs because of the drought.

JOBLESS HORDES

Large-scale disinvestment would have wide-ranging effects.

Neighbouring countries would be particularly vulnerable to the disruption in the South African economy, as South Africa was a major provider of employment opportunities in the sub-continent.

Estimates varied, but there could be about 300 000 workers from surrounding countries working on the mines or in industry in South Africa. To help South Africa's own blacks, these would have to be sent back to add to the swelling ranks of the unemployed in their own countries.

Disinvestment on a large scale would be catastrophic for blacks in South Africa. It would create hordes of jobless blacks throughout the country.

BANKRUPTCIES

Bankruptcies — already at a record level — would increase, further reducing employment opportunities for blacks.

The result of all this unemployment would be to undermine the two most important black power bases in South Africa — the independent trade unions and the fast-growing black consumer power. These two were being used as levers for better conditions by responsible black leaders.

TRADE FLOW

In addition, South Africa's land-locked neighbours would suffer disruption in their trade flow because many of their imports and exports came through South Africa's well-developed transport links with the coast.

A boycott of South Africa would cost Western countries about 500 000 jobs, including 250 000 jobs in Britain. Almost 10 percent of all British overseas direct investment was in South Africa. Add indirect investment to this and R11-billion was at stake.

Also at stake was the large American investment. A total of 350 US companies had subsidiaries in South Africa representing an investment of nearly R3-billion. Another 6 000 US companies did business with South Africa.

For all European Economic Community countries, the embargo on trade with South Africa would cost about 330 000 jobs and an additional 122 000 jobs if the United States were also involved in the boycott. If Japan were included, the Western world would lose more than 500 000 jobs.

SA DRUGS FIRMS IN COURT WAR

W/E ARGUS 27/4/85

60

By IRVING STEYN
Weekend Argus News Editor

DRUGS manufacturers are to take the Pharmacy Board to court for ruling that pharmacists may substitute cheaper alternatives to medicines prescribed by doctors.

The ruling has brought a major split in the industry's Pharmaceutical and Chemical Manufacturers' Association (PCMA) — one of its largest members is siding with the Pharmacy Board.

The association has voted financial support to a number of members who are to take the board to court over an ethical rule which allows pharmacists to substitute cheaper brands of the same medicines on doctors' prescriptions.

The row, which has been simmering for some time, erupted at a meeting of the association yesterday at which money was voted for the court action.

Copied

This led one of the country's largest pharmaceutical manufacturers, SA Druggists, and its subsidiary, Lennon, the largest manufacturer of generic medicines, to withdraw from the association.

Generic drugs are those on which the original manufacturer's patent has expired and which may therefore be copied and sold under other names by other companies — generally at prices about 25 percent lower.

The deputy managing director of SA Druggists, Mr Tony Karis, said it was "absolutely nonsensical" for the industry to try to prevent what was happening all over the Western world.

Of the 62 members of the PCMA (out of about 80 drug manufacturers), only five major companies, all South African-owned, make generic medicines.

It is estimated that generic medicines account for only 10 percent of the R400-million total wholesale turnover in pharmaceuticals.

Statement

If generally implemented, replacement of other medicines with generics will give the local pharmaceutical industry an opportunity to expand considerably.

The Pharmacy Board's ruling, in November last year, came after a statement by the late Minister of Health, Dr "Nak" van der Merwe, in February last year that the pharmacy profession should help the nation by adopting generic substitution.

Opposition to the step has come primarily from the multinational drug companies, which say lower sales of their brand name drugs will reduce finance available for research.

The Pharmacy Board rule permitting substitution was, the PCMA decided, not necessarily in the public interest nor in the interest of the pharmaceutical industry.

Those in the industry say it is a "non-starter" and the minimal saving does not warrant the risk of cheaper drugs being pushed on the market. And more important, they say, doctors could lose control of their patients' medication.

Overseas loan for S

R145-million signing forerunner for more European money d

NEWS 29/4/85

Political Staff

SOUTH AFRICA has concluded a R145-million public bond issue in the Government's first international transaction of the 1985/86 fiscal year.

The deal, with German and Swiss banks as joint lead managers, was signed in Cape Town today by the Minister of Finance, Mr Barend du Plessis.

It is the forerunner of more such transactions to be completed in Europe soon.

Government officials are describing this as a shot in the eye for the disinvestment lobby overseas.

Mr du Plessis spoke at the signing ceremony today of "the esteem and credit-worthiness enjoyed by South Africa in the international capital markets" and of confidence in the economy's long-term growth prospects.

Crucial role

He said: "In spite of attempts in recent months by forces ill-disposed towards South Africa, we do enjoy the support of thousands of investors who not only recognise this as an attractive investment country, but also acknowledge the crucial role that South Africa plays in the economic development of Southern Africa."

Today's deal is the first such transaction lead-managed jointly by Commerzbank and the Union Bank of Switzerland, with a consortiun of 12 others co-managing.

It is for six years at a coupon rate of 12,5 percent with an issue price of 99,5 percent.

In this year's budget Mr du Plessis provided for an amount of R350-million for net foreign borrowing.

Mr du Plessis said the Government's foreign debt was R3 600-million ($1 900-million) on March 31.

The level of foreign debt could not be regarded as excessive and amounted to 10 percent of the central Government's debt in 1984.

Between 1978 and 1984, he added, South African public sector borrowers had succeeded in reducing premiums payable above the London interbank offered rate to "very modertate margins".

● South African companies are being urged to ask their American contacts to lobby congressmen and senators to vote against any form of US disinvestment.

Valid facts

The weekly bulletin of the Cape Town Chamber of Commerce calls on Cape Town companies — particularly smaller ones — to use their contacts in the United States to help "in shaping key American opinion on the question of disinvestment".

The bulletin quotes Assocom's chief executive, Mr Raymond Parsons.

"It is possible by carefully marshalling valid facts to demolish or discredit almost every argument that has been advanced so far for disinvestment.

"Everyone in business must take action now before irrevocable decisions are taken by the United States Congress.

"People with contacts in the United States must urge these contacts to lobby their congressmen and senators to vote against any form of US disinvestment."

Mr Parsons suggests giving contacts an "objective, balanced assessment of the political and economic factors".

Equity head rejects call to quit over S A links

(60)

NM 29/4/85

London Bureau

STRONGLY anti-South African views were expressed yesterday at the annual meeting of the actors' trade union, Equity, where the president, Mr Derek Bond, was called on to resign because he had appeared in South Africa.

In spite of this show of feeling, Mr Bond said it was not his intention to quit.

A strongly worded motion condemning Mr Bond was passed, in which he was also censured for suggestion a relaxation of Equity's ban on television programme sales to South Africa.

A call was also made for this ban to be extended to include all recorded, filmed or taped material using Equity members, and for an instruction to members not to work in any productions made in the UK for South Africa.

A motion was also carried calling on members not to work in South Africa or 'its dependent homelands'.

A far-reaching amendment was then tabled, expressing support for 'the courageous struggle of African workers', demanding that Equity council issue a standing instruction that, in future, no Equity members work in South Africa and that any member who defied this policy would be immediately expelled from Equity.

This amendment then called for the ban on TV sales to be extended to all TV film and video and inserted in all Equity TV, radio, film and video contracts.

Mr Bond had expected that he was likely to face censure, but insisted this did not mean the end of his presidency.

The union president is elected by the Equity council and not by the general membership. Although what is effectively a vote of no-confidence weakens his standing in some quarters, it does not force him to resign.

Cape Times 29/4/85

Pharmaceutical industry turmoil

By CHRIS ERASMUS
Medical Reporter

SOUTH AFRICA'S pharmaceutical industry is in turmoil over a decision taken at a special meeting of the Pharmaceutical and Chemical Manufacturers' Association (PCMA) on Friday to fight in court against the generic substitution of brand-name drugs.

Friday's meeting ratified an earlier recommendation by the PCMA executive to fight against an amendment to one of the association's ethical rules which allows generic medicines to be used instead of patented medicines, where appropriate.

The amended ethical rule of the SA Pharmacy Board, published on November 16, 1984, permits substitution of one brand of medicine with another, provided it contains the same ingredients and is cheaper.

Withdrawals

According to a statement issued by Mr John Toerien, executive director of PCMA, the amended rule was "not necessarily in the public interest nor in the interest of the pharmaceutical industry in South Africa".

Mr Toerien said individual members of the association would be applying to court to have the rule set aside.

But immediately after the meeting, South African Druggists and its subsidiary Lennon, the country's largest producer of generic medicines, announced that they had voted against the move to fight the generic substitution rule and would withdraw from the association. Two other companies also voted against the PCMA move.

Generic drugs are those on which the original manufacturer's patent has expired, allowing exact copies to be made and and sold under other names by other companies. In South Africa patents on drugs expire after 20 years.

An example of such a drug is aspirin, which has been copied by numerous manufacturers and is sold under many different names.

These drugs, because their marketing has not involved substantial research and development expenses, are generally cheaper, costing about 25 percent less on average.

Most of the opposition to the amended rule has come from the multinational drug companies, which say lower sales of their brand-name drugs will reduce finance available for research. They also suggest that if profitability is reduced, some of them may withdraw from the South African market.

Only five of the PCMA's 62 members make generic medicines and all are South African-owned. They are: Lennon Limited, Adcock Ingram, Propan, Rolab and Noristan. In all there are about 80 drug manufacturers in South Africa.

Generic medicines account for an estimated 10 percent of the country's R400-million total wholesale turnover in pharmaceuticals.

The Pharmacy Board's ruling in November last year followed a statement by the late Minister of Health, Dr "Nak" van der Merwe, in February, 1984, that the pharmaceutical profession should help the nation by adopting generic substitution.

(60) ~~[illegible]~~ B. Day 3/5/85

Multinationals urged to stay

Own Correspondent

MULTINATIONAL companies already established in South Africa should not be allowed to pull their investments out, a trade unionist urged yesterday.

Mr Alec Irwin, the education secretary of the Federation of South African Trade Unions (Fosatu), said they had become part of South Africa's social structure and should remain.

He was speaking at a lunchtime meeting at the University of Natal in Durban.

He did not believe the withdrawal of foreign investments would correct South Africa's problems.

"The only way this can be done is by changing economic policies. The creation of homelands and the tricameral parliament is costing South Africans money.

"The move towards shifting taxation onto the black worker has got its limits.

"There will be a backlash if further attempts are made to shift taxes onto blacks," he said.

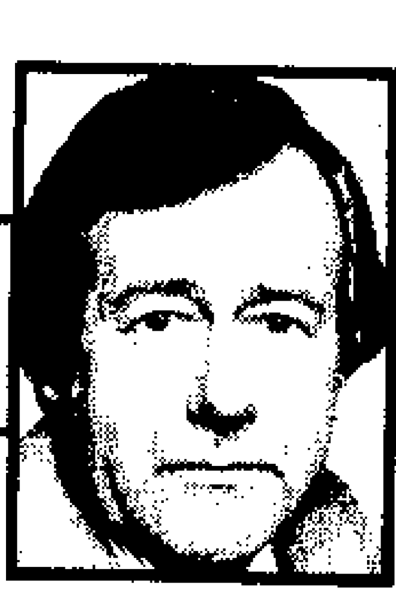
Referring to the growth of the trade union movement, he said the total number of unionised workers in South Africa was about 2 000 000 but many were "trapped in dormant unions".

The trade union movement would always be political and could not escape from the present problems facing the country, he said.

Black opinion counts most in debate on disinvestment

60

Cape Times 3/5/85



London Dateline
By STANLEY UYS

MR Malcolm Rifkind, Minister of State at the Foreign Office responsible for African affairs, made an admission last week which South Africans should note and digest.

Speaking in the House of Commons on Labour demands for economic sanctions against South Africa, the minister began by saying that a policy of economic sanctions which was effective and sealed South Africa off from the economic activity of the rest of the world would not only damage the Republic but profoundly damage, if not destroy, the economies of a number of its neighbours.

"It is impossible to conceive how Lesotho, Botswana, Swaziland, Zimbabwe or Mozambique could do other than suffer enormously if sanctions were effective," declared the minister.

But then Mr Rifkind added that he freely accepted that "there are many blacks, including responsible blacks, who, whether through a sense of frustration or genuine conviction, believe that this policy would be attractive and that it should be supported".

Outlived its usefulness

This is an ominous statement, because until now Mr Rifkind has steadfastly quoted Professor Lawrence Schlemmer's report on "Black Worker Attitudes" (September 1984) to support the claim that the majority of blacks in South Africa are opposed to sanctions.

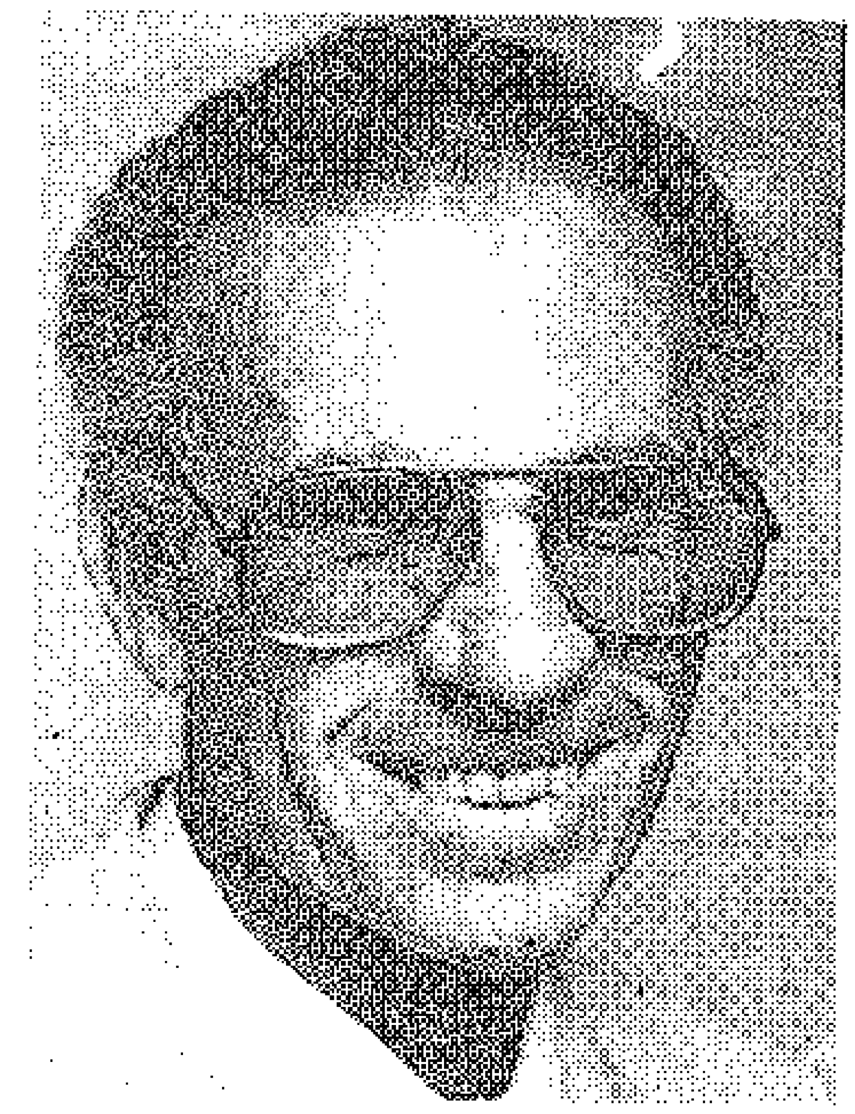
This means that the Schlemmer report has outlived its usefulness now as a document which can be quoted to show that blacks themselves in South Africa are against disinvestment.

Therefore, if the anti-disinvestment camp want to stem the tide of the disinvestment campaign now, particularly in the United States, they will have to come up with a new report which establishes, once and for all, how blacks in South Africa feel on this crucial issue.

The Schlemmer report, to recapitulate, found that 25 percent of blacks supported disinvestment and trade boycotts while 75 percent supported constructive engagement. The questions, of course, were not put in this academic phraseology, but in very simple language.

The report, like all Professor Schlemmer's work, was thoroughly professional. It tapped the opinions of blacks who, it felt, were most affected by the disinvestment debate, namely, production workers. And some interesting facts emerged — that on disinvestment black men are more radical than black women and that the black radical vote is highest in Pretoria, the "nerve centre of apartheid," and among black consciousness supporters.

Professor David Welsh



Professor Lawrence Schlemmer

But the report has been criticized on two grounds mainly: That the US State Department financed it, and that it is impossible to conduct an accurate survey for as long as the Internal Security Act makes "economic sabotage" a serious criminal offence — "economic sabotage" meaning any "Yes" answer to the question whether the person being polled favours disinvestment.

As the disinvestment debate proceeds, clearly the opinions of blacks in South Africa will become of critical importance. The debate outside South Africa is not being conducted in a calm, intellectual way, but in a highly charged emotional climate, and it will become necessary to match these emotions with more than just coldly rational arguments.

I have just been reading Professor David Welsh's superbly argued article on disinvestment in the latest issue of Leadership magazine (now restyled and looking very classy — the magazine, I mean, not Professor Welsh).

Professor Welsh sums up the situation with these perceptive words: "In debates with proponents of disinvestment I have repeatedly tried to extract from them just how they expect it to contribute to the process of change in South Africa.

"One might hope for some reasonably coherent account of anticipated consequences that would strengthen the forces of change.

"The responses to my probings, however, are invariably evasive, leading me to conclude that no such account exists."

Professor Welsh clearly wins the intellectual debate, but the proponents of disinvestment are emotionally not intellectually motivated, and the only possible counter-argument they would accept is if blacks themselves in South Africa were to be shown, beyond doubt, to be opposed to disinvestment.

In the latest issue of Die Suid-Afrikaan, Professor Hermann Giliomee, the editor, got to grips with this problem. In a discussion with Dr Beyers Naude, general secretary of the SA Council of Churches, he referred to the findings of the Schlemmer report.

Dr Naude recalled that, in 1976, the Christian Institute, of which he was the director, had come out in support of sanctions under certain circumstances.

The white members of the CI's executive had agreed at the time that their views were unimportant and that their black members clearly favoured sanctions. The choice then was seen to be between "meaningful non-violent pressure" (like sanctions), undoubtedly accompanied by suffering, or violence resulting from polarization between whites and non-whites.

Dr Naude said he found fault with the Schlemmer report's questions — phrased differently, he said, they could have elicited the opposite answers.

Also, there was the problem of the Internal Security Act which provided for very heavy prison sentences for "economic sabotage" — a situation which had not existed in 1976 and which now, according to Dr Naude, makes free discussion of the disinvestment issue impossible.

Survey a reliable guide

For any new survey of black opinion on disinvestment to be acceptable, therefore, at least three conditions will have to be fulfilled: The survey will have to be independently financed, the questions will have to be phrased in consultation with black leaders and the government will have to withdraw or suspend the "economic sabotage" law to make it possible for blacks to express their opinions without fear of being prosecuted.

A new survey, too, would have to be more extensive than Professor Schlemmer's, which covered 551 interviews.

If Professor Schlemmer's survey was a reliable guide to black opinion, then the government has nothing to fear by withdrawing the law. In any case, what does the "economic sabotage" law achieve? The disinvestment campaign, in spite of it, is gathering support.

There is still time during the present parliamentary session to withdraw the economic sabotage law and to prepare the way for the testing of black opinion. Or possibly the government could simply give an assurance that nobody who indicates support for disinvestment in an opinion poll will be prosecuted — if such an assurance is acceptable to black leaders.

But if the government moves at the pace of the ox again, and allows events to overtake the proposed poll, the disinvestment campaign will simply continue to gather momentum.

Disinvestment: a need for black opinion

NM 3/5/85 (60)

MR MALCOLM RIFKIND, Minister of State at the Foreign Office responsible for African affairs, made an admission last week which South Africans should note and digest.

Speaking in the House of Commons on Labour demands for economic sanctions against South Africa,the Minister began by saying that a policy of economic sanctions which was effective and sealed South Africa off from the economic activity of the rest of the world would not only damage the Republic but profoundly damage, if not destroy, the economies of a number of its neighbours.

Suffering

'It is impossible to conceive how Lesotho, Botswana, Swaziland, Zimbabwe or Mozambique could do other than suffer enormously if sanctions were effective,' declared the Minister.

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This is an ominous statement, because until now Mr Rifkind has steadfastly quoted Professor Lawrence Schlemmer's report on 'Black worker attitudes' (September, 1984) to support the claim that the majority of blacks in South Africa are opposed to sanctions.

Crucial

If the anti-disinvestment camp wants to stem the tide of the disinvestment campaign now, particularly in the United States, it will have to come up with a new report which establishes, once and for all, how blacks in South Africa feel on this crucial issue.

The Schlemmer report, to recapitulate, found that 25 percent of blacks supported disinvestment and trade boycotts while 75 percent supported constructive engagement. The questions, of course, were not put in this academic phraseology, but in very simple language.

The report, like all Professor Schlemmer's work, was thoroughly professional. It tapped the opinions of blacks who, it felt, were most affected by the disinvestment debate, namely, production workers.

And some interesting facts emerged — that on disinvestment black men are more radical than black women, and that the black radical vote is highest in Pretoria, the 'nerve centre of apartheid,' and among black consciousness supporters.

But the report has been criticised on two grounds mainly: that the

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MERCURY man in LONDON

U S State Department financed it, and that it is impossible to conduct an accurate survey for as long as the Internal Security Act makes 'economic sabotage' a serious criminal offence — 'economic sabotage' meaning any 'Yes' answer to the question whether the person being polled favours disinvestment.

As the disinvestment debate proceeds, clearly the opinions of blacks in South Africa will become of critical importance. The debate outside South Africa is not being conducted in a calm, intellectual way, but in a highly charged emotional climate, and it will become necessary to match these emotions with more than just coldly rational arguments.

I have just been reading Professor David Welsh's superbly argued article on disinvestment in the latest issue of Leadership magazine (now restyled and looking very classy). Professor Welsh sums up the situation with these perceptive words: 'In debates with proponents of disinvestment I have repeatedly tried to extract from them just how they expect it to contribute to the process of change in South Africa.

'One might hope for some reasonably coherent account of anticipated consequences that would strengthen the forces of change.

'The responses to my probings, however, are invariably evasive, leading me to conclude that no such account exists.'

Professor Welsh clearly wins the intellectual debate, but the proponents of disinvestment are emotionally, not intellectually, motivated, and the only possible counter-argument they would accept is if blacks themselves in South Africa were to be shown, beyond doubt, to be opposed to disinvestment.

In the latest issue of Die Suid-Afrikaan, Professor Hermann Giliomee, the editor, got to grips with this problem. In a discussion with Dr Beyers Naude, general secretary of the S A Council of Churches, he referred to the findings of the Schlemmer report.

Dr Naude recalled that, in 1976, the Christian Institute, of which he was the director, had come out in support of sanctions under certain circumstances.

The white members of the C I's executive had agreed at the time that their views were unimportant and that their black members clearly favoured sanctions. The choice then was seen to be between 'meaningful non-violent pressure' (like sanctions), undoubtedly accompanied by suffering, or violence resulting from polarisation between whites and nonwhites.

Dr Naude said he found fault with the Schlemmer report's questions. Phrased differently, he said, they could have elicited the opposite answers.

Also, there was the problem of the Internal Security Act which provided for very heavy prison sentences for 'economic sabotage' — a situation which had not existed in 1976 and which now, according to Dr Naude, makes free discussion of the disinvestment issue impossible.

Options

For any new survey of black opinion on disinvestment to be acceptable, therefore, at least three conditions will have to be fulfilled: the survey will have to be independently financed, the questions will have to be phrased in consultation with black leaders, and the Government will have to withdraw or suspend the 'economic sabotage' law to make it possible for blacks to express their opinions without fear of being prosecuted.

A new survey, too, would have to be more extensive than Professor Schlemmer's, which covered 551 interviews.

Support

If Professor Schlemmer's survey was a reliable guide to black opinion, then the Government has nothing to fear by withdrawing the law. In any case, what does the 'economic sabotage' law achieve? The disinvestment campaign, in spite of it, is gathering support.

There is still time during the present parliamentary session to withdraw the economic sabotage law and to prepare the way for the testing of black opinion. Or possibly the Government could simply give an assurance that nobody who indicates support for disinvestment in an opinion poll will be prosecuted — if such an assurance is acceptable to black leaders.

But if the Government moves at the pace of the ox again, and allows events to overtake the proposed poll, the disinvestment campaign will simply continue to gather momentum.

Disinvestment: a need for black opinion

NM 3/5/85 (60)

MR MALCOLM RIFKIND, Minister of State at the Foreign Office responsible for African affairs, made an admission last week which South Africans should note and digest.

Speaking in the House of Commons on Labour demands for economic sanctions against South Africa,the Minister began by saying that a policy of economic sanctions which was effective and sealed South Africa off from the economic activity of the rest of the world would not only damage the Republic but profoundly damage, if not destroy, the economies of a number of its neighbours.

Suffering

'It is impossible to conceive how Lesotho, Botswana, Swaziland, Zimbabwe or Mozambique could do other than suffer enormously if sanctions were effective,' declared the Minister.

But then Mr.Rifkind added that he freely accepted that 'there are many blacks, including responsible blacks, who, whether through a sense of frustration or genuine conviction, believe that this policy would be attractive and that it should be supported.'

This is an ominous statement, because until now Mr Rifkind has steadfastly quoted Professor Lawrence Schlemmer's report on 'Black worker attitudes' (September, 1984) to support the claim that the majority of blacks in South Africa are opposed to sanctions.

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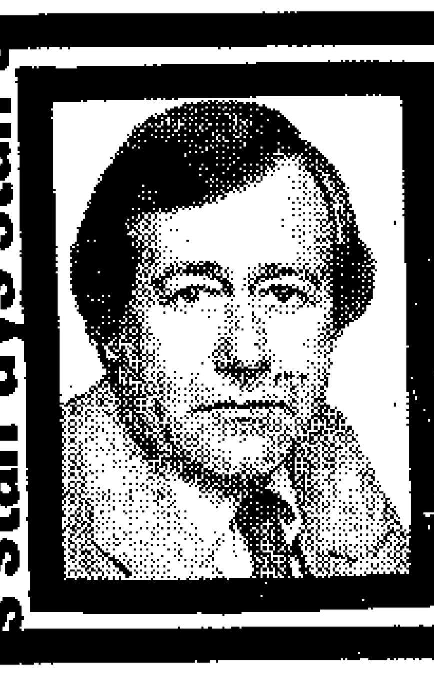

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Fosatu official: Firms should stay

Cape Times 3/5/85

60

Own Correspondent

DURBAN. — Foreign multi-national companies already established in South Africa should not be allowed to pull out their investments, Mr Alec Irwin, education secretary of the Federation of the South African Trade Unions, told a lunchtime meeting at the University of Natal yesterday.

Speaking at a well-attended meeting of students in the Shepstone Hall, Mr Irwin said they had become part of South Africa's social structure and should remain.

"The workers helped build companies like Ford," he said.

He did not believe that the withdrawal of foreign investments would "correct the problem" in South Africa.

"The only way this can be done is by changing the country's economic policies. The creation of homelands and the tricameral parliament was costing South Africans money.

"The move towards shifting taxation on the black worker has got its limits.

"There will be a backlash against further attempts to shift taxes on blacks," he said, adding that the increase in general sales tax hit black people hardest.

Referring to the growth of the trade union movement, Mr Irwin said the total number of unionized workers in South Africa was about 2 000 000 but many were "trapped in dormant unions".

The trade union movement would always be political and could not escape from the present problems facing the country, he said.

A new federation of trade unions was emerging and was expected to be launched by the end of the year with a membership of 350 000 workers. "This will be the largest and most powerful federation in South Africa," he added.

Mr Irwin said workers here still needed the solidarity of American workers and there should be closer links with the Americans, British and German workers to strengthen the fight for better rights in the workplace for workers in South Africa.

CAPE Times 4/5/85 (60)

Disinvestment: Fosatu policy

By RIAAN DE VILLIERS
Labour Reporter

THE Federation of South African Trade Unions (Fosatu) supported the current disinvestment campaign against South Africa as it believed that "pressures of this kind should be brought to bear on the government", a top Fosatu official declared last night.

Fosatu would also "wholeheartedly" support total disinvestment — including the withdrawal of foreign companies at present operating in South Africa — if it could be given the assurance that this would bring about the changes desired by workers, Mr Joe Foster, general secretary of the powerful federation of independent unions, said.

However, this was "unclear" and it had "reservations" about whether these changes would be brought about by disinvestment alone.

Spelling out official Fosatu policy on the issue for the first time within South Africa, Mr Foster said it was also "not in favour" of the withdrawal of foreign companies operating in South Africa at this stage.

"We have a lot of members at foreign companies such as Ford, General Motors and Volkswagen. We have no mandate from our members there to say they must withdraw, and it would make no sense to advocate their withdrawal at this stage.

"Workers have a vested interest in those factories, and we in fact believe we are part-owners of those factories.

"In any case, I don't think workers would want to inherit a bankrupt country," he said.

But he added that Fosatu might call for their withdrawal in future if this came to be "in the interests of workers".

Mr Foster's comments followed widespread interest in a speech on the issue by another top Fosatu official this week.

Mr Alec Erwin, Fosatu's national education secretary, reportedly told a Durban audience that foreign multinational companies in South Africa should not be allowed to pull out their investments. They had become part of the social structure and should remain.

"The workers helped build companies like Ford," he was quoted as saying, and added that he did not believe that withdrawal of foreign investments would correct South Africa's problems.

Mr Foster said yesterday his remarks reflected offical Fosatu policy as determined by internal discussions.

Incorrect

He confirmed that these were the first public statements on the issue by Fosatu officials but added that he had stated Fosatu policy in these terms on "numerous occasions" overseas.

He said Mr Erwin's reported remarks "broadly" reflected this policy. "But any impression the report may have created that Fosatu is opposed to disinvestment, is incorrect," he added.

Prominent trade unionists in the Western Cape yesterday expressed interest in the statement but would not comment. Mr Erwin could not be contacted for further comment.

SA trade unions back disinvestment

D. Dispatch 4/5/85 (60)

Dispatch Correspondent

CAPE TOWN — The Federation of South African Trade Unions (Fosatu) supported the current disinvestment campaign against South Africa as it believed that "pressures of this kind should be brought to bear on the government", a top Fosatu official declared last night.

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Foreign millions pour in in disinvestment counter

60

S. Times 5/5/85

By Ciaran Ryan

WHILE multinational companies are fielding calls to pull out of South Africa, a Johannesburg-based company has succeeded in attracting foreign investment of R13,5-million.

Another R22-million has been generated in South Africa and 4 000 jobs have been created.

Alkhan, an industrial decentralisation consultancy, has sifted through the myriad of tax laws, incentives and allowances in various parts of the sub-continent so it can advise investors on the best locations for their businesses.

Carrots

Contrary to the popular belief that investors are attracted to the homelands because of the incentives, South African towns like Newcastle and East London and Garankuwa in Bophuthatswana are the most popular locations, according to a director of Alkhan, Abrie Coetzee.

He says decentralisation incentives are not the primary reason for building plants. Incentives are of short-term nature.

"Their businesses must be viable without any outside assistance before they consider moving here.

"We conduct a study on the best location for the investor's business. Most are interested in South Africa because of its low labour costs so we have to compete with South America, Costa Rica and the Far East, all of which have varied and interesting packages to offer."

Patriotic

Alkhan does not promote investment in South Africa out of a sense of patriotic duty. It may recommend Botswana or Mozambique to investors, says Mr Coetzee.

Offshore investment has become a major feature of world trade and nations compete vigorously for a slice of the cake.

Mr Coetzee says negative publicity about South Africa has hindered Alkhan's attempts to promote South Africa abroad, particularly in the United States. Alkhan has contact offices in Taiwan, New York, Hong Kong and Milan.

Disinvestment threat to millions of jobs

(60) S. Times 5/5/85

FOREIGN disinvestment will mean one-way tickets to dole queues for thousands of unskilled workers.

Unemployment in South Africa is said officially to be about 530 000, but unofficial estimates of above a million are closer to the truth.

But the supply of executive, managerial, professional and technical skills does not meet demand. The shortage will be worse in the year 2000.

Predictions from the Bureau for Economic Research at the University of Stellenbosch are that demand for skills will outstrip supply by 545 000 in the next 15 years.

These people will be in a position of strength, almost holding employers and the economy to ransom.

On the other hand, the unskilled are on a hiding to nothing. They will become less and less employable.

Even if gross domestic product grows at 4½% a year, which is highly optimistic, more than 2,7-million unskilled workers will join those already without jobs in the next 15 years.

Bring the growth in GDP down 2½% and the there could be 4,7-million unemployed people by the year 2000 — more than 25% of the economically active population.

Willem Crous, executive director of the Institute of Personnel Management, thinks 2½% GDP growth is the sort of figure disinvestment would result in.

Perhaps he is being optimistic and the growth rate will be negligible, especially if gold is spurned on overseas markets and sanctions are applied to South Africa.

Racial mix

Mr Crous has no doubt that the business community has to set the pace for real change and to counteract disinvestment campaigns.

He says: "Foreign investment is the answer. It will change the racial mix of manpower and force changes in social and political terms.

"Foreign investment is needed more than anything else to accelerate education and training and the upward mobility of all races."

Bugs in the employment code bedding

S-Times (60)
5/5/85

RAYMOND Ackerman's proposed South African equivalent of the Sullivan Code is sound — but a multitude of difficulties will have to be overcome.

On the surface, it is logical for business to bring about change and reduce political pressures on South Africa.

But underneath lie a mass of problems regarding the monitoring and auditing of such a code and the objectivity of participants and organisers.

The Pick 'n Pay chief suggests that an SA code be established and monitored by a panel including Government, business and black leaders.

But there are bound to be differences of opinion between "partners" with such divergent backgrounds and goals.

Dialogue

Initially a critic of Leon Sullivan's code for US companies in SA, Mr Ackerman admits that many companies have been compelled to change their policies in recent years.

He says: "The adoption of a local code will show overseas critics what can be achieved by SA businessmen. We have found black leaders unaware of the progress being made, but it is significant that dialogue is under way."

Could it be that Mr Ackerman and others are playing into Mr Sullivan's hands, as one of the Baptist preacher's most recent pleas has been for signatories to spread the word to other companies?

Grading

Perhaps he wants out after starting the ball rolling with his code of 128 signatories employing more than 80 000 workers and an investment of about R20-billion in SA.

The Sullivan Code has not been without problems, particularly on the auditing side.

A Boston management consultancy, Arthur D Little, has kept tabs on signatories and graded them. Some signatories say the auditing is too subjective and companies not in the code are suspicious. Stephen Bisensius, former executive director of the American Chamber of Commerce in SA, believes the chances of Mr Ackerman's idea succeeding depend on the sincerity and objectivity of the monitoring panel.

Competition

"Some Sullivan companies are bitter about the way the code is audited and others have been intimidated into signing. For an SA code to work there has to be consensus on the aims between participating companies and the monitoring panel."

Mr Bisensius, who recently left Amcham to form the American Association for Trade and Investment, says the Sullivan Code must not be given too much credit.

He resigned his post because Amcham would not actively pursue an anti-disinvestment campaign.

He says some Sullivan signatories are in competition with one another to see who can score best on Arthur D Little's ratings. The public relations emphasis has too much significance.

Bureaucratic

"Some companies opt to keep jobs for their staff rather than go out of their way to meet a Sullivan requirement. What is more important, jobs or points?

"Unrealistic demands and blind subjectivity would ruin any South African code, so the quality and foresight of a monitoring panel are crucial."

Like engineers who fail one subject and thus an entire examination. Sullivan companies fail their test unless they meet its nine basic requirements.

These include freedom of association for workers, minimum pay levels and making Sullivan ratings known to staff.

Another fault of the Sullivan Code which Mr Bisensius says has scared off potential signatories is its bureaucracy.

"Companies don't want to be continuosly bugged by filling in forms for audits and requirements. An employment code must not be a burden."

He agrees with Harvard University researcher Rob Conway that business has to play the major rôle in countering anti-SA opinion.

Enlightened

He says too little credit has been given to the efforts of SA companies in the past.

"Companies like Beacon and Barlow Rand had enlightened labour practices before Sullivan came on the scene. They get very little credit for that."

Fosatu's stance on disinvestment

(60) ~~#...~~ Star 6/5/85

PORT ELIZABETH — The Federation of South African Trade Unions (Fosatu) was not in favour of the withdrawal of foreign companies operating in South Africa at this stage, a senior Fosatu official said in Port Elizabeth at the weekend.

Mr Joe Foster, the federation's general secretary, said many Fosatu members worked for foreign companies.

"We have no mandate from our members to say they must withdraw.

"Workers have a vested interest in those factories. In fact, we believe we are part-owners of those factories. In any case, I don't think workers would want to inherit a bankrupt country," he said.

Mr Foster's statement followed widespread interest in a talk on the issue by Fosatu's national education secretary, Mr Alec Erwin, who told a recent meeting at the University of Natal that foreign multinational companies in South Africa should not be allowed to withdraw their investments which had become part of the social structure. — Sapa.

Sowetan 7/5/85

Black trade unions get together

(60)

MEMBERS of the 31 major black trade unions representing thousands of workers are to meet in Johannesburg on Thursday to formulate strategies and discuss the controversial issue of disinvestment in South Africa.

A spokesman for the union's joint co-ordinating committee said the meeting will also give an evaluation of the May Day celebrations which were held throughout the world and in South Africa last week.

Several meetings were convened by the unions, and others by the United Democratic Front and the Azanian People's Organisation.

The issue of disinvestment has been on the lips of many political activists and trade unions who have expressed their deepest concern.

The spokesman said the May Day celebrations have shown and brought together numerous trade unions with different political outlooks and "we are happy that there is solidarity among the black working class.

"The close co-operation has also shown the State and the employers that they cannot divide workers in terms of their political ideologies. We appreciate the role of the UDF and Azapo in bringing workers together," the spokesman said.

Demands

The spokesman reiterated that the unions will still insist on their demands made before the May Day celebrations. These include:

- May Day be regarded as paid public holiday;
- Demand for high wages;
- Adequate and decent housing at reasonable rent;
- Adequate and efficient transport;
- Trade union rights and the right to strike and picket; and
- The abolition of influx control and other discriminatory laws.

The spokesman said they hoped that the police will keep away from future May Day celebrations.

The meeting, to be held at Lekoton House, starts at 5pm.

Disinvestment here to stay - journal

60

SOWETAN Reporter

THE OVERSEAS disinvestment lobby will be a problem to South Africa for many years to come.

The real aim of the disinvestment lobbies is not only to force overseas companies out of South Africa, but to bring about the total economic and political isolation of the country.

An article in Barlow Rand Limited's quarterly journal, "Barlow '85", says the lobby has become an integral part of the on-going part of the sanctions drive against the country.

The article says South Africa has now become public property in the United States because disinvestment is no longer a matter of behind-the-scene jockeying and lobbying.

It has become a moral issue facing legislators of every major city and state. In addition, it appears to have become the starting point for the 1988 Democratic presidential campaign.

"Some punitive action will be taken against us this year, but it is doubtful whether at this stage it will be extreme. However, once anti-South African legislation has been enacted in the US, it will be difficult to have it removed from the statute books," the article says.

Internally members of 31 trade unions representing thousands of workers are to formulate a strategy on disinvestment. Some of the participating unions, affiliates of Cusa and Fosatu, have in the past advocated that overseas countries should stop investing in South Africa.

The comment by Barlow also has to be seen in the light of the fact that the company has investments in Britain and the United States and the company's investments are growing, according to sources.

The article says legislation is to be introduced in the US calling for inter alia:

- A ban on US bank loans to the South African Government or any of its corporations such as Iscor or Escom, unless these are for educational, housing or health facilities for all races.
- A restriction of new US investments in, or bank loans to, South Africa.
- A ban on the importation into the US of Krugerrands.
- A ban on the export of computers to the South African Government, including spare parts and servicing for computers previously sold.

The restriction and ban may be imposed on South Africa provided that it (SA) makes substantial progress to eliminate apartheid.

The ban may also be imposed on condition it complies with the following conditions:

- It eliminates the system that keeps black workers and their families from living near their workplace.
- It eliminates politics that prevent blacks from seeking jobs wherever they can find them.
- It ends policies of denationalisation; halts removal of blacks because of race or ethnic origin; eliminates residential restrictions based on race or ethnic origin, it enters into meaningful discussions with truly representative black leaders and the achievement of an acceptable settlement in SWA/Namibia.

The President, P W Botha's latest announcement that blacks will be granted freehold rights and that forced removals will be stopped, has been welcomed.

Singer at anti-SA demo

Sowetan 16/5/85

WASHINGTON — Singer, Judy Collins and a Wisconsin State legislator were among 10 people who submitted to token arrest yesterday in the continuing anti-apartheid protests at Washington's South African Embassy, authorities said.

Charged with demonstrating within 152 m of the Embassy, were Miss Collins, legislator, David Clarenbach of Wisconsin, the president of the University of the District of Columbia, Mr Robert Green, and seven others, police said.

About 200 people marched in a picket line near the Embassy prior to the arrests — Sapa-AP.

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Disinvestment: SA has no reason to be complacent

(60) D. Dispatch 14/5/85

By DR HERMANN GILIOMEE, professor of political studies, University of Cape Town.

South Africa has been bracing itself for tough economic sanctions by the United States Congress to force accelerated reform of apartheid.

The American foreign policy mood is unpredictable (except for the kneejerk reaction to everything Cuba does), but my impression during a recent visit to Washington was that the threat of serious curbs on American investment in South Africa has passed.

It is hardly necessary to qualify this with the statement that should a large number of blacks die tomorrow in clashes with the police, disinvestment (even trade sanctions) is a real possibility.

Business leaders in South Africa and the United States have lobbied vigorously against disinvestment on the following grounds:

- Disinvestment will hurt South African blacks, the people it is designed to help, by exacerbating black unemployment.
- America has limited leverage and is unable to accelerate the pace of apartheid reform since it is responsible for less than 20 percent of the foreign investment in South Africa.

The argument that disinvestment will be counter-productive for evolutionary reform in South Africa has steadily gained ground in recent weeks.

A pro-investment attitude draws on the deep-seated American belief, shaped by historic experience, that economic growth will produce the rise of a black middle class which will command increasing power and respect on behalf of all blacks.

There is, in fact, no American public consensus for far-reaching trade and investment sanctions. A recent Harris poll (conducted, however, before the Uitenhage shootings) showed that majorities in the United States opposed economic sanctions against South Africa: they were against prohibiting bank loans by 51 percent to 41 percent, against blocking new business investment by 54 percent to 39 percent, against ending all trade with South Africa by 64 percent to 29 percent and against forcing United States businesses to close down South African operations by 76 percent to 18 percent.

There is also a changed perception of the possible effect on South Africa of severe diplomatic and economic sanctions. Initially, there was widespread support for the view that tough American action would "traumatise" South African politics, a reaction that would presumably force Pretoria to face up to the need for power-sharing with blacks.

In recent times, the realisation has dawned that America has but limited leverage over South Africa. In Congress there is a growing bi-partisan approach towards South Africa which has rather more limited objectives.

It above all wants to signal its displeasure with whites and sympathy for blacks. If this has the effect of hardening white attitudes, so be it, for the United States wants to distance itself from apartheid. It is no longer enough for America to profess abhorrence of apartheid: some concrete steps must be taken.

The bill Congress is likely to pass by September is, barring some major atrocity in South Africa, unlikely to contain the economic sanctions suggested by Senators Kennedy and Weicker. The chances are good that it will prohibit new loans to the South African government and state corporations, make it compulsory for United States companies to comply with the Sullivan labour code aimed at the desegregation of the workplace and training of blacks, and provide American funding (in the region of \$10m to \$20m) for advanced education and training of blacks.

"Displeasure with South African whites" may well take the form of cutting down on consulates, withdrawing American military attaches from South Africa, and dealing the serious symbolic blow of withdrawing the landing rights of South African Airways, which would make us join the small far Left company of Cuba, Nicaragua and Russia.

Experienced Washington watchers believe that President Reagan will find it difficult to veto such a bill if it finds strong bi-partisan support as appears likely at this stage.

In economic terms these measures will not affect South Africa much. The jump to a mandatory Sullivan Code is not big. Moreover, American banks have already virtually stopped lending to the South African Government and its agencies while greatly increasing their loans to the private sector excluding banks (up from \$495 billion in 1981 to \$1,1 billion in 1984) and to banks (up from \$1.08 billion to \$3.5 billion in the same period).

It is not possible for the South African Government to "reloan" from the private sector but it is more likely that it will look for credit in the European money markets.

Compared with what was envisaged a few months ago, this will be a rather limited American response. Instead of actually imposing sanctions, it rather conveys a warning that America is not unwilling to introduce curbs, but will for the moment stop at this point.

In mainstream American politics, the argument is now generally accepted that, as William Raspberry phrased it in the Washington Post, the threat of sanctions probably has much more effect that would the reality of their implementation.

In the next year or two, most of the action will occur outside Congress. The move to divest institutional funds from American companies with subsidiaries in South Africa has made great strides. On American campuses, South Africa has become the hottest issue since the days of the Vietnam demonstrations.

Since 1976, about 40 universities have sold \$292 million of stocks in South African-related companies, but this figure is destined to grow dramatically and local governments last year alone divested \$12 billion of stock from companies involved in South Africa.

These divestment moves have been encouraged by recent findings that they need not be costly. Institutions which sold SA-related stock tended to switch to high-technology stock which has generally outperformed shares in companies with South African interests.

As yet, this has had no impact on the shares of these companies but there are many companies who worry about how their public image will be affected. Coming on top of the decreasing profitability of their operations in South Africa and their fears concerning our country's stability, the option of selling out is becoming more attractive.

As to the extent that American companies voluntarily withdraw, it will be easier for Congress in future to impose further curbs on United States economic and diplomatic ties with South Africa.

South Africa has no reason to be complacent over the softer line Congress is likely to take this year.

Disinvestment: SA has no reason to be complacent

(60) D. Dispatch 14/5/85

By DR HERMANN GILIOMEE, professor of political studies, University of Cape Town.

South Africa has been bracing itself for tough economic sanctions by the United States Congress to force accelerated reform of apartheid.

The American foreign policy mood is unpredictable (except for the kneejerk reaction to everything Cuba does), but my impression during a recent visit to Washington was that the threat of serious curbs on American investment in South Africa has passed.

It is hardly necessary to qualify this with the statement that should a large number of blacks die tomorrow in clashes with the police, disinvestment (even trade sanctions) is a real possibility.

Business leaders in South Africa and the United States have lobbied vigorously against disinvestment on the following grounds:

- Disinvestment will hurt South African blacks, the people it is designed to help, by exacerbating black unemployment.
- America has limited leverage and is unable to accelerate the pace of apartheid reform since it is responsible for less than 20 percent of the foreign investment in South Africa.

The argument that disinvestment will be counter-productive for evolutionary reform in South Africa has steadily gained ground in recent weeks.

A pro-investment attitude draws on the deep-seated American belief, shaped by historic experience, that economic growth will produce the rise of a black middle class which will command increasing power and respect on behalf of all blacks.

There is, in fact, no American public consensus for far-reaching trade and investment sanctions. A recent Harris poll (conducted, however, before the Uitenhage shootings) showed that majorities in the United States opposed economic sanctions against South Africa: they were against prohibiting bank loans by 51 percent to 41 percent, against blocking new business investment by 54 percent to 39 percent, against ending all trade with South Africa by 64 percent to 29 percent and against forcing United States businesses to close down South African operations by 76 percent to 18 percent.

There is also a changed perception of the possible effect on South Africa of severe diplomatic and economic sanctions. Initially, there was widespread support for the view that tough American action would "traumatise" South African politics, a reaction that would presumably force Pretoria to face up to the need for power-sharing with blacks.

In recent times, the realisation has dawned that America has but limited leverage over South Africa. In Congress there is a growing bi-partisan approach towards South Africa which has rather more limited objectives.

It above all wants to signal its displeasure with whites and sympathy for blacks. If this has the effect of hardening white attitudes, so be it, for the United States wants to distance itself from apartheid. It is no longer enough for America to profess abhorrence of apartheid: some concrete steps must be taken.

The bill Congress is likely to pass by September is, barring some major atrocity in South Africa, unlikely to contain the economic sanctions suggested by Senators Kennedy and Weicker. The chances are good that it will prohibit new loans to the South African government and state corporations, make it compulsory for United States companies to comply with the Sullivan labour code aimed at the desegregation of the workplace and training of blacks, and provide American funding (in the region of $10m to $20m) for advanced education and training of blacks.

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South Africa has no reason to be complacent over the softer line Congress is likely to take this year.

Krugerrand row rages

(60) Sowetan 21/5/85

By LEN MASEKO

THE disinvestment campaign — currently in its height in some overseas countries — had an effect "to an extent" on the latest developments in the proof Krugerrand industry, a senior executive in the industry disclosed yesterday.

Mr Len Gulland, chairman of the Gold and Hard Asset Exchange, told **The SOWETAN** that although proof Krugerrands were marketed mainly locally, resistance in the United States towards the coins was one of the factors that led to the latest shake-up. The resistance emanated from the recent campaign to have the Krugerrand banned in the USA.

Mr Gulland was commenting on the shock announcement over the weekend that the South African Gold coin Exchange (SAGCE) had been placed under provisional judicial management. The development has unsettled proof Krugerrand investors who fear that they stand to lose millions of rands as a result.

"The SAGCE at some stage wanted to develop an export market but its plans were felled by political resistance overseas. Americans preferred to invest in Canadian coins rather than in something that would later be banned," the Gold and Hard Asset Exchange chairman said.

Meanwhile a top-level meeting of dealers in proof Krugerrands was to be held in Sandton last night to discuss the latest developments in the industry.

Mr Heinz Buttkewitz, of the Sandton Gold Coin Exchange, said yesterday representatives of SAGCE would be present and he had arranged for representatives from all South Africa's reputable dealers to attend.

Swazi-S A finance men discuss disinvestment

NM 27/5/85 (60) (2)

CAPE TOWN—The disinvestment campaign against South Africa featured among issues discussed by the finance ministers of South Africa and Swaziland in Cape Town yesterday.

The talks between Mr Sibusiso Dlamini and five Swazi finance officials and Mr Barend du Plessis's team, which included his Deputy Minister of Finance, Mr Kent Durr, and the Director General of Foreign Affairs, Mr Ray Killen, ended shortly after noon.

In a statement released after the two-hour meeting, the ministers said the meeting was a result of the visit of the Prime Minister of Swaziland to President Botha in Cape Town last year.

A number of subjects were discussed, including the state of the South African and Swaziland economies, economic prospects, the harmonisation and development of taxation systems in the area, and development opportunities.

'The ministers emphasised their concern about the detrimental effect that economic measures against South Africa would have on the well-being of the area and the development of the region.'

Replying to questions, Mr Dlamini said it was his Government's view that disinvestment would work against Swaziland.

'We believe in peaceful change in the region and if this campaign succeeds it will not result in peaceful change.

'We will not support it because we are sure we will be among the first to suffer,' he said.

The Swazi minister said the most pressing economic problem facing his country was the R100 million needed to rebuild the country's communications infrastructure destroyed by Cyclone Demoina last year.

Although the matter had not been raised at the meeting, it was hoped South Africa would be able to assist in the funding of the R80 million budgeted for this item over the next three years.

'We have an export-based economy and our communications are therefore essential,' he said. — (Sapa)

(60) CAPE TIMES 22/5/85

SA offers prime returns, Davin tells US investors

By ROBERT GREIG

FOREIGN investors in South Africa can expect above-average returns, in spite of political and exchange rate risks and high inflation, the managing director of the Old Mutual, Mr Frans Davin, has told an American investment conference.

Speaking yesterday at the Institutional Investors' Investment Conference in New York, Mr Davin said that the major risks of investing in South Africa were high inflation, political risk and foreign exchange uncertainty.

On the credit side, South Africa offered:

- Probably the most sophisticated infrastructure in Africa;
- A "commitment" to free enterprise;
- A long record of high real economic growth and "very good returns in dollar terms";
- Impeccable international credit standing;
- Technological innovativeness;
- A massive potential market;
- A renowned raw material base; and
- Leadership, as a food producer, of Africa.

He said that South Africa's average inflation rate over the last decade was 12.7 percent compared to the United States's 3.7 percent.

"The South African economy is and will for many years to come be subjected to strong inflationary pressures which are mainly of a socio-political nature and an inflation rate equal to the current rate of the United States is not foreseen."

Mr Davin said that political changes eventually tended to increase government spending and inflationary pressures, but added that the government was committed to controlling its spending.

"I am quite confident that inflation will not be allowed to get out of control."

Mr Davin also told American investors that he believed that the rand was "substantially undervalued", given South Africa's balance of payments prospects and the rand's purchasing power.

He saw the rand appreciating in the short to medium-term.

Mr Davin assured his audience that the government was committed to "orderly" change.

This would not, Mr Davin predicted, be accompanied by "economic deterioration" because "a sufficiently large core of management expertise and skilled people" was "permanently committed to the country" and its development.

He asked the "outside world" for understanding and encouragement.

London stocks after hours: Blyvoors 7 7/16, Bracken 180, Driefontein 26 3/8, E Rand Prop 7 7/8, FS Geduld 28 1/2, Grootvlei 8 5/8, Harmony Gold 15 3/8, Leslie Gold 275, Randfont 110 1/2, SA Land Exp 288, Southvaal 46, Stilfont 8 1/8, Venters 9 7/8, W Rand Cons 4 13/16, Zandpan 96. — Reuter

Cape Times 24/5/85 (60)

Disinvestment 'bound to fail' — Reddy

HOUSE OF DELEGATES. — Disinvestment would not enhance the position of South Africa's black majority and was bound to fail, Dr J N Reddy, Leader of the Official Opposition, said yesterday.

Speaking in the Budget's Third Reading debate, he said that while those who were for disinvestment were "few and far between", there were many people against it.

Dr Reddy, a former banker, said that while the country was going forward in the right economic direction under the Minister of Finance, Mr Barend du Plessis, there was need for the minister to hold reins tighter so that economic goals would be achieved.

● During the debate the Chairman of the Ministers' Council, Mr Amichand Rajbansi, said the government should ensure that the price of brown bread stayed low because it was the food of "the masses". The government was not in power to protect people who could afford to buy luxury breads. — Sapa

Swazi 'no' to disinvestment

MBABANE — Swaziland's Minister of Finance said that a disinvestment campaign against South Africa would be "cut-throat action" against his country.

Mr Sibusiso Dlamini was speaking at the airport after arriving from several days of talks with South African Finance Minister, Mr Barend du Plessis, and other officials. 60

Mr Dlamini pointed out that the economies of the two countries are inter-related, and any adverse effects on South Africa are bound to hit Swaziland.

He said Swaziland was keeping her fingers crossed that any disinvestment campaign against the Republic will not succeed. Sowetan 24/5/85

CAPE TIMES 24/5/85

(60)

Keeping 'close eye' on disinvestment campaign — De Loor

NEW YORK. — The disinvestment campaign presently sweeping across the United States is being assisted by the downturn in the South African economy, says the Director General of the Department of Finance, Dr Joop de Loor.

Dr De Loor, who is in the United States after attending a closed meeting of investors in New York, told Sapa that although the purpose of his visit was not to investigate the disinvestment campaign, he was keeping a "close eye" on developments.

There are about 30 Bills before the United States Congress which in one way or another call for the withdrawal of American business interests in South Africa.

"I think the disinvestment campaign that is being waged here is being assisted by the relatively low returns compared with what have been earned in the past years in South Africa ... simply because at the moment we are in the down part of the business cycle," said Dr De Loor.

Dr De Loor added: "But as soon as that (business cycle) starts picking up and the returns start increasing, then I think investors will be less worried about what the political problems are and they will assess them in a professional way."

Dr Joop de Loor

He said, however, that the South African economy was gradually "forming a very healthy foundation".

"It's working well ... interest rates are coming down. There are very good signs in the wind and one would just have to see. It's a long path but it will be worthwhile in the end."

As to the conference of investors, which was arranged by the New York publication, The Institutional Investor, Dr De Loor said there were investors who were "very interested in what we had to say is going on in South Africa".

He said: "There was a very substantial interest in South Africa ... we have several queries that we will be following up when we get back home."

He described the attitude towards South Africa at the conference as "positive" and "heartening".

"They were professional investors and not politically orientated. They wanted to know the risks and rewards, to make a pure investment decision ... they were apolitical or, should I say, non-political investors.

"We were able to give them a little bit of background information as to what is going on in South Africa because they were unable, from what is published in the press here, to really get what we feel is a more balanced view," he said. — Sapa

The role of foreign banks in South Africa

60 B. Day 27/5/85

ROGER GIDLOW, Professor of Business Economics at Wits

THE TIME has come for SA to reverse its past policy of discouraging the presence of foreign banks, says Roger Gidlow, Professor of Business Economics at the University of the Witwatersrand, writing in the May issue of the Bank of Lisbon's "Economic Focus".

The restrictions on the entry of foreign banks are out of step with the current policy of promoting foreign investment. What is more, says Gidlow, this policy has been out of step with the recent attitudes towards foreign banks of numerous industrial countries. The more liberal admission of foreign banks could improve the competitiveness of the local banking industry, while introducing new technical skills. The workings of the foreign exchange market could be enhanced, facilitating dealings in forward exchange, and so perhaps contributing to reduced exchange rate volatility.

The SA policy which virtually banned the entry of new banks into the Republic was based on the Third Report of the Commission of Enquiry into Fiscal and Monetary Policy (published in November 1970). The Report recommended various steps to reduce the influence of overseas banks over the South African banking system. It has provided the basis for the treatment of foreign banks ever since. No new foreign banks have been established since that time, while overseas holdings in several banks, including Barclays and Standard, have been reduced.

The Commission argued that, because the deposits of a bank are supplied mainly by local residents, local investors should have a substantial equity stake, while the funds of domestic banks are "part of the national resources of a country". But if one carries these arguments to a logical conclusion, any foreign-controlled business might be deemed to be enjoying an unsuitable presence in this country. The presence of foreign banks in this country, argues Gidlow, can be attributed to the foreign investment of multinationals and other foreign firms, as well as to the economic growth which has been recorded by the economy over a long period of time.

Gidlow rejects another argument — that the contribution which new foreign banks can make to technical and organising knowledge and skills in the financial field should be regarded as relatively insignificant. The technical skills of foreign banks could, for instance, play a useful part in improving the workings of the foreign exchange market in this country. A large number of bank participants in this market is desirable, and more foreign banks could help to alleviate the problem of credit lines among banks in respect of forward exchange business. It is similarly doubtful whether foreign banks would largely limit their activities to the financing of international trade by taking advantage of their credit line facilitated with their parent foreign banks. This business is already very competitive.

The Commission relied also on the fact that countries such as Canada, Australia and the US had taken steps to restrict foreign control of local banks, emphasising that there was a high degree of foreign control over South African banking. But other countries' policies are not necessarily wise or appropriate. What is more, Canada, Australia and the United States have all modified their attitudes in the past decade.

What possible objections could there be to the entry of new foreign banks into SA? One factor which has encouraged some other countries to sanction the entry of foreign banks has been the desire to promote greater competition in the banking sector, and thereby improve the quality of banking services. It might be argued that stronger competitive forces in South Africa have already emerged without the entry of new foreign institutions — from such non-banking sources as building societies. And the banks themselves compete much more aggressively, using both the pricing and other marketing mix instruments.

Cartel-type arrangements between local banks, for such as fixing commission fees for accepting bankers' acceptances and fixing opening hours, have broken down. Interest bearing current accounts have also emerged. In addition, new technology has given the banks new opportunities to cut the cost of handling retail business and improve the quality of services. Such developments, however, do not necessarily mean that new foreign banks cannot aid this trend. The extent of competition can still vary among different segments of the banking industry. In any case, the presence of foreign banks cannot be judged solely on the basis of the degree of competition in banking. Such banks potentially confer other benefits.

It might be argued that existing banks are ably equipped to meet domestic banking needs. The entry of new banks, therefore, could intensify shortages of skilled labour in the banking sector and create, in general, excess capacity in the industry. Overtrading in banking usually refers in particular to the retail end, but the objective measurement of this is difficult. The most usual method is to express the number of bank branches as a ratio of the number of residents in a country, but owing to the composition of the SA population such a ratio would be more difficult to interpret than in other Western countries. In this respect, SA may be underbanked, in the sense that large numbers of non-whites do not possess bank accounts.

Some evidence of overtrading has been the practice of some banks to close branches in rural areas. Any new foreign banks, however, would certainly not be interested in opening branches in rural areas or in becoming retail banks at all. They may well concentrate on wholesale banking, and some of their key staff would most probably be recruited from their head offices. Would foreign banks, in fact, judge it economically desirable to set up local operations? After all, some business can be conducted through correspondent banks.

But if a foreign bank — even a specialised one — wishes to conduct local banking business it needs to obtain local deposits. Active participation in the rand-dollar foreign exchange market similarly requires a presence in this country, because of the necessity of gaining customers and the inherent volatility in the market which renders trading from a foreign base hazardous. The fear may arise that a larger presence of foreign banks in SA would render the domestic banking industry less sensitive to official policy measures.

Tighter monetary policies and control over domestic interest rates might be circumvented to some extent through foreign banks raising deposits from their parent banks overseas. On the other hand, even domestic banks can raise short term funds from international banks. Any undermining of monetary policies would not appear to be relevant now that a floating rand exchange rate system exists, since any capital inflows or outflows do not automatically influence the money supply.

Could the Reserve Bank's task of regulating the banking sector become more difficult if more banks operate? Not necessarily, because the greater recent emphasis upon market-related methods of control has eased the task of monitoring banking activities.

A recent OECD report has stated that the presence of foreign banks has greatly benefited the financial systems of the host countries, notably by introducing greater competition in the wholesale banking sector. In their search to gain a niche in the corporate loan market, foreign banks — according to the Report — have been catering in particular for the most dynamic and innovating enterprises. In several countries this has exerted a marked impact on the degree of sophistication of domestic loan markets.

On the funding side, foreign banks have promoted the development of money market sources of funds, and deposit instruments, such as negotiable certificates of deposit, which are tailored for the requirements of large investors. In many countries they have also fostered the growth of international fund transfers, traveller's cheques, business consultancy, foreign exchange trading, corporate cash management and trading in international securities.

If SA exchange controls were to be abolished, foreign banks would be particularly suitable for developing the purchase of international securities by local investors as well as promoting the role of SA as a regional finance centre, and possibly improving the access of local parties to the Eurocurrency market. And removal of exchange controls could cause the authorities to view the entry of new foreign banks differently, probably leading to an acceleration in international investment by South African companies. This, in turn, could encourage local banks to seek outlets in overseas centres, and raise the issue of reciprocity. The local authorities could then face pressures to relax the restrictions on foreign entry if they had not been relaxed earlier.

One of the major deficiencies of the local foreign exchange market is the very limited number of local dealing banks, perhaps a cause of that market's extreme volatility. The entry of new foreign banks could increase the number of participants and help to spread the burden of foreign exchange dealings more efficiently.

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The Commission relied also on the fact that countries such as Canada, Australia and the US had taken steps to restrict foreign control of local banks, emphasising that there was a high degree of foreign control over South African banking. But other countries' policies are not necessarily wise or appropriate. What is more, Canada, Australia and the United States have all modified their attitudes in the past decade.

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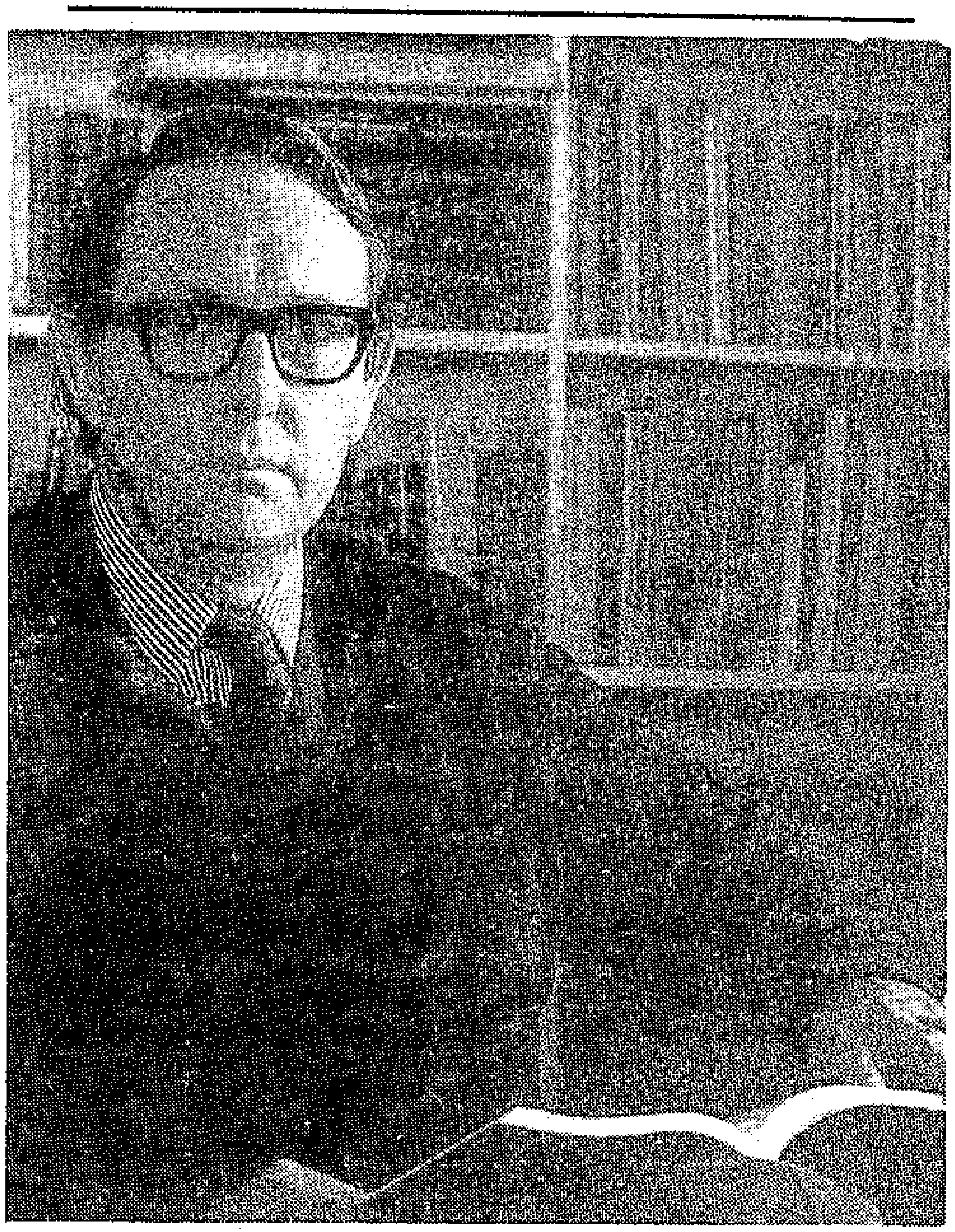
Disinvestment's obvious and hidden harm to SA economy

Cape Times 28/5/85 60

By DAVID WELSH

Professor of Southern African Studies
University of Cape Town

This is the first of two extracts from an extended article by Professor Welsh which appears in the journal Leadership, First Quarter, 1985.



Professor David Welsh

IN CONSIDERING the disinvestment issue it is as well to begin by making a few concessions to the disinvestment lobby.

It would be churlish to deny that the threat of disinvestment has been a spur to reform in commerce and industry.

There can be little doubt that the unprecedentedly strong memorandum jointly presented to Senator Edward Kennedy early in January by national employer groups reflected a real concern that disinvestment threats might be translated into practice. What was striking about the memorandum was its unequivocal call for legislative goals that, if implemented, would spell the end of the old order of racial domination.

Let us also acknowledge that for far too long private enterprise has been insufficiently outspoken in its condemnation of racial discrimination.

It is a perfectly valid argument against disinvestment to say a disproportionate burden of its costs will be borne by blacks. But is there not just a grain of truth in the counter-observation that some of the people who make the argument have hardly been conspicuous in their previous championing of black welfare claims?

Something of a bind

A further concession to the boycott brigade has to be made in the case of sport.

It is surely inconceivable that the steps towards desegregating organized sport would have been taken without the pressure of the international drive to cut sporting links with South Africa.

Those who have advocated this boycott, however, find themselves in something of a bind because, on the one hand, they are anxious to claim the effects of the boycott as a "success" with relevance for boycotts in the other spheres, while, on the other hand, their refusal to acknowledge any significant change in South Africa, requires them to insist that the changes in sport are purely "cosmetic".

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where to set up a foreign subsidiary. South Africa? Well, the likely rate of return on the investment might be good, but what about the "hassle factor" — having all those church, student and other disinvestment groups constantly on one's back? And what if a South African connection has adverse effects on sales in the domestic (ie American) market? The latter possibility is likely to be the most powerful consideration.

It is impossible to estimate how many potential investors have shied away from South Africa for these reasons, but it seems reasonable to assume

possible, although, given the Reagan administration's views, the legislation may well be subject to a presidential veto — however, these can be over-ridden by Congress.

Some observers have suggested that an American initiative along these lines would make it difficult for other Western countries to resist applying their own sanctions. What might happen is completely unpredictable, but South Africans ought to be aware of a real threat that cannot be ignored.

Nor should they underestimate the deleterious effect that the climate created by the dis-

out (Financial Mail, January 25, 1985): "Even a partially successful exports boycott would deliver a staggering blow to the SA economy."

There would be little purpose in my attempting to provide scenarios in quantitative terms of the estimated effects of particular sanctions.

Several economists have already made brave attempts at this kind of calculation. At this stage, it seems to me, we do not know exactly what kind of sanctions are likely to be imposed nor how many countries will involve themselves in the campaign.

The many imponderable and unquantifiable factors make the task of projection and prediction virtually impossible. Moreover, as the Swaziland government has pointed out recently, damage done to the South African economy would also have serious effects on all of South Africa's black-ruled neighbours and on Namibia.

In debates with proponents of disinvestment I have repeatedly tried to extract from them just how they expect it to contribute to the process of change in South Africa.

Anticipated consequences

One might hope for some reasonably coherent account of anticipated consequences that would strengthen the forces of change. The responses to my probings, however, are invariably evasive, leading me to conclude that no such account exists. It is, however, possible to isolate several strands of thought within the disinvestment lobby.

Many Americans are more concerned with American foreign policy interests than with what actually happens in South Africa, the reasoning being that America's business involvement is seen as complicity in injustice and that America, as the leader of the Western Alliance, cannot afford the allegation that it is "propping up apartheid", however misleading the argument may be.

This, of course, is a legitimate concern. Harold Macmillan made the point eloquently in his "Winds of Change" speech in 1960, saying: "We may sometimes be tempted to say to each other: 'Mind your

Most likely kind of sanctions

A good case can be made for the view that the impact of foreign pressure will not make much of a dent in the South African system, let alone topple it.

Yet it remains true that disinvestment — the most likely kind of sanction for the foreseeable future — can damage the South African economy in direct and indirect ways.

Indeed, it probably has already done considerable damage. Take the hypothetical case of the American corporation pondering the question of that quite large capital injections must have been foregone.

The basic problem with disinvestment, as with all forms of economic sanctions, is that its advocates are unable to spell out a convincing scenario of anticipated consequences for the economy, let alone for the entire political set-up.

A major unknown is the effect that disinvestment measures legislated by the American Congress might have on other Western powers, most notably Britain.

It seems highly likely that some form of economic sanctions will be enacted by Congress during 1985. A ban on future American investment is investment campaign is having on potential foreign and local investors.

Moreover, the aggravation of an already unfavourable climate is very likely to have harmful effects on South African exports.

As the disinvestment campaign gets into full swing the spotlight will tell on South African products to an increasing extent.

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Symbolic statement

If one cannot effectively rebut the general proposition that a state is entitled to act in accordance with its own legitimate foreign policy interests, one has to try to show that the imposition of sanctions is likely to have worse implications — and I believe that this can be demonstrated.

Perhaps the majority of pro-disinvestment Americans is concerned to make a symbolic statement of repudiation to the South African government. As the mayor of Boston put it in explaining the ordinance that prohibits the city from investing public funds in any institution that does business with South Africa: "It's important that Boston — as the cradle of liberty — send a message that it objects to human rights violations."

It is of no avail to try to rebut this kind of argument by pointing out that many states have worse records of human-rights abuse than South Africa. Correctly or incorrectly, racial discrimination is seen as the worst offence in the human-rights book, and South Africa, as the sole surviving upholder of a system of institutionalized discrimination, is consequently a prime target.

Disinvestment's obvious and hidden harm to SA economy

CAPE TIMES 28/5/85 (60)

By DAVID WELSH

Professor of Southern African Studies
University of Cape Town

This is the first of two extracts from an extended article by Professor Welsh which appears in the journal Leadership, First Quarter, 1985.

Professor David Welsh

IN CONSIDERING the disinvestment issue it is as well to begin by making a few concessions to the disinvestment lobby.

It would be churlish to deny that the threat of disinvestment has been a spur to reform in commerce and industry.

There can be little doubt that the unprecedentedly strong memorandum jointly presented to Senator Edward Kennedy early in January by national employer groups reflected a real concern that disinvestment threats might be translated into practice. What was striking about the memorandum was its unequivocal call for legislative goals that, if implemented, would spell the end of the old order of racial domination.

Let us also acknowledge that for far too long private enterprise has been insufficiently outspoken in its condemnation of racial discrimination.

It is a perfectly valid argument against disinvestment to say a disproportionate burden of its costs will be borne by blacks. But is there not just a grain of truth in the counter-observation that some of the people who make the argument have hardly been conspicuous in their previous championing of black welfare claims?

Something of a bind

A further concession to the boycott brigade has to be made in the case of sport.

It is surely inconceivable that the steps towards desegregating organized sport would have been taken without the pressure of the international drive to cut sporting links with South Africa.

Those who have advocated this boycott, however, find themselves in something of a bind because, on the one hand, they are anxious to claim the effects of the boycott as a "success" with relevance for boycotts in the other spheres, while, on the other hand, their refusal to acknowledge any significant change in South Africa, requires them to insist that the changes in sport are purely "cosmetic".

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Yet it remains true that disinvestment — the most likely kind of sanction for the foreseeable future — can damage the South African economy in direct and indirect ways.

Indeed, it probably has already done considerable damage. Take the hypothetical case of the American corporation pondering the question of where to set up a foreign subsidiary. South Africa? Well, the likely rate of return on the investment might be good, but what about the "hassle factor" — having all those church, student and other disinvestment groups constantly on one's back? And what if a South African connection has adverse effects on sales in the domestic (ie American) market? The latter possibility is likely to be the most powerful consideration.

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Cape Times 31/5/86 (60)

Business campaign defended

Staff Reporter

A CLAIM by the former chairman of Sanlam, Dr Andreas Wassenaar, that South African businessmen were doing "more harm than good" by actively countering the disinvestment campaign, has been strongly rejected by the director of the Cape Town Chamber of Commerce, Mr Brian McLeod.

'Explosive'

Mr McLeod was reacting to a letter by Dr Wassenaar to the Burger in which he claimed that the South African argument that disinvestment would do more harm to blacks than whites was "highly explosive" on the United States political scene.

Dr Wassenaar said the reaction to this argument by American activists, South Africa's neighbouring states and local blacks was that the withdrawal of US investment from South Africa "must hurt very much if local businessmen suddenly became so worried about the greater damage".

He added that South Africans ought to realize that they could do nothing to counter the anti-South Africa campaign in the US. By fighting back South Africans did more harm than good, "especially if we cannot always succeed in maintaining a low profile".

Dr Wassenaar said US companies should be left to fight the campaign in their own interests.

Mr McLeod, who retires tomorrow after 37 years as director of the Cape Town Chamber of Commerce, said South African businessmen had a social responsibility to "take up the cudgels" on behalf of those who would suffer from disinvestment.

While it was true that the issue was being used as a political football, this did not mean South Africans should give up attempts to reach the average American.

"We are far better placed to indicate the true position to the outside world. Black leaders themselves have acknowledged that their people would be hurt by disinvestment. Do we want to add to the list of unemployed and starving?" Mr McLeod asked.

Outdated

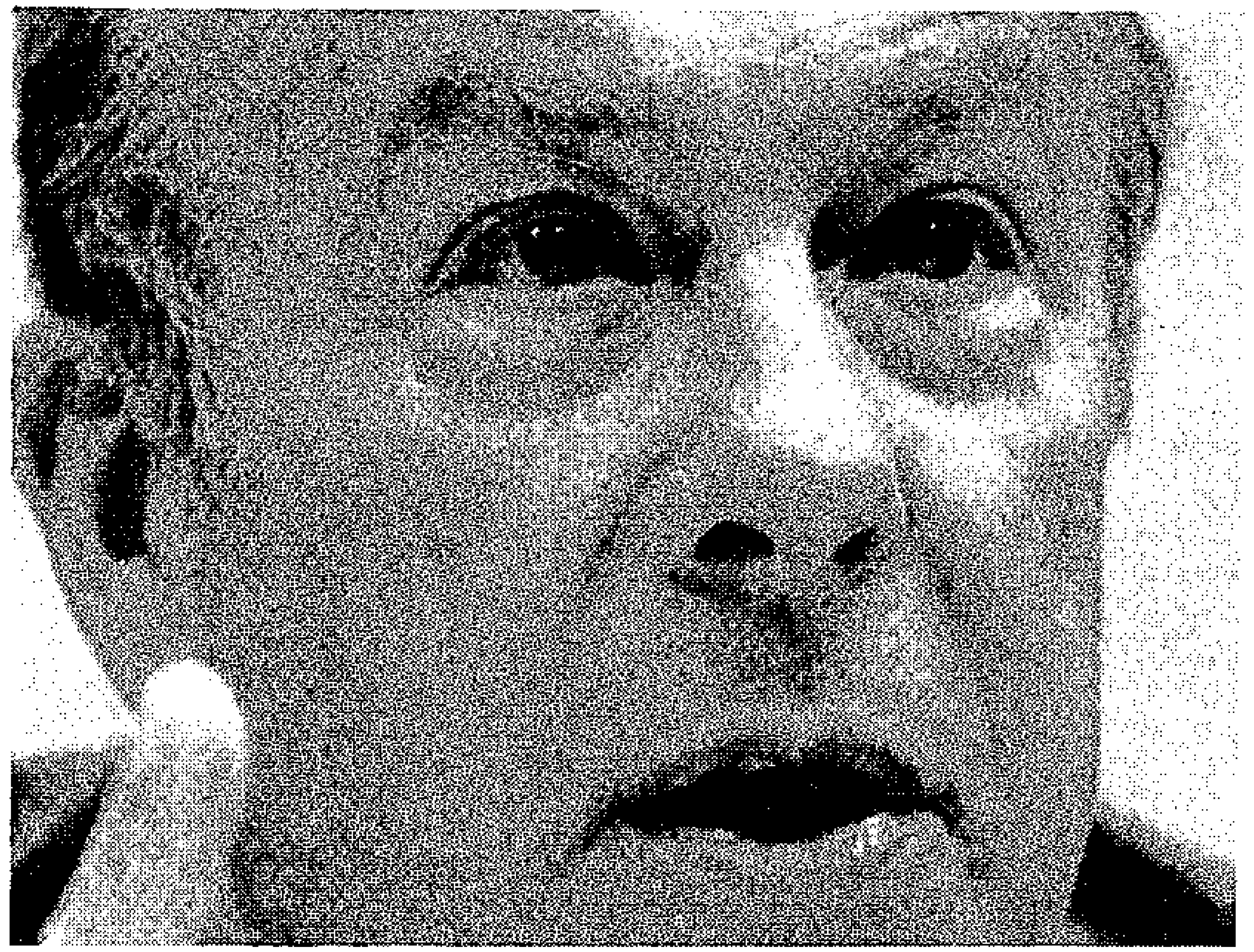
Mr Horace van Rensburg, the PFP spokesman on National Education and the first PFP member to travel overseas to counter the disinvestment campaign, said Dr Wassenaar's argument was characteristic of outdated South African attitudes.

More investment was needed to help South Africa move towards a more just and equitable society, he said.

(60)

Disinvestment: realities and reactions

BRIAN KANTOR: professor, school of economics, UCT



● GEORGE SCHULTZ . . . brilliantly-cool realism

THE disinvestment campaign — concentrated on the US — is designed to stop the flow of funds from the international capital markets to SA. Its object is to discourage economic growth in order to make it more difficult for white South Africans to maintain their hold.

I consider that the disinvestment campaign is entirely misguided in terms of the self-interest of the Western alliance. Only the Left will benefit from whatever degree of harm it might inflict on the SA economy.

Most arguably, it would take an extended period of stagnation to make the white South Africans lose their grip, meanwhile causing great suffering, especially for the poor. Moreover, economic stagnation would tend to make any SA government and the white electorate more repressive and less responsive to Western opinion.

To make matters worse, an extended period of slow growth would change the composition of the white electorate, as more of the internationally mobile — that is, skilled or affluent — whites emigrate. Those who stayed would be those more dependent for their economic well-being on their political influence, and therefore with relatively more to lose through handing over political power.

SA's enemies — whom I would loosely describe as the internationally Left — might agree that stagnation would change the country for the worse before it got better (according to their criteria). They would, in other words, regard the suffering as worthwhile, if it were to secure — later, if not sooner — an anti-capitalist, anti-Western SA.

For the international Left the logic of disinvestment is inexorable. The same logic keeps children from investing in their education, which is perhaps the more important source of disinvestment in SA. On the other hand, a successful SA economy increases the chances of establishing a Western-type industrial democracy.

In the international context, an economically weak and isolated SA becomes a source of weakness for the Western — essentially capitalist — alliance, just as a vibrant SA economy becomes an important source of strength. We should not forget that SA is among the top 25 economic units in the world and among the top 25 or so trading nations, ranking 25th in both categories in 1982.

SA is near the top of the second division of important economies, with a fair chance of becoming a first division contender; 5% per annum of GDP growth, maintained for 25 years, would make SA — with a population of nearly 50 million people — among the top 10 most important economies.

The West has a great deal to gain from sustained SA economic growth, which would not only make this country a more important trading partner, but would surely be accompanied by the kind of political reforms that could make it an important Western ally.

The West has an important stake in the SA economy — which does not mean, necessarily, that the disinvestment campaign or more general attempts by Americans to punish SA will not succeed. The kind of logic that suggests it would be best to help rather than harm our economy will probably not play well in Washington DC. The Americans are just not very good at realpolitik!

The sophistication of the US Senate and the brilliantly-cool realism of US Secretary of State George Schultz (as expressed in his recent statement on American relations with SA) notwithstanding, my intuition is that most of what prevents hostile US government action against SA is the presidential veto. The American people continue to attach great value to "feeling better" — action against SA will undoubtedly make those who think at all about the subject feel a little better.

I have made no judgement as to whether moral outrage about SA is justified — nor is it necessary to do so. Schultz explained perfectly clearly why the authority and influence of the US in the region is so limited and why any better feelings generated by hostile action against SA will come at some cost to American influence and interests, without — in any way — helping to secure what Americans might generally agree to be a more just SA.

What might be the effects of disinvestment or trade sanctions? Fortunately for SA — and perhaps for the West generally — sanctions would have to be universal to be effective. A purely American ban on new investment is not likely to be of any great significance for the SA economy.

If American banks or firms wish to deny themselves superior returns in SA, banks or lenders elsewhere would fill the gap, while it would remain possible for Americans to lend to banks or firms in other countries, which directly or indirectly could take advantage of SA opportunities.

One of the more important consequences of American disinvestment would be to encourage banking relationships with SA by countries which have a tradition of neutrality in their international relations, in particular the Swiss. Can one seriously imagine the Swiss, who are not members of the UN — because membership, they believe, would impugn their neutrality — joining a ban on lending to SA?

One senses that the more worldly Europeans would remain sensitive to what they stand to lose by embargoing SA. And they do have much more to lose than simply the opportunity to undertake additional investment or trade.

The Europeans have a much larger investment stake in SA than the Americans and the stake consists of buildings, plant and machinery and employees that produce income and capital gains.

The value of those assets is very much dependent on the maintenance of normal relations between South Africa and its trading and financial partners. While foreign governments have it in their power to ban the flow of additional funds, the SA government has it very much in its power, however reluctantly, to stop the flows of income and, in effect, to expropriate foreign-owned assets.

Moreover, the net flows of foreign income received from SA have, for some time, consistently exceeded the net capital inflows. In 1984 foreigners earned in the form of interest, rents, profits, wages and salaries a net R3 965m, or nearly 4% of GNP. These net factor movements were R3 781m in 1983. That year, interest payments abroad totalled some R1 234m, dividends R1 354m and payments for labour and royalties provided by foreigners some R1 945m.

In 1983, excluding the reactions of the Reserve Bank, SA had net long-term capital outflows of R265m and short-term capital outflows of R53m. In 1984, very substantial long-term capital inflows of R2 671m were recorded, while short-term capital outflows were a massive R3 059m. For the period 1977-1984, long-term capital inflows totalled R4 675m, while short-term capital outflows of the non-banking sector totalled R7 049m.

The Reserve Bank and the banking system, acting mainly to stabilise the exchange rate, borrowed a net R2 708m over this period, almost all undertaken in the last four years, when the current account of the balance of payments was mostly in deficit. This year is likely to see substantial repayments of Reserve Bank short-term indebtedness. The desire of the Reserve Bank to reduce its own short-term foreign indebtedness is the main reason why the SA economy is being made to suffer as much as it is now. Disinvestment seems to begin at home.

SA has become less dependent on inflows of foreign capital since 1945. This dependence grew for a period in the early Seventies as local public corporations came to take advantage of the growing Eurobond market.

However, this market became much less accessible after the Soweto riots in 1976, and SA public corporations have come to rely much more heavily on charges — that is, in effect, taxation — to finance their huge investment programmes. Self-financing by public corporations has become an increasingly important source of savings.

SA could hope to grow considerably faster without requiring a great sacrifice of present consumption. The explanation of relatively slow recent growth rates does not lie with a lack of investment or savings.

The best defence against sanctions is economic growth. The better we play the economic game, the more seriously we will be taken. The major force that will encourage foreigners to maintain links with us will be the actual and expected progress of the economy. It is also the prospect of economic progress that would offer black South Africans the best possible reasons for living with white South Africans. Economic growth can also provide the means to compensate for the losses of privilege.

Conference on investing in SA

From JOHN BATTERSBY

LONDON. — A high-powered two-day conference on foreign investment in South Africa opens at London's exclusive Hilton Hotel today.

The conference, organized by the Swiss-based consultants Business International (BI) on behalf of its multi-national clients, will be addressed by Dr Gerrit Viljoen, Minister of Co-operation and Development, on the attitude of the South African Government on foreign investment. It is open only to members of BI at R2 500 a head.

The conference, entitled "South Africa: The Evolving Challenge to International Companies", will be followed on Friday by a similar one-day conference in New York.

More than 60 participants are expected in London and about 110 in New York. They will include representatives from such companies as Barclays Bank (UK), British Petroleum, Consolidated Goldfields, Rank Xerox, General Motors, Lego, Nestles, British Oxygen and Unilever.

BI has some 300-odd corporate members, most multi-nationals with operations in the US and Western Europe. The multi-nationals attending this week's conference have operations in South Africa.

It is understood that representatives from the South African Embassy and the South African Foundation have been invited as observers.

Speakers at today's conference include Chief Gatsha Buthelezi, the chief minister of KwaZulu, speaking on black political demands, and Dr Gerard De Kock, the Governor of the SA Reserve bank, on economic and business prospects.

Tomorrow's speakers will include British Foreign Office Minister Malcolm Rifkind on Anglo-South African relations and United States Assistant Secretary of State Chester Crocker on US-SA relations.

Mr Basil Hersov, executive director of Anglo-Vaal and chairman of Barclays Bank (SA), will conclude the conference with an assessment of how South African companies are responding to the challenges.

Other companies are waiting 'like vultures' to buy up assets

'SA stands to gain if US firms pull out'

(60) B. Day 5/6/85

NEW YORK — South Africans would gain if American companies divested themselves of holdings in the country, according to an article in yesterday's *Wall Street Journal*.

The bible of the American business community also said South Africa could retaliate against any American embargo by affecting the flow of chrome, platinum and vanadium that's so essential to international industry.

It added that South African buyers were standing by — "a bit like vultures" — waiting to buy up the assets of any departing foreign investors.

The article provided a rare other-side-of-the-coin look at the disinvestment issue on the day the House of Representatives was due to vote on imposing sanctions against South Africa.

The article, headlined: Please do not Feed the Vultures, was by New York investment counsellor John Train, and was based on a lunch he had in Johannesburg with several partners of a leading investment firm.

Train reported that, when he asked Max Borkum, senior partner in the firm, what the effect would be of US corporate disinvestment and whether this would "bring South Africa to its knees", he received this answer: "Not at all. Your (American) firms employ about 120 000 blacks here, out of more than seven million workers, so even if every last one were thrown on to the street it would represent about a 1,6% increase in unemployment.

"By and large the American firms here are sound, successful companies. If they had to sell, there would be plenty of other foreign or domestic buyers to take them over at a price."

Train quoted Angus Robertson, another partner in the firm, as saying: "A lot of buyers are standing by, a bit like vultures, if you like, waiting to pick up some of these assets. People have targeted a list of companies that look vulnerable, and in fact have started to approach them."

The article quoted Borkum as saying that institutional investors in South Africa had a huge accumulation of capital waiting for investment. He estimated this at about R8bn.

The lunch hosts also told Train that many South African officials were, in private, not opposed to disinvestment and that "they wouldn't mind seeing control of foreign-owned companies come home on a bargain basis".

They said the imposition of arms and oil embargoes had benefited local industry and that South Africa could retaliate against the imposition of new embargoes.

A guest at the lunch said disinvestment would "simply be a gesture".

"Of course, gestures of moral indignation have their place. But with all respect, in recent years hasn't the US become something of a specialist in meaningless gestures?

"The grain embargo, the embargo on Iranian oil, the pipeline embargo: nothing worked." — Sapa.

'SA will hit back'

B. Day (60) 5/6/85

Own Correspondent

SOUTH AFRICA would retaliate and evict the 1-million workers from frontline states working illegally in the country if the United States passed disinvestment legislation, Deputy Minister of Foreign Affairs Louis Nel said in Fort Beaufort last night.

Nel told about 150 people at a National Party meeting that, should the US pass laws preventing investment in South Africa, the country would have to defend itself "to show the world the real power of South Africa".

He said South Africa's "enemies" and the United Nations in particular had tried unsuccessfully for 30 years to introduce economic sanctions to bring the country to its knees.

South Africa had diplomatic, trading, air and communication links with major countries and was respected as a trustworthy trading partner for its mineral wealth and economy "which is seen as basically stable", he said.

Nel said South Africans of all groups would have to reach consensus on the realities of the country's situation before a programme of development could be successfully implemented.

One reality was that the country contained a variety of nations with a variety of languages and cultures, and with different aspirations which should be safeguarded.

Another was that some groups, such as the KwaZulu nation, were not prepared to accept independence if this meant forfeiting their citizenship.

He said the 10-million blacks living in South Africa had to be accommodated.

Nel stands firm on 'illegal workers' ban

(60) R. Day 6/6/81

DEPUTY Foreign Affairs Minister, Louis Nel, has stuck to his guns over possible action government may have to take against illegal black foreign workers if the disinvestment campaign succeeds.

By PAUL BELL
Political Correspondent

He says South Africa would be forced to protect the interests of its own citizens if disinvestment led to increased unemployment.

He made this statement last night, by way of explanation of what the Press and television have reported him as telling a National Party meeting in Fort Beaufort on Monday.

The only significant difference between the initial speech and last night's statement is on the matter of whether government has already decided to take this action. According to Press reports, it has. Nel says this interpretation is erroneous but that such steps would have to be considered.

Nel had been reported to say that 1-million illegal foreign black workers would be expelled if US legislation on disinvestment were passed and that this would constitute "an act of retaliation".

Nel claims that these reports that South Africa would "show the world its real power" by expelling these workers are also erroneous.

South Africa would, among other things, have to consider more intensive methods of repatriating illegal foreign workers.

Organisations in the US which campaign for disinvestment should realise that their actions were undermining the stabilising and development role of South Africa, and that it would lead to immeasurable misery, unemployment and starvation in southern Africa.

Progressive Federal Party's foreign affairs spokesman Colin Eglin said that whatever Mr subsequent explanation might be his "petulant outburst" at Fort Beaufort will have done further damage to foreign relations and helped those promoting the disinvestment campaign.

Opposition MPs warn of gravity of disinvestment

Argus 7/6/85

66

TOS WENTZEL, Political Correspondent

OPPOSITION MPs warned today that the seriousness of the disinvestment moves in the United States and warning signs in Europe and elsewhere must not be under-estimated.

Speaking in the third reading debate in the House of Assembly, Mr Colin Eglin, MP for Sea Point, said increasing isolation and pressure from abroad, combined with measures damaging the economy, would increase racial tension and raise the level of violence.

He said the irony was that, whatever the intention, the process of disinvestment would extend the life of apartheid, weakening the most potent forces for change, those generated by economic development.

The Government would have to come to terms with the fact that apartheid was no longer acceptable to the Western world.

Fight

Mr Eglin said that, when some ill-conceived action fanned the flames of disinvestment, the Minister or official concerned should be publicly reprimanded or sacked.

The fight against disinvestment would be won or lost in South Africa.

There were three critically important areas in which the Government had to move fast. These were:

- Scrapping pass laws and influx control.
- Restoring citizenship to all blacks who lost it through laws of this Parliament.

Popular

- Getting on with the task of negotiating a system which would give all South Africans a say in the central government structures.

Dr Boraine said the mood had changed rapidly in the United States and disinvestment had become popular.

Apartheid had become part of America's domestic political agenda.

There were considerable misgivings in the United States Congress on the policy of "constructive engagement".

Any positive news statements or action by the Government had been overshadowed by disturbances and massacres, police and army activities in the townships and harassment and detention of trade unionists.

Disinvestment row: Du Plessis meets Slabbert

A/t Argus 5/6/85 — 60

Political Staff

THE Minister of Finance, Mr Barend du Plessis, and the leader of the Progressive Federal Party, Dr Frederik van Zyl Slabbert, have had discussions following yesterday's storm over disinvestment.

The row between the Government and the PFP broke out when Mr du Plessis accused the PFP and newspapers supporting it of contributing to the success of the disinvestment campaign.

The accusation, at the end of the third-reading debate on the Budget, drew angry reactions from the PFP benches, drowning out Mr du Plessis at times.

"Speech unfortunate"

Dr Slabbert met Mr du Plessis privately soon after Parliament rose to discuss the speech at the Minister's request.

Dr Slabbert said after the meeting he had found Mr du Plessis's speech "extremely unfortunate and his allegations about the PFP unfounded".

He said the disinvestment campaign would have taken place without it being necessary for an Opposition party to "inform the world about the evil and total unacceptability of apartheid".

PFP "appreciated"

Mr du Plessis said later he did not intend to imply the PFP was responsible for disinvestment.

He said: "I was also not in the least implying that the contribution of the PFP to fighting the disinvestment campaign is not appreciated."

In the row in Parliament he had not been able to explain himself properly.

Exaggerated version

The outside world had, over many years, received an "exaggerated version of Government policy put out by members of the PFP in Parliament".

He conceded it was the task of an Opposition party to criticise Government actions but said the PFP had done nothing to point out the positive aspects of that policy.

He said Mr Colin Eglin MP (PFP Sea Point) had admitted for the first time yesterday that there were positive aspects to the apartheid policy, albeit overshadowed by the negative aspects.

Uitenhage, Cabinda

Mr du Plessis said he could not dispute that incidents such as the Uitenhage shootings and the Cabinda incident had contributed to the success of the disinvestment campaign.

But he still felt the position need not have been as bad if "such an exaggerated and extravagant" picture had not been put to the outside world.

Dr Slabbert said if the PFP's warnings that apartheid should be dismantled had not been evaded and dismissed by the Government, the disinvestment campaign would not have reached its current stage.

Crucial year

He said: "There is no question that even in this crucial year the Government has acted in total disregard of the intensity of the disinvestment campaign."

Earlier in Parliament accusations were being flung across the floor and at one stage Mr du Plessis was ordered to withdraw a claim that the PFP was "in cahoots" with the people supporting disinvestment.

Mr Harry Schwarz MP (PFP Yeoville), who recently returned from a self-paid trip to the United States to fight disinvestment, leapt to his feet repeatedly, saying Mr du Plessis had "a bloody nerve" and accused him of having done more to harm the anti-disinvestment campaign than anyone else by his speech.

Buthelezi tells of 'distrust'

CMI - Times 8/6/85

60

From WISEMAN KHUZWAYO

LONDON. — Chief Gatsha Buthelezi has unveiled a "declaration of intent" which he says President P W Botha must accept in principle before negotiations between blacks and whites in South Africa are possible.

Although he described his plan as "tentative", it sets out in detail the Zulu leader's position in response to President Botha's invitation for talks.

President Botha said Chief Buthelezi should take part in a forum that would examine how the political rights of urban blacks could be accommodated with the Republic's constitution.

Speaking during a two-day private business conference which ended in London on Thursday, Chief Buthelezi said he was absolutely certain that the politics of negotiation between blacks and whites in South Africa would not begin until the government committed itself publicly to a programme of reform contained in a declaration of intent which blacks are prepared to countersign with the State President.

'I would be abandoned'

"I have been chided from a number of quarters for not hearing the State President as being fully committed to bringing about meaningful change. Those who thus chide me are not aware of the deep distrust which exists in black hearts and minds about the stated good intentions of the National Party.

"I would be abandoned by my constituency if I turned to them and asked them to put black South Africa's future in the hands of the State President because I believed he was a good fellow and would not let them down," said Chief Buthelezi.

The Zulu leader's declaration, in its preamble, says power in South Africa should be shared in such a way that no one group can dictate any other's self-determination.

The plan commits black and white leaders to finding an alternative system involving universal adult suffrage, agreeing to common citizenship and to achieving the legitimization of the instruments of government.

Brief comment by Viljoen

Delegates attending the high-level conference included Mr Chester Crocker, the US Assistant State Secretary on Africa, and Mr Malcolm Rifkind, the British Foreign Minister with responsibility for Africa.

Sapa reports that after the conference on future trade and investment links with South Africa, held behind closed doors, ended, South Africa's Minister of Co-operation and Development, Dr Gerrit Viljoen, who was a key speaker, was prepared to make only a brief comment about it.

"The conference enabled the multinational companies to discuss the climate and environment in which they operate (in South Africa)," he said.

"It covered a very broad area of what is going on in South Africa and was aimed at increasing the understanding of the situation in the Republic, both politically and economically."

Dr Viljoen added: "The question of disinvestment only came up incidentally."

Cape Times 8/6/85

60

Curious logic on sanctions

From KOOS COETZEE (Rondebosch):

PROFESSOR David Welsh (Cape Times, May 28 and May 30) reveals rather curious logic in his two anti-disinvestment articles.

According to Professor Welsh, "we" (who are "we"? liberals? the government? blacks?) should demonstrate that sanctions are likely to hinder reform in SA.

He states in the same paragraph: "This has to be a subtle argument that relies on nice distinctions, because I have already conceded ... that the threat of disinvestment has been one factor in spurring reform".

In other words, the threat of disinvestment (or sanctions) is a spur to reform, but the real McCoy will hinder it — a very "nice" distinction indeed. Sanction threats deliver the goods, but as soon as they are given teeth and start biting, you are back to square one. Keep up the threat chaps, as long as they are not for real, thank you.

Professor Welsh himself does not demonstrate in any way how disinvestment will hinder political reform, although he embroiders on the woes that the economy, and the blacks, will suffer.

His argument is in fact so "subtle" that his statements on reform become nonsensical, giving one the idea that he is willing to clutch at straws to justify his viewpoint.

Professor Welsh also makes use of spurious logic, besides being patronizing, when he tells blacks, in effect, that they already have job advancement, increasing consumer power (in this economy?) as well as trade union rights and should therefore not look for other means in their struggle for political liberation. In other words, forget about disinvestment, forget about internal revolt, forget about fighting a war. Be happy with your trade unions, educate yourselves (with Bantu education?), and accept the yoke of apartheid in the interim because one day you will be liberated.

How?

Professor Welsh puts it succinctly: "It is highly likely that the more economically advanced and better educated a population group becomes, the more it will demand a share of political power and the less easily it will allow itself to be discriminated against".

In other words, become educated, get into executive and white-collar positions, and from there you can smash apartheid.

Giving them this advice, Professor Welsh does not bother telling them how to do it when they reach this "level". (How many political activists do you find in "top positions"?)

Professor's Welsh's argument smacks of the discredited O'Dowd theory which regards the political system of apartheid as a relic from the past which will be made redundant by the demands of a capitalist economy.

Apartheid, as we all know, is constantly updated.

I think white liberals in this country should stop preaching and prescribing to blacks. If blacks have the political finesse to view disinvestment as one arm of a multi-pronged strategy to get rid of apartheid, they should not be given simplistic paternalistic advice to accept their lot.

'This year a little slice in America. Next year a little slice in England or France. We are not resisting a specific little piece of legislation. We are resisting the start of a process which is aimed at eventual, total, mandatory sanctions.'

w/e Argus 8/6/85 (60)

Louis Nel and the Salami Syndrome

by JOHN MACLENNAN, Political Staff

Mozambican refugees in search of food and jobs in South Africa. They were photographed recently in the Transvaal by a party which went to investigate farmers' reports that illegal immigrants were continually coming over the border.

WE are sitting in Louis Nel's huge office on the 16th floor of Cape Town's H F Verwoerd Building. It has wrap-around windows and you can see from here to next week.

"Here," says the Deputy Minister of Foreign Affairs,"we believe in open Government." And the sweep of his arm takes in everything from Table Mountain to Robben Island.

He is in turn providing us with a view of the Government's stance on the disinvestment and sanctions campaign, now causing a furore both here and in the United States.

He seems to be the most visible member of Government talking on the subject at the moment and caused a fuss earlier this week when he warned the United States its efforts would cause great hardship to foreign blacks working here. More than a million, he suggested, might have to be fired if disinvestment leads to unemployment.

'Salami' politics

In his view Disinvestment '85 doesn't amount to much. It's the grand plan of Salami Politics which concerns him.

"If it means computers will not be sold to the security forces, or there will be no co-operation in nuclear matters then it will have no effect because there are already laws covering this in the United States.

"A prohibition on the sale of Krugerrands will also not be fatal because there is the possibility we can sell them in many other parts of the world.

"The important thing is that this is not a one-off event. We must see it in its historic perspective. For many years there have been attempts to introduce mandatory sanctions at the United Nations. And they have always failed.

"Now our enemies have decided on another strategy. This is the so-called salami process. This year a little slice in America. Next year a little slice in England or France. We are not resisting a specific little piece of legislation. We are resisting the start of a process which is aimed at eventual, total, mandatory sanctions."

He ticks off the steps which still have to be taken before the US Government can pass the disinvestment legislation it is now considering and concludes:"The worst scenario for 1985 is not serious at all. What is serious is the on-going process. We do not know how far it will go."

ment campaign is successful we can expect this sizeable European element in our economy to be the next target.

"Some of the proposed legislation obliges the US President to negotiate with South Africa's trading partners in order to get them to take similar action."

How successful would he be? "It depends on the Government. If Labour gets into power in Britain .... Neil Kinnock is their leader and he has already said he is in favour of sanctions."

Reform programme

If the salami process continues, how will it affect the reform programme, attempts to establish a new deal with more jobs, better living conditions?

He eyes one of two South African flags on his desk and reflects:"Reform is adaption. Reform is change. And as far as it affects whites it is also sharing. These things are more easily possible in times of economic prosperity than in times of economic misery."

So what to do? What he says amounts to the bottom line. It amounts to a firm Nee, No, Non, Nein, Nyet or whichever other way the foreign audience wants to hear it:"I'll tell you what we cannot do. We cannot accelerate the reform process in an evolutionary manner with the support of our own power base in time of economic distress. It's just not possible."

He believes that in sanctions the people he calls "do-gooders" have "got hold of the wrong stick."

Change recognition

Instead there should be constant recognition of changes and the development process taking place in South Africa,

QUOTE

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the assistance of technological exhanges with the rest of the world. But at best, he feels, we are going to fall far behind.

He has been at pains this week to make it clear that illegal foreign workers might have to be repatriated in orderly fashion. if disinvestment leads to unemployment and predicts bluntly:"The rest of Southern Africa is going to suffer. Economic development is extremely difficult as it is. But here are jobs and here is money which goes to various Southern African countries.If South Africa is harmed ... she will have to defend herself."

At about this point he brings out a set of colour prints. They show a group of blacks — mainly women and children — cooking up a meal in the veld. They were in search of food and jobs and are among the many who cross into South Africa continually. The pictures were taken when a party, including two members of the Cabinet, went hunting in the Eastern Transvaal recently.

And they, he adds, are the people the "do-gooders" should keep in mind."They will have a wonderful opportunity to show how much they care for the blacks of Southern Africa ... It is easy to make laws without accepting responsibility for your deeds. But if they damage the South African economy the consequences will be hunger and black instability. Disinvestment, successfully employed, is an act of violence against blacks."

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Investment cake

At stake at the moment are the activities of the 284 American companies with direct investments here. To put them in perspective: 10 per cent of total investment here is foreign and only 25 per cent of this is American. EEC countries and the rest of Europe are responsible for about 67 per cent of the investment cake.

He believes in the domino theory and is adamant that if the American disinvestment campaign is successful we can expect this sizeable European element in our economy to be the next target.

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He believes that in sanctions the people he calls "do-gooders" have "got hold of the wrong stick."

Change recognition

Instead there should be constant recognition of changes and the development process taking place in South Africa, greater investment and greater involvement of South Africans in the international arena.

"They want us to apply less apartheid. They want us to mix more and share more. But they want to do it by applying greater apartheid against South Africa as a whole. This is absurdity in top gear.

"If you want to increase the rate of reform, then you have to increase the rate of development."

South Africa might also have to use all its enterprise to stand on its own without the assistance of technological exhanges with the rest of the world. But at best, he feels, we are going to fall far behind.

QUOTE

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He would like to see a preamble to American bills which says something like:"We are prepared to accept the consequences of what we are doing and therefore legislate as follows .... "

Mr Nel says disinvestment "is going to be an incredible moral dilemma for America. But we are going to win the fight. The campaign is evil and Americans are starting to find it out now."

And at the same time:"We won't beg. We won't go on our knees. And we won't capitulate."

West would have to feed a broken S A, says Paton

(60) NM 10/6/85

Mercury Correspondent

JOHANNESBURG—If South Africa were brought 'to its knees' it would become one of the begging nations of the world and the West, having broken us, would have to feed us, says Mr Alan Paton, author and former chairman of the old Liberal Party.

Writing in Disinvestment, a special Leadership document on the economic sanctions issue, he takes an uncompromising stand against disinvestment.

'If the self-righteous bring our Government to its knees, they will bring the whole country to its knees for, if the Afrikaner Nationalists are ever brought to their knees, it will have to be by the gun,' he says.

'And if they are, agriculture, industry, railways and ports will all be brought to their knees. The West, having broken us, will have to feed us. Russia will give us guns. America will have to give us food.'

He says he has no doubt supporters of disinvestment hope it will not only cause severe damage to the economy but will also increase endemic unrest to such an extent that armed revolution will take place and the present Government will be overthrown by force of arms.

But, writes Mr Paton, even if the black people of South Africa so desire, they cannot wage a successful revolution unaided. Yet, who is likely to come to their aid? He has no doubt if the West succeeds in creating an economic and political vacuum, the USSR will embark on another African adventure.

Failed

In 1934 the white Parliament of South Africa passed one of the most enlightened laws of those times, the Children's Act, he writes.

The Act recognised that punishment was not the proper treatment for delinquent children and totally failed to treat the cause of delinquency. Punishment, in fact, could change behaviour for the worse.

Mr Paton writes; 'Punishment is no proper treatment for erring children. Nor is it the proper treatment for erring countries. Those who think they can make us good by punishment are deceiving themselves.

'If the nations of the West condemn us, they will only hinder the process of our emancipation from the bondage of our history. But, if they stay with us, rebuke us, judge us and encourage us, the chances are that we shall do better.'

Leaders to focus on disinvestment

(60) 17/6/85 Sowetan

PROMINENT black organisations and leaders including Bishop Desmond Tutu, Anglican Bishop of Johannesburg, will participate at a special conference in Johannesburg on June 22 to discuss the effect of investment and disinvestment in South African.

The conference, scheduled to be held at a Johannesburg hotel at 8.30 am has been organised by the National African Federated Chamber of Commerce (Nafcoc).

Mr Gabriel Mokgoko, Public Relations Officer of Nafcoc this week said the purpose of the conference was to obtain a co-ordinated black view on the subject. Speakers, including Dr S M Motsuenyane, president of Nafcoc, would also discuss whether investment or disinvestment would help dismantle aparthdid and bring about change in this country.

Already the United States Senator's Foreign Relations Committee has voted overwhelmingly in favour of tough measures against South Africa, which include the banning of US loans to and future investments in South Africa and the sale of Krugerrands, Australia this month also banned all future construction contracts with South African firms in an effort to increase pressure on this country to abandon apartheid. Norway has also approved measures to restrict trade with South Africa.

And the South African Government has threatened to consider methods of repatriating illegal foreign workers, Deputy Foreign Affairs Minister, Mr Louis Nel was reported as having said that the Government would be forced to protect the interests of its own citizens if disinvestment led to unemployment in the country.

Mr Mokgoko said this issue had generated conflicting reactions worldwide and to a very large measure the issue was only discussed in white circles only. "It is only right for blacks to come to grips with this subject and give us a co-ordinated opinion", he said.

Mr Mokgoko also made this appeal: "to enable a free brotherly discussion, no white representative or the Press will be allowed into the conference". But a press conference will be held thereafter, he promised.

Speakers will also include Dr Oscar Dlomo, secretary general of Inkatha,, Mr Moses Maubane managing director of the African Bank, Mr Paulos Zulu, a political researcher and other representatives from local black political organisations.

(60) B. Day 27/6/85

Disinvestment is the caring way

KEN OWEN

CAPITALISM has been taking a battering at the annual conference of the National Council of Churches in Johannesburg this week, and the idea that wealth needs to be created before it can be spent has been dying of neglect.

The theme of the conference is woman power, but it is not surprising — at a time when the Bishop of Durham can mock the Virgin Birth and eminent churchmen pray for the downfall of a government — that Christian concern spills into secular controversy.

The point was dramatised early on when the entire conference rose to mourn in silence "our brothers, sisters, our children who fell in the raid on Gaborone".

Obligation

Exegisis should be left to experts, so I will not try to explain the argument by which St Paul's Epistle to the Colossians, which urges us to forgive one another and to let the peace of Christ rule in our hearts, became a spur to political activism. But it was so.

Meditation on St Paul's words, argued Dr Wolfram Kistner, director of the SACC's division of justice and reconciliation, "can help us to recognise why the churches in South Africa are under an obligation to reject and resist the new constitutional dispensation".

In the belief that government policies have the effect of "converting the whole of South Africa into a military camp", the church is co-operating with a variety of other organisations in the End Conscription Campaign.

This is not unusual. The united church, in its opposition to the National Party's mediocre reform policies, co-operates increasingly with a variety of people, including socialists, overseas boycotters, local trade unions, ethical atheists and, in its economic analysis, neo-Marxists.

A guide to the disinvestment debate put before the conference was certainly calculated to warm the hearts of the Wits history department: "It would be simplistic to suggest that the whole problem of apartheid and racial oppression in South Africa have been created by industry and the profit motive ... nevertheless, it is clear that the interests of capital have played a very significant role."

Therefore it seemed natural that when Dr Kistner sought, at the request of Bishop Desmond Tutu, to guide a Swedish congregation he defined apartheid as not merely pertaining to racist attitudes, but as a "political and economic power system" intended to preserve white domination.

He warned the Swedes specifically against accepting such a system, even if it was "justified by means of liberal, anti-racist slogans".

Special care

More dangerous than anti-racist slogans, it appeared, was the scholarly research by Professor Lawrie Schlemmer, of the University of Natal, and by Dr Nic Rhoodie, of the Human Sciencies Research Council, both of whom found that a majority of black people opposed disinvestment.

To the contrary, argued Dr Kistner, black people had demonstrated by a two-day work stoppage that they were prepared to "participate in economic sanctions and boycotts".

Special care has been taken by the SACC to dismiss any fear among its delegates that disinvestment might create unemplyment.

"I submit," says Dr Kistner smoothly to the inquiring Swedes, "that investments can promote unemployment".

The argument was first used by textile workers in Britain a couple of centuries ago when they smashed new machinery, giving the language a word for mindless, uncomprehending fear of progress: Luddite.

The SACC has echoed the Luddites exactly by distributing a document complaining triumphantly that General Motors not only laid off workers, but also installed a robot that could fit an entire dashboard to a car on the assembly line.

Explaining why a trade union, out of fear of job losses, is willing only to support "selective disinvestment," the SACC documents fall into condescension. The unions' main concern, they explain, "is with consolidating permanent organisation in order to protect their members over the long-term".

If that comment is cynical, the SACC Luddites at other times display a deadly innocence: "The 2 000 jobs that will be lost because of the Ford-Amcar merger can be set against more than 6 000 lost during 1984 in the auto industry alone as vehicle sales dropped."

Nobody at the conference seemed likely to object that the loss of 2 000 jobs, coming on top of the loss of 6 000, might be less preferable than the mere loss of the original 6 000.

The only glimmer of understanding of the problems of job creation came from Dr Kistner himself when, in a flash of inspiration, he informed the Swedish congregation that, if they really wished to help, they might like to sponsor an SACC fieldworker to "be with the suffering people in outlying areas".

But the thought was no more than a postscript, and the case for economic growth went by default.

If, among the opponents of apartheid, there are any Christian capitalists — or even ethical atheists — they do not seem to turn up when people like the Rev Beyers Naude and Bishop Manas Buthelezi, Mrs Leah Tutu and Bishop Phillip Russell, Mrs Sally Motlana and Dr Allan Boesak gather to consider how to marry Christian conviction to economic necessity.

Applause

Indeed, the only person who might this week have been qualified to put the case for capitalism — for "liberal slogans," if you wish — was a Quaker from Philadelphia who raised a ripple of applause when he noted ominously that he was an adviser on investments and he would let his clients know.

Other visitors sat ready to take abroad the specious message and to spread it to the world's community of Christians: disinvestment is the caring way.

Qoboza's warning on disinvestment

Star. (60) 28/6/85

The associate editor of the *City Press* weekly newspaper, Mr Percy Qoboza, has come out strongly against the disinvestment campaign being waged in the United States against South Africa.

He told a business luncheon in Johannesburg organised by the South African-British Trade Association that though he was personally opposed to disinvestment, few of his fellow blacks would believe him.

There was a misconception abroad that there was consensus among blacks in South Africa about the disinvestment campaign, he said, but the issue evoked much passion among them.

Mr Qoboza said that though disinvestment might be regarded by some as the only alternative to violent change in South Africa, it would create conditions of economic chaos and be the recipe for a fullscale revolution.

He pleaded with multinational companies in South Africa to show their commitment to the creation of a just society. — Sapa.

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Sebe explains why Ciskei opposes disinvestment

Dispatch Reporter

BISHO — Ciskei was opposed to disinvestment and economic sanctions directed against South Africa, President Lennox Sebe told a meeting of business leaders in Belgium yesterday.

In a speech released by the Department of Information here he said that these punitive actions would have no impact on South Africa but would greatly harm the already oppressed and underprivileged black communities in Southern Africa.

"In our own a case the majority of our more recent investors are from overseas. Almost 40 per cent of our new industries are from either the United States or Europe and disinvestment on their part will greatly harm our industrial expansion," he said.

President Sebe said it was claimed that the motivation for these punitive economic actions was to help the underprivileged to escape the yoke of apartheid. In fact the suffering and burdens of these negative policies would fall fairly and squarely on the shoulders of the already impoverished and burdened communities.

He said Ciskei had done more for the emanicipation of their people in three years of independent government through orderly and progressive constitutional advancement than all the radical and vociferous political extremists put together.

"Our people today enjoy peace, stability and security. They are earning better incomes. They have prospect of owning their own homes. They are enjoying ever-improving standards of education and health services. The majority have employment and the youth have hope for the future."

President Sebe said that he did not mean that they had solved all their problems nor had they given them standards of life equivalent to their more affluent neighbours in South Africa.

He asked what had been achieved for the people by those who had resorted to violence compared with Ciskei's results obtained through peaceful negotiation and recognised constitutional reform.

In recent months there had been an outbreak of riotous disturbance and violence in many rural and urban areas in South Africa but it was singularly significant that there had been no single incident of riotous conduct or violence within the border of the Republic of Ciskei. In fact, people living outside Ciskei had been heard to remark that Ciskei was indeed not only a tax haven but a peaceful haven as well.

Belgian businessmen told of independence

Dispatch Reporter

BISHO — President Lennox Sebe said that it was vital that the nations of Europe should understand the true circumstances of Ciskei's independence in Southern Africa and accept that Ciskei was as eligible for its nationhood and freedom as were any of the nations of the world.

He was addressing a meeting of business leaders in Brussels, Belgium, yesterday.

He said, in a speech released here, that most nations in their own struggle for independence had gone through the same process of separation into individual nations.

He cited Belgium as an example.

He said the national identity of the Belgian people became identified and recognised in the ultimate establishment of the Kingdom of Belgium only when, as a national group, they separated themselves from the people of the Netherlands.

"Why then will the nations of Europe [illegible] recognise our rightful claim to sovereignty and nationhood and come forward in a constructive spirit of goodwill to assist us in reaching our goal of full economic development?" he asked.

He said it was strange that an old nation of people who had resided on the eastern seaboard of Southern Africa for well over 400 years, who had suffered more than 200 years of desperate struggle, warfare, slavery and privation, who had finally been restored to independence as a new nation of people by negotiation should, in the final analysis, have their hard-won independent status rejected by the very European nations who at an earlier time deprived them of their land and liberty.

This paradox of double standards and travesty of justice and fair play could not be allowed to go unchallenged.

President Sebe said that as a legitimately free and independent nation with some claim to the right of self-determination as any other black nation in Africa or any other nation in the world, Ciskei was not prepared to remain silently at home and allow the nations of Europe to sweep them under the "apartheid carpet" and thus discredit their independence.

"Ciskei is not the sponsor or promoter of apartheid. We are not here in Europe to defend apartheid or the policy of separate development.

"Ciskei is in fact the victim of apartheid and our people have suffered the humility and indignities of this racial madness for more than 200 years — far longer than any other black nation."

President Sebe said while it might be claimed that they had worked within the framework of the political strategy of the South African Government, it was through this process that they had at long last re-established their sovereign nationhood, their national identity, as well as their human dignity, and become again a free people

Qoboza opposes sanctions

Sowetan 28/6/85

THE associate editor of the Johannesburg-based weekly City Press, Mr Percy Qoboza, has come out strongly against the disinvestment campaign being waged in the United States against South Africa.

Addressing a business lunch organised by the South African-British Trade Association, attended by about 300 business executives, Mr Qoboza said although he was personally opposed to disinvestment, few of his fellow blacks would believe him.

He said there was a misconception abroad that there was consensus among blacks in South Africa about the disinvestment campaign, but this issue evoked just as much passion among the black community as it did among other communities.

Mr Qoboza said although disinvestment might be regarded by some as the only alternative to violent change in South Africa it would, in fact, create conditions of economic chaos and would be the recipe for a full-scale bloody revolution.

Mr Qoboza said the only alternative to ANC terrorism in South Africa was to bridge the gap of misunderstanding between whites and blacks.

He believed there was still enough room for compromise and enough goodwill to build a new country and to put the emphasis "on the positive". — Sapa.

Mr PERCY QOBOZA

'Ciskei totally against economic sanctions'

BISHO — Ciskei is totally opposed to disinvestment and economic sanctions against South Africa, says President Lennox Sebe.

Speaking at the opening of the Ciskei and Belgium Trade Mission in Brussels, he said punitive measures would only lead to massive unemployment in South Africa.

"Those who are responsible for promoting these totally negative actions will bear a heavy burden of reproach from thousands of hungry and starving families who will be displaced from their occupations," he said in a prepared speech, a copy of which was released in Bisho.

President Sebe and senior Government officials are on a two-week visit to Europe, to finalise business agreements.

He said his country was not a creation of South Africa or a product of apartheid and not a puppet of any other country.

"Because of the vast misunderstanding which prevails in the nations of the Western world over the political circumstances of our country, it is imperative that we use this opportunity to clear all the prejudice and misinformation which bedevils our relationship with the nations of Europe," he said.

● In a resolution adopted in Johannesburg yesterday, the South African Council of Churches (SACC) national conference expressed the belief that disinvestment and similar economic pressures are "now called for as a peaceful and effective means of putting pressure on the South African Government to bring about the fundamental changes this country needs".

This statement was proposed by Dr. Allan Boesak, senior vice-president of the SACC and was added to the original resolution dealing with the issue of disinvestment.

One speaker said blacks had tried everything to bring about change and, even though one could not be sure of the results disinvestment might bring, it was the one thing they had not yet tried.

The SACC said it was deeply concerned about the violent conflict in which South Africans were embroiled, and called on all foreign representatives and their governments to present themselves in a way which does not lend credibility to the repressive regime which holds the majority of people in South Africa hostage in their own country".

The conference resolved to ask foreign churches to continue promoting economic pressure on South Africa, and to ask its member churches to withdraw economic participation in oppressive systems and reinvest in alternative economic systems such as cooperatives.

Meanwhile in the United States, New Jersey Governor Thomas Kean is to take no immediate action on a Bill to dispose of R2 000 million worth of investments in companies active in South Africa.

He will ask legal aides to study it.

The state Assembly on Thursday voted 45 to 30 to accept a Senate amendment allowing three years for the process, which affects the pensions of 360 000 state employees.

State Assemblyman William Brown, the Bill's sponsor, has pledged that the pensioners will suffer no loss.

An amendment that would have allowed the pension funds to retain stocks in companies committed to the Sullivan principles was defeated.

The Bill needs the Governor's signature to become law.

SUNDAY TRIBUNE, JUNE 30, 1985

Prof's survey slammed

Sr

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By Barney Mthombothi

PROFESSOR Lawrence Schlemmer, whose findings on black worker attitude towards foreign companies in South Africa have been used to ward off the disinvestment campaign in America, says he wouldn't give "two hoots" should the American Government place an embargo on bank loans to the South African Government.

Professor Schlemmer, director of the Centre for Applied Social Sciences at the University of Natal, made this startling remark during a debate on his surveys at the university this week. The seminar was prompted by two colleagues of Schlemmer's at the university who have questioned the findings of his surveys. Dr Michael Sutcliffe and Dr Paul Wellings have slammed the survey as highly questionable if not invalid, misleading and full of contradictions.

The Schlemmer survey, the only one to have been done to gauge some black workers' attitude towards multinational companies operating in South Africa, has been used by US Secretary of State George Schultz and British Minister in the Foreign Office Malcolm Rifkind, among others, to show blacks are in favour of American and British companies staying in this country. It was sponsored by the US State Department.

The seminar was attended by academics, students, and community, political and trade union officials. The majority of the audience was highly critical of the Schlemmer survey.

"I wouldn't give two hoots if the American Government places an embargo on bank loans to the South African Government," said Professor Schlemmer.

But, he said, as a reformist — "one of those wishy-washy types" — he confessed to being concerned about economic growth in this country and therefore could not support economic sanctions against South Africa.

"But I have no problem with stopping loans to the South African Government."

Speakers voiced strong disapproval to social scientists who swayed public perceptions and attitudes by conducting surveys to prove their points of view.

Dr Sutcliffe, reading from a prepared statement he had co-authored with Dr Wellings, said in a situation where prominent social scientists "are elevated to the status of oracles where they are handing down the Tablets, a community's fate can be decided on the basis of a completely invalid survey.

Dr Sutcliffe said: "It seems to us that if surveys are to be accepted as monitors of worker opinion, then the researcher must first consult workers and their unions. It may be in fact that the unions and workers would prefer to reach a decision on issues on the basis of the democratic channels they have already established."

Dr Sucliffe said it was strange that while Professor Schlemmer said in his report "rank-and-file black people are seldom if ever consulted (while) a great many people speak on their behalf", he should then go on to add his name to the list of spokesmen.

"While Professor Schlemmer's report implies that the majority of workers see US and other foreign companies as more progressive than their South African counterpart, he might find a different opinion if he consulted the workers at Tidwell Housing (in Ladysmith), BTR Sarmcol (in Howick) and Ford."

But Dr Sutliffe said Professor Schlemmer's survey had been of immense political value to the pro-investment lobby and he could therefore not wash his hands of the way it was used.

Apart from the fact that the survey was paid for by the State Department, Dr Sutcliffe said both Mr Schultz and Mr Rifkind, had used the findings to bolster their argument that black workers were against foreign capital pulling out of the country.

Dr Allan Boesak.

SACC gets tough

THE South African Council of Churches has adopted a resolution in favour of disinvestment and similar economic measures.

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In the resolutions adopted on Friday the SACC national conference expressed the belief that disinvestment and similar economic pressures 'are now called for as a peaceful and effective means of putting pressure on the South African Government to bring about the fundamental changes this country needs'.

Sowetan 1/7/85

This strong statement was proposed by Dr Allan Boesak, senior vice-president of the SACC. It was added to the original resolution dealing with the issue of disinvestnent, which was described as 'toothless' by one delegate. Several delegates asked for a stronger resolution.

The resolution suggested the re-investing of money and energy in alternative economic systems already existing in the region. Self-development schemes and cooperatives were named as examples of such alternative systems. This was proposed by Rev Brian Wilkinson of the Methodist Church, and a delegate of the World Council of Churches.

CAPE TIMES 2/7/85 60

Europeans urged to resist disinvestment

Political Reporter

IN SPITE of South Africa's "acts of war" against its neighbours, political isolation and economic sanctions against it were unwarranted, said an editorial in the latest issue of the British magazine the Economist.

In a plea to European governments, the magazine urged them not to follow America's "present path towards economic and political disengagement from South Africa".

To the contrary, it suggested that they rallied behind the people and institutions in South Africa in a movement towards change.

The hard-hitting editorial, headlined "Pariah in a manger", condemned the recent SADF raids into Botswana and Angola as "unprovoked" and "ruthless killing" which put South Africa in the "same camp as Libya and Iran".

It described the acts of war to be "semi-excused" in one case only. And the interim government proposed by Pretoria in SWA/Namibia was a "puppet regime", it said.

"The first response to these events is to say that South Africa is beyond the pale of tolerable behaviour. "

In fact, it gave gave the coup de grace to President Reagan's four-year-old pro-South Africa policy of constructive engagement, the editorial said.

However, it was "unfortunate" that many members of the American Congress demanded disinvestment and other sanctions against South Africa.

"There is no case for Europe to follow America's present path towards economic and political disengagement from South Africa," the editorial said.

"If Congress indeed enacts disinvestment, then Europeans should reinforce their contact with the people and institutions in South Africa that can help the country's movement towards change.

"European companies are more deeply involved in the region than American ones.

Punitive

"Through the enforcement of anti-apartheid protocols which raise the living standard of black workers, they can use their presence to erode apartheid and improve intra-regional trade and investment."

Punitive measures would only be justifiable if their advocates could show they contribute to the end of apartheid and of South Africa's belligerent attitude to its neighhbours.

"The sanctions threat delights Pretoria's right-wing politicians, bureaucrats and soldiers because it pulls in more votes behind Afrikaner intransigence," the Economist said.

"The only other benefit is the warm glow in liberal American bosoms.

"There is change in the air in South Africa. The rest of the world should not join America in walking away."

DIESEL ENGINES (60)

More competition

The Belgian heavy engineering group that helped Rudolf Diesel develop the engine that bears his name has set its sights on SA to manufacture diesel engines for the sub-continent.

Liege-based Cockerill Mechanical Industries (CMI), which specialises in diesel engines for rail traction, power generation and marine propulsion, has tied up with local engineering group, Scope Holdings.

A run-in with Atlantis Diesel Engines is not expected, since Scope has no intention of making inroads into the motor market.

Initially, about 70% of CMI's diesel engines, including the blocks, will be shipped from Belgium to be assembled locally. Scope's input will be limited to ancillary manufacturing — mostly non-castings and forgings, like compressors, piping and engine frames. Most of the work will be fanned out to Scope's subsidiary companies.

Although not tied to a local content quota, Scope will gear towards manufacturing the finished engine probably by 1987. "But the rate at which we can do this depends on our success in the market place," says market development manager Karel Smrcka.

The licensing agreement with CMI gives Scope a free hand to develop export markets in Zimbabwe, Malawi and Mozambique. "We aim to provide a one-stop service for diesel engines, with full back-up. Given the vagaries of spare part replacement in the sub-continent we could score well," says Smrcka.

In the current climate, however, orders are unlikely to come flooding in.

But Smrcka dismisses suggestions that CMI's entry into the diesel market has been mistimed. "The market is slack," he admits, "but we can exploit the lull by doing a lot of necessary spadework, such as image building. Then we'll be ready for the upturn."

On the plus side, the SA diesel engine market is scarcely overcrowded, with Scope's main competitor likely to be West Germany's MAN, which has a strong local presence.

Currently, Scope has sufficient production capacity at existing plants to meet this year's orders, although a bay is earmarked for diesel engine production at their new plant in Bophuthatswana, scheduled to come on stream by the end of the year.

Further down the line, Scope is keeping a keen eye on developments in Mossel Bay.

"Soekor's plans are uncertain at the moment, but a consortium of engineers has been appointed to look into ways of recovering the gas," says Smrcka. "When the tenders finally go out, we'll be ready with the bids." ■

Less risk capital now attracted to SA, says Old Mutual

Cap Times 22/7/85 60

By PAUL DOLD, Financial Editor

THE amount of risk capital South Africa now attracts from foreign investors is much less than it used to be. In addition the short-term component of total bank credit is "uncomfortably high".

This is shown by Old Mutual in a special section of its Economic Monitor for July dealing with South Africa's foreign debt position.

The report says that the nature of the country's outstanding foreign liabilities has changed noticeably over the past 25 years.

"Initially South Africa attracted more risk capital, that is, dividend-yielding liabilities, but since the sixties the share of interest-bearing capital (loans) has increased substantially."

The trend towards interest-bearing liabilities was also clearly illustrated by comparing interest payments to foreigners to the total dividend inflow.

"This ratio has increased from an average of 17 percent between 1965 and 1969 to 81 percent for the period 1980-1983.

"From a debt servicing point of view it is better to attract dividend-yielding investments instead of interest-bearing liabilities."

Short-term liabilities comprised on average 18,3 percent of total outstanding liabilities between 1956-1969.

"The corresponding figure rose to 21,1 percent for the period 1970-1979 and increased even further to 27,7 percent in the 1980s. At the end of 1984 roughly 40 percent of the outstanding foreign debt was, according to the budget speech of the Minister of Finance, of a short-term nature," Old Mutual says.

A clear pointer that South Africa was out of step in its foreign debt position in an international context was that the short-term component of its total bank credit was high.

At the end of June last year 66 percent of this country's international bank borrowings were of a short-term nature, compared with an average of 44 percent for comparable developed countries.

In addition, outstanding short-term international bank liabilities at the end of June 1984, measured as a percentage of export receipts for 1984 amounted to roughly 60 percent — well above the average ratio of 33,5 percent for the comparable developed economies.

Old Mutual states: "The monetary authorities, as well as other sectors, have used the surplus on the current account of the balance of payments to repay short-term debt over the past six months, as has recently been officially confirmed.

"Although potential short-term claims on our export receipts have therefore declined since mid-1984, the exposure is still likely to be uncomfortably high in relation to past experience and will probably continue to influence economic policy decisions in coming months."

Chief Buthelezi slams disinvestment lobby (60)

Chief Minister Gatsha Buthelezi of kwaZulu has launched a scathing attack on advocates of disinvestment, saying they are worse than the "dictators who control our destinies in Pretoria".

He was speaking last week at a ceremony to unveil the foundation stone of a R700 000 resource centre for the Institute of Natural Resources in Natal.

The centre, funded by IBM, is to be equipped with computer technology to train black farmers.

Star 22/7/85

IBM also announced that over the next five years it would give grants totalling R10 million towards greater black participation in the economic system.

Chief Buthelezi said those who did not support disinvestment were often accused of delaying the struggle because they were trying to remain "rational and realistic about our sufferings".

"We do not do so because we abhor apartheid any less than all decent people," he said.

The Chief Minister said: "If we allow economic growth to come to a standstill through disinvestment, we can never catch up with the provision of facilities for the vast needs of an increasing population."

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Inflation down to 10 percent in '86, Old Mutual predicts

Financial Staff

BASED on the most recent economic developments South Africa's inflation rate will be brought down to the 10 percent level in 1986, Old Mutual predicts in its latest economic survey.

But in its Economic Monitor for July the company questions whether this will be a "cyclical phenomenon" or "are we at the point of structurally lowering our inflation rate below the 10 percent level ?"

"Optimism regarding the longer term outlook for inflation requires the belief that the public sector will continue to restrain the growth in its demands on the country's scare resources, and that monetary policy will effectively keep the expansion in domestic demand in line with the economy's growth potential."

FOREIGN DEBT

Meanwhile, in a special section dealing with South Africa's foreign debt position, Old Mutual points out that the amount of risk capital South Africa now attracts from foreign investors is much less than it used to be. In addition the short-term component of total bank credit is "uncomfortably high".

It says that the nature of the country's outstanding foreign liabilities has changed noticeably over the past 25 years.

"Initially SA attracted more risk capital, i.e. dividend-yielding liabilities, but since the Sixties the share of interest-bearing capital (loans) has increased subtantially."

INTEREST PAYMENTS

The trend towards interest-bearing liabilities was also clearly illustrated by comparing interest payments to foreigners to the total dividend inflow.

"This ratio has increased from an average of 17 percent between 1965 and 1969 to 81 percent for the period 1980-1983.

Short term liabilities comprised on average 18,3 percent of total outstanding liabilities between 1956-1969.

"The corresponding figure rose to 21,1 percent for the period 1970-1979 and increased even further to 27,7 percent in the 1980s. At the end of 1984 roughly 40 percent of the outstanding foreign debt was, according to the Budget speech of the Minister of Finance, of a short-term nature."

A clear pointer that South Africa was out of step in its foreign debt position in an international context was that the short-term component of its total bank credit was high.

At the end of June last year 66 percent of the country's international bank borrowings were of a short-term nature, compared with an average of 44 percent for comparable developed countries. In addition, outstanding short-term international bank liabilities at the end of June 1984, measured as a percentage of export receipts for 1984, amounted to roughly 60 percent — well above the average ratio of 33,5 percent for the comparable developed economies.

"The more recent increase in our foreign debt burden has however not been accompanied by any such increase in investment. In fact real fixed investment per annum actually declined in three of the last four years. Over the latter period our real capital stock only increased by 17,8 percent, whereas between 1972 and 1976 the expansion was 30,1 percent."

AAP draws up a 'hit list' of companies with SA links

Star 22/7/85

SYDNEY — A group named Australians Against Apartheid (AAP) has committed itself to preparing a "hit list " of companies trading with SA.

Based in Victoria only, AAP has begun to compile a list of the 40 to 50 Australian companies with shareholdings or subsidiaries in South Africa. It says it will pay particular attention to companies that exploit cheap black labour.

"By freezing out these companies, we will make them consider seriously their investment in South Africa," said spokesman Mr Graeme Orr.

Mr Harold Murphy, chairman of the Australia South Africa Association (which represents the interests of Australian companies trading with SA) said Australian companies contributed significantly towards the employment of black workers.

IBM to give R10-m to aid black society

Star 23/7/85 (60)

Financial Staff

In an expansion of its corporate social responsibility programme in South Africa, IBM SA is to make grants totalling R10 million over the next five years for the support of black business enterprise and job creation, and greater black participation in the economic system.

The company has also announced a special agricultural project which will use computer technology to help transform low-level subsistence farming in the KwaZulu area into income-generating small-scale agriculture.

HOUSING PROJECT

About R700 000 will be spent on a resource centre providing various types of agricultural training for black farmers, including land-use management and productivity improvement. Altogether, the project will cost about R2 million.

A R400 000 donation will go to a housing project for blacks, which will be operated in conjunction with the Soweto Building Contractors' Association.

The programme will provide a headquarters and training centre, as well as bridging finance, training and counselling for blacks who want to enter the building trades and establish their own building enterprises.

Another R300 000 will be shared equally between the National African Federated Chamber of Commerce & Industry and the Get Ahead Foundation.

The sponsorship will be used to identify and provide a framework for changing the laws and regulations which impede the progress of black entrepreneurs wishing to take part in the free enterprise system.

All grants will be funded from IBM's local earnings.

(60)

BUSINESS TODAY

Foreign capital not needed for SA growth, Kantor says

By DEREK TOMMEY
Financial Editor

PROFESSOR Brian Kantor of the School of Economics at the University of Cape Town has challenged a claim by the Minister of Finance, Mr Barend du Plessis, that South Africa needed foreign capital if it wanted an economic growth rate of more than 3 percent.

The South African economy could grow much faster than Mr du Plessis seemed to believe possible, with or without foreign capital if it did the right things, Professor Kantor told the Cape Town branch of the Institute of Directors yesterday.

"If we want economic growth we can demand that the Government does the simple things to encourge growth — which is largely to remove government as an influence on economic action".

He said that Mr du Plessis was probably underestimating South Africa's growth performance to date. But more importantly, past performance was not necessarily a guide to the future because policies which had discouraged growth in the past could be eliminated.

LABOUR RESOURCES

There was no fixed ratio between capital and labour. What mattered was that South Africa's growing labour resources should be priced correctly. Here the influence of foreign opinion and the employment codes imposed on South Africa were positively unhelpful. They were probably a more serious imposition than disinvestment.

South Africa had a potential resource base in the form of labour that could provide much faster growth rates if policies were designed to encourage employment rather than discourage it, he said.

Professor Kantor also said that if South Africa wanted faster economic growth it should drstically reform the tax system to encourge savings and mobilise capital.

TAX INVENTIVES

"All savers should receive the kind of tax encouragement offered to corporate savers and those who invest and save in housing."

Labour market reforms must mean deregulation as well as free access to jobs in the urban areas where they are most easily created.

This system was under way but job creation was being discouraged by the industrial council system which was designed to protect established labour from low-wage competition.

The system as practised today discourged employment opportunities and efficient production, he said.

R10-m grants in support of black trade

Sowetan 24/7/85

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THE International Business Machines at the weekend announced that it will make grants totalling R10-million in support of black business enterprise, with the emphasis on job creation and greater black participation in the economic system.

At the same time, the company has announced a special agricultural project, the aim of which is to use computer technology to help transform low-level subsistence farming in the KwaZulu area into successful small-scale agriculture is income generating.

This is in addition to an earlier announcement, the "Writing to Read" programme — a computer-based literacy programme to which earlier this year the company committed R20-million over the same five-year time frame.

Managing Director of IBM South Africa, Mr Jack Clarke, said these initiatives are being taken because IBM believes that as a company it should be engaged in meaningful change in South Africa.

He said: "We are on the threshold of accomplishing something that is truly worthwhile and of tremendous benefit to so many people."

Mr Clarke was speaking at a special ceremony in KwaZulu, where IBM grants will support the construction of a R700 000 resource centre. The centre will provide various types of agricultural training for black farmers, including land-use management and productivity improvement. Once trainees have returned to their own areas, extension agents will monitor and guide their progress.

The resource centre forms an integral part of the R2-million agricultural project, at the heart of which is an IBM 4300 computer. Both hardware and software have been donated to the University of Natal for use by the Institute of Natural Resources in land-use planning.

The Institute, funded solely by the private sector, will now be able to store valuable information about existing and potential water resources, cropland, grazing land, timber, infrastructure and population patterns, and display it graphically. The IBM system will thus facilitate the planning process.

IBM is also making a R400 000 donation to a housing project for blacks. To be operated in conjunction with the Soweto Building Contractors' Association, the programme will provide a headquarters and training centre as well as bridging finance, training and counselling for blacks wishing to enter the building trades and establish their own building enterprises.

This pilot programme will generate employment and help reduce the housing shortage.

A total of R300 000 is being donated to black organisations already working to increase black participation in the South African economy. Half of this sum goes to NAFCOC, the National African Federated Chamber of Commerce and Industry, and the other half to the Get Ahead Foundation, which is involved in establishing black businesses in both the formal and the informal sectors.

This sponsorship will be used to identify and provide a framework for changing those laws and regulations which at present impede the progress of black entrepreneurs seeking to participate in South Africa's free enterprise system. Some of the money is to be used as venture capital for blacks to set up their own business operations.

An IBM South Africa Projects Fund has been established to support charitable, educational and economic development work in this region. Some money will be granted directly to various organisations, such as NAFCOC and Get Ahead, but most of the R10-million being announced, and all of the R20-million committed to the "Writing to Read" programme, will be funded and administered by the IBM South Africa Projects Fund.

Suggestions for future programmes are to be sought from organisations and individuals in South Africa and in the United States. The intent is to fund these grants from IBM South African earnings.

(60)

Cape Times 25/7/85

Foreign investors sell gold shares

By PAUL DOLD
Financial Editor

SOUTH AFRICAN gold shares fell on the London and Johannesburg stock exchanges yesterday as foreign investors sold gold shares in reaction to a slightly weaker gold price and the state of emergency.

While the decline in the Johannesburg gold index was not large — probably around five percent — the easier trend was marked by the market's blue chip gold mining shares (favourites among foreign investors) falling across a broad front.

The easier trend continued in after-hours trading last night with selling reported from both London and New York.

Official volume again did not appear heavy — overall turnover at R37,4m was little changed from the previous day.

Vaal Reefs, Harties, Kloof and Randfontein all closed lower but industrials held up reasonably well although the market index was down on the day.

Reef mayors to counter disinvestment pressure

West Rand Bureau

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Reef mayors are to combat the campaign to discourage foreign investment in South Africa by establishing links with their counterparts in other parts of the world.

Professor Carl Noffke, an expert on United States affairs who lectures at Rand Afrikaans University, encouraged the 22 mayors who attended a meeting in the Roodepoort Civic Centre at the weekend to write to "the outside world and reveal the real facts about South Africa".

"We are faced with a violent attack, with efforts towards complete isolation," he said. "For the average American, it is difficult to find South Africa on the map, yet 44 universities have called on investors and companies to disinvest.

"The main organisations behind this are mostly social or communist. Gruesome images ... the loss of lives, and police using tearsmoke are being broadcast right across America. People are under the impression that a revolution is going to break out any day."

Speaking on the widely publicised unrest in South Africa, Professor Noffke said: "The Tutus, Boesaks and Beyers Naudes have become the spokesmen of South Africa, but the world does not know their background. Some of these people showed their true colours when the 'red flag' was displayed at the funerals in Cradock.

"We know Bishop Tutu, Boesak and Beyers Naude are not the leaders, but the world does not know that. The South African Council of Churches receives 97 percent of its funds from foreign countries.

"South Africa is one of the few countries that can survive on isolation, and isolation will lead to an industrial revolution. But Southern Africa, without South Africa, will die, and no other country will be able to replace her.

"The Americans, by their actions, are affecting America as well as the Western world.

"Therefore, it is essential that civilians begin with their own campaign.

"The most effective way to do this is by direct communication with an organisation or institution. It is also important to bring in visitors, and include the youth."

About 1 000 people march through Guguletu yesterday in protest against deaths due to u

(60) Cape Times 30/7/85

PW threatens

Political Staff

THE State President, Mr P W Botha, yesterday threatened to expel 1,5-million foreign black workers from South Africa in retaliation for their countries' support for sanctions against South Africa.

He also said South Africa might now deny neighbouring black states the use of South African roads, railways and harbours for their exports and imports and could end other forms of co-operation.

Mr Botha told students at Potchefstroom University that the moves were being considered because of last week's United Nations Security Council resolution advocating sanctions against South Africa.

He said the people repatriated would be informed that the action was "solely due to the decision of the Security Council".

If implemented, the mass repatriation would have severe implications for industries such as the goldmines and for countries like Lesotho and Mozambique, where South African companies recruit large numbers of foreign workers.

The economies of Zimbabwe, Botswana, Zambia, Zaire and Malawi would be hard-hit, if not crippled, if they could no longer export or import goods through South Africa.

Mr Botha's threat is seen as an attempt to force the neighbouring black states to abandon their support for disinvestment from South Africa and the imposition of sanctions.

'Illegal'

Sapa reports that Mr Botha yesterday termed the Security Council decision "illegal and uncalled-for", saying it threatened the economic stability and development of the whole of Southern Africa.

"No government with self-respect, no country with self-respect, can tolerate such an unholy decision against it without taking steps to neutralise it," he said.

"I have ordered that the relevant South African organizations undertake an urgent further survey of how many migrant workers there are in the country — and also where they are employed — so that the government may employ effective measures to send them back to their countries of origin.

Mr P W Botha

"The countries attempting to introduce punitive measures against South Africa will likely follow up their declared concern about the welfare of the blacks with funds for employment opportunities for the hundreds of thousands of workers who will have to return to their countries of origin should the Security Council continue its campaign against South Africa."

Mr Botha said the US and Britain, which abstained in the UN vote, had adopted "a realistic approach" which recognized that black people would not benefit from sanctions.

The Security Council would have to be blamed if South Africa's infrastructure was no longer available to Southern African states.

"Naturally there are also other important forms of economic, technical, financial, medical and agricultural co-operation which may fall victim, should the Security Council continue on its present course."

Mr Botha warned that if "the terrorist onslaught" continued, South Africa would meet the threat with its full military force.

Turning to conditions for negotiations, he said that he would not enter into talks with people propagating "communistic godlessness" or civil disobedience.

● Sapa reports Bishop Desmond Tutu, Bishop of Johannesburg, as saying last night that sanctions were aimed not at punishing South Africa but at urging it to be welcomed into the family of free nations.

He described the possible expulsion of migrant workers from South Africa as "an immature response ... the South African Government is going to end up having no friends left."

● **Anthony Johnson** reports that the Progressive Federal Party's spokesman on labour and foreign affairs, Dr Alex Boraine, described Mr Botha's threat as "an exposure of the government's strategy of economic imperialism on the sub-continent."

Mockery

"This vicious threat makes a mockery of the government's previous statements of concern for the welfare of the Southern African region."

Mr Botha's stance was a clear indication that sanctions as a strategy would not bring about change in Southern Africa as hoped for by its advocates.

"It is tragic that Mr Botha did not use this opportunity and the little time we have left to announce once and for all the end of apartheid.

"This would guarantee economic growth, acceptance by the international community and bring enormous benefits both to South Africa and her neighbours," he said.

tu yesterday in protest against deaths due to unrest. — Cape Times Newscolour: Ivor Markman

Cape Times 30/7/85

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"This would guarantee economic growth, acceptance by the international community and bring enormous benefits both to South Africa and her neighbours," he said.

Members of the railways police regional task force after a confrontation with 1 000 marching youths in Guguletu yesterday.

UK papers want business code in SA

Star 2/8/85

(60)

The Star Bureau

LONDON — Two leading British newspapers have called for the compulsory application of the EEC Code of Conduct in European companies operating in South Africa.

Both *The Times* and *The Financial Times* agree in leading articles today that the time has come for Britain to take action on apartheid. "Never has international pressure for action against South Africa been so strong," says *The Times*.

INVESTMENTS

And *The Guardian* says Britain and Germany, both strongly against sanctions at the EEC meeting of Foreign Ministers on Wednesday, "should be thinking about what will happen to their precious investments if South Africa disintegrates because Mr Botha refuses to bend".

The Financial Times also suggests that Europe takes action made conditional on the South African Government's future policies.

These could include a clamp-down on European participation in loans guaranteed by the South African Government, a ban on the sale of Krugerrands, and a cultural embargo on the export of films, television programmes and other entertainment forms.

The Financial Times says it is hard to construct a convincing abstract case for sanctions. Anyone who doubts that sanctions would merely stiffen white resistance to reform would have to concede "that the new tide of anti-apartheid, pro-sanctions sentiment in the US has coincided with 12 months of particular obduracy and misguidedness in Pretoria".

But, says the newspaper, realpolitik makes Britain's anti-sanctions stand counter-productive. "The point has been reached where spelling out the logical arguments against sanctions conveys an attitude of appeasement and self-interest."

It was in Britain's interests to try to discover joint European sanctions that would underline the clear list of demands it had already made on Pretoria, without for the moment setting out to undermine the South African economy or its trade.

The Times says the pressures to which the South African Government is most vulnerable come from within the country — not the violence in the townships but "the growing strength of the black labour force and the new power that blacks are finding in the use of consumer boycotts".

LIMITED

Western governments should concentrate their efforts in support of this internal movement.

"Given that the range of options is limited, by far the most persuasive course of action open to Western governments is to encourage black advancement through economic growth.

"By requiring foreign companies operating in South Africa to adopt a more rigorous code of business practice, considerable progress can be made in the field of equal pay, housing, social benefits, training and education, setting an example which the rest of South African commerce and industry might be obliged to follow."

The newspaper points out, however, that "the one clear message to emerge from the current sanctions debate is that no Western government is yet willing to jeopardise its real commercial and financial interests in South Africa for the sake of protesting against apartheid.

"By outward appearances, the Swedish Government is one of the most outspoken opponents of apartheid, but last year Swedish exports to South Africa were 45 percent higher than in 1983.

"France has now shot to the head of the column with a ban on new investment. Yet the effect of the ban is trivial, and meanwhile France has no intention of risking its lucrative existing business with South Africa."

The Guardian says that sanctions have in fact started — and are having an effect.

UDF challenges foreign governments and business on apartheid

(60) STAR 5/8/85

By Jo-Anne Collinge

Foreign governments, local and foreign business have been challenged by the United Democratic Front to declare whether they support apartheid or are willing to back South Africa's voiceless majority.

"The time for vacillation and equivocation (the use of ambiguous words to conceal the truth) is over. The time for 'constructive engagement' and a policy of 'persuasion' is over," a UDF memorandum says.

"At a time when hundreds of our people are being killed, thousands are in jail and leaders are being assassinated, vacillation can only be construed to mean explicit support for the Botha Government and its campaign of repression."

The document was delivered to and discussed with senior representatives of seven Western powers in Pretoria on Friday.

It is understood that representatives of European countries whose ambassadors are returning home for consultation were among those who received the UDF delegation.

The UDF, describing itself as the "foremost legal popular voice", asserted that the Government would not be able to subjugate the majority and defy world opinion without "the active assistance and connivance of certain governments and local and foreign business, in particular".

It said that it believed that an international conspiracy existed between certain foreign governments and big business locally and abroad to maintain the oppression of the majority of South Africans.

Charges levelled against foreign governments — especially those of Britain, the United States and West Germany — were that they lent the Government open diplomatic support; that they encouraged investment in South Africa; that they actively collaborated with the South African Defence Force and police through the supply of intelligence and resources; and that they promoted the "cosmetic changes" of the Botha reform deal as fundamental attacks on apartheid.

The demands of foreign governments were that they sever diplomatic links with Pretoria; terminate "constructive engagement" and similar policies; abandon the "wait and see" approach to the Botha reform plan and end military and intelligence support.

The document supported the idea of extending sport boycotts and sanctions.

Foreign businessmen were charged with pouring billions of rands directly into the South African Government, the homelands and elsewhere in the private sector. The effect, it was argued, was to strengthen apartheid

No direct call for disinvestment was made but foreign investors were told: "Your continued participation in the South African economy sustains apartheid and encourages belligerent and violent policies of the Botha Government."

Local businessmen came in for strong criticism, standing accused of openly supporting the state of emergency and the "use of State violence to 'normalise the situation'".

The UDF said: "The call for 'law and order' in the South African context is a call for the continuation of white domination."

It strongly condemned local business's widespread support for the reform plan and demanded from it a complete reversal. "Support our call for direct negotiations between the Botha Government and the authentic leaders and organisations of the people," it urged local business.

It similarly demanded backing for its call to the Government to release unconditionally all detainees and political prisoners — including Nelson Mandela, to end the state of emergency and to withdraw security forces from the townships.

CMB Times 5/8/85

Change 'spurred by businessmen'

Chief Reporter

MR John Wilson, executive chairman of Shell South Africa, says in the latest review of the company's activities that he is convinced the pace of change in the Republic has been accelerated by the pressures of the private sector.

"The business community in South Africa accepts its role in the process of change," he says. "The coming year is likely to see growing consultation between government and the private sector, with very real benefits to the entire South African society."

Wiehahn

Mr Wilson says one of the most compelling arguments in favour of continued investment in South Africa is contained in the establishment several years ago of the Wiehahn Commission, to investigate the Republic's labour legislation.

"Not even the severest critics can deny the positive results of this commission. Reform in the industrial arena has been widespread and far-reaching. Statutory discrimination in the workplace has been eradicated, and the rise of black trade unionism has been dramatic.

"It can be argued that the Wiehahn Commission would in any event have been established, that all of these changes would in time have come to pass.

"But I remain convinced that at the very least, the pace of change was accelerated by the pressures of the private sector, of which the South African-based operations of multinationals form an important part."

● The Shell review outlines the company's involvement in a wide range of community projects "aimed at promoting the social, economic, cultural and sporting development of the people of South Africa".

Scholarships

In education, it says, R3-million has been spent in the first nine years of a post-matriculation and university scholarship programme sponsored by Shell. The second nine-year cycle, starting this year and made up of five school years and four university years, is expected to cost R6-million.

Since the programme started, 85 students have attended school and then registered at the University of Cape Town for courses in engineering, science, commerce and social science.

R365-m pulled out of SA by foreigners

60

STAR **By Michael Chester** 7/8/85

Foreign investors have pulled out an estimated R365 million from South Africa in the past 10 weeks as tensions have grown over the unrest that led to the state of emergency, according to assessments released today.

A count by the Syfret's Trust company shows overseas investors were net sellers of R100 million worth of stock market shares plus R100 million worth of Government gilts in the past week alone.

The selling had accelerated steadily since May, when the total touched R75 million.

Mr Brian Robinson, chief executive of the trust, gave warning that even a 20 percent trade boycott could wipe out 650 000 jobs and cut foreign exchange earnings by about R1 billion.

The impact on the Johannesburg Stock Exchange of the declaration of the state of emergency was also underlined by the stockbroker firm of Anderson Wilson and Partners.

FURTHER SELLING

"Almost certainly we would anticipate further selling pressures on gold shares from abroad, curbed only by the likely fall in the value of the rand against the dollar, which has negative connotations for inflation", says an analysis.

"Although local economic conditions have been improving and the balance of payments on current account has been suggesting an appreciation of the currency at least in dollar terms, the probability of increased capital outflows from SA will certainly militate against any short-term improvement in the rand".

The stockbrokers advise local investors: "Until conditions settle down — both on the market itself and in the country as a whole — it is probably responsible to suggest that investors in both gold and industrial shares sit tight and exercise great caution."

Disinvestment pressure mounts — Syfrets chief

Cape Times 7/8/85

60

THE pressure for disinvestment in South Africa is proving to be effective — in the past 10 weeks alone foreign investors pulled an estimated R365m out of the economy, the chief executive of Syfrets Trust, Mr Brian Robinson, warns.

He told the International Women's Club in Cape Town that about nine firms had already left South Africa this year and 30 had left between 1980 and 1984.

"In June this year foreigners disinvested at least a net R90m through the Johannesburg Stock Exchange.

"May disinvestment was R75m and last week alone it was estimated that foreigners were net sellers of equities to the tune of close to R100m and of gilts and semi-gilts to the tune of a further R100m."

Even a minor trade boycott of this country would prove damaging, Mr Robinson said.

Although less than one percent of the total black workforce was employed directly by American corporations, a 20 percent effective trade boycott could prove disastrous for the South African worker.

"A 20 percent effective trade boycott could eliminate 150 000 white jobs and 500 000 black jobs and cost the country R1 000m in foreign exchange earnings.

"Workers have a vested interest in the maintenance of an efficient economy for they would not want to inherit a bankrupt country."

If the necessary level of investment and skills associated were not made available, Mr Robinson continued, industrial growth would decline, racial conflict would sharpen and the laager mentality would become stronger.

"Real earnings could stagnate and unemployment will increase," he cautioned.

He said that of the estimated $14 billion United States investment in South Africa, $2,3 billion represented direct holdings, which was equivalent to 20 percent of all the foreign investment in this country.

However, United States influence was disproportionately strong in the oil, motor and computer industries.

The balance of the $14 billion represented bank loans to local companies and shares purchased through the stock exchange.

Mr Robinson warned that, "firms are quietly reducing their South African ties by not increasing capital spending or employment; in effect pulling out through attrition."

The pull-out starts to tell

(60) B. Day 1/8/85

Business Day Reporter

THE pressure to disinvest from SA is telling, according to Syfrets Trust chief executive Brian Robinson.

Since the end of May he estimates that R356m has been pulled out of the country.

"In June, overseas interests disinvested at least R90m through the JSE. May disinvestment totalled R75m and in the last two weeks it is estimated foreigners were net sellers of shares worth almost R100m, and of gilts and semi-gilts worth a further R100m."

He says that so far this year nine firms have left SA compared to about 30 that pulled out between 1980 and 1984.

In addition, Robinson argues that even partially-successful trade sanctions against SA would be damaging.

"A 20% effective trade boycott could eliminate 150 000 white jobs and 500 000 black jobs, and cost the country R1bn in foreign exchange earnings."

In the end he believes the threat of disinvestment could be more effective than its implementation.

"Supporters hope disinvestment by municipalities and pension funds will create a selling stampede on stock holdings. US companies may then have to choose between the stability of the stock at home and their business in SA.

"Firms are quietly reducing their SA ties by not increasing capital spending or employment; in effect pulling out through attrition."

SAS will 'still keep in touch'

9/8/85 STAR

(60)

Transport Reporter

Scandinavian Airlines System (SAS) will continue to be represented in South Africa after its last flight out of the country on September 1.

Local SAS manager Mr Viggo Bakken said yesterday that the three-nation airline would maintain an "off-line" office in Johannesburg. Passengers bound for Scandinavia will be able to book connecting flights from other parts of Europe.

The governments of Sweden, Norway and Denmark decided in June to cancel their civil aviation agreements with South Africa for political reasons, but SAS has conceded that it might, anyway, have had to cancel its weekly Copenhagen-Nairobi-Johannesburg flights sooner or later for economic reasons.

Mr Bakken said SAS regretted the withdrawal. "SAS has been in this country for 34 years and we were one of the first foreign airlines to start operating to South Africa. We are getting in touch with passengers booked for flights after September 1 to make other arrangements."

Mr Bakken confirmed reports that SAS was negotiating with the Kenyan Government for a new Copenhagen-Jedda-Nairobi service. SAS also flies twice a week to Dar es Salaam.

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Buthelezi plea for black clout

TEL AVIV — The international community must realise that the need was not to punish whites but to "strengthen black South Africa in its democratic, non-violent demands for change", Chief Gatsha Buthelezi told Israeli Prime Minister Shimon Peres yesterday.

In a statement issued at the start of his 12-day visit to Israel, the KwaZulu Chief Minister warned against disinvestment.

He said liberation could not be won through violence and armed struggle.

"It is quite clear to me that political victories which have as their aftermath mass poverty and which have destroyed the means of production, result in post-victory governments attempting to govern what is ultimately ungovernable.

"It is in South Africa's interests so to conduct our struggle for liberation that we do not destroy the prospects of governability," he said.

However, Chief Buthelezi said that polarisation between blacks and whites and the increase of violence would inevitably lead to confrontation "in which both sides will adopt scorched-earth policies and establish circumstances in which there can be no possible victors".

Peres, after meeting Buthelezi, pledged to use Israel's connections with the SA government to appeal against apartheid.

Peres also endorsed the non-violent approach urged by Chief Buthelezi, who urged Israel to: "Use your diplomatic clout to influence South Africa to move the people towards a negotiated future."

Warning that disinvestment would hit blacks hardest, he said a redistribution of the total wealth of SA "would only destroy any prospects of progress". — Sapa-Reuter-AP.

Sanlam, Anglo under fire

Motor rivals in fleet sales row

16/8/85 B. Day

60

ALAN RUDDOCK

MOTOR industry rivals are accusing Anglo American and Sanlam of putting pressure on subsidiaries to buy fleet vehicles from manufacturers controlled by the two conglomerates.

Sanlam has effective control of Nissan, while Anglo holds a controlling interest in Samcor, which makes Ford, Mazda and Mitsubishi vehicles.

Rivals accuse Sanlam and Anglo of distorting free market forces. They are worried Sanlam will try to force rationalisation on the industry and point to comments by Sanlam chairman Fred du Plessis that there is room in the market for only three manufacturers. "By supporting the two weaklings in the industry, Sanlam and Anglo have prevented a natural rationalisation by free market forces," they say.

Nissan estimates the Sanlam fleet to be about 40 000-strong. Anglo sources say that even before taking its subsidiaries into account, Anglo controls about 13 000 fleet vehicles.

Rival carmakers point to official figures showing that while Amcar — the former Mazda-Mitsubishi operation — saw its market share in the first six months of this year fall 3% to 10,2% from the same period last year, its share of the OFS gold fields market rocketed from 17,6% to 36,6%.

More Mitsubishi Tredias were purchased in the Anglo-dominated OFS gold fields during the first six months of the year than in Natal or the Cape.

"That cannot be from choice," says a manufacturer.

Sanlam denies it influences the buying decisions of its subsidiaries. An Anglo spokesman says: "We do not buy Samcor products exclusively."

Samcor MD Spencer Sterling is on record as saying Samcor does have an entree at Anglo head office, but that Samcor competes on merit with other manufacturers. Sanlam's Marinus Daling rejects out of hand suggestions that it puts pressure on its subsidiaries.

Nissan marketing director Stephanus Laubscher says: "Our connection may help us get in the door for a presentation, but we sell on merit."

Replying to the accusations that he has called on foreign competitors in the motor industry to pull out, Sanlam's Du Plessis said: "I am on record as saying that if foreigners who advocate disinvestment as an action to influence the political process in South Africa are willing to take the social and political consequences of that action, for their account I would encourage them to go ahead, because their action would allow me and other SA businesspeople to buy foreign assets in SA at bargain prices.

"I have never encouraged any foreigners in the motor industry to withdraw from SA and I do not intend to do anything at this stage about rationalisation in the motor industry.

"I am very interested to see that Sanlam is not seen as a participant in the free market. If we decide to make an investment, we apparently prevent the free market from operating. Could somebody explain to me how this is possible or is it just a thinly-veiled attack on Sanlam by people who worry about their ability to compete in the free market?"

CITY/NATIONAL

Argus 16/8/85

60

Most blacks 'reject economic boycott of SA'

Argus Correspondent

PRETORIA. — Most blacks in the PWV area are opposed to economic boycotts of South Africa.

This is one of the findings of three separate surveys conducted by a division of the Human Sciences Research Council.

The study was conducted among adult blacks older than 18 living in black residential areas during July last year, February 1985 and May 1985.

In the July 1984, February 1985 and May 1985 surveys respectively, 80,9 percent, 54,3 percent and 75,8 percent of male respondents rejected boycotts.

During the same surveys respectively, 13,8 percent, 29,7 percent and 20,8 percent of the black males supported economic boycotts.

The PWV area was chosen for the surveys because it contained the biggest and most concentrated population of blacks.

Statistics show that about 2 705 819 blacks live in this area. Another reason for choosing this area is that, historically, blacks there have proved they play an important role in political events.

Another finding indicated that while most black males in the PWV area — 61,3 percent in February 1985 — believed they would be affected most by sanctions, only 9,5 percent in the same survey believed whites would be affected most.

Questions specifically on disinvestment were only included in the survey conducted during February this year.

Almost seven out of every 10 blacks — 67,3 percent — supported further foreign investment in South Africa

Four of the five American congressmen who yesterday finished a visit to South Africa. They are (from left) Mr Howard Nielsen, Mr Norman Shumway, Mr Dan Schaefer and Mr Gene Chappie.

Most blacks in PWV oppose disinvestment

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Pretoria Bureau

STAR 16/5/85

A Human Sciences Research Council (HSRC) team says it has found that most blacks in the Pretoria—Witwatersrand—Vereeniging area are opposed to disinvestment and economic boycotts.

But its figures also show that support for disinvestment has increased over the past year — from 13,8 percent in July 1984 to 20,8 percent in May, when the team completed its third survey. And it was found that support for boycotts peaked in February at nearly 30 percent. Younger respondents were more inclined to support disinvestment.

The study is expected to elicit strong reaction from black leaders, some of whom have criticised the HSRC for churning out research which supports Government initiatives.

The polls were conducted among blacks 18 years and older in the PWV area. Women were not included in the second sampling.

In the surveys, 80,9 percent, 54,3 percent and 75,8 percent of male respondents rejected economic sanctions. Most — 57,3 percent in July 1984 and 61,3 percent in February — believed blacks would be affected most by any type of economic boycott.

Slightly more than 48 percent said Senator Edward Kennedy should try to convince the United States Government and American companies to invest more money in South Africa rather than withdraw it. Less than 18 percent favoured withdrawal.

But see Business Day 10/9/85

"73% of Urban Blacks opt for Disinvestment"

Economy 'turning around'

Cape Times 12/8/85

Political Staff

DURBAN. — The threat of disinvestment to the South African economy was underlined yesterday by the Minister of Finance, Mr Barend du Plessis, when he said the expansion of the economy was dependent on the international reaction to events in South Africa.

Speaking at the Natal congress of the NP, he also said the difficulties with international banks were not related to the South African economy, but to politics.

"We cannot just one-sidedly stimulate the growth of our economy, which will put further pressure on our balance of payments position or our reserves, until such time as we know how far the disinvestment campaign will go, and how far banks will react to banks in South Africa."

Earlier Mr Du Plessis predicted that the economy was turning around, although the possible threats internationally made it very difficult to make any firm predictions.

- Many formerly radical trade unions in South Africa had become more responsible and some had even registered, the Minister of Manpower, Mr Pietie du Plessis, said yesterday.

He said South Africa had one of the lowest strike frequency rates and had strikes of shorter duration than anywhere else in the world.

- There is still no sign that the government is prepared to change the tax system on married couples as "other sources of income would have to be found".

The Margot Commission is still investigating this matter.

European firms 'not keen to quit SA'

60

ARGUS 19/8/85

British, German, French and Swedish company executives with substantial operations in South Africa believe they are a force for good. The Financial Tines reports from London

EUROPEAN business leaders are showing few signs — in public or private — of adjusting their attitudes to South Africa in the light of recent unrest.

Whether British or German, French or Swedish, company executives with substantial operations in South Africa still believe they are a force for good and that they are contributing to the improvement in living standards and civil rights for blacks.

Most find apartheid abhorrent and many believe it is hurting the development of the South African economy and their businesses.

Some are reducing their presence in the country but few admit to thinking seriously of total withdrawal.

European industry leaders also believe that full economic sanctions would do more harm than good. They would be difficult if not impossible to enforce and ineffective as a means of pressuring the government to abolish apartheid.

The disruptive effect on the economy would, the industrialists believe, hurt blacks more than whites.

'Force for good'

These are the main points mentioned in an informal survey of business attitudes to South Africa carried out by Financial Times reporters.

Even though these views are well known and relatively uncontroversial, few leading European industrialists were willing to express them publicly.

Some European companies with large South African operations, such as ICI, Nestle, Siemens and Unilever, refused to answer questions at all about their interests there.

Those who did respond were emphatic that their operations are, as Sir Timothy Bevan, chairman of Britain's Barclays Bank, said last week, "a force for good".

They said they provided blacks with good employment opportunities and were at the forefront of efforts to remove apartheid in the workforce.

Almost all the companies contacted said their South African operations complied with the EEC code, and in most cases surpassed its minimum requirements.

Mr Lars-Ivar Hising, executive vice president of Sandvik, the Swedish tools group, said: "We believe the best way to contribute to an improved situation, even in a small way, is to remain on the scene."

Mr Anton Schrafl, deputy chairman of Holderbank, the Swiss cement concern, says the group has never thought of leaving South Africa, where it has been since 1938.

Rowntree Mackintosh said pulling out of its Wilson-Rowntree subsidiary would entail either closing down a company employing 2 500 people or merely passing ownership to someone else.

A few European companies, notably Daimler Benz and Volkswagen and France's Compagnie d'Electricite, have been building up their South African investments.

Daimler Benz has invested more than R200-million in the country since 1981 and has boosted its stake in its South African holding company to the controlling 50,1 percent level.

Many European industrialists prefer not to comment on apartheid, saying their responsibilities have nothing to do with politics. Those who would express a view were firmly opposed, and said they were doing all they could to remove apartheid from their own operations.

Some were also critical of the strident anti-apartheid campaigners.

Most believe apartheid was having a negative economic effect. Total, the French state-owned oil company, complained about the fact that black managers were forced to return to their townships at night.

Pilkington Brothers, the British glass group, said increased wealth in black hands would have a beneficial effect on the general level of economic activity, "particularly in house construction and automobile sales where we have a substantial interest."

Whatever their views on the way forward, European businessmen agree sanctions would not work. Dr Werner Breitschwerdt, chief executive of Daimler Benz, said: "We are absolutely convinced that a boycott would be a completely unsuitable way of trying to improve the conditions of the black population in South Africa. It would achieve nothing but a further hardening of the present situation."

Swedish businessmen are also sceptical about investment embargoes. Sweden passed a law in 1979 obliging companies to seek approval for any new investment in South Africa — in practice, it has only approved application for investments to maintain operations.

Cape Times 24/8/85

'Business cartel' call for SA

60

Staff Reporter

SOUTH AFRICAN businessmen have been urged to form an anti-apartheid cartel — not only to promote change aggressively at home, but also to counter disinvestment moves abroad.

Professor James Dean, professor of economics at Simon Fraser University in Vancouver, made the call on Thursday at a disinvestment seminar at the UCT graduate business school, where he is a visiting professor.

He welcomed the move by Mr Raymond Ackerman to help form a group of businessmen to promote political change. But he believed the action should extend abroad, including the establishment of a high-powered Washington lobby to explain these actions to the American public.

Mobilized

"The common economic interests of English, Afrikaner and black South Africans can and should be mobilized to overcome the present climate of political interia in South Africa and political malevolence abroad," he said.

Professor Dean believed local businessmen could do much more to influence the government and black anti-apartheid organizations in South Africa as well as reaching foreign businessmen and a foreign public which did not appreciate the reality of recent progress against apartheid.

He said South African business was largely depoliticized but knew that apartheid laws were, on balance, not in its best interest.

"South African business should form an aggressive anti-apartheid cartel. This cartel should have both executive and public relations functions."

The business cartel should:

- Develop a feasib[le] agenda for accelerati[ng] the erosion of aparthe[id] outside of legislativ[e] change.
- Co-operate wit[h] foreign businessmen o[n] funding black apprenticeship, training an[d] education programmes.
- Draw up a politica[l] agenda for change to fil[l] the void left by the government.
- Negotiate "visibly and openly" the development of these points with black economic, political and religious leaders.

"Finally, the cartel should communicate with foreign anti-apartheid voters. It should hire the best public relations firm available in Washington DC.

"It should put in place the fanciest little lobby Washington has ever seen in order to publicize and promote the measures being taken in co-operation with black leaders and with foreign business."

Professor Dean said the foreign lobby emphasis should be positive, not negative, and should neither denigrate the South African Government nor make excuses for apartheid.

Opportunities

"The opportunities for constructive change, constructive investment, constructive cultural exchange, constructive international negotiation should be emphasized.

"Flows of people across the Atlantic ought to be vigorously promoted. Tourism and cultural exchange ought to be pushed.

"American public opinion has shown us time and time again that it responds in the end to accurate information and cogent argument. It can and will be persuaded by facts and the opportunity for positive rather than punitive action," he said.

Cape Times 60

Unrest caused R317m outflow of capital

JOHANNESBURG. — The sale by non-residents of securities listed on the Johannesburg Stock Exchange since May was the main cause of a net outflow of long-term capital from the private sector of R317m during the second quarter of this year.

This is stated by the SA Reserve Bank in its annual economic report.

Indications were that net security sales gained momentum during July owing to the political disturbances.

There was an increase in financial activity from the second half of last year. The value of public sector stock traded on the stock exchange increased from R20,9 billion during the 12 months to June 1984 to R40,5 billion during the subsequent 12 months.

"Likewise, the value of shares traded on the stock exchange rose from R3.5 billion during the 12 month period to June 1984 to R4,4 billion during the 12 months to the middle of 1985."

Part of the increased share turnover during the latter period was related to transactions by non-residents in securities listed on the exchange.

"During the first 10 months of this period net security purchases by foreigners amounted to R1 044m. Subsequently, during May and June, net security sales totalled R261m," says the Reserve Bank.

"Total net purchases of R783m during the 12 month period as a whole compared with net sales of R50m during the 12 months to June 1984.

"During July net security sales by non-residents increased largely because of changes in the political situation. The selling was concentrated in gold shares and was exacerbated by the disappointing performance of the United States dollar price of gold in response to the weakening of the dollar exchange rate.

"During May and June gold share prices declined, on average, by 8,9 percent, followed by an identical further decline during July." — Sapa.

Petrol shock

CAIRO. — Egypt, in a move to cut state fuel subsidies, raised the prices of low and premium grade petrol at the weekend by 33 percent and 25 percent respectively, without warning.

has arisen over the past September 2." — Sapa.

RE.

Greeks won't close SA banks

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ATHENS — Greece, which said last week it would not oppose sanctions against South Africa, said yesterday it had no plans to close an affiliate of the state-owned National Bank of Greece in the country.

Chief government spokesman, Mr Kostas Laliotis, referred at a news briefing to the South African Bank of Athens, which as branches in Johannesburg, Durban, Cape Town and Pretoria. — Sapa-AP.

NATIONAL 55247

Sowetan 29/8/85

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Sowetan 29/8/85

EEC Ministers will not call for disinvestment

60 STAR 2/9/85

By Sue Leeman, Pretoria Bureau

The three European Foreign Ministers ended their South African tour last night with the undertaking that they would not immediately recommend disinvestment to their EEC colleagues.

However, a final statement by Mr Jacques Poos of Luxembourg said action would be considered if there was no meaningful reform within a "reasonable" period of time.

The three declined to comment on a declaration of intent issued to them by President P W Botha and would not say whether the Government had given them any confidential notice of reforms that were in the pipeline.

They will report to an EEC summit in Luxembourg on September 10, when the issue of sanctions will be high on the agenda.

Mr Poos and Italy's Mr Giulio Andreotti have now gone home after their whirlwind three-day tour during which they met Mr Botha and members of his Cabinet as well as opposition political leaders and religious and business heads. Mr Hans van den Broek of Holland has remained for another day to try and resolve the Klaas de Jonge issue.

'ACTIVE REFORM'

In his statement, Mr Botha again committed his Government to what he called an "active programme of reform" providing political participation by all communities at all levels and undertook not to prescribe which black leaders came to the negotiating table as long as they renounced violence.

He also reiterated his commitment to reviewing influx control and promised R1 000 million for the improvement of undeveloped towns and cities over the next five years.

He said the state of emergency would be lifted as soon as violence abated.

Mr Poos said if violence did indeed recede and real negotiations were initiated, there was no reason for his delegation to recommend sanctions. "It is our hope that things will change very soon."

He said the Ministers had urged the South African Government to abolish apartheid but had not prescribed precise formulas to this end. However, they had cited as prerequisites for meaningful negotiation:

- The liberation of political prisoners, including Nelson Mandela.
- An end to the state of emergency.
- An open-ended agenda for negotiations.
- Negotiations with all represented leaders, including those in prison.
- A clear commitment to ending apartheid.

● See Page 13.

Disinvestment: ECC Ministers to hold fire

ARGUS 2/9/85 (60)

Argus Correspondent

PRETORIA. — The three European Foreign Ministers ended their South African tour last night with the undertaking that they would not immediately recommend disinvestment to their EEC colleagues.

However, a final statement by Mr Jacques Poos of Luxembourg said action would be considered if there was no significant reform within a "reasonable" period of time.

The three declined to comment on a declaration of intent issued to them by President P W Botha and would not say whether the Government had given them any confidential notice of reforms that were in the pipeline.

Opposition

They will be reporting to an EEC summit in Luxembourg on September 10.

Mr Poos and Italy's Mr Giulio Andreotti have gone back to Europe after their three-day tour during which they met Mr Botha, members of the Cabinet as well as opposition politicians and religious and business leaders.

Mr Hans van den Broek of Holland has remained for an extra day to try and resolve the Klaas de Jonge issue.

In his statement, Mr Botha again committed his Government to what he called an "active programme of reform" providing for political participation by all communities at all levels and he undertook not to prescribe which black leaders came to the negotiating table as long as they renounced violence.

He also reiterated his commitment to reviewing influx control and promised R1 000-million for the improvement of undeveloped towns and cities over the next five years.

Detainees

He also gave the assurance that the state of emergency would be lifted as soon as violence abated, saying the situation of detainees would then be reviewed.

Mr Poos said if violence did recede and real negotiations were initiated, there was no reason for his delegation to recommend sanctions.

He said the ministers had urged Pretoria to abolish apartheid.

They had cited as prerequisites for negotiation, the liberation of political prisoners including Nelson Mandela, an end to the state of emergency, an open-ended agenda for negotiations and negotiations with all leaders, including those in prison.

Answering questions after the departure of the Ministers, South African Foreign Affairs Minister, Mr Pik Botha, said the Government's reform programme was under way "and there is not very much more we can do".

Slabbert welcomes Govt pledge

TOS WENTZEL, Political Correspondent

A GOVERNMENT commitment to open-ended negotiations was welcomed in Opposition circles today.

Reacting to a Government statement issued last night to coincide with the visit of three Foreign Ministers of the European Economic Community, the leader of the Progressive Federal Party, Dr F van Zyl Slabbert, said a reference to open-ended negotiation in the statement was worth exploring.

He pointed out that such negotiations would inevitably focus on apartheid policies and practices still being applied.

In the statement the Government again committed itself to "active" reform and the removal of race discrimination.

World Chamber of Commerce opposes disinvestment

Mercury 3/9/85

(60)

LONDON— The International Chamber of Commerce, which declares itself to be the most representative business organisation in the world, with members in more than 100 countries, said yesterday it was opposed to sanctions and disinvestment measures against South Africa.

At a Press conference in London, the ICC said it would be giving evidence to a United Nations panel investigating the operations of multi-national companies in Southern Africa.

It would say that while the ICC was opposed to apartheid — an 'abomination' which works 'against the proper functioning of a market economy' — it was also opposed to sanctions and disinvestment, said Mrs Doreen Wedderburn, chairman of the working party which compiled the organisation's testimony.

Blacks

The ICC, she said, fully supported the call by South African business organisations for a 'new mechanism' to enable blacks to have a say in government and for talks between the Government and all groups, including the banned African National Congress.

'The time is now ripe for significant reforms, but these need a healthy economic environment,' said Mrs Wedderburn.

Hence the ICC, which represents world business to the U N, would tell the panel that economic disengagement by multi-nationals in South Africa would hamper the process of change.

In a statement released at the Press conference, the ICC said: 'The ICC contends that the isolation of South Africa through the disengagement of international business would encourage destabilisation, not only in South Africa, but in neighbouring States.

'The ICC recognises that certain responsible people and groups advocate the imposition of sanctions and disinvestment.

'In opposing this view, the ICC draws on the consensus of the international business community which seeks to encourage multi-national trade with South Africa, within the terms of the U N resolutions, as the best means of improving the lot of the average worker, bringing about political stability and showing that there is more to be gained from international co-operation than from enforced isolation.

Benefits

'The ICC is by no means alone in opposing commercial and financial restrictions.

'Along with national employer groups in South Africa, influential black leaders want more, not less, foreign investment in order to achieve the economic and political benefits they and their people desire.

'Internationally-known liberals who oppose the present South African regime and abhor apartheid, believe that disinvestment is a recipe for chaos and disorder.

'Such personalities include Mrs Helen Suzman, MP, Chief Mangosuthu Buthelezi, leader of South Africa's Zulu people, Mr Alan Paton, former leader of the South African Liberal Party and a devout Christian, and of course a number of leading businessmen including Mr Harry Oppenheimer, former chairman of Anglo-American De Beers.

'The ICC's opposition to disinvestment represents, of course, a majority policy view of its member nations and one which will be stressed in its submission to the United Nations public hearings.' — (Sapa)

A catalyst, or catastrophe?

60

LAST WEEK the head of Natal University's Centre for Applied Social Sciences, Prof Lawrence Schlemmer, and Federation of South African Trade Unions general secretary Alec Erwin debated the topic 'Disinvestment — catalyst or catastrophe?' This is what they said:

Mercury

By Stovin Hayter
Political Reporter

4/9/85

Prof Lawrence Schlemmer:

WHILE the threat of disinvestment had up to now had a positive effect in bringing about change there was a danger that the Government might dig in its heels and refuse to respond to any pressure, Prof Schlemmer argued.

'The threat of disinvestment has up to now had a positive effect on reform in South Africa, however limited.

'It has focused the mind of the Government more than anything else could have done. And multinational companies have become conscious of the need to make their codes more relevant.'

Tragic

The major argument in justification of disinvestment was that the South African Government would respond dramatically and quickly, Prof Schlemmer said.

However, the past few weeks had seen a tragic argument against that.

'In response to pressure the Government has gone into political seizure. There is no sign at the moment of an ameliorating response to pressure by the South African Government.'

Prof Schlemmer said international studies of the effects of sanctions on the internal policies of governments had shown the same effects.

Surveys had also shown that the Government was losing credibility among its white supporters because it was seen to be not acting strongly enough.

'The Government will not risk another Right-wing split,' he said. 'The expectations of the advocators of disinvestment overseas are not likely to be met.

'And as the system is seen to be not responding so the pressure will be pumped up. It's a ratchet effect.'

Prof Schlemmer rejected the argument of those who held that the effects of disinvestment on the economy would be largely benign.

'The point is to mount effective pressure. Either it is pressure or it is benign; it can't be both,' he said.

650 000 jobs

It was a self-refuting argument to say that disinvestment would bring effective pressure but not have that much of a damaging effect.

Nedbank economist Rudi Gouws had estimated that if a trade boycott against South Africa were even 20 percent successful it could reduce the growth in jobs by 150 000 among whites and 500 000 among blacks.

There would also be a negative effect on business confidence, even in South Africa.

'But if these dangers exist then we must be sure the pressure will in fact compel the Government to change.'

Prof Schlemmer argued for a mix of punitive threats against the Government as well as 'conditional investment'.

'Multi-national companies, who employ a large proportion of the labour force, should use strategies that will bring about change.

'Otherwise disinvestment will force the Government to intervene in the economy no matter what the ill effects and maintain its course no matter what the cost.'

Mr Alec Erwin:

THE VAST majority of people in South Africa supported disinvestment because they supported anything that would bring pressure to bear on the Government, Mr Erwin said. The aim of disinvestment was to bring about a change in government.

'The majority of people in South Africa are bitterly opposed to the present government.

'The longer the Government resists change the greater will be the pressure people seek to bring against it and the greater will be the sacrifices people are prepared to make to bring that pressure.

Trapped

'I believe the Government will never be able to make reforms; it is trapped by its own ideological blindness. This government must go if there is to be reform.'

Mr Erwin said people who accepted that would look for the maximum pressure that could be brought to bear against the Government, and disinvestment was such a pressure.

Many countries had a massive level of investment and trade with South Africa and people there asked themselves if they should not show their moral abhorrence of apartheid on that level.

'The South African economy is in a serious position. It is integrated into the world economy on a substantial scale. The Governmnent is heavily dependent on foreign loans, on confidence in the economy and on trade.

'The balance of payments is extremely vulnerable, and disinvestment puts pressure on all those points. The government that does not listen to that is looking for problems.'

Mr Erwin rejected the argument that disinvestment would harm black people more than whites.

'Whether a company stays or leaves is not the issue. Our economy and society are in crisis and unless drastic changes are made we are in an untenable position.

'People are suffering on a massive scale. They are hungry, unemployed, very angry and very bitter. The impact one company can make is very small.'

'Checklists'

And 'checklists' companies had to comply with to operate in South Africa also had nothing to do with changing the country.

'A company can pay people the earth, but that is not going to change South Africa.

'We need to change the Government before we will get anywhere.

'The vast majority of people support disinvestment because they support all pressure on a government incapable of changing this society and economy to the benefit of the people living in it.'

END INVESTMENT IN SA

60

Sowetan

5/9/85

Until apartheid goes, Cusa tells EEC men

By JOSHUA RABOROKO

THE Council of Unions of South Africa (Cusa) has called for an end to further European investment and imperialism in Third World countries.

Cusa's president Mr James Mndaweni has urged European countries to accept the Third World and its people, whatever their political persuasion, as equals and work towards world peace.

These views are contained in a message to the three European Economic Community Foreign Ministers who visited South Africa and held discussions with Cusa officials and other trade unionists, including Mrs Lucy Mvubelo, an advocate of foreign investment in South Africa.

After their visit the Ministers said they would not immediately call for economic sanctions against South Africa, although they deplored apartheid.

One of the purposes of the visit was to see the effectiveness of the eight-year-old EEC code of conduct for European countries with subsidiaries here.

The code was formed to bring about reform in South Africa.

In a statement, Mr Mndaweni said the European countries should see the plight of the black majority of South Africa in a proper perspective.

They should commit themselves to their aspirations and work unwaveringly for the cause of a free South Africa.

"We request that you use your personal capital to divest from companies which:

- do not adhere to just and equitable labour practices;
- do not endorse that all South Africans should enjoy all the freedoms that European investors enjoy; and
- do not commit themselves to working towards a just and free and undivided' South Africa.

Mr Mndaweni said that they told the Ministers that they wanted these countries to stop new investments here while apartheid existed; to restrict the sale of Krugerrands, to end their involvement in the so-called homelands and to stop supplies which assist the apartheid machinery.

"We also want the state of emergency lifted, the Government should release all political leaders and scrap the migratory labour system. They should withdraw the army from our black townships.

"We desire that this transition be brought about as quickly as possible and as painlessly as possible, without violence and loss of life of our brothers," the statement said.

73 percent of urban blacks favour disinvestment — survey

60 STAR 9/9/85

Seventy-three percent of urban blacks support some form of disinvestment as a means of ending apartheid, according to a recent survey.

The survey also found that 23 percent of the respondents believed Nelson Mandela should represent them in solving their grievances. Sixteen percent wanted Bishop Desmond Tutu, six percent wanted Chief Gatsha Buthelezi and 14 percent wanted the United Democratic Front and other anti-investment organisations.

Five percent of urban blacks believed the State President and his Government should represent them in solving their grievances.

The survey, conducted this month by Mr Mark Orkin of the Community Agency for Social Enquire (Case) in association with the Institute for Black Research (IBR), involved face-to-face interviews with 800 blacks in South Africa's 10 major metropolitan areas.

The key findings were in close accord with the results of a recent survey by the London *Sunday Times* which found that 77 percent of blacks would support sanctions against South Africa unless it agreed to end apartheid.

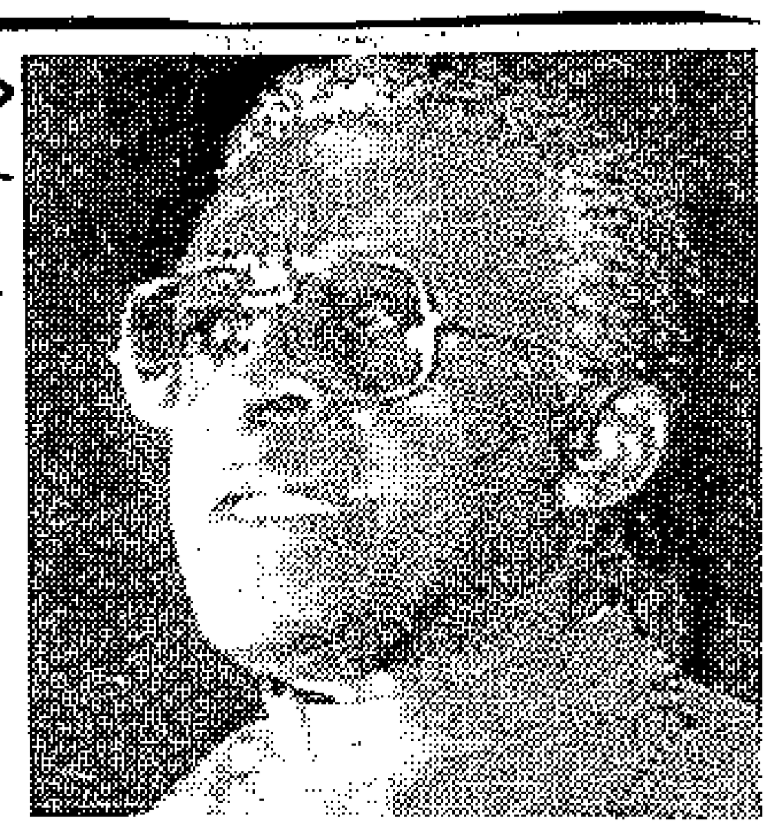
The findings of the Case-IBR research, released at a press conference in Johannesburg yesterday, said that 73 percent of the urban blacks interviewed supported some form of disinvestment. Forty-nine percent wanted conditional investment and 24 percent favoured total disinvestment.

Only 26 percent were in favour of investment.

The results contrasted sharply with a survey by Professor Lawrence Schlemmer of the University of Natal who had reported that three-quarters of his respondents — blue-collar workers in three major centres — were opposed to disinvestment, Mr Orkin said.

The findings are significant in the light of today's debate in the US Senate on the imposition of sanctions, as previous research has reported blacks were opposed to disinvestment.

"The survey neatly reverses the findings of the Schlemmer survey and is a reversal of the previously available empirical evidence," Mr Orkin told reporters. — Sapa.



Bishop Desmond Tutu ... favoured by 16 percent.

Chief Gatsha Buthelezi ... favoured by six percent.

EEC's trade code for SA likely to be mandatory

ARGUS 9/9/85 60

Argus Foreign Service

LONDON. — A stricter and mandatory EEC code of conduct for companies trading in South Africa will be under discussion when the EEC Council of Ministers meets in Luxembourg tomorrow.

The Foreign Ministers of the 10 EEC countries are expected to have an acrimonious debate on whether to apply sanctions against South Africa, with Britain and France squaring up against each other.

TROIKA VISIT

But that row was largely defused by the visit to South Africa of the "troika" of EEC foreign ministers from Luxembourg, Italy and the Netherlands.

When they left South Africa, to everyone's surprise, they declared there would be no immediate sanctions. Now the focus is on beefing up the code.

An indication of the more relaxed atmosphere expected at the meeting is that British Foreign Secretary Sir Geoffrey Howe will not attend as he is visiting Nigeria.

He will be represented by Mr Malcolm Rifkind, the Foreign Office's specialist on South Africa. Had a full-scale diplomatic row between Britain and France been expected, Sir Geoffrey would have attended the meeting.

British sources confirmed that changes to the EEC code of conduct would be under consideration.

The code is similar to but less stringent than the Sullivan Code subscribed to by United States firms in South Africa.

It is voluntary and participating firms report to their governments annually on their business operations.

Officially, the EEC will consider "adapting and strengthening" the code.

An exploratory meeting of officials has already been held to discuss changes and another meeting is planned after the meeting of the Council of Ministers.

The most obvious change would be to make the code mandatory.

Stals warns on disinvestment (60)

STAR By Michael Chester 10/9/85

Overseas critics and disinvestment lobbies were warned today that, if they forced South Africa into a laager of financial isolation, the whole of the sub-continent would lose out in economic development.

Dr Chris Stals, the director-general of finance, was speaking said at a seminar in Johannesburg arranged by the Unisa School of Business Leadership to look at the impact of disinvestment.

He said foreign investment had a vital role to play if South Africa was to provide the springboard to economic development in the region.

If South African efforts were not thwarted, the country was eager and ready to make its contribution to solving what he called "one of the greatest of today's economic problems".

SINCERE INTEREST

South Africa had a sincere and genuine interest in economic development in the region and was prepared — more than any other country — to bear the risks involved in investing in the under-developed countries of Southern Africa.

"But South Africa cannot do it alone," Dr Stals said. "Without a net inflow of capital, South Africa will have no alternative but to take care of its own requirements before it can provide for the needs of surrounding countries."

Among the most pressing needs of neighbouring States were food, development assistance, rand and foreign exchange credits, and employment opportunities.

"It can be stated categorically that South Africa will not be able to continue to play a major role in the economic development of Southern Africa should the disinvestment campaign succeed," Dr Stals said.

Alfa pledge of parts supply for 10 years

(60) STAR 12/9/85

Alfa Romeo agents who wish to remain Alfa service garages have been given a 10-year guarantee on the supply of parts.

"We have been approached by the mother company and given this guarantee," Mr Louis Vermaak of Alfa Romeo Service Centre in Kensington, Johannesburg, told *The Star* today.

The managing director of Alfa Romeo, Dr Gianni Marinelli, announced last night the company was pulling out of South Africa.

Mounting financial pressure compounded by the falling rand had forced the decision.

Dr Marinelli added that Alfa Romeo was working closely with the dealer network to ensure continuity in parts supply, workshop facilities and after-sales service throughout the country.

Although some Alfa Romeo agents are closing, others have opted to stay on as service centres after the winding-down of operations over the next three months.

VSA Motors in Johannesburg is one of the agents which is closing. The decision was taken a month ago.

But Mr Arnold Chatz, one of the best-known Alfa Romeo dealers, is staying on.

"Alfa Romeo will keep on manufacturing parts in Midrand. The service area is a profitable one and we would be foolish not to be involved in it," he said.

Mr Chatz said Alfa dealers had experienced a considerable increase in sales since the prices of Alfa Romeos were reduced.

'COMPETITIVE'

"Our prices, which will stay the same, are very competitive," he said.

The gradual closure of the Alfa Romeo factory at Brits will ultimately affect about 500 people. Production will, however, continue until back orders have been fulfilled.

According to Dr Marinelli negotiations are going on to sell the factory to a manufacturer. Should this sale materialise many of the present workers might thus be employed.

Disinvestment polls explained

Pretoria Bureau

12/9/85

STAR

Seemingly contradictory research findings on black attitudes to disinvestment were a result of the different slant given to questions in polls, a senior Human Sciences Research Council researcher, Dr Nic Rhoodie, has said.

60

An HSRC study done in May 1985 found that 75,8 percent of blacks were opposed to disinvestment while 20,8 percent were in favour.

That finding clashed with a recent poll by Mr Mark Orkin, a sociologist with the Community Agency for Social Inquiry, which found that 73 percent of blacks favoured some form of disinvestment while 24 percent were in favour of full sanctions.

Dr Rhoodie said there were no "provisos" added to the HSRC question whereas Mr Orkin's question contained a definite proviso — blacks were asked whether they supported disinvestment as a means of ending apartheid.

Renault pull-out blow to SA race

Mercury 13/9/85 (60)

PARIS — Renault last night pulled ~~out of~~ next month's South African Grand Prix as pressure mounted to have the event scrapped.

An announcement by the French team came after officials of motor racing's governing body, Fisa, conceded the race was likely to be called off because of pressure on drivers from various governments.

In a communique, the State-owned Renault company said: 'Renault announces it has decided not to field any car in this event.'

It was to have run two cars driven by Frenchman Patrick Tambay and Britain's Derek Warwick in the October 19 race,

Patrick Tambay

but had taken the decision to quit after Sports Minister Alain Calmat had told them to reconsider.

The company's withdrawal is the first but with Brazil, Sweden and Finland as well as France urging Fisa to cancel the race, others could follow.

In Francorchamps, where drivers and officials gathered for Sunday's Belgian Grand Prix, Fisa officials said their president, Jean-Marie Balestre, was consulting the main teams and a decision was expected at the weekend.

Transfer

Yesterday driver Emerson Fittipaldi, twice world champion, said in an interview published in Rio de Janeiro that Brazilian drivers should be allowed to compete in the South African Grand Prix.

'Sports and politics should not be mixed,' the veteran driver said in an interview published in the Jornal do Brasil newspaper of Rio.

'Of course we're all against racism,' he added. 'But that should be resolved by governments, without jeopardising sport. There are other ways to combat racial prejudice.'

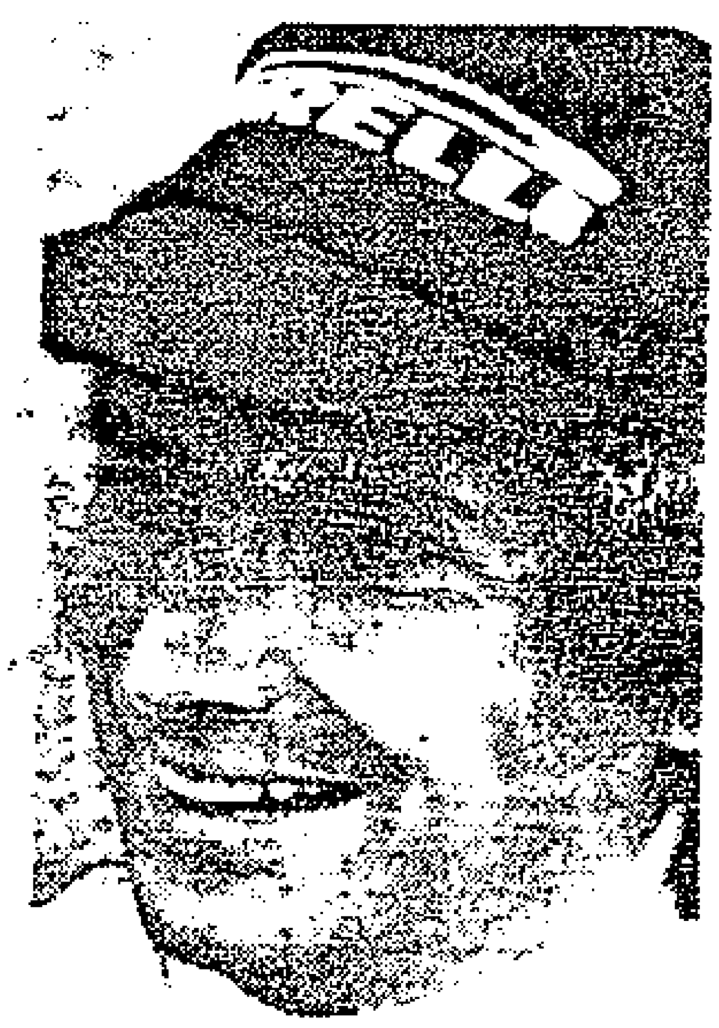
The Foreign Ministry has asked the Brazilian Auto Racing Confederation to request a transfer of the South African Grand Prix to another country.

Brazil has banned sports and cultural exchanges, oil exports and arms sales to South Africa.

Brazilian drivers Nelson Piquet of Brabham and Ayrton Senna of Lotus have said the decision whether to compete in South Africa is made by their teams.

The president of the Brazilian Auto Racing Confederation, Joaquim Melo, said in an interview that he would ask the Paris-based International Federation of Automobile Sports to transfer the South African race and next year to exclude it from the racing calendar.

Drivers' championship leader Alain Prost of France said yesterday he felt that unless all teams participated the race should be scrapped. — (Sapa-AP)



Nelson Piquet

Alfa stock enough to meet demand 'until end of year'

60

18/9/85 Mercury

Motoring Editor

NATAL'S Alfa Romeo outlets, controlled by the giant McCarthy Group, have assured would-be buyers that they have enough stock to satisfy projected demand until the end of the year.

It is believed the company has bought a sizeable proportion of the 800 cars which the Brits factory had to unload after the Alfa pull-out was announced on Friday.

Chairman Brian McCarthy said the Alfa outlet would remain open until the end of the year: 'We've got quite a bit of stock and believe demand will be good because of the pricing.'

Alfas are being sold at 1983 prices.

Mr McCarthy said his company was in the process of negotiations with Alfa over parts distribution: 'We will have a parts warehouse for the South African set-up and do their distribution.'

He said the service and parts divisions were linked with Renault and warranty and other work would continue to be done there 'hopefully for some time'.

On staff Mr McCarthy said: 'We will do everything to absorb the existing Alfa team,' adding that they were a small enthusiastic group.

McCarthy Alfa managing director Brian Pilkington emphasised that all owner guarantees and those of cars still to be sold would be intact.

Salesman Roberto Alessandri, who has been associated with the Italian thoroughbreds for 25 years, said: 'It is very sad, but you can't blame them; they have been losing lots of money.

Speculation

'It's a fabulous car — the best in the world for the price.'

Industry sources are speculating about who will take on another of Alfa's projects, the Daihatsu Charade.

The compact is highly valued and arguably the only truly small car left on the market.

It is believed negotiations are underway with an unnamed manufacturer to take over production.

Strikes hit motor industry

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THE industrial unrest focus swung to the multinational motor industry this week with three major manufacturers hit by strikes and work stoppages sparked by dismissals and retrenchments.

The multinationals involved are Alfa Romeo's Brits plant, Volkswagen in Uitenhage and the CDA, the manufacturing and assembly division of Mercedes Benz of South Africa in East London.

Meanwhile the industrial action at 17 chainstores of Jet, Edgars and Sales House continued yesterday with 400 workers calling for support from all unions and the community to boycott the stores because "the racist management exploits workers."

Hard-hit

The hardest-hit motor manufacturer is Mercedes Benz. Over 3 500 workers have been on strike over the dismissal of 250 colleagues.

Sowetan

Volkswagen in Uitenhage has not re-opened its Golf assembly line as expected on Wednesday because it was still negotiating the possible reinstatement of 130 workers dismissed for failing to adhere to the new procedures last Friday.

About 480 employees of Alfa Romeo in Brits yesterday returned to work after Fosatu-affiliate National Automobile and Allied Workers' Union (Naawu) reached an agreement with management, according to Mr Ian de Vos the company spokesman.

20/9/85

'Pull-out likely to hit blacks and whites'

(60) 21/9/85 Mercury

Political Reporter

A SUCCESSFUL foreign disinvestment campaign against South Africa was likely to decrease the real incomes of white and black workers, a University of Natal economist, Prof Mike McGrath, said.

Speaking at the national conference of the Economic Society of South Africa, Prof McGrath argued that if successful, disinvestment would slow the rate of growth of the South African economy and lower the rate of growth of employment.

'In terms of economic justice the pressing issues in South Africa are unemployment and under-employment, income inequality and poverty.'

Poverty

He said it had been estimated that in 1975 about 30 percent of black households in the metropolitan regions, 62 percent of households in the black states and 74 percent of households in the white-controlled rural areas were in poverty, with incomes below their minimum living levels.

'Sustained economic growth can make inroads into alleviating aspects of each of these problems, whereas economic stagnation is likely to worsen them.'

Economic growth would also more readily accommodate an expanded provision of services such as education, health and housing which were necessary to correct the historical deprivations of the black communities.

'The growth of supply of such services will be constrained in a situation of stagnating incomes, where pressures for redistribution will be much more likely to be resisted by the white electorate and the State.'

Prof McGrath said that foreign-controlled companies had, on balance, made a positive conttribution to employment practices and wages.

Pressures

He said they were also potentially powerful agents for political and economic change and he urged companies to use their power more visibly.

'Successful disinvestment pressures will weaken this influence.'

While there were effects of disinvestment which might be considered positive, following a depreciation of the exchange rate, they were unlikely to compensate for the economic growth foregone through reduced capital inflows.

'Slower or negative growth rates of incomes and employment, in climate of political ferment, will be a factor aggravating conflict.'

(News by S Hayter, 12 Devonshire Place, Durban).

Cumulative boycotts hitting SA

26/9/85

380

280

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STAR

By Hannes de Wet

News of international anti-apartheid measures, such as proposed trade restrictions, has been grabbing the headlines recently. It is, however, the cumulative effect of the "people" boycott which is eroding contact between South Africans and the world community.

Victims include balloonists, academics and members of pipe bands and judo teams. These South Africans — and many others — are finding themselves increasingly isolated.

Now even the 1985 South African Grand Prix is an on-off affair because of international pressure.

FRENCH QUIT

The French Renault team announced earlier this month that it would not take part because of increasing racial violence in South Africa. And the governments of Brazil, Sweden, Finland and France have urged the international organisers of the GP circuit to cancel the event.

A brief look at some of the sport/entertainment/cultural/academic boycotts of the past year brings home the extent of the anti-South African climate in the international community.

Entertainers who vowed in this period never to visit South Africa again include country singer Kenny Rogers, pop star Tina Turner, British singer Max Bygraves and American superstar George Benson.

The recent Pact opera season was also hit when previously contracted singers withdrew at the last moment.

Another kind of boycott action in the field of entertainment is the bar on South Africans who wish to perform in other countries.

Zimbabwe, for example, placed a blanket ban on South African entertainers in July this year.

Some other countries have gone further by devising a whole package of anti-South African measures.

Last month Brazil included the cutting of sports and cultural links in its decision to ban arms and oil exports to South Africa.

In June the Swedish Government instructed local authorities, trade unions and sports bodies that South Africans are to be banned from attending Swedish conferences, symposia, seminars, concerts, music and film festivals and sporting events.

Last month Belgium barred 12 South African experts from an international nuclear energy conference in Brussels.

Towards the end of last year New Zealand placed a complete ban on individual sportsmen and women from South Africa. And earlier this month the Australian Cricket Board warned that Australian cricketers who play in South Africa would be summarily banned from playing test and state cricket for 10 years.

Disinvestment would block further reform, says minister

Mercury (6c)

BONN—The South African Minister of Trade and Industry, Dr Dawie de Villiers, said yesterday that chances for further political reform would be severely limited if the country's economy were hit by a withdrawal of foreign investment.

He told a news conference the continued presence of foreign-owned firms in South Africa helped contribute to the wellbeing of blacks and others and made easier further reform of the country's apartheid system of racial segregation.

'But if the South African economy should be seriously harmed or forced to the point of collapse, then chances for reform will be severely limited, he said.

Anti-apartheid groups in many countries have urged multinational companies to pull out of South Africa to pressure the Pretoria Government into speeding up racial reform started by President Botha.

Most Western countries argue that doing so would hit South Africa's black community hardest. So far, France has been the only major nation to put a ban on new investment.

Dr de Villiers, ending a week-long round of meetings with businessmen and trade representatives in Britain, Switzerland and West Germany, said he had received no indication that firms in those countries intended to pull out.

11/10/85

He said his trip, aimed at promoting South African exports, had produced a generally positive response.

In September, Pretoria suspended foreign loan repayments until the end of the year.

Dr de Villiers said South Africa needed time to repay the loans but would meet its commitments under a rescheduling agreement with creditor banks due to be mediated in the coming weeks by Mr Fritz Leutwiler, a former president of the Basle-based Bank for International Settlements.

Pretoria could carry on without new foreign loans if necessary, he said, but economic growth would be 1 percent or 2 percent lower without them, limiting the Government's ability to meet many of its goals in the social field.

Dr de Villiers forecast that the economy would start recovering gradually from its deep recession early next year. — (Sapa-Reuter)

sunrise finance

Everite makes money, and helps South Africa

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It's reassuring to find a foreign-controlled group like Everite listing among its primary objectives contributing to continued development of South Africa's economy.

Despite the disinvestment vogue, the group is following a sensible business approach. (Of course, they have derived an excellent return on their SA investment as the 51 percent foreign shareholders will no doubt agree).

Michael Menof on the company beat

Chairman H Thoeni and his board state their "inherent confidence in the medium and long-term future of South Africa" despite a cyclical downswing they foresee in the economy resulting in no significant improvement till late 1986.

Everite has five operating divisions — fibre-cement, plastics, concrete, pitch fibre and ceramics (which serve the building and construction industries with products made from a variety of raw materials).

Against the building and construction industry doldrums, Everite's 1985 annual report made for interesting reading. Turnover almost maintained at R230,2 million, down two percent on 1984's R235 million, while income after tax, although decreasing by 29 percent, was still impressive at R15,08 million (1984 — R21,16 million).

Unfortunately this is the lowest reported net income after tax in this decade but still materially assisted in raising the net asset value per share to R11,76 (1984 — R10,78) almost equalling the current JSE market price of around R12. Dividends were maintained at 60 cents a share, although the dividend cover has been reduced to only 1,5 times from the previous two times

Mr Thoeni reported that apart from pitch-fibre pipes, all divisions had a reduction in sales volumes as well as margins. These shortfalls, coupled with a high level of committed expenses for new technology product development in the fibre-cement division, put more pressures on operating profit causing it to decline.

While shareholders might be disappointed, they have nothing to fear as the group remains financially sound because of its conservative financial policies.

For instance, Mr Thoeni reminded all that the group continues to charge depreciation on the replacement cost of productive buildings and plant, thus removing from profit the major impact of inflation experienced in Everite's type of business.

These assets are revalued annually by using a suitable index. Periodically, professional valuers are employed to check these valuations. The professional revaluation for the year under review resulted in writing-up these assets by a net amount of R11,2 million (1984 — R10,9 million).

Three acquisitions during the year did not have a major impact on profits. Regretfully, their expected contribution in later years was not stated. Tiger Tiles was bought for R4,5 million giving a small foothold in concrete roofing tiles.

The 49,5 percent minority shareholding in Eastleigh Concrete was acquired for R700 000 while the plastics division acquired Dripin, makers of dripline irrigation systems for R600 000.

STAR 12/10/85

Manpower requirements have been skilfully reduced to a staff complement of only 5 376 down 14 percent on last year's 6 198. Chairman Thoeni while confident that management can meet the challenge of difficulties in the short term realistically expects profits in 1986 to further decline but does not quantify the extent.

The directors gave this divisional breakdown of income: group head office R3,09 million (1984 — R4,35 million); fibre-cement R9,97 million (1984 — R12,92 million); plastics R1,43 million (1984 — R1,06 million); concrete a R1 million loss (1984 — profit R1,12 million); pitch-fibre R1,91 million (1984 — R1,7 million); and ceramics R71 000 (1984 — R720 000). In each division problems were overcome.

In the concrete division curbs in state spending must retard infrastructure development and adversely affect the civil engineering industry. Results will not improve in 1986.

In pitch-fibre sales are expected to improve, but prices will remain under pressure depressing profits. In ceramics, continued low levels of demand will mean no improvement in the present position.

The balance sheet numbers are impressive, with shareholders funds almost R200 million. Long-term and current borrowings have more than doubled to R17,2 million (1984 — R8,03 million) with interest expense R1,51 million (1984 — R915 000).

Working capital ratios are adequate, with an unchanged current ratio of current assets to current liabilities of 1,76: 1 for both years, while the acid test of current assets less stocks to current liabilities slipped from 0,89: 1 to 0,79: 1.

Disturbing features

The effective tax rate was unchanged at 55 percent, higher than the 50 percent company rate, primarily due to tax losses created less prior year tax losses utilised.

A disturbing feature was estimated tax losses of certain subsidiaries available to set off against future taxable income has increased from R9,42 million in 1984 to R12,957 million. This means some subsidiaries had significant losses in 1985 without the board saying which.

Then directors' shareholding in the company has reduced by 35 percent from 79 500 shares held in 1984 to only 51 400 held at present.

But because it does business on a solid financial foundation the group has it needs to withstand any economic downturn.

Council police make their debut

'Running away from urban areas to homelands'

MULTINATIONALS ANGER UNIONS

By JOSHUA RABOROKO

THE Federation of South African Trade Unions has attacked a number of multinational companies which moved into so-called "homelands" where they "blatantly exploit" the abhorrent policies of apartheid.

The federation, in a report to The SOWETAN, highlights the lack of protection for unions and their members operating in these areas.

The report comes after a European trade unionist, Mr Enzo Friso, the assistant general secretary of the International Confederation of Free Trade Union (ICFTU), has made things hot for multinationals in South Africa following his visit here last month.

Mr Friso said multinationals in South Africa should meet the black trade union demands or face action from 90-million workers worldwide.

During his visit he asserted: "Our warning goes to all multinationals guilty of violating international labour codes."

Some of the multinational operations that have come under attack recently are: BTR Sarmcol, Dunlop, Transvaal Alloys, Alfa Romeo, Siemens, General Motors and Mercedes Benz.

Mr Frizo said they will investigate every multinational while in South Africa and will consult black emerging unions on a plan of action.

Consult

In its report, Fosatu said that these multinationals were running away from urban areas and settling in the "homelands" where they exploit "cheap labour" by not paying "a living wage" to workers.

The secretary of Fosatu-affiliate Metal and Allied Workers Union, Mr Moses Mayekiso, said the fight against multinationals is on.

These companies are protecting the apartheid system by moving into the areas where they know workers are not protected.

"We have declared disputes with some of the major companies who refuse to negotiate with us at plant level and these include multinationals. Workers want a living wage to cope with the escalating cost of living," he said.

The fight against multinational companies has also been joined by the Council of Unions of South Africa (Cusa). Its president, Mr James Mndaweni, said: "Unless these companies improve their wages and working conditions, we shall be forced to call for economic sanctions against South Africa — possibly leading to national industrial action."

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De Kock warns against capital withdrawal from SA

CAPE TIMES 15/10/85

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From NEIL BEHRMANN

LONDON. — Reserve Bank Governor, Dr Gerhard de Kock, warned that it would be impossible to develop black nations of sub-Saharan Africa if capital continued to flow out of South Africa.

In an interview with the Wall Street Journal at the IMF meeting in Seoul, Dr de Kock said that South Africa was "the powerhouse of an intergrated (Southern African) economic region."

Ahead of the Commonwealth conference, however, Southern African states collectively said that they supported sanctions as a means to end apartheid.

But they also asked for Western aid in the event of economic retaliation from South Africa and privately conceded that sanctions and any South African retaliation could cripple their economies.

"There is no way in which sub-Saharan Africa can develop in the next 10 years unless the Republic of South Africa is part and parcel of the action," said Dr De Kock.

To leave South Africa out, "is like saying you should develop the European Community while producing a depression in West Germany.

Deep-seated concern about the future of black Africa was one of the major issues at the IMF and World Bank meetings.

Decline

The World Bank projects economic growth for the region of only 0.4 percent this year and a continued fall in per-capita incomes following three successive years of economic decline.

Dr De Kock told the journal that South Africa had repaid $2.5 billion in the past 12 months. Several hundred million dollars were repaid since the debt moratorium at the beginning of September.

"If you damage the South African economy by taking out $2 billion a year you are going to have to pump in much more than $1 billion or $2 billion into (Sub-Saharan Africa), said Dr de Kock.

"And that is not going to happen."

Dr De Kock predicted a balance of payments current account surplus of $3 billion to $5 billion a year. This surplus would allow South Africa to keep paying off its debt.

Foreign debt

The total foreign debt of $24 billion includes $14 billion which falls due for repayment in the next 12 months.

Brokers Strauss Turnbull & Co, a firm which is active in the international capital markets and has been involved in South African issues, contends that South Africa "can and will repay its overseas debt unless it is forced by the outside world into default.

"The Western banks who have so 'prudently' lent several times their capital to South America cannot bring themselves themselves to extend and roll over credit facilities to South Africa," complains Mr David Drummond, a partner of the firm.

He believes that any South African default could set off defaults of other nations.

Implications

The implications are profound, he says, "particularly at a time when additional pressures on the banking system loom in the form of lower oil prices."

Dr De Kock, however, said that "the withdrawal of foreign bank loans that led to the standstill was based on a perception of our political difficulties and it is up to us to improve that perception."

He was satisfied that policy revisions would be impressive and satisfy at least middle-of-the road opinion abroad.

Rand eases

JOHANNESBURG. — The rand closed slightly lower at $0,3765/75, after drifting aimlessly all day in continuation of the pattern seen last week, dealers said.

The still chronic shortage of dollars in the market and a lack of direction from the Reserve Bank are the main depressants, they added

USA: 0,3765/75.
UK: 3,7440/60.
West Germany 1,0025/45.
Swiss: 0,8215/35.
Netherlands: 1,1295/315.
France: 3,0560/610.
Japan: 81,10/30.

— Reuter

LC

Change in SA essential — top economist

DEREK TOMMEY
Finance Editor

SOUTH Africa must develop a political system which is accepted overseas, one of South Africa's top economists, Professor J A Lombard of the University of Pretoria, told the annual congress of the Association of Chambers of Commerce in Cape Town today.

He said there was insufficient recognition in South Africa that a national economy which is so open to the international economy could not be governed by a system which is not considered legitimate internationally.

"This is not a question of political value judgments or ideology. It is not a view one can oppose or support. It simply seems to be a rule one has to live with."

South Africa's progress towards a new political identity was a matter of concern not only for South Africans but for those with which it had important relationships.

South Africa had the economic growth potential for rapid social transformation, he said.

Devastating

If the economy were allowed to to grow at an average annual rate of 4,5 percent for the last two decades of the century, the gaps between white and non-white standards could be narrowed to a surprising extent.

But the economy would require a growth strategy based on the social emancipation of the black people.

South Africa had been forced into a dilemma by her international trade and financial partners.

"By stultifying South Africa's productive participation in international trade and finance, the rate of economic growth is being forced down to levels which make political reform much more difficult."

If South Africa's link with the international banking system were seriously disrupted, the effect on the economics and politics of South Africa would be devastating.

Professor Lombard said South Africa had the economic strength and domestic savings potential to reduce her foreign debts. But this would be at the cost of domestic economic growth and reform.

"The irony of the situation is that the withdrawal of capital from this country is often justified on the grounds that the process of reform is not proceeding fast enough."

● See Page 7.

Foreign firms urged to defy SA security laws

The Star Bureau

(60) STAR 17/10/85

LONDON — A United Nations report has called for a "fundamental" change in the policies of transnational corporations in South Africa and Namibia.

The report, drawn up after hearings in New York before a panel chaired by Mr Malcolm Fraser, the former Australian Prime Minister, proposes a wide range of measures by transnationals including defiance of some of South Africa's security legislation.

The main recommendations include a call for disinvestment by companies producing for the military, police and security sectors, and an expansion of the existing mandatory arms embargo to include what the reports term "dual-use items" such as vehicles.

The report also calls for an end to new investment and new loans, a ban on export credits, and a prohibition on the import of gold from South Africa.

Foreign companies operating in Namibia are called on to end their activities unless sanctioned by the UN Council for Namibia, and to refuse to pay "taxes, royalties or other forms of economic rent to the Government of South Africa".

According to the report, 1 068 transnational corporations operate in South Africa, led by the United States (406) and Britain (364).

The panel received written submissions from 10 transnationals including Rio Tinto Zinc, British Petroleum, Fluor Corporation, General Motors and Hewlett-Packard.

Officials from the leading South African business associations, both English and Afrikaans, made written and personal representations.

Ciskei blooming as foreign investment rises

Argus 17/10/85

BISHO. — Increased investment in Ciskei represented a vote of confidence in its future and in its non-discriminatory policies as a solution to the problems of southern Africa, the Ciskei Minister of Finance, Chief M E P Malefane, said here.

He told a Press conference at which the annual report of the Ciskei Peoples Development Bank was issued that, in spite of the depressed economy of southern Africa, 36 new factories with a total value of R138.7 million had been attracted to Ciskei in the financial year to March.

This represented a potential 14 000 new jobs at an average cost per job of R8 200.

Investment by private enterprise increased by R48,7 million, bringing total private sector investment in industry to R124.4 million.

"At present 107 factories are operating in Ciskei. They represent a total ivestment of R245.2 million and provide 22 300 people with employment. Furthermore, 40 new factories to the value of R71.8 million are in the process of being built and are contractually committed to establishing themselves in Ciskei," Chief Malefane said.

International interest in Ciskei was increasing and, in spite of the "unfounded prejudices" of the international community and the disinvestment campaign against South Africa, none of the 46 overseas companies in Ciskei had shown any inclination to support these moves.

Two major European firms had committed themselves to a joint venture to establish a R6 million textile mill in Ciskei. — Sapa.

Banks warn SA to expect worst

Cape Times 18/10/85

From RICHARD WALKER

NEW YORK. — South Africa will be frozen out of world money markets until it acceeds to a drastically quickened pace of change.

That was the message given Deputy Foreign Minister Mr Louis Nel on Wall Street this week.

Appearing on a panel with the minister, Morgan Guaranty vice president Mr Edmund Rogers said his own bank's lending to the Republic had "ground to a standstill".

Morgan, one of the Big Six with deposits of well over 30 000 million dollars, has not joined Chase and Citibank in officially terminating private lending, but he suggested that in the present climate it made little difference.

Pretoria was being warned to expect the worst at Wednesday's London meeting with major bankers: "Financial markets are likely to remain closed, or very restrictive, until significant change is achieved in the social and political status of blacks."

It was not, however, Mr Nel's night.

Invited as keynote speaker on a panel discussion on disinvestment, he heard a church expert estimate that the trustees of 2 000-million dollars worth of investment funds were addressing the South African issue, with half of them now committed to some level of action against Pretoria.

Mr Nel promised South Africa would change into "a very different country from what it is today".

Disinvestment and sanctions, he said, were immoral and would only lead to suffering throughout Southern Africa — "even the cats and dogs will suffer", he said, only to draw titters and laughter.

The laughter grew greater when he cited an opinion that the sanctions campaign was the most wicked enterprise "since the days of Hitler and Stalin".

The minister's concern "has made disinvestment seem like a good idea", commented Dr Donald Shriver, president of the Union Theological Seminary, while Congressman Howard Wolpe called his presentation "extraordinary".

The session, held in the offices of Wall Street's historic Trinity Church, ended with a prayer dedicated to Bishop Tutu. Mr Nel prayed too.

Cape Times 23/10/85

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Botha: SA doesn't need the West

From RICHARD WALKER

NEW YORK. — South Africa can survive without the West, President PW Botha has told the American business community on the eve of the Republic's debt re-negotiations in London.

But he also predicted that the debt problem would soon be gone as the banks became convinced of the country's stability.

Mr Botha maintained: "The only trouble we have is debt" — and he dismissed this as a temporary condition brought about by a misreading of the situation by "some international interests" who had feared South Africa becoming a second Iran and ending up in chaos.

"This is not going to happen," he said twice for emphasis.

Calling economic sanctions and disinvestment "a march of folly", he maintained in an interview with the Wall Street Journal that the West needed South Africa more than South Africa needed the West.

"South Africa needs capital from outside, but it can go without it," he said.

Blaming the unrest on a worsening economy and a few communist agitators, he defended the use of the army in the situation as "a tradition in South Africa".

He told the newspaper he hoped to lift the emergency regulations "as soon as possible", but added: "I won't hesitate to apply them in other parts if terrorists try to create problems."

The interviewers reported that Mr Botha gave no indication he would accelerate his timetable for change to ease the anxiety of the country's creditors.

"I never considered my political actions to be influenced by what other people say or do, especially by what other countries say or do," he responded.

The National Party had "always been a party of reform," he maintained, and as an example he observed that ten million blacks now had the vote.

Asked if his pledge to grant blacks "full participation at the highest levels" could lead to a black South African foreign minister or defence minister in the coming decade, he replied that they already existed — "just go to the Transkei," he advised.

Mr Botha said that sanctions would not change South Africa's policies, but were only "playing into the hands of Moscow".

Asserting that the United States could not do without South Africa's minerals, he "expressed dismay at American pressure on him", the Wall Street Journal reported.

He complained to the newspaper: "The US calls itself the fortress of freedom and liberty. I can't understand why they co-operate with countries where freedom is destroyed by dictatorships and attack a country where we are working for freedom and liberty."

Throughout the interview Mr Botha "was smiling and soft-spoken".

Cape

60

'Talk to black unions or pack and go'

Multinational companies exploit — unions

By JOSHUA RABOROKO

PRESSURE is mounting on multinationals operating in South Africa to observe the codes of conduct stipulated for them by their mother-countries. They are urged to negotiate with black unions or get out.

Added to the pressure is the new dimension — the demand that these companies should stop moving from urban areas to rural areas adjoining the homelands where they exploit cheap labour and support apartheid by paying them "starvation wages".

The pressure mounted by the Federation of South African Trade Unions (Fosatu), Council of Unions of South Africa (Cusa) and their affiliates, comes in the wake of Commonwealth leaders' demand that South Africa should start to dismantle apartheid or else face economic sanctions by some of its members within six months.

International labour movements, such as the International Confederation of Free Trade Unions (ICFTU), have added their voices to the demand that multinationals should recognise black unions, or face national labour unrest.

Companies which have been accused of moving from urban areas to the so-called homelands are Tidwell, Mintex, Apex Foundries, Metalex, NCS Plastics, Dunlop, Bata and Transvaal Alloys.

Several other multinationals have become victims of black anger which erupted into labour unrest caused by demands for wage increases, "unfair dismissals" and retrenchment benefits.

A spokesman for the British Consulate in Johannesburg yesterday said there are 170 British companies in South Africa. They all are members of the European Economic Community (EEC) and several scores of others which are not signatories to the code.

They include Siemens, Volkswagen, Mercedes Benz of German origin, Alpha Romeo (Italy), Ford Motor Company (United States) and Winding Wires (US). These companies hage also been hit hard by labour unrest.

The Fosatu-affiliate Metal and Allied Workers' Union (Mawu) has charged that British multinationals in Natal were moving to the neighbouring KwaZulu homeland where they exploited the situation by underpaying workers. The union demands a living wage for workers.

It said they are moving to rural areas to avoid the wrath they might face from unions in urban areas.

"It has to be accepted that transnationals are here to exploit the markets and the labour conditions. They have not come here to improve the living conditions of the people of SA", a Mawu spokesman said.

He added: "Workers are no longer prepared to accept this situation. The codes of conduct have, however, failed to make any significant change.

... threat than international moves

SA companies are now disinvesting, says TCI

280 / 60

25/10/85 B. Day

LAWRENCE BEDFORD

A TRANSVAAL Chamber of Industries spokesman warned yesterday that South African companies were beginning to disinvest at home.

"This is a far greater threat to job-creation than the international disinvestment moves," added Joe Annegarn, a leading figure in the TCI and the MD of Mono Dies on the East Rand.

Most members shared this view.

The TCI has among its ranks companies employing more than 1-million people.

Annegarn said the disinvestment situation applied to Mono Dies, where capital expenditure had been deliberately withheld because they believed the economy was dying.

"This creeping lack of investment frightens the hell out of me," he said.

It was forcing businessmen into the political arena.

The fall in gross domestic fixed investment was likely to be more than 20% by end-1985, together with an attendant drop in investment in new offices, shops and factories.

Federated Chamber of Industries economist Jan de Jaeger confirmed that the drop in fixed investment was expected. The real value of fixed investment in the manufacturing sector had fallen by 13,3% between the first quarter of 1984 and the end of the second quarter of 1985. Total fixed investment over the same period dropped by 11,5%.

This, he said, was indicative of slower investment rather than domestic disinvestment. Various economic factors, such as government's deliberate moves to curb discretionary spending by the public, also had to be borne in mind.

"People, likely to have to pay through the neck for imports, are certainly holding off," said De Jaeger.

Sanlam Investment Corporation strategic research chief Peet Strydom said despite fears that the enforced repayment of foreign debt over the next few years would make SA a capital exporting country, "there has already been a re-distribution of wealth in favour of the rest of the world. The trend has been evident since 1980."

He added: "Investment decisions by SA companies are contributing towards that situation."

Commerce plans strategies to beat sanctions

280

B. Day 25/10/85

ANDRE VAN ZYL

COMMERCE is not taking the threat of sanctions lying down. It is formulating contingency plans in case of comprehensive mandatory sanctions.

Johannesburg Chamber of Commerce this week held a sanctions think-tank at which various strategies to overcome a range of economic sanctions and boycotts were discussed.

Dicussions were not political but centred around pragmatic measures to ensure the survival of business.

The chamber saw its role as helping members to continue trading in spite of obstacles placed in their way.

It would advise businesses on avoiding the pitfalls encountered in operating under sanctions, especially with difficulties in exposure to foreign exchange.

Some members had gained extensive experience from sanctions against what was then Rhodesia and their skills would prove invaluable in keeping import and export channels open.

In this context chambers of commerce would also continue to articulate the views of its members and advise government accordingly.

Invest more in SA, chief tells West

(60) (19) 26/10/85 STAR (114)

LONDON — The surest way of ending apartheid was for the West to invest more in South Africa, not less, Chief Mangosuthu Buthelezi said at a meeting in London on Thursday.

He told top international executives of Nestle that economic progress would lead to negotiated peace while disinvestment opened the way to more violence, deaths and Marxist revolution.

Black South Africans valued immensely the building up of world pressure to destroy apartheid. But the last thing they wanted in their "11th hour" was inept Western diplomacy and ill-concieved punitive measures.

The kwaZulu Chief Minister and Inkatha president, whose earlier speech to the South Africa Club received a standing ovation from an audience of nearly 500, said economic progress would strengthen black bargaining power.

The world had no longer to be told that institutionalised apartheid was a "hideous form of racial injustice."

It needed to know, however, that the vast majority of black South Africans wanted the kind of moral, diplomatic and material aid that would strengthen the forces of reconciliation.

In spite of the pro-violence ANC mission-in-exile's efforts to escalate support for violent revolution (after which it intended to establish military rule) by distorting facts, his black compatriots overwhelmingly favoured the politics of peaceful negotiation.

"It is sheer madness," he said, "to think that disinvestment and the economic isolation of South Africa will favour the circumstances in which an open, free and democratic society can emerge."

He pointed out that, according to Wits University research, the ANC's worldwide membership was 11 000, of which only 2 000 were in South Africa.

By contrast Inkatha, the biggest black political movement in the country's history, had over one million paid-up members.

Inkatha was a mass movement dominated by peasants and workers and what he said as its democratically elected leader reflected the black people's rejection of violent solutions — Sapa.

Earlier this year 284 US companies had direct investment here. Since then 18 have ended or reduced their South African business links.

One French fatality on the local market this week was Peugeot and forecasts are Renault may also close down.

Direct foreign investment totals about R42-billion. But to put it in perspective: this is only 10 percent of total investment here. John MacLennan looks at The Hassle Factor.

Weekend Argus Political Staff

MILSID KUHN, 35, is an electronics whizz who maintains high-tech computers for the American firm of Hewlett-Packard.

He is also a statistic, one of an estimated 600 000 South Africans who could face severe repercussions if the disinvestment and sanctions campaign ever has the effects foreseen by the anti-apartheid lobby.

This product of Saint Columbia's school in Athlone, Cape Town, started by fixing photographic equipment and moved on to become a repairman of accounting machines and computers before joining Hewlett-Packard, a world leader in computers and calculators.

The firm flew him to Silicon Valley in California for a three month course on their HP 1 000s and today he is titled "customer engineer".

The job involves work on highly technical computers such as those used by scientists and universities.

Sullivan Code

The company is a subscriber to the Sullivan Code and pays, according to a senior executive, extremely good money to those who perform -- irrespective of race. It also enables employees, such as Mr Kuhn, to grow in the job through on-going training schemes.

Mr Kuhn regards Hewlett-Packart as much more professional than any South African company he has worked for and notes that the employment conditions are very good.

He is sanguine about sanctions and disinvestment, because Hewlett-Packard is one of the very few US corporations which has announced it is here to stay -- in spite of the disinvestment campaign.

Electronics whizz Milsid Kuhn

This compares with other companies, mainly American, who are either rethinking their situation in terms of the moral, political and economic pressure they face... or who have already pulled out. Thirty firms left South Africa between 1980 and 1984.

Professor Robert Schrire, who heads UCT's Department of Political Studies, believes they and the country are victim of what he terms a "simple moral fable" which goes something like this:

Disinvestment

"The white racist Government is suppressing the black majority and the whites won't change. They see the structure as being supported -- albeit unwittingly -- by US companies who pay taxes. And they see the only moral action to be constructive disinvestment."

All this intensifies the Hassle Factor.

He was told by one executive: "Although I am in charge of a company with operations in 97 countries around the world, 110 per cent of my time is spent on South Africa."

The problems faced by American companies who operate here cover a wide spectrum and include social pressure (as evidenced through clubs and churches), demonstrations, campaigns and boycotts (activist Jesse Jackson caused great headlines with "Don't Choke On Coke").

In New York, "the Mobil building is literally like a fortress. It makes airport security look like child's play."

The United States and our main European trading partners -- which together account for more than 90 per cent of foreign investment here -- have already decided on limited sanctions or accepted the principle of doing so.

Many companies might be willing to stand up to this sort of pressure if it was lucrative to do so, but it no longer is. They arrived in the 50s and 60s when South Africa experienced incredibly high growth rates and the strong rand provided profits which looked good on balance sheets abroad.

Rand plunged

Then the rand used to be worth 130 cents. Today it has plunged to 38.

So foreign investors now face a Lil' Abner-type triple-whammy of three negative factors: moral, political plus economic.

He takes a grim view of the future. "This country has no future whatsoever unless it can dramatically increase the rate of job creation. There is also no chance of a settlement unless there is a decrease in the inequality between the various races ... pensions, wealth, land.

"The disinvestment process, even if it lowers the growth rate by only one percent, dramatically reduces our capacity to resolve these twin problems."

On the plus side: Major companies are unlikely to disinvest because it would cost them so much. "If they decided to go out in the short term the rate could go down to 15c. Smaller concerns are much more likely to disinvest because their holdings are much more marginal and their involvement much more recent."

Professor David Rees, of UCT's Business School, patted the government on the back for some recently announced measures -- such as putting money back in the economy which will create consumer demand and save some businesses from going to the wall -- but had a pessimistic view of our economic future.

He identified the outflow of funds as an obvious and major problem: "... they don't have much confidence in South Africa. Nor do they want to be accused of supporting this regime."

"Foreign investors have two requirements. They want a decent return on their money and they want to avoid political problems. They are getting neither."

His prediction: "South Africa's markets will slowly close up. It will become more difficult to import or export. Our foreign exchange is being pre-empted to pay off loans."

Mr Kent Durr, Deputy Minister of Trade and Industry, describes this week's Peugeot pull-out as the result of normal market forces. "We are unique in the world with so many motor contractors and manufacturers. The market is just shaking itself out."

Not rebuilt

On the question of a counter economic strategy, he says the Government can but put its view, which is that you cannot just turn an economy on and off like a tap.

"This is the lesson of Africa. Some countries have destroyed their infra structure in search of liberty never to be rebuilt."

He describes the economy as the engine of reform to raise standards of living and meet aspirations.

The engine, he believes, is about ready to start up again.

"Next year we expect a growth rate of three percent, from a negative growth rate of two percent."

Nov. 1985

The hassle factor W.E. Argus (60)

Repatriation threat to workers

(60) 12/11/85 SOWETAN

THE Government yesterday said it had no immediate plan or desire to repatriate foreign black workers in South Africa, but said repatriation was a possibility "in the face of disinvestment, sanctions and boycotts".

"Since charity begins at home, the Government has no option but to give preference to the needs of its own citizens as regards job opportunities," Manpower Minister, Mr Pietie du Plessis, said in a statement from Pretoria.

In reaction to a report in *Business Day* yesterday that up to 1.5 million workers stood to be sent back to the neighbouring countries, Mr du Plessis said:

"The Government is constantly monitoring the effect of sanctions and disinvestment, especially as regards the labour situation, and is obliged to consider contingency plans to deal with a possible deteriorating situation in unemployment.

"There is no immediate plan or desire to summarily repatriate large numbers of foreign workers.

"Contingency planning in this regard is however essential as part of the Government's overall long and short-term strategy for relieving unemployment in the face of disinvestment, sanctions and boycotts."

The threat of repatriation is provocative and will not go unchallenged, said Mr Marcel Golding, publicity officer of the National Union of Mineworkers yesterday.

"At our special congress held in August this year, it was pointed out that the State President and his Government were seeking a confrontation with the mineworkers with their threat of repatriation," said Mr Golding.

He said the congress resolved that should the Government proceed with the "ill-advised policy", the union would have "no option but to call a national strike of all the mines until the policy is reversed."

The general secretary of the Black Allied Mining and Construction Workers Union, Mr Phandelani Nefelochodwe, said: "We view the threat in a very serious light, and regard it as a threat to all blacks."

Most of the labourers who could be repatriated are mineworkers, a large percentage coming from Mozambique and Lesotho, sources in industry said.

"This is in no way a retaliatory measure against neighbouring states," Mr du Plessis said, adding that the Government "takes the strongest exception" to a *Business Day* editorial which said the Government was deliberately trying to hurt the economies of Mozambique and Lesotho. — Sapa.

Burst pipe provides fun

RESIDENTS in Zola township, Soweto, have been having water problems since Saturday. And yesterday when council technicians came, they fidgeted with the pipes — and one of the pipes burst. For these children it was fun as they frolicked in the water.

Pic: LEN KUMALO

CAPE TIMES 2/12/85

Cosatu threat to burn

60

From PHILLIP VAN NIEKERK and BARRY STREEK

DURBAN. — South Africa's biggest labour federation, formed here at the weekend, yesterday gave the government six months to scrap the pass laws and supported economic disinvestment.

The Congress of South African Trade Unions (Cosatu), representing more than half-a-million mainly black workers, adopted a tough political stance which could lead to imminent confrontation with the government.

Mr Elijah Barayi, the newly-elected president of the "super-federation", called for nationalization of the mines and major industries.

"Ultimately there will be a socialist state in South Africa," Mr Barayi said in an interview after he had addressed some 15 000 jubilant people at King's Park rugby stadium.

Mr Barayi publicly warned President P W Botha that unless the pass laws were scrapped within six months, "we are going to burn the passes of the black man".

He said Cosatu gave its "full support" to disinvestment from this country.

Mr Barayi's hard-line speech followed a keynote address at the start of the congress on Friday night by Mr Cyril Ramaphosa, general secretary of the National Union of Mineworkers and a leading figure in Cosatu.

In his speech Mr Ramaphosa, who set the tone for the launch of Cosatu, called on workers to recognize that the "struggle on the shop-floor cannot be separated from the wider political issues".

However, he said politics was not simply a matter of changing the government.

He said Cosatu would attempt to draw all people into a programme to restructure the economy so the wealth of the country would be "democratically controlled and shared by all its people".

In an explicitly socialist declaration of principles, Mr Ramaphosa called for the elimination of unemployment and poverty, and a redistribution of wealth.

Cosatu said 871 delegates representing 450 250 paid-up members of 34 trade unions and 61 official observers attended the congress where the new federation's constitution was ratified after a lengthy debate.

The drawing together of these unions into one powerful federation is the culmination of four years of often bitter wrangling within the country's emerging union movement.

The newly-elected executive reflects a greater politicization of the union movement.

The new general secretary, Mr Jay Naidoo, is an official of the Sweet, Food and Allied Workers' Union and is believed to be a strong sympathiser of the United Democratic Front.

His assistant, Mr Sydney Mafumadi of the General and Allied Workers'

The first president of the newly-formed Congress of South African Trade Unions (Cosatu), Mr Elijah Barayi, is carried shoulder-high around King's Park rugby stadium by singing workers yesterday.

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CAPE TIMES

threat to burn passes

The first president of the newly-formed Congress of South African Trade Unions (Cosatu), Mr Elijah Barayi, is carried shoulder-high around King's Park rugby stadium by singing workers yesterday.

Union, is a UDF official in Johannesburg.

Mr Barayi, the new president, was an activist in the ANC before it was banned and was detained during the 1960 emergency.

Messages of support for Cosatu were received from Mr Steven Dlamini, president of the exiled South African Congress of Trade Unions (Sactu), and, according to Mr Mafumadi, from "our comrades who were driven underground".

SACP pamphlets

Pamphlets purporting to be from the South African Communist Party, welcoming the federation, were widely distributed at the stadium.

The UDF also issued a pamphlet which called the formation of Cosatu "another great step in the heroic struggle of the workers".

Trade unions in the United States, Canada, Britain, Scandinavia, Holland, Philippines, Israel, West Germany, France, Italy, Zambia and Zimbabwe sent messages of support.

There was also a message from the Council of Unions of South Africa (Cusa), the largest black union body not to join Cosatu.

During speeches at yesterday's public rally, calls for the release of Mr Nelson Mandela and the resignation of President P W Botha were greeted enthusiastically.

Mr Barayi also called for the immediate lifting of the state of emergency and withdrawal of the troops from the townships.

Mr Chris Dlamini, the former president of the Federation of South African Trade Unions (Fosatu), is the first vice-president of the new federation.

Mr Mahlhulu Leowaba is second vice-president.

The seven affiliates of Fosatu, which is now dissolved, the National Union of Mineworkers, the General Workers' Union, the Food and Canning Workers' Union, the Commercial Catering and Allied Workers' Association (Ccawusa), the Cape Town Municipal Workers' Association, a large number of unions affiliated to the United Democratic Front (UDF), including the SA Allied Workers' Union, and affiliates of the National Federation of Workers were among the 34 unions which formed Cosatu at the weekend.

Two of the unions, the Food and Canning Workers' Union and the SA Tin Workers' Union, are former affiliates of Sactu, which went into exile in the early 1960s.

Cosatu includes the country's strongest unions in the mining, metal, retail, automobile, transport and food industries.

Opted out

Despite its strength in these and other industries, Cosatu's outspoken political stand could soon bring it into conflict with the government.

● Two big unions, the Council of Unions of South Africa (Cusa) and Azanian Confederation of Trade Unions (Azactu), have opted out of Cosatu, Sapa reports.

Cusa's Natal co-ordinator Mr Norman Middleton said only black leaders could effectively serve the majority black workers' interests and as the "so-called" super-union was being initiated by whites this need could not be adequately fulfilled.

Buthelezi: Cosatu 'new front for ANC'

Cape Times 4/12/85

ULUNDI. — The KwaZulu Chief Minister and Inkatha president, Chief Gatsha Buthelezi, yesterday accused Cosatu, the newly formed Congress of South African Trade Unions, of being a "new front" for the ANC.

The 500 000-strong union federation was launched in Durban at the weekend and called for increased disinvestment from South Africa.

Chief Buthelezi said in a statement yesterday that "seven million Zulus" had not given him a mandate to call for sanctions.

"Those who supported sanctions so far from inside have done so as surrogates of the ANC.

"They must resign from their jobs as an example of what they want others to taste when sanctions are applied in South Africa," he said.

Inkatha also urged all its members who belonged to trade unions to report any hostile reference to the cultural "liberation movement" by trade unionists.

It also warned that it had the right to find alternative means of negotiating for workers if any trade union abandoned industrial bargaining in favour of party politics.

These warnings came yesterday in a press release on resolutions of the Inkatha central committee passed here at the weekend. — Sapa

Old Mutual pleads for tax reform

BUS DAY 6/12/85

CHRIS CAIRNCROSS

OLD MUTUAL yesterday castigated government for adopting tax policies that discouraged personal saving and capital formation.

Chairman Jan van der Horst told OM's annual meeting in Cape Town it was of fundamental importance that progress be made in creating an environment to stimulate personal and corporate saving.

Capital formation would have to play a much greater role in the economy because of the withdrawal of loan facilities by foreign banks and the lack of new investment.

He said it was unfortunate such woes had befallen SA at a time when the level of savings, especially of individuals, had fallen to an all-time low.

In the early 1970s, personal savings had amounted to more than 7% of gross domestic product (GDP). By 1984 this had dropped to 1,4%.

Personal savings had amounted to R1,5bn last year, including premiums of R5,4bn paid to life insurers.

This meant there had been a net dissaving of nearly R4bn, if the contribution made by the life assurance industry was excluded.

"This is to my mind a sorry, but not surprising, state of affairs.

"If saving is to be encouraged, it must offer an after-tax return that exceeds the rate of inflation, or else the savings actually diminish in terms of purchasing power with the passage of time."

Van der Horst said that for years the situation had existed where tax on full investment income had made it virtually impossible for anyone except those paying very low rates of tax to obtain a positive taxed return other than by investing in assets showing capital appreciation.

He suggested tax should be levied on investment income only to the extent that it exceeded the rate of inflation.

He called on the authorities to stop taxing dividends paid to shareholders because it constituted a punitive form of double taxation.

The life assurance industry, with the pension fund industry, was the only major savings medium still showing a positive rate of saving.

The long-term and contractual nature of their business enabled them to invest in long-term assets in a manner not open to banks, building societies and other institutions with essentially short-term obligations.

Through these and other long-term investments, the industry had made a major contribution to the provision of long-term capital for government and private enterprise.

"It is very much in the national interest that long-term saving through life assurance and pension funds should be positively encouraged by fiscal means.

"Moreover, the current trend towards more severe tax treatment of life assurance business needs to be halted and reversed."

Van der Horst said: "I want to state more specifically that I believe the trend that has occurred in recent years to impose heavier tax on the life assurance industry and to curb its activities in various ways is particularly unfortunate."

The arbitrary change in the life assurance tax formula in 1982 had led to a 33% increase in the rate payable on behalf of policy-holders, quite apart from the simultaneous increase in company tax rate.

In this year's Budget, an equally arbitrary levy had been imposed upon life assurers, resulting in a further increase of 37,5% in the rate of tax payable.

"As for individuals, it is particularly unfortunate that in terms of legislation passed earlier this year, they are themselves taxed on the proceeds of all but very small, new pure endowment policies, which amounts to double taxation," Van der Horst said.

Basic strengths can counter capital withdrawal

BUS DAY 6/12/85 60

● VAN DER HORST

THE fundamental strengths of the economy must be mobilised in a long-term strategy to counter the negative impact of the actual and threatened withdrawal of foreign capital.

Spelling out the components of his strategy at the OM meeting yesterday, chairman Jan van der Horst, called for:

□ Stringent discipline in government spending. He said unless the authorities were able to reverse the trend of an increasing government share in the economy, they would not be able to lower the tax burden on the private sector, thereby hindering sustained economic growth.

□ Privatisation. This involved allowing the private sector to perform services currently provided by government and the sale of state-owned productive assets.

□ Tax reform. Van der Horst said that apart from securing a lower overall tax burden, the Margo Commission (on tax reform) had an historic opportunity to restructure the tax system to encourage efficiency and improve incentive.

He said the withdrawal of capital had made improved incentives for domestic saving particularly crucial.

□ Urbanisation. Properly handled, Van der Horst said the natural economic process of urbanisation could provide a major stimulus to economic growth.

□ Deregulation. Wherever possible, official restrictions and hindrances on the free movement of capital and labour must be removed.

BUS DAY 6/12/85

SA needs friends abroad — UAL MD

60

SOUTH AFRICA needs to take actions which will encourage friends abroad and prove the friends have long-range wisdom.

MD Geoff Richardson says this in the UAL Merchant Bank annual report.

He adds that in recent months those who have continued to show faith in the country have been embarrassed, while those who have withdrawn their money now appear to have acted wisely.

Richardson says government has signalled its acceptance of the imperative to create a climate in which employment can expand and economic hardships will be alleviated by state assistance.

But he cautions that the risks of stimulating the economy in the country's particular circumstances should not be minimised.

"The reflation will need to be managed with great care and control over the non-productive sectors if our already debilitating rate of inflation is not to rise even further."

He says that no matter how SA's foreign debt is rescheduled, satisfactory internal economic growth is going to be difficult to achieve and inflation is unlikely to decline in the short-to-medium-term.

Although interest rates could decline in the short-term, they are likely to remain relatively high for years.

"Business needs to face these realities and plan accordingly," he says.

The unlisted UAL taxed profits, after transfer to internal reserves, increased by 16% to R6,2m in the year to September 30.

Both the investment and corporate finance divisions recorded record income levels.

British unions could act on dismissal of Natal workers

12/12/85 STAR

The Star Bureau

LONDON — British trade unionists may take action in support of the 970 workers dismissed by Sarmcol in Natal, a subsidiary of BTR Industries based here.

The workers were dismissed about nine months ago after striking legally for two days.

Now representatives from South Africa's Metal and Allied Workers' Union (Mawu), who are visiting Britain, will be meeting union officials from BTR.

They want union members at the company's British operation to take action in support of the 970 workers in Howick.

Mawu treasurer Mr Maxwell Xulu told a British Trades Unions Congress Press conference yesterday: "We will be calling for all kinds of support.

"It is difficult for us to say what kind of support local unions will be able to provide, but we will have talks with BTR union representatives and proposals will be worked out then.

PASSPORT REFUSED

"Our feeling is that BTR should withdraw from South Africa if the 970 are not reinstated — but they must leave their assets."

● The Mawu delegation will have talks with union representatives in Britain, Europe and America before returning home shortly before Christmas.

Another MAWU executive member, Mr Moses Mayekiso, was to have joined the tour, but was refused a passport. Th[illegible] the second time his passpor[t] been refused for travel ab[road] on union business.

TUC general secretary Norman Willis attacked South African authorities f[or re]fusing Mr Mayekiso's passp[ort].

"These are serious unions seeking to deal ser[iously] with their problems and I [think it] extremely unwise and wro[ng for] this kind of action to be t[aken]," he said.

'Company assets belong in SA'

STAR 12/12/85

The Star Bureau

LONDON — Disinvestment is unacceptable if it means multinationals will withdraw all company assets, visiting South African trade unionists have told their British colleagues.

A delegation from the Metal and Allied Workers Union (Mawu), and representing the newly-formed Cosatu federation, said the assets of foreign-based companies belonged to the workers.

Mawu's treasurer, Mr Maxwell Xulu, told Britain's Trades Unions Congress (TUC): "We strongly support any pressure, but we would not accept multinationals pulling out their assets, because these belong to the workers. The assets are the product of the workers of South Africa."

But he said workers fully supported the British trade union campaign to persuade firms in the United Kingdom to ban South African goods.

Mr Xulu is accompanied by Mawu executive member Mr Jeffrey Vilane and national organiser Mr Bernie Fanaroff.

They welcomed TUC general secretary Mr Norman Willis's announcement at a Press conference yesterday that more firms were supporting the boycott.

The list so far includes Littlewoods, Argos, British Home Stores, Next, the Co-op group and Harris Queensway.

Tesco and Sainsbury stores have told the TUC they will cut their range of South African goods and find alternative supplies where possible.

Mr Willis said other firms had joined the boycott, but had not announced their stand.

The delegation urged more companies to join and rejected the view it would ultimately make conditions worse for blacks.

"That is the argument put forward by the multinationals, but when they introduced new technology and machinery, they left thousands unemployed — but this they never considered."

The South African delegation was told people in Britain "recognise the horrors of apartheid and are prepared to show it in a practical way".

Mr Willis told them: "There is still a long way to go before we have a complete or effective boycott, but the pressure is building up and we are doing all we can to make sure that retailers are fully aware of public feeling.

"Apartheid is bad business. Shoppers don't want so-called bargains paid for by the suffering of innocent black South Africans."

● Mawu representatives were given a china plate commemorating the 1381 peasant's revolt in London — a gift from the TUC "to the youngest national trade union organisation".

Strangler of woman (75) may have struck twice, say police

By Don Holliday, Crime Reporter

There was "a very strong possibility" that the fugitive who strangled a 75-year-old woman and assaulted her husband on an isolated farm in the Eastern Transvaal on Monday night may have been involved in another attack on an elderly couple at a neighbouring farm three weeks ago, police said yesterday.

The man, who is probably wounded, is still at large in the rugged district of Roossenekal.

Mrs Johanna Jacoba Margrieta Botha, of Dreyershof farm, was strangled and her husband, Mr Lukas Martinus Botha (79), was

16 yachts enter Australian race

PERTH — The largest 12-metre yacht field assembled since World War 2 will take part in next February's World Championship off the West Australia coast, the Royal Perth Yacht Club said yesterday.

The club said 16 yachts from six countries, the largest field for 40 years, had entered the championship. It will be staged on the same course as America's Cup in early 1987.

FOREIGN FIRMS IN SA - GENERAL

1986

JAN - DEC

ARGUS 27/1/86

NATIONAL

Pro-investment unions planned

The Argus Correspondent

DURBAN. — Workers from various Natal centres have decided to set up a new federation of trade unions supporting investment in South Africa.

They called on employees to resign immediately from any union that did not support investment in this country.

The new federation of trade unions will subscribe to the principles of free enterprise and support investment.

Workers from Newcastle, Vryheid, Pongola, Dannhauser, Richards Bay, Empangeni and the Tugela industrial region decided on the federation at a meeting held at a sportsground at Esikhawini township near Empangeni.

The chairman of the co-ordinating committee which organised the meeting, Mr M P Gumede, said it was also decided that the committee "be mandated to work towards the realisation of our goals in concrete terms and to cater for the welfare of our workers, pending the formation of our trade union".

He said an urgent appeal to all trade unions was made "to join hands with us in our battle against the destruction of the fabric of the South African economy".

Summit on SA promises progress

60

Cape Times 12/3/86

From JOHN BATTERSBY

LONDON. — A summit of South African, US and British business executives held at Leeds Castle on Monday appears to have made substantial progress towards an international business consensus on South Africa.

The convener of the meeting, the Rev Leon Sullivan, author of the Sullivan Principles, yesterday described the meeting as "encouraging".

But he would not comment further on the all-day meeting at the secluded castle in Kent.

The three South Africans present at the closed meeting were Premier Milling's Mr Tony Bloom, Barlow Rand's Mr Mike Rosholt and the Urban Foundation's Mr Jan Steyn.

Mr Steyn

Pressure

Mr Steyn, director of the UF, made an address to the conference in which he stressed the major role being played by South African business with "well-directed" reformist pressure on the government.

It is understood that the broad consensus at the meeting was that both SA business and international companies would have to step up pressure for change if the threat of total disinvestment and trade boycotts were to be averted.

There was an appreciative understanding of the role of organized business — particularly the FCI's Business Charter and Assocom's proposals for a non-racial federation — in promoting the climate for negotiation.

There was discussion about the contact last year between leading SA businessmen and the African National Congress and similar contacts between the ANC and British and US businessmen.

There were no specific proposals about follow-up meetings with the ANC, it is understood.

The meeting also reviewed the imposition of limited sanctions by the Reagan Administration, the EEC and the Commonwealth and the impact of the foreign-debt crisis on the SA economy.

There was also a discussion on the recent moves by General Motors in Port Elizabeth and the government reaction to its commitment to assist "legally and financially" any of its 30 000 employees who defied the local beach apartheid laws.

Mr Bloom said that the Leeds meeting was another in a series of such meetings.

'Constructive'

"It involved a constructive exchange of views between people who had interests in South Africa," he said.

Mr Rosholt and Mr Steyn could not be reached for comment yesterday.

A spokesman for the former British prime minister, Mr Edward Heath, who chaired the meeting, said that he had "no comment" to make on the meeting.

Mr Sullivan referred further enquiries to Mr Bloom and Mr Rosholt.

14/3/86 · B·DAY

(60)

Urban Foundation head urges foreign investment

SINCE September 1984, South Africa has experienced lengthy periods of unrest in its major metropolitan areas which has shaken the confidence in SA's future and underscored the need for immediate but lasting remedies.

It is true that the level of unrest is not, in general, as severe as it was two months ago, and that black schoolchildren are back at school after more than a year of class boycotts. But an uneasy truce prevails.

It must be recognised that much of this unrest has been the expression of frustration and anger over the inherent injustices, inequities and discrimination of the apartheid system. It must also be recognised that the Nationalist Party government under President P W Botha has indeed started a process of dismantling apartheid, even though the pace and clarity of that process is open to critical debate.

Sight must, however, not be lost of the fact that the weak state of the SA economy and massive unemployment have hit the black community more than any other section of our population and have increased the level of existing tensions.

The rate of inflation, which reached 20,7% in January, the highest in 66 years; the rapid increase in the last few years in government spending, which now stands at 27% of gross domestic product; the staggering costs involved in maintaining the separate systems demanded by the apartheid ideology; and the effect of the debt standstill which — though SA and its 30 major international creditor banks recently reached broad agreement on resolving the immediate foreign-debt crisis — nonetheless brought into sharp focus the negative impact on the economy of even private financial decisions.

But they are as much a part of the severity of the current situation which we face as black unrest itself. In order to provide you with a perspective or focus by which you can compare your own experience or knowledge of our economy, I intend to develop three themes under this heading.

The first is that, after decades of delusion, we must now finally realise that SA is not a developed or First World country. While it is true that its mineral wealth, the richest in the world, has become the basis of a potentially modern economy, SA is nonetheless still a developing country of considerable potential but with a very great need for investment.

The fact that we (and the world) are only gradually reaching this realisation has partly been the cause of, and partly been caused by, the government's economic policies. It has also been caused partly by the consequences of its political policy.

In a major address on Wednesday to the Royal Institute of International Affairs in London, Urban Foundation director JAN STEYN gave the following assessment of the SA economy.

The lack of confidence in the government's policies is to some extent mirrored by the 17% drop which has occurred in fixed investment during the last four years, the longest and deepest drop since the Second World War. These policies have also caused a fall-off in foreign investment, which in turn has affected economic growth. It is accepted generally that we can finance about 90% of investment from our own resources.

However, that additional 10% of foreign investment makes all the difference between, say, a 2% and a 5% annual growth rate.

This is illustrated well in a comparison of the 10-year period 1964-74, when foreign investment amounted to 10% and GDP growth rate was 5,1%. In the following 10 years, from 1974 to 1984, there was an average outflow of 0,5% of foreign capital, which saw the government having to draw on reserves to meet the shortfall, and which saw an average annual growth rate of only 2,6%...

In short, SA is a country desperately short of development capital.

The second theme I wish to develop concerns domestic capital.

South Africans have not traditionally been poor savers. On the contrary, there has been a consistent historical pattern of high rates of domestic savings. But more recently there has been a steady dwindling of such savings, as a percentage of disposable income, from 12% in 1977 to 3% in 1984.

In these circumstances the need for investment from abroad becomes yet more acute. To people considering such investment I must say unequivocally there is no question that SA has the managerial skills and the infrastructure to absorb planned investment.

Yet, under existing policies, not only are we not receiving foreign capital, we are not finding it from domestic sources, but such capital as is available has been going into less critical areas and not into vitally important areas of development...

This brings me to my third theme, that it is critical that both the public and private sectors in SA now totally re-assess what is the real SA economy. That reality must take cognisance of the high population growth rate, which sees approximately 350 000 to 400 000 new work-seekers coming on to the market each year when there are already between 1-million and 2-million either unemployed or underemployed.

There is, then, the need to scrap apartheid policies, such as influx control, which have denied the free mobility of people and prevented access to a free-enterprise system.

It is critical that a start should be made on macro-economic policies appropriate to the stage of development in which our country finds itself...

It has to be realised that in SA there can be no genuine development until both the public and private sectors understand the kind of economy SA really has — and only then begin to make investment decisions based on that instead of on some illusion of a vibrant First World economic base.

Of course, if SA were to be left to itself it could still have a reasonably acceptable economy, with a limited export market and import substitution providing industrial expansion. The rapid and necessary urbanisation of the black community could also begin to create a market of some substance.

But SA has no oil, and while water resources in Southern Africa can easily sustain development, massive investment will be needed to ensure adequate supplies to the Pretoria-Witwatersrand-Vereeniging hub.

For SA to become an economy of real stature it must be able to draw in foreign investments and link up with the economies of the rest of the Southern African region.

The dismantling of apartheid has begun. The agencies in SA which have facilitated this process have a proven track record of success as catalysts for change, and require resources and skills to give even greater impact to both their developmental and reform initiatives.

Part of Breyten's prize will aid prisoners

Cape Times 14/4/86

PRETORIA. — Afrikaans poet and former political prisoner Breyten Breytenbach said here on Saturday night that he would donate part of his R15 000 literary prize money to aid political prisoners.

He was receiving the first Rapport Prize for Literature.

The audience of about 500 mainly Afrikaans authors, publishers and literary figures erupted into applause and eventually gave him a standing ovation.

The poet seemed overcome.

Bouquet

His Vietnamese-born wife, Yolande, was also invited on to the stage and presented with a bouquet of flowers.

Mr Breytenbach, 46, seemed unchanged since he was released from Pollsmoor Prison in December 1982, with his hair, moustache and beard greying.

Mr Breytenbach thanked the newspaper for promoting literature, Afrikaans literature in particular, and said he considered it a special honour to have been chosen as the first winner.

Immediately after accepting the prize money, he said he would use part of it to help political prisoners, but gave no details of how the money would be used.

He also joked about being able to speak, of all places, in Pretoria, the city where he was on trial in 1976 and sentenced to seven years' imprisonment on charges of terrorism.

Breyten Breytenbach

After the presentation, he was interviewed by the BBC and told Britons that he found despair and confusion among many Afrikaners today.

He said there had been a breaking loose of the guidelines that used to exist with nothing to replace them.

This was evident among the Afrikaners with whom he mixed.

In answer to a question, he said he was not compromising his stand against apartheid by accepting a prize in Pretoria. As a native-born South African, if he had any contribution to make it was that he could still get some ideas across to those in South Africa like him.

He said he believed that, historically speaking, this was one of the last times that something could still be said.

Speaking of his jail term, Mr Breytenbach said he did not regret the reasons that made him do what he did.

He said one of the things he had learnt was the inevitability of change that had to come in South Africa. If the authorities needed to put people as ineffectual as he was in jail for such long periods of time, it must mean that the changes looming were very profound.

Attack

The poet launched a savage attack on British investors in South Africa. He said: "If only we could get the British leeches, the bloodsuckers, to let go of the fat profits and start living up to their pretence of moral rectitude."

He added: "If one day it is decided that apartheid is a crime against humanity, I would cite successive British governments as accomplices to the crime."

They were not the only ones in Europe, and he wouldn't leave out America. They all continued to bolster the South African Government while pretending to be upset, to be "so hurt and concerned" about human rights in South Africa.

Mr Breytenbach said he himself could not support violence. But he could not see how changes were going to come in South Africa without some violence. — Sapa and Own Correspondent

Rupert urges help for Africa

LONDON — South African industrialist Dr Anton Rupert said in London last night that Africa was in deep economic trouble, and he urged private enterprise to play a part in generating growth.

Dr Anton Rupert

He told a dinner of the South Africa Club: "The fact is that while political freedom can often be given on a platter, economic independence has to be earned. This is the lesson that Africa is now learning the hard way."

Dr Rupert said most African states were retrogressing economically, and he detailed the problems of influx control, declining food production and huge population growths.

"All this adds up to a political, social and economic nightmare. Yet we dare not despair, because in our atomic age, where we all live like scorpions in a bottle, we have indeed become our brothers' keepers."

Dr Rupert said governments could not possibly solve the problems of economic hardship through hand-outs. "What is needed is to enlist the services of private enterprise, for while governments can give aid to improve the infrastructure of poorer countries, it is essential that these countries be assisted by private enterprise to generate added value through mining, farming and industry." — Sapa.

FIN MAIL 18/4/86.

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MINING

Building up bulwarks

A bold new plan, designed to shore up SA's dominant position in world mineral markets, has been announced. It proposes strong measures to encourage confidence among foreign buyers, maintain foreign investment and stimulate the beneficiation of local raw materials.

A new draft White Paper on the country's mineral policies, drawn up by the Department of Mineral and Energy Affairs (DMEA), emphasises the importance of the mining industry to the economy, the value of mineral beneficiation, and SA's dependence on foreign trade and investment participation both immediately and in the future.

Two main factors have contributed to the preparation of the paper. Firstly, in a climate where disinvestment and sanctions are a constant threat, South African suppliers are feeling increasingly vulnerable. The fact is that although SA currently plays a dominant role in world mineral exports, none of its metals or mineral resources are exclusive to the country.

Secondly, the decision was strongly influenced by the Council for Mineral Technology (Mintek), says president Dr Aidan Edwards. He says Mintek has been campaigning for the promotion of mineral beneficiation for some time. In fact, Mintek and the Minerals Bureau were largely responsible for drawing up the document. "What government is trying to say," says Edwards, "is that it will provide every incentive possible to encourage the development of the beneficiation of the minerals industry."

Early this year State President P W Botha announced that a White Paper would be tabled on the refining of SA's minerals "in order to promote our economic development, export trade and the creation of employment."

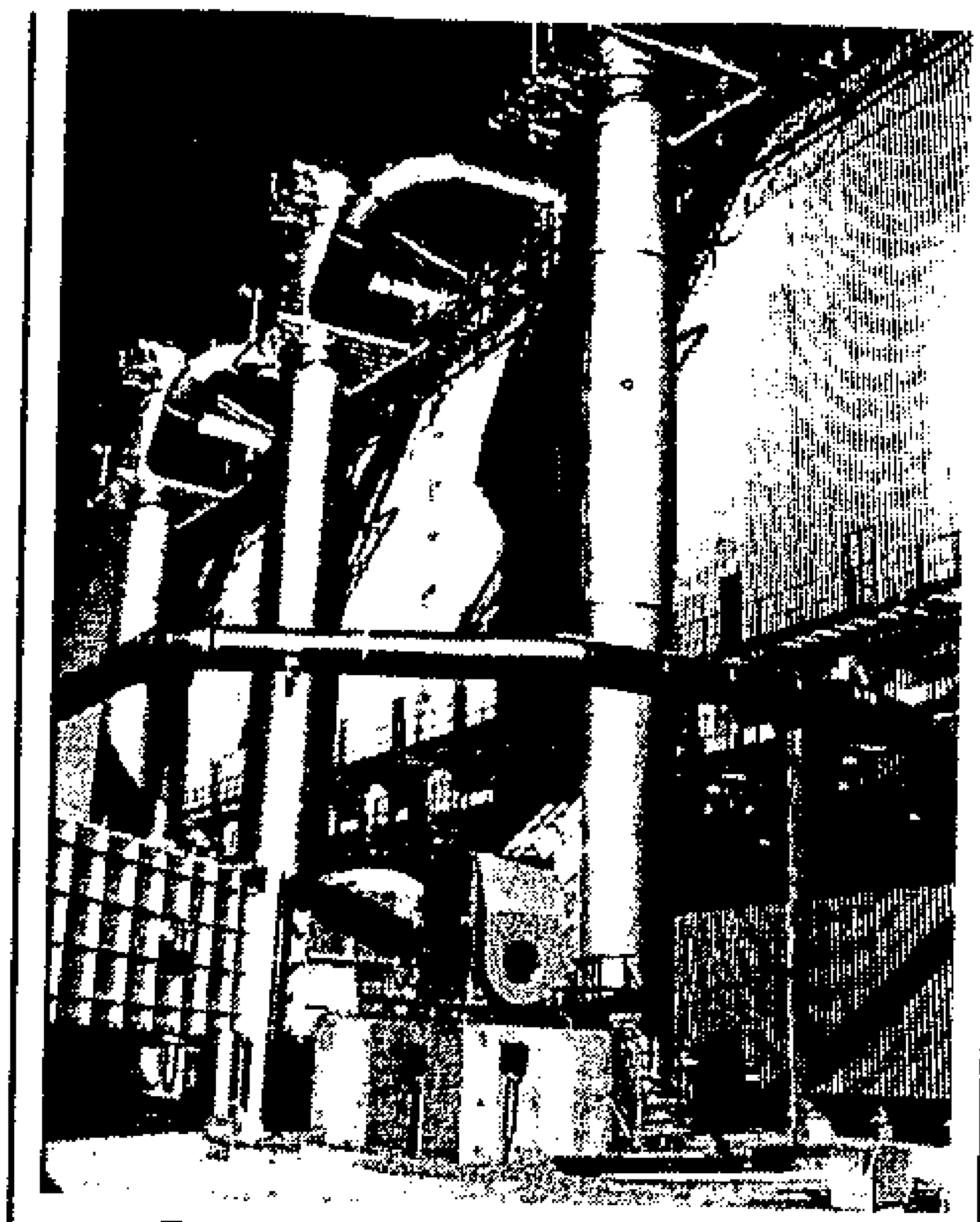
Last year, according to the Minerals Bureau, mineral sales were worth R2,6 billion, with R2,2 billion coming from exports.

The draft has been distributed for comment, but the industry is reluctant to talk until it sees the final version, which is likely to go before parliament this session.

The objective, says the paper, is to obtain: "The optimal utilisation of the country's mineral resources to the advantage of all its inhabitants."

Contributory objectives include the maintenance of sustained mineral search, sound mineral resource management, optimal utilisation of manpower, minimum environmental damage, optimum beneficiation of minerals and ensuring maximum benefit from the export of minerals.

SA must also maintain an attractive mineral investment environment and it should co-operate on mineral matters with the other states of southern Africa. Strategies have been drawn up for each of the objectives.



Refining ... boosting the industry

The paper says SA is dependent not only on its exports, but also on foreign investors to keep its economy afloat. The mineral industry is largely operated by only six mining houses, each of which enjoys substantial overseas investment. The sector employs more than 700 000 people.

The White Paper sees the most constraining factor on the expansion of the beneficiation industry as "the relatively small size of the domestic market for its products.

It warns that other inhibiting factors could be a shortage of skilled manpower and capital to establish new projects. Development, however, should take place, the paper urges, "with a view to both import substitution and increasing foreign exchange earnings."

One government source indicates the paper will be expected to assure both foreign customers and investors that South African supplies are still safe and reliable. For this reason, the paper also lays great emphasis on manpower policy and states that all "discriminatory legislation" will be removed. ■

FOREIGN RATINGS FIN M 18/9/86

Another no-no

(60)

The highly respected *Bank Credit Analyst* (*BCA*) does not recommend SA as an investment proposition, both on economic and political grounds. On economic grounds, *BCA* sees SA's weakness as excessive reliance on commodities — gold accounting for well over half export revenues. Because of favourable conditions abroad, a return to earlier boom conditions is thought unlikely. Gold prices have tumbled by two-thirds in dollar terms in the past five years, and prospects for low inflation-high growth in the West make gold's traditional role redundant.

Somewhat depressing is the conclusion that the adverse shift in terms of trade is likely to be permanent, unless SA can change the composition of its exports. *BCA* notes that even in politically stable states these factors dampen confidence, depress investment, and lead to a loss of employment and growth.

The collapse of the rand is seen to have brought only temporary relief in the form of a high rand gold price. Any advantage has been eroded by high and accelerating inflation. "Prospects for the real rand price of gold to fall back further are substantial." The implication is that SA may find itself in the classic Latin American syndrome, in which successive devaluations are needed to compete abroad and satisfy rising domestic expectations.

BCA believes any government attempt to reflate will result in inflationary financing. Coupled to this, the freeze on foreign capital necessitates internal capital generation for growth. On the political front, "though it would be premature to predict an imminent revolution . . . the country is moving in a direction that will prove irreversible."

Investors are warned that risks still outweigh the returns expected and that the share market is booming for all the wrong reasons. "Big bounces in high risk markets are not unusual and the fundamentals for the rand are still bearish." ■

Spotlight on multinationals

18/4/86 STAR

STAR 18/4/86

60

By Gary van Staden, Political Reporter

All aspects of international corporate involvement in South Africa will come under the spotlight today at a conference in Johannesburg.

The conference will be addressed by the South African Ambassador to Britain, Dr Denis Worrall, the United States Ambassador here, Mr Herman Nickel, Dr Nthato Motlana of the Soweto Civil Association and Mr Allan Nelson, a leading disinvestment lobbyist in the US.

The conference will be chaired by Mr Christopher Tugendhat, chairman of the Royal Institute of International Affairs.

The conference will also involve two panel discussions on socio-political and economic issues.

The conference's major themes include:

- South African Government reform initiatives — do they meet corporate requirements?
- Political and public concern overseas.
- Constraints placed on international corporations.
- The importance of and effectiveness of corporate policies and their employment practices.
- Corporate responsibility versus bottom line economics.

Catholic stand on disinvestment soon

CAM Times 25/4/86 60

Staff Reporter

CATHOLIC bishops are expected to make a clear stand on disinvestment following the extraordinary plenary session in Marion Hill, Natal, which begins on Tuesday.

About 35 bishops from the Southern African Catholic Bishops' Conference (SACBC) will discuss disinvestment, the Kairos Document and a pastoral letter on the state of the country.

The Catholic Church will take a final decision for or against disinvestment at the conclusion of the session on May 1.

Earlier this year, the Catholic bishops said in a statement:

"We are deeply conscious of our responsibility as leaders of the Church to give moral guidance and to play our part in attempting to arrest the rapidly escalating violence."

"Since it is a matter of utmost urgency, we find ourselves obliged to consider alternatives to such violence as a means of bringing about radical social change.

"While still open to dialogue, we see no choice but to envisage forms of non-violent action such as passive resistance, boycott and economic pressure to move our country away from its present state of racial conflict and set it firmly on the road to justice and full participation of all its inhabitants in the structure of government."

A pastoral letter will also be issued.

CAPE Times 29/4/86

Catholic bishops meet

60

Own Correspondent

DURBAN. — National attention will focus on a meeting of 25 Roman Catholic bishops in Mariannhill today when they take a final decision on the church's stand on disinvestment.

Much interest has been generated by the announcement of the extraordinary plenary session where disinvestment, the Kairos document — a theological comment on the political crisis in South Africa — and a pastoral letter will be discussed.

The pastoral letter will address the state of the country, disinvestment, township violence and trade unions.

Bishops from all over the country as well as Swaziland, Botswana and SWA/Namibia, consultants and economists will attend the meeting.

Officials from progressive trade unions will address the meeting.

In a statement, the general secretariat of the Catholic Bishops' Conference said the meeting was a "matter of utmost urgency" and that they have found themselves obliged to find an alternative to violence.

8/5/86. BUS DAY. (60)

Is this the way for SA to check the crooks?

☐ MARGO . . . wants Act cleaned up

BARRY SERGEANT

Second of two articles on the need for a code of investor protection in SA

IN BRITAIN, renowned company law expert Professor Jim Gower has produced two reports on investor protection. As a major international financial centre, London faces all the financial regulation issues of concern in SA. And, in addition, faces the emergence of a new species as yet unknown in SA — the financial services conglomerates.

As in the US, these firms combine lending, underwriting, broking, fund management, advice and research functions. The nub of investor protection here, essentially, is the need to regulate such conglomerates to avoid the debilitating exercise of conflicts of interest. And, of course, to provide the investor with an entity that has passed some sort of objective (official) test — before it opens its doors.

It is difficult to say what kind of a test should be devised in SA, but the need for it is widespread. As voiced by many of SA's dispassionate voices, we have much ground to make up before a code of investor protection can be introduced — in whatever form.

The Consumer Council describes relevant law as "hopelessly inadequate in protecting consumers" when companies go bust. Moreover, the law allows "unscrupulous businessmen to exploit loopholes".

The main culprit is the Companies Act, which is peppered with many outworn concepts, unworkable provisions, ineffective penal sanctions and outdated principles. When a sham *is* uncovered the situation is aggravated by an understaffed Attorney-General's office. Many cases are simply not followed up.

The problem is being *discussed* at the highest levels. The Standing Advisory Committee on Company Law (SAC) — whose chairman is Mr Justice Cecil Margo — wants the Companies Act cleaned up. It also wants a Takeover Panel on the JSE — mainly so that investors will have a greater modicum of protection. And the JSE now has a full-time executive official — Tony Norton — to preside over its affairs.

A central belief of the SAC is that the Companies Act gives too many advantages to company directors — without effective proportionate responsibilities. It wants to solve this by transferring a concept applied in the recently-enacted Close Corporations Act (fathered, midwifed and delivered by the SAC) to company law.

Dubbed "decriminalisation," it is to the effect that directors should be held *personally* liable for a company's debts in certain circumstances. This conflicts with the most basic advantage of corporate identity — limited liability — which restricts the claims of creditors to the extent of its net assets.

Gower's suggestion — in a more sophisticated environment — is that it be an offence to carry on an "investment business" without authorisation. This will be granted if the business complies adequately with certain requirements: disclosure, protection of clients' assets, suitability of investment recommendations, and so on.

If it is true to say that Gower's approach to regulating everything from the humblest coin dealer to the most complex species in financial markets and services — the conglomerate — is the best, then it can be cloned by SA.

By the same token, if SA had a policy of investor protection adapted from Gower's findings, many of the recent big (and bizzare) frauds may have been avoided.

Again, the distinction between investors and fools is vital. It is partially recognised in the legal precept *caveat emptor*: "buyer beware".

The doctrine is used to disqualify the basis of a claim by a man who has entered a deal in what are patently ill-advised circumstances. Here the Kubus Kwekery caper serves well as an example. Investors stumped up fortunes to buy kits to make milk cultures, they had been offered a guaranteed price for their output, their aspirations were embellished by the statement that the culture would be used by the parent company to make high-priced cosmetics.

The subsequent enquiry into Kubus Kwekery found that the milk culture had "no commercial value". Moreover, it appeared that the product was "valueless," "incompatible scientifically" and possessed "absolutely no economic value".

The point is that Kubus raised more than R6m. The subsequent fracas exposed the company and its product as a sham. Investors who parted with their cash could have made only cursory enquiries concerning the company and its products and promises to save themselves from loss.

Prevention is always better than cure. Application of Gower's concept of an "investment business" may have ended Kubus before it started. In particular, the authorisation requirements of "protection of clients' assets" and "suitability of investment recommendations" would immediately have caught the authorities' eyes.

But many situations are far more complex. A main company board director nominated to serve on a group subsidiary board may have a conflict of interests. He may, for example, become involved in insider trading of the subsidiaries' shares — based on knowledge acquired on the main company board.

Or the director may consent to the signing of a contract not undertaken at arm's length if, for example, it unduly benefits his position on the main board. He may also, for example, perpetrate a fraud and just simply take the subsidiary's money and run.

Many have done just that. Assuming that "decriminalisation" is the best avenue open, its application is restricted to companies and CC's. SA has 170 000 registered private and public companies and it would be difficult for the authorities to keep pace with the affairs of them all.

If the authorities *can* keep track, the businessman can nevertheless resort to another form of business vehicle — and again take the money and run. Other choices include the partnership/joint venture and sole proprietorship. In these cases the businessman's liability is extended to the total of the businesses *plus* his own personal assets. If he is quick he can still take the money and run.

There is one other business vehicle which caused the SAC to issue a statement to the effect that it affords the businessman yet greater protection and exposure to less liability than even the company. This is the *inter vivos* trust, an ancient creature of Roman-Dutch law which is now being used in a world of computers, conglomerates and instant international communications.

Perhaps the answer is Gower's idea of an "investment business" which — provided it complies with prescribed parameters — goes ahead and does business. Gower's mooted solution to the practicalities of administration is to vest a Cabinet minister with the initial powers of authorisation.

This is then delegated to practitioner-based bodies, such as (in the UK) the Securities and Investment Board (covering the regulation of securities and investments) and a Marketing of Investments Board (covering the marketing of investments, such as life insurance and unit trusts).

The boards would operate through a number of self-regulatory organisations recognised by them. Investor protection would thus take place both by means of government control and self-regulatory organisations. This fits more squarely into the current SA model than the US's draconian statutory-toothed Securities Exchange Commission.

On this basis, in theory at least, the primary vehicle used to conduct business would be irrelevant. It could be anything from a public company to an *inter vivos* trust.

Investor protection would hinge on whether or not a business had been approved as an "investment business". Some problems appear to arise over exactly what constitutes an investment business. Clearly, all recently publicised money scandals in SA have involved what are patently "investment businesses":

☐ National Acceptances (banking-type operation, with interests in leasing, property, banker's acceptances);

☐ SA Gold Coin Exchange (primarily a dealer in proof and ordinary Krugerrands);

☐ Egoli Mine (allegations of insider trading in its shares; documents forwarded by the JSE to the Registrar of Companies);

☐ John Woods and Jonathan Doyle; Kubus Kwekery; Gert Rademeyer (discussed yesterday); and

☐ The Magnum Group of Companies (lending-type operation).

It could conceivably be prescribed that all businesses existing or still to be formed — which know or suspect that they may be "investment businesses" — submit the nature of their business to the authorities.

Just as there will always be thieves, so there will always be fraud. But the development of SA's financial markets and services is being hampered by a dissolute bureaucracy that has lost sight of what investor protection is really all about. With ample precedent in relevant foreign jurisdictions, this should not be so.

Speed up reform, say Big Two

Argus 16/5/86 60

Staff Reporter

TWO of the world's leading companies have urged the Government to speed up reform. The managing director of Mercedes-Benz South Africa said the Government could no longer afford "compromise or half-measures" and Rank Xerox (SA)'s managing director said his company would stay in South Africa "if the Government keeps its word".

In Parow last night the managing director of Mercedes-Benz South Africa, Mr Jurgen Schrempp, told an audience which included Trade and Industries Minister Dr Dawie de Villiers, that it was his duty to make his company's views known on political issues in as far as they affected the presence of Mercedes-Benz in South Africa.

Efforts for reform were appreciated and would bear fruit, but "in one instance there can no longer be any compromise or half-measures.

"This is, namely, the total dismantling of apartheid and the full participation of all population groups in the activities of this society and in determining the future of the country."

Time running out

Mr Schrempp, speaking at a function to celebrate the 25th anniversary of a Parow dealer, said it was imperative that these steps were taken without delay as time was running out.

His company was convinced that this was what South Africa needed for peaceful development.

Tangible evidence of change was also the minimum requirement which South Africa's numerous friends in the Western world needed to bring about a reversal of the very strong tide of disinvestment, disengagement and boycotts.

He said the motor industry in South Africa was facing problems and that it was difficult to distinguish whether this state of affairs had been brought about by political or economic considerations, as the two were interlinked.

Difficulties

There was general agreement, however, that the difficulties facing foreign businesses operating in South Africa could only be dealt with successfully once the political problems were addressed "comprehensively and conclusively".

Mr Schrempp emphasised that Mercedes-Benz was in South Africa to stay. Contrary to trends his company increased its investment by more than R160-million last year.

He also said R4-million had been allocated by Mercedes-Benz for use in social projects such as education and training.

In a nationwide advertisement today Rank Xerox (SA) managing director, Mr D English, said his company would stay in South Africa "if the Government keeps its word".

"The South African Government has committed itself to reform with the ultimate aim of making South Africa a peaceful land of opportunity for all South Africans.

"Rank Xerox supports this wholeheartedly, lauds the steps already taken and encourages the Government to act in an ever bolder way to implement further reforms."

SA hard-hit by W/E ARGUS 24/5/86 (60) growing

disinvestment moves'

By BRUCE CAMERON, Political Staff

SOUTH AFRICA was feeling the pinch of the disinvestment campaign, which was growing increasingly worse, the Minister of Finance, Mr Barend du Plessis, warned last night.

But he told an Altron Group function in Johannesburg that it was questionable whether the current mood of depression was justifiable.

In a copy of his speech released here, Mr du Plessis said the time had come to show more courage in business decisions and "more confidence in ourselves and our own future."

"We should face squarely up to the realities of our day, be they positive or negative, and strive towards turning every possible disadvantage into an opportunity."

Mr du Plessis painted a grim picture about the disinvestment campaign.

"Although this campaign is long-standing it has gained greater momentum over the past few years and wider support, particularly in America."

The campaign was negative and destructive and manifested itself in many forms from legislative measures to putting pressure on companies to disinvest.

He said the out-flanking executive order issued by United States President Ronald Reagan last year to prevent Congress adopting more stringent measures was being overtaken.

Apart from congressional steps, 22 states had introduced legislation limiting or proscribing investment in South Africa, while another 25 were preparing similar legislation.

A year from now, he said, 47 of the 51 states would possess legal restrictions on investment in South Africa.

Action was also aimed at American bank loans.

"The decision by some American banks to withdraw short term loans was the immediate cause of the debt standstill last year."

Anouska Bedase, 6, who was found apparently strangled and raped in her bed.

Mom tells of torment at death of daughter, 6

Weekend Argus Correspondent

JOHANNESBURG. — Heartbroken mother Mrs Sharla Bedase spoke about her "precious baby", six-year-old Anouska, and her torment since the youngster was found strangled in her bed.

"She was such a cute little girl," sobbed Mrs Bedase yesterday as she spoke of the killing last Thursday at the family's dream home in the Indian township of Bakerton, Springs.

"Our new home, expensive car mean nothing. My baby was the most precious thing in my life."

Little dark-haired Anouska, already a star pupil in her first term at school, was found dead in bed — apparently raped and strangled — when her mother went to wake her up and dress her for school in the morning.

The girl's father, Mr Joychnd Bedase, 35, a research chemist was distraught by the incident and had apparently lost his memory since the ordeal.

The family had been disturbed by an intruder in the night and had taken him to the police station without realising what had happened.

A 27-year-old man is in police custody. He is due to appear in court on Monday in connection with the death.

30/5/86 BUSDAY 61

BUSINESS

Rumours of Anglo offer to Lonrho persist

JOHN BATTERSBY

LONDON — Rumours of a R850m Anglo American offer for Lonrho's South African interests persisted on the market yesterday in spite of Lonrho denials.

Mike Smith, share analyst with London brokers Simon and Coates, yesterday stood by his story that two Lonrho directors had confirmed the Anglo offer at a lunch for brokers and fund managers on Tuesday.

But he added that the Lonrho directors had given the impression that they were not seriously interested in making a sale, but were prepared to use the talks to put a value on Lonrho's SA operations.

Smith said that Anglo's R850m offer was about R350m below a realistic market price — about R1,2bn.

Anglo's low-key response has confirmed market suspicions that it is trying to drive a hard bargain with Lonrho, playing on the conglomerate's political sensitivity about its substantial SA interests.

Clearly Anglo is in no hurry to strike a deal.

Smith's version of the discussion at lunch with Lonrho directors Paul Spicer and Robin Whitten was backed up by other participants who asked not to be named.

But Spicer yesterday vigorously denied reports that Lonrho was considering the offer:

"There is no deal. We do not intend to sell our SA interests. There is a rumour that has been circulating for some time. It is misleading and untrue."

Rumours of an Anglo offer for Lonrho's SA interests have been circulating in market circles for several weeks.

But it was not until reported discussions at Tuesday's Lonrho lunch were leaked to the Press that the rumours became public.

Lonrho's SA interests produced after-tax earnings of R130m last year.

A broker said yesterday that if an Anglo-Lonrho deal was on the cards, it would take some time to unfold.

"Anglo is known for its stealth on the market and is not likely to show its hand at this stage," he said.

Brokers were speculating yesterday as to how Anglo would raise the money for a deal.

"If they pay from SA in rands, it is sure to put further pressure on the rand," one broker said.

Alternatively, Anglo could swop overseas assets or pay from external funds, the broker suggested.

Argus 2/6/86 (189) (134) 60

SA metal workers to decide on disinvestment

Labour Reporter

THE South African council of the International Metalworkers' Federation has asked its members for guidance on disinvestment.

The council is affiliated to the international body which has 15 million members in 75 countries. Any policy formulated in South Africa is likely to be accepted as guiding federation policy about disinvestment.

A resolution at a recent council congress called on its nine member unions to canvass the views of their 200 000 members before the federation makes a policy decision.

Apartheid

The resolution said that the council supported international pressure aimed at the immediate elimination of apartheid.

"The demand for the withdrawal of foreign investment from South Africa is recognised as a means for creating such pressure and the council has a duty to formulate policy on this vital matter.

"Affiliated unions therefore undertake to obtain a clear mandate from their rank and file membership to facilitate the formulation of such a policy on disinvestment."

Unions have until the end of the year to report back.

Mr Brian Fredericks, council secretary, said a factual report on disinvestment would be prepared to help unions reach a decision.

The South African council has nine member unions and is affiliated to the federation, which has headquarters in Switzerland.

A decision in South Africa to support disinvestment would have international repercussions. Affiliates in other countries would move to exert pressure on their governments and employer bodies to disinvest.

(60) 7/6/86 STAR

'Most blacks back disinvestment'

By Jo-Anne Collinge

Total or conditional disinvestment is supported by most of the "political mainstream" — followers of the African National Congress, Bishop Desmond Tutu, the United Democratic Front and other radical groups who want not only democratic political rights but also a new "more or less" socialist order.

This is the conclusion of researcher Mark Orkin, director of the Community Agency for Social Enquiry (CASE), whose book "Disinvestment, the Struggle and the Future", is to be published by Ravan Press this month.

It investigates the attitudes of 800 black people to various disinvestment options, producing results which "send a rocket right through the position" of those quoting earlier studies which concluded that most urban blacks rejected disinvestment.

The CASE study found that:

- 24 percent supported total disinvestment.
- 49 percent supported conditional disinvestment, bringing to 73 percent the number who supported disinvestment in principle.

These findings stand in sharp contrast to the results obtained by both Professor Lawrence Schlemmer in 1984 and the London *Sunday Times* in 1985.

These two studies presented a confusing view, with the first claiming that 75 percent of black people rejected disinvestment and the latter that more than 75 percent wanted total disinvestment.

Mr Orkin says the CASE study got different answers because it posed the question differently.

"Disinvestment has to be conceived as a three-way, rather than a two-way, issue to be true to the actual distribution of black opinion," he writes.

And, he points out, this contention is confirmed by people's answers to a second question on whether they would stand by their views if they knew that jobs would be lost.

"A quarter of the respondents are 'hardline', much as in the disinvestment question, and would advocate their position whatever the cost.

"A further quarter would sustain their stance if only few jobs were lost.

"The remaining half of the sample would be cautious if sacrifice had to be involved.

"Many respondents are looking to conditional disinvestment as a strategy to help end apartheid.

Wall St hits new peak

NEW YORK. — Stock prices turned in a mixed showing today as the market was surprised by news of a rise in the US unemployment rate.

The Labour Department reported the civilian unemployment rate rose two-tenths of a percentage point to 7,3 percent last month.

Prices of long-term government bonds, which move in the opposite direction from interest rates, jumped about $25 for every $1 000 in face value.

The Dow Jones average of 30 industrials rose 6.46 to close at 1885,90, topping the record closing high of 1882,35 set on May 29.

But declining issues outnumbered advances by about 5 to 4 on the New York Stock Exchange. — Sapa-AP

Business briefs

Chinese launch Great Wall Card

Economist News Service

CHINA launched its first credit card, the Great Wall Card, for foreigners and expatriate Chinese only.

X X X

BOEING launched a stretched version of the 737 airliner with an order from Piedmont worth up to $1,9 billion.

Bosses spending millions to buy out their businesses

W/E ARGUS 7/6/86 (60)

By Malcolm Fothergill

JOHANNESBURG. — A spate of management buyouts involving hundreds of millions of rands is rapidly changing the face of South African business.

In recent months dozens of managements have approached merchant banks seeking help to buy the companies they work for.

Many of them are subsidiaries of American and British multinationals threatened by sanctions and disinvestment.

However, only a small proportion of the managements interested in buying the businesses they work for succeed in getting deals together.

In general, merchant banks are prepared to consider only mature companies in mature industries and with good track records.

COMPETITION

In part, the spate of attempted buyouts is a result of the greater competition in world trade, which by forcing conglomerates to concentrate on their core businesses, results in peripherals being put up for sale.

Another reason adding impetus to the management-buyout swing in South Africa is the threat of disinvestment and sanctions.

One typical recent management buyout, that involving Gardner-Denver, which makes equipment for the mining, construction and industrial sectors, shows the advantages to both South African buyers and overseas sellers in allowing local management to take control.

The new company, Southern-Denver, will have all the advantages it enjoyed as a subsidiary of an American parent, including long-term agreements by which it will have access to its former parent's new technology and will have its products marketed worldwide by Gardner-Denver in the United States, at no trouble or expense to itself.

Gardner-Denver scores by getting its products made in South Africa but without the political risks attached to owning the producer.

EXPORT MARKETS

Another recent buyout involves flooring supplies company Gripperrods South Africa, where management has bought the shares previously held by the British parent company.

The local firm retains the right to continue using the brand name, trademark and patents.

It also retains the rights to serve substantial export markets in Africa and the Far East and intends to attack other markets that could include Australia, Canada and the United States.

The way management buyouts are structured varies from company to company.

In Southern-Denver's case four top managers — managing director Mr Terry Spratt, financial director Mr Jacobus Hauptfleisch, manufacturing manager Mr Bobby May and materials control manager Mr Willie du Plessis — arranged backing from Barclays National Merchant Bank before approaching the parent company with their offer.

FOUR-DAY DEALS

They plan now to offer a stock option to key employees.

The Southern-Denver deal took about three months from start to finish, but other deals are completed considerably quicker than that.

Barname, says general manager Mr Andre Roux, has done deals in four days, but four weeks would be more common.

The reject rate is high, he says, because a management buyout is a unique financing structure.

"There's a lot of debt and very little equity, so the financial risk is high. The type of company one would be looking at would be a mature company in a mature industry with a record of earnings and sales in a well established market.

REJECTION RATE

"One can't do it in a heavily geared company or in a cyclical industry. Cash flows have got to be predictable and dedicated in the first couple of years to paying the management's new obligations."

While Barname rejects nine out of 10 applicants, Mr Laurie Korsten, chief executive of Volkskas Merchant Bank, says the Volkskas acceptance ratio is more like 1,5 out of 30.

"In most cases the people don't have the cash to put on the table so the idea is to leverage the assets up to the hilt. This means we have to assess the quality of the assets and decide if the assets can service the debt."

Because merchant banks are not keen on holding stakes in companies indefinitely, one likely side-effect of the present spate of management buyouts is a number of firms applying for listings on the Johannesburg Stock Exchange in three or four years' time.

LISTINGS

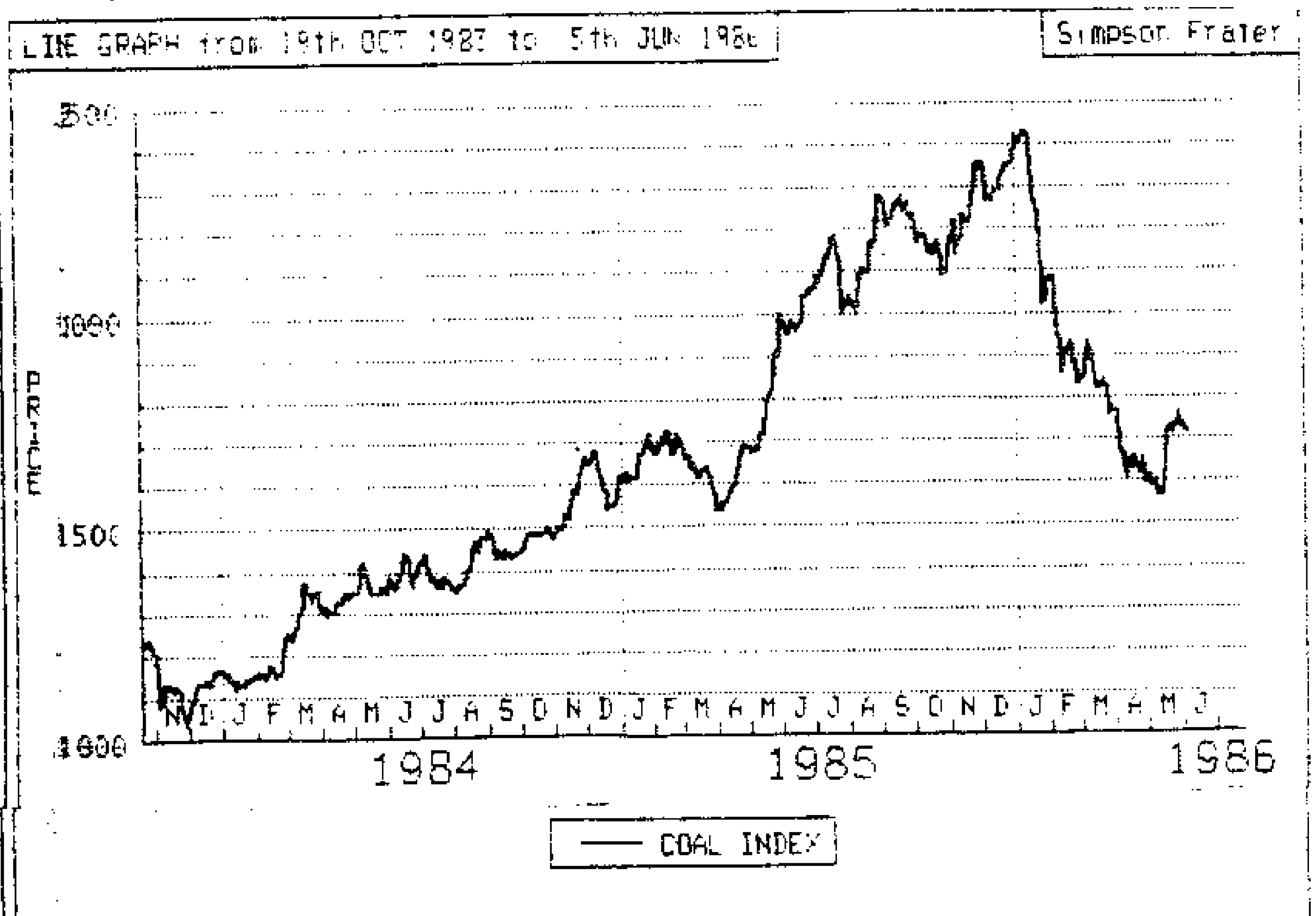
"A listing would be a logical route for management to follow," says Mr Roux. "It would give them liquidity for their investment and would suit the financiers, too."

Mr John Snider, assistant manager in the corporate finance division of Hill Samuel, says one route sometimes pursued by companies keen to allow management to take control is the leveraged buyout.

"If the company doesn't have significant borrowings it can borrow, which may enable funds to be released to the existing shareholders, thereby assisting management.

"In some cases management is interested in buying out the biggest shareholders but alternative buyers outmatch them by being able to put cash on the table."

Figures from Britain show that management does not nec-



Coal shares have had their ups and, since the fall in the oil price at beginning of the year, their downs, as this graph shows. They recovered on the Russian nuclear disaster, but with Amcoal reporting this week static export growth they have again declined.

Volkskas keeps div, profit at same levels

PROFITS of banking group Volkskas dipped marginally to R52,9 million after tax in the year to March 31, giving earnings of 173,3c (172,4c) a share.

The interim dividend is being held at at 36c, making an unchanged total payout of 57c.

The directors say in spite of the negative influence of recessionary business conditions on new business volumes, provisions for irrecoverable advances and pressure on interest rate margins the banking and financial services sections succeeded in maintaining the results of the previous year by means of cost saving, rationalisation and improved efficiency.

In the past three years the results of the Volkskas group's industrial interests have inhibited its profits but this "constraint" has been eliminated to a large degree by restructuring and scaling down these industrial interests, say the directors.

Total assets fell to R11 513 million from R13 350 million.

The second half-year was characterised predominantly by a further deterioration in business activities, say the directors, who noted declining turnovers leading to diminishing profits or rising losses in the business sector.

"Prospects are that the current financial year will still be characterised by relatively tight general business conditions."

Tom Hood

Cosatu plea to embassies

All foreign embassies in South Africa — except that of the United States — have been asked to close their offices on June 16.

The request been made by the Northern Transvaal region of the Congress of South African Trade Unions (Cosatu).

Regional secretary Mr Donsie Khumalo said a resolution was passed at the weekend calling on all foreign embassies to close their offices for the June 16 commemoration of those who died 10 years ago.

"The call excludes the American Embassy because of the Reagan Administration's support for the South African Government," he said.

US editor slams disinvestment

By Frank Jeans

By discouraging capitalism through disinvestment, foreign companies will only strengthen the apartheid system and authoritarianism.

This is the view of American journalist Mr Michael D Johns, who believes that through increased operations by US multinational companies resulting in higher output and greater job opportunities, the present reform process now taking place in South Africa can only benefit.

In an article in the New Hampshire publication *Union Leader* and which is quoted in the latest issue of the South Africa Britain Trade Association Bulletin, Mr Johns, who is editor in chief of the *Miami Tribune*, slams the American disinvestment platform which aims to "undermine yet another American ally in yet another strategic region of the world".

Pointing out that the "frightening scenario" is clearly evident and smacks of a well orchestrated propaganda effort, Mr Johns hits out at the American left and its popular support of "radical Philistines" who demand, under the name of US compassion, disinvestment and the severance of diplomatic and cultural ties.

"The result, of course, is always the same. The American ally, faced with growing outside pressure and lack of internal support, is violently overthrown by a militant regime hostile to the West, allied with the Soviet Union and far more corrupt, barbaric and totalitarian than any previous leadership."

Pointing out that disinvestment is based on a misinterpretation of Afrikanerdom, a misunderstanding of the process of gradual change and a historically unjustified confidence in the effectiveness of boycotts, Mr Johns has no doubt about the importance of foreign companies operations in South Africa.

"America would be wise to consider the many fallacies and dangers of disinvestment."

20/6/8-

STAR

60

Businessmen note council 'no' — Kopel

International companies doing business in the city had noted Johannesburg's National Party-controlled city council had voted against allowing all races full access to the central business district.

This warning was made by Mrs Molly Kopel (PFP) at last night's budget meeting.

Calling for immediate action, she said Mr Chris Ball, managing director of Barclays Bank, had said experience had shown the environment had to be changed and attitudes would follow.

She challenged management committee chairman Mr Francois Oberholzer to be courageous and take the step.

This would end the situation where blacks were now allowed to trade in the central business district (CBD) but not reside there.

Mr Oberholzer replied he could not visualise how a black person could trade from a building he owned, yet could not live there. The time was ripe for opening the CBD.

Opening the city would help to end the housing shortage and it would not be necessary to provide infrastructure for housing developments elsewhere.

OM 7(1)(5) 9/7/86 (60)

Nafcoc to reconsider opposition to disinvestment

NAFCOC is to reconsider its opposition to disinvestment from SA.

This was announced yesterday by Sam Motsuenyane, after he had reported that many black organizations who were in favour of conditional investment 12 months ago were no longer committed to this.

"They are now instead advocating for total disinvestment and the application of sanctions against SA.

"This sudden change of attitude on the part of many black organizations in SA followed a year of unabating conflict and violence in the country," he said.

Nafcoc had for many years supported a policy of "conditional investment" in which it opposed investment which was geared to benefiting the white community at the expense of the black community and Nafcoc would not support any investment that did not benefit the black community.

Nafcoc was encountering increasing pressure to align itself more with other black organizations who had already declared themselves to be in favour of disinvestment.

"I believe that the time is ripe for Nafcoc to review its long standing policy on international investment," Motsueyane said.

This review would be best done at the next summit conference of Nafcoc regions which would probably be held in October.

Nafcoc proposals

A DRAMATIC summit meeting between black business leaders and the Minister of Foreign Affairs, Pik Botha, was ignored by President P W Botha when he made his Rubicon speech last year.

This was disclosed yesterday by Sam Motsuenyane, the president of the National African Federated Chamber of Commerce.

The summit took place on a Sunday, August 11, at short notice following an urgent request by Nafcoc to present President Botha or Pik Botha a list of "concrete proposals which if implemented within a reasonably short period would free the country from the threats of constant internal instability and as well as from the claws of international sanctions."

But in spite of "an atmosphere of complete frankness", Motsuenyane said "none of the Nafcoc proposals were given any special attention by the State President".

Foreign investment in SA mines has declined

Politics, labour play key role in investor attitudes

10/7/86

By Sven Lünsche

Politics and labour in South Africa — in addition to prospects for gold and other minerals — are playing an increasingly important role in shaping the attitudes of non-resident investors to South African mining shares.

The role of foreign investment in South African mines has declined over the last year, and brokers Davis Borkum Hare expect this trend to continue in the near future.

In a publication entitled "Foreign Holdings in South African Mining Shares" the brokers say: "Although there are not, apparently, any measures contemplated to block quotation of South African shares abroad, certain fund managers have been forced through political pressures to disinvest South African shares.

They add, however, that against the back ground of turmoil in overseas investment markets — where stocks and bonds are booming but the underlying economies tend to look fragile — it increasingly makes sense to invest in gold shares as "insurance".

"Should the rationale for buying gold continue to gain in validity, then South African shares will offer a stronger case for consideration than gold shares in Canada, Australia or the US, where 'insurance money' was first invested," the brokers say.

Davis Borkum Hare list the higher dividend yields, the better value of price earning ratios and the low price of South African gold shares in non-rand terms as the major reasons for possible future "insurance" investment in the country.

"The relatively tightly held nature of the South African gold share market, plus the good value offered by such shares, could cause significant rises in share prices should foreign investors change their attitude."

Over the last year, however, these factors have not been present and there has been a progressive decline in the foreign ownership of South African mining shares.

In 1984, and for the first quarter of 1985, foreigners were net purchasers of South African mining shares. However, for the remainder of 1985, and to date in 1986, foreign investors have switched to become net sellers of local shares.

The value of foreign holdings in the mines in May 1986 amounted to R20,3 billion, which in terms of the financial rand exchange rate amounts to $5,1 billion.

"Although a higher gold dollar price and an improved rand helped generate some foreign buying of gold shares in late 1985 and early 1986, many foreign investors took advantage — particularly of the 40 percent improvement in the financial rand between November and February — to sell shares," Davis Borkum Hare say.

Between December 1985 and May 1986, the total number of mining shares held abroad fell from 28,45 percent to 26,60 percent of the total shares in issue, with foreigners lightening their holdings in mining shares virtually across the board.

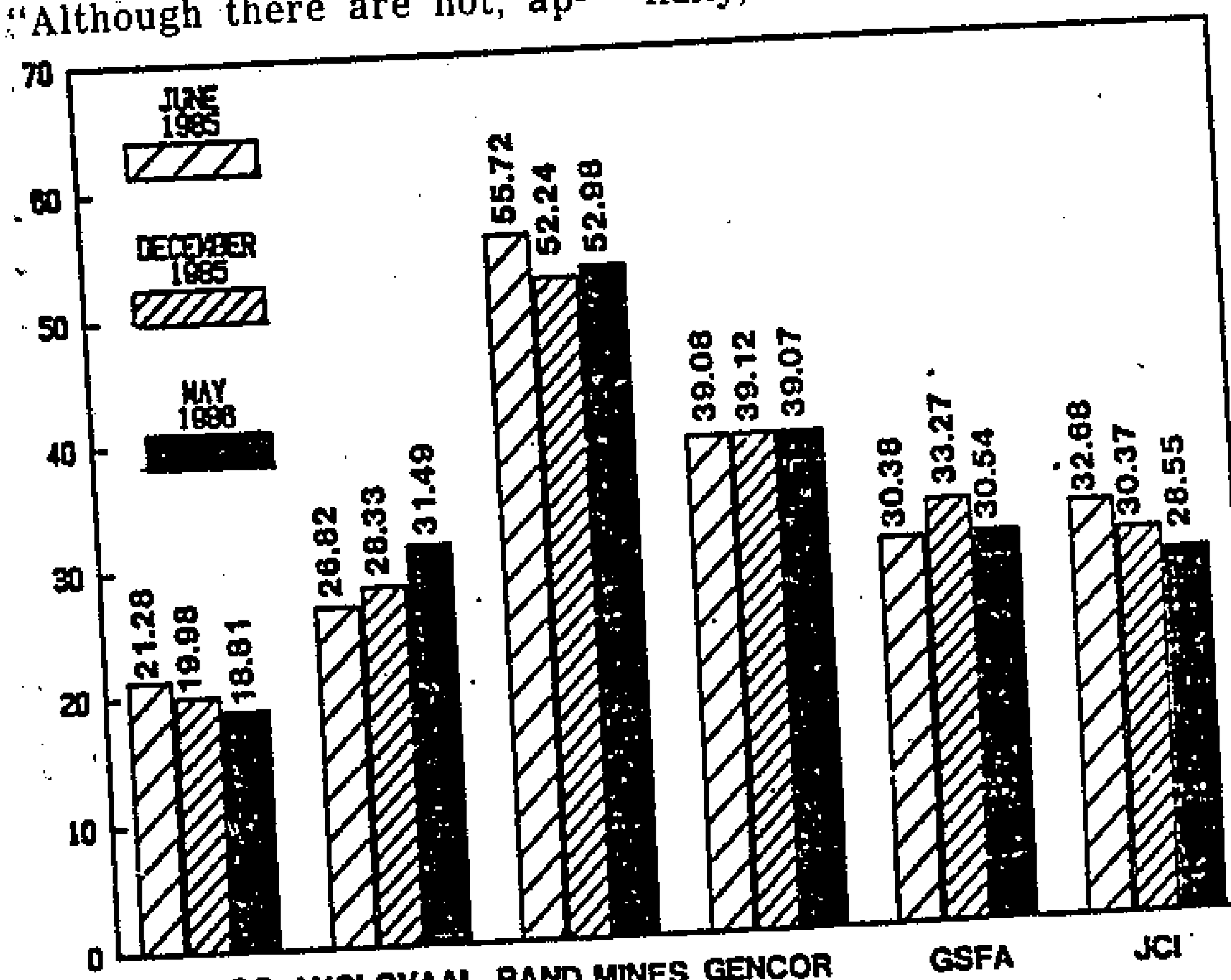
US companies were the major disinvestors in the country — their percentage holding declined from 14,73 to 13,39 percent during the period — while UK-registered companies decreased their holdings from December's 9,96 percent to May's 9,38 percent.

Only continental companies, whose percentage holdings is very limited anyway, slightly increased their interest in mining shares over the period by 0,1 percent to 3,82 percent.

Gold mines were hardest hit by the share disinvestment moves, coming largely from a decline of major US ownership in the marginal and shorter-life mines. The value of foreign holdings in gold mines was however still valued at a massive R11 billion.

Foreign ownership of South African gold mines by mining houses has declined overall. Only gold mining shares, administered by Anglovaal, showed an increase in the percentage holding by foreign investors.

Other shares substantially affected include Platinum Group Metal and De Beers mining shares.



An analysis of foreign holdings of gold shares shows that the mines administered by Rand Mines were the most popular with foreign investors followed by Gencor group mines. But only in the case of Anglovaal group mines has there been an increase in foreign holding in the period June 1985 to May 1986.

Foreign investment in SA mines has declined

STAR 60

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10/7/86

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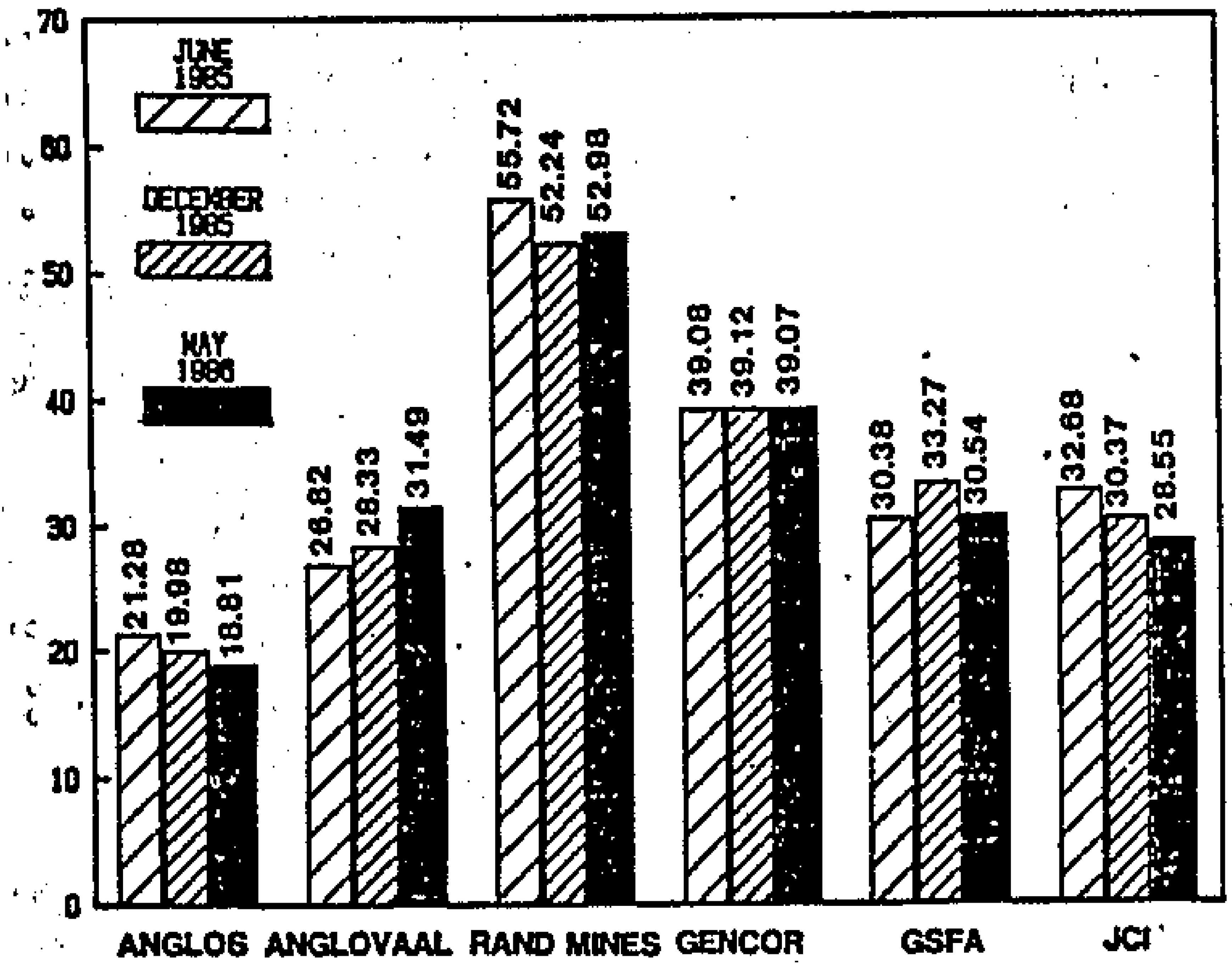

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60 DD 14/7/86

Call for foreign trade in return for reform

Dispatch Correspondent

JOHANNESBURG — The managing director of Chase Manhattan in South Africa, Mr Simon Steward, has called for foreign investors, local businessmen and bankers to put together a package for the South African Government to break the economic and political logjam.

The joint deal would pledge foreign investment in areas such as housing and education and would guarantee a continued supply of trade finance for South Africa in return for reform.

"South Africa needs a strong economy to implement the reforms that are necessary. A siege economy would be unlikely to strengthen the overall economy in the long run," he said.

Mr Steward said that with five major Western conservative governments in power, there was at present a unique situation.

"Certainly, for at least three of these governments the idea of sanctions does not fit well with their political philosophies mainly because history proves they do not work. Also, sanctions would disrupt trade and investment in an area of the world where they have a sizeable interest."

Mr Steward warned that it was becoming extremely difficult for political leaders to resist sanctions.

Black nationalist organisations would have to see the purpose of the plan and give the country a grace period within which key objectives would have to be reached.

60

Cape Times 19/7/86

UK Govt MPs have interests with SA links

From IAN HOBBS

LONDON. — Nearly one in four Conservative MPs have interests in companies directly or indirectly linked to South Africa and this influences their opposition to sanctions, a new survey claims.

The research department of the opposition Labour Party says 71 Conservative MPs, including cabinet minister Mr Tom King, are directors, shareholders, parliamentary consultants or advisers to 85 British companies with investments in South Africa.

Mr King, the Northern Ireland Secretary, has a large interest in the finance group Sale Tilney, which has a South African associate company.

The survey adds that 73 companies with South African subsidiaries or associates donated £1 203 700 (about R4 044 300) to the Conservative Party last year.

Introducing its findings, the Labour document says the government's reluctance to introduce sanctions against South Africa is, therefore, not surprising.

It said three Conservative MPs were connected to two companies which paid "the lowest sum possible for an average family to survive on" to black workers in South Africa.

The three MPs are named as former party chairman Mr Cecil Parkinson, a director of Babcock International, Sir Anthony Grant, an adviser to Pritchard Service, and Mr Michael Forsyth, whose PR company advises Pritchard's.

Ten Conservative MPs and one Liberal were connected to six companies which paid black workers below the minimum wage recommended by the EEC code of conduct.

One Liberal

The one Liberal MP is Mr Clement Freud, a consultant to a Grand Metropolitan subsidiary.

Seven companies with South African interests have connections with three or more MPs. They are the Midland bank, with five MPs, the US corporation Marsh and Maclennan, four MPs, Grand Metropolitan, four, and Barclays Bank, BET, Commercial Union and Sedgwick with three each.

Only one Conservative MP, Mr Julian Amery, described as a "Victorian-style imperial right-wing strategist", is a director of a South African-based company having seats with two mining groups.

Fraser slams US, UK on sanctions

LONDON. — The former Australian prime minister, Mr Malcolm Fraser, said yesterday that US and British policies on sanctions against Pretoria could encourage South African blacks to set up a Marxist government with the help of the Soviet Union.

He said if London and Washington failed to take punitive measures against South Africa, the country's black majority was likely to turn to the Soviet Union for help.

The result could be a bloody revolution and the creation of a pro-Soviet or Marxist state, Mr Fraser said in a radio interview.

"I don't believe Mrs Thatcher wants to give that kind of present to (Soviet leader) Mr Gorbachev," he said in the interview with the BBC.

Mr Fraser was co-chairman of the Eminent Persons Group set up by the Commonwealth to seek dialogue between blacks and whites in South Africa. The group's mission failed earlier this year.

Mrs Margaret Thatcher has consistently refused pressure from home and abroad to impose economic sanctions against South Africa, saying they would hit the black majority and hinder reforms. — Sapa-Reuter

By PHILLIP VAN NIEKERK

PE unions on horns of sanctions dilemma

Cape Times 31/7/86

THE issue of sanctions and disinvestment poses an uncomfortable dilemma for South African unions.

Nowhere is this better illustrated than in "slump city" Port Elizabeth.

Unions, as part of the broad opposition to the government, would be loath to oppose international pressures against this country.

At the same time they are there to protect their members' jobs, which could be jeopardized in large numbers if sanctions inflict real damage on the economy.

For instance, a single American multi-national — General Motors — is all that prevents Port Elizabeth from collapsing into a ghost city with a large and hungry population in its back yard.

Statistics are already grim. It's anybody's guess just how bad unemployment is in Port Elizabeth.

But a Vista University survey a year ago which revealed 56 percent unemployment among blacks in the city is taken by employers as the most authoritative.

A year later, with the phased withdrawal of Ford on the go, it is believed to be running at more than 60 percent — surely the highest in urban South Africa.

The downturn in the city is all the more dramatic because of Port Elizabeth's massive boom in the early '80s.

Detroit of the south

Then, with three of the country's major automobile assemblers — Ford, General Motors and Volkswagen — alongside one another, Port Elizabeth was deservedly known as the Detroit of the south.

However, because of the government's decentralization fantasies which favoured areas closer to the bantustans such as East London, Port Elizabeth has been unable to attract new industry and much industry has in fact been weaned away.

But Port Elizabeth was close enough to the Transkei and the Ciskei to attract tens of thousands of refugees from rural poverty in the homelands.

Huge shanty slums such as Soweto by the sea have mushroomed on the perimeter of the older black townships such Kwazakele.

Since 1982 Port Elizabeth's motor industry — one of the most sensitive to recession — has been whittled away. From a high of 17 500 auto workers in Port Elizabeth and Uitenhage in 1982 only 8 000 remain today.

The largest union in the city, The National Automobile and Allied Workers Union (NAAWU), estimated that for every one employee in the auto industry that loses a job, three jobs are lost in the adjacent auto components industry.

With an average of five direct dependants per bread winner, if General Motors (which employs 3 500 workers) were to close down perhaps another 84 000 people would be rendered destitute.

Opposed to disinvestement

Of course GM has been a leader in the opposition to disinvestment in the United States but with pressures mounting daily one can never predict what might change. Workers at GM would certainly not support proposals which would mean that families would have to starve.

At the same time Port Elizabeth is an angry city. As one of the strongest areas of mass mobilization and a clear stronghold of the ANC, the Eastern Cape has experienced some of the toughest repression since the state of emergency was declared.

The blade wire fence which rings New Brighton and the strict curfews to keep the population under what local activists who have managed to escape the police dragnet described as "concentration camp" conditions.

The argument in favour of sanctions as described by one activist is that it is "better to die on the road to freedom than to die marking time".

For the unions, however, it is a much more complex decision. At the moment NAAWU is in the process of canvassing all its members about sanctions before deciding on a national policy.

Perhaps it is under such deliberations — with the sanctions debate written large across so many thousands of lives — that new answers will emerge.

Phillip van Niekerk is a former labour correspondent for the Cape Times and Rand Daily Mail and now writes for the Boston Globe, the Weekly Mail and other publications.

Financial rand move aims to lure investors

1/8/86. STAR 60

By Trevor Walker

The Treasury has opened the financial rand to property and non-listed security investment by non-residents.

Treasury sources said that purchases of private houses and blocks of flats would be limited to 50 percent via the financial rand and 50 percent via the commercial rand.

They said that investments in office blocks or hotels, for example, would be allowed fully through the financial rand market could prove very lucrative and returns of 30 or 40 percent could well be possible given the low entry price into the country.

Interest and dividends payments are still made at the commercial rand rate.

Clearly the authorities are trying to entice foreign participation. Despite the poor perceptions foreigners have of the country some quite useful propositions are expected to be put together in response to the latest relaxation.

When the financial rand was introduced its use to buy property was allowed and led to some criticism that foreigners had bought homes and farms at ridiculously cheap prices.

Today's move is also seen as an attempt to broaden the pool of financial rands, estimated as being about R350 million.

Finance Minister Barend du Plessis' move has been welcomed by property economists, writes **Frank Jeans**.

Mr Les Weil, chairman of one of JH Isaacs, said: "This is certainly a positive step for the South African property market which is still showing hesitant signs of any real upturn."

Foreign investors, it appeared, had got wind of Mr du Plessis' intention, and JHI had received inquiries from people who "perceive they could buy incredible value in property in South Africa".

Political outlook

Coming in through the financial rand, net rentals (the profit from investment) would no doubt be remittable in commercial rand. The return on first-class investment properties were likely to be about 30 percent.

"Of course, the philosophy of investing in property in this country will be tempered by the political outlook," said Mr Weil.

"Unfortunately, this is likely to be a major factor as many investment areas in South Africa are being portrayed by overseas media as being like Beirut.

"And if you ask South Africans if they would like to invest in Beirut, how many would say Yes?"

Nevertheless, Mr Weil believes that some well-informed investors might take the view that a small proportion of their funds in South African property could be well worth the risk.

"After all, if someone with a portfolio of say, $100 million — and there are plenty of those around — decides to put two percent into SA property through the financial rand, they can buy R10 million worth of property.

"That property will probably have a replacement value of double the R10 million figure."

Subject to exchange control regulations, the overseas investor could borrow in the local market, thereby gearing up his investment in a positive way, having regard to current local interest rates.

"Having regard to yields on property investments, very few properties will throw off an immediate and positive overall return if geared by local investors," said Mr Weil.

Property investment has also been open to investment through financial rand since units in property trusts are listed, but Mr Weil knows of no meaningful overseas ownership in this area.

1/8/86

TAXATION

FIN MAIL

Unheralded carrot

A new regulation adds to the activities qualifying under the enhanced marketing allowance, one of the Income Tax Act's most enticing tax breaks. Arriving unheralded and unannounced in Government Gazette 10340, a schedule creates two new service industries qualifying for double tax deduction of costs.

The two new categories are for agents who "recruit" foreign investors, and businesses providing transport for such foreigners. The concessions are extremely broad (see table). The clauses need only be gazetted, not passed through Parliament. Observers feel there was no overt lobbying for the new break, arguing that its initiation is grounded in current political straits.

Use of the word "recruitment" regarding foreign investors connotes that policymakers are now desperate. The clauses could spur taxpayers to the ranks of unofficial government agents.

FINANCIAL MAIL AUGUST 1 1986

Additional schedule under Section 11 *bis* (4B) of the Income Tax Act

Trade recognised as an export service industry	Nature of income	Whether person carrying on the trade will, in the appropriate circumstances, qualify for the enhanced marketing allowance
Persons acting as agents in recruiting foreign investors to the Republic	Income derived in the form of commission and fees from foreign investors for assessing and obtaining investment opportunities for such investors in the Republic	Yes
Persons providing transport facilities	Income derived from the provision of transport facilities to foreign users, in an export country or between the Republic and an export country, provided such income is subject to tax in the Republic	Yes

The operative words in the clause on recruitment of foreign investors are "assessing and obtaining" foreign investment opportunities. In the opinion of Fisher Hoffman Stride's Solly Gerber, a taxpayer need only prove that an opportunity has been assessed, not that business has been written as a result, to obtain the double deduction.

In the transport clause, read in conjunction with general provisions pertaining to the marketing allowance, all costs incurred in marketing the transport service would qualify. The transport clause applies to expenditure on both domestic and international services.

Sats and SAA do not pay tax, so fail to qualify for the tax break. In effect, 200% of qualifying costs under both clauses may be deducted against income. In practice, at the 50% tax rate, expenditure becomes costless, provided the agent has sufficient profits to absorb the allowance.

Gerber argues that in contrast to transport costs, all costs incurred under the recruitment clause qualify for double deduction — including entertainment, accommodation, telecommunications, office overheads, salaries and wages.

A businessman who travels to London and New York expressly to recruit foreign investors obviously qualifies. However, if he meets an investor in SA at his behest, the costs incurred would also qualify. The clauses offer potent tax planning opportunities.

A parallel or secondary business — especially for an import-export business — to take advantage of the new clause is easy to create. A businessman who regularly travels abroad or meets foreigners on business or holiday in SA will have a new (and potentially costless) insertion in his conversations.

One point worth noting in the broader context of tax principles is the apportionment of costs. Generally, if a cost is not incurred wholly under a qualifying section, it may be disallowed, or at best apportioned in a manner deemed fair by the authorities. The new clauses, however, provide ample room for apportionment of costs. ■

ARGUS 27/8/86 (60)

Stay in SA, Relly urges businessmen

The Argus Foreign Service

LONDON. — Anglo American chairman Mr Gavin Relly today urged foreign businessmen to take the "hard road" and stick it out in South Africa.

He has also appealed to South African businessmen to "engage black political groups in a dialogue about the economic future".

In a half-page extract from Foreign Policy magazine, Mr Relly writes in The Times that South African business "is rapidly adapting, planning and mobilising" to take part in the future South Africa.

Inadequate

He says South African business knows that its resources, even when combined with the economic forces liberated by the abolition of apartheid, will be inadequate to the challenge.

"The British and American counterparts of the South African executives face an awesome responsibility.

"Faced with lean times and a host of pressures, they are attracted to the easy option of withdrawal.

"Greater participation in South Africa and the structural reform initiatives proposed by South African business are much harder roads to walk.

ANC Charter

He warns: "South Africa can preserve its mining and manufacturing base only if it remains within the Western-dominated international economic system."

He says the ANC's Freedom Charter, "admirable in many respects", is "vague and woolly on economic matters".

For this reason, businessmen should engage black political groups in a dialogue on the country's economic future.

Beaten with their own yardsticks

12/9/86 Weekly Mail 60

By MOIRA LEVY
Cape Town

THE minimum wage controls which European companies must follow in South Africa are indirectly set by ... themselves.

The European Economic Community's code of conduct requires a minimum wage set by a university research unit called the Bureau for Market Research.

But, says Cape Town economist Dr Martin Nicol, the bureau is funded by the very companies which must follow its guidelines.

The Bureau for Market Research at the University of South Africa (Unisa) is funded by approximately one third of the major corporations in the country, including all foreign firms that have holdings or subsidiaries in South Africa. These companies by their very nature, Nicol said, "must be dedicated to keeping the rate down".

Nicol was responding to a claim in the latest publication produced by the Labour Research Department (LRD), a British trade union and research organisation, that the EEC code has been a complete failure.

He described the EEC code as a "shield" for foreign companies: "They rationalise their presence in South Africa by saying that they adhere to the code of conduct. Yet the code is simply an advisory tool. It is not enforceable. It is used by the foreign firms to hide their participation in apartheid's profits."

Nicol points out that the EEC's minimum wage has decreased since the code was amended in August last year.

Until then the minimum rate was 50 percent above an unspecified poverty line. The current revised rate recommended by the EEC is now based on Unisa's supplemented living level (SLL) for a family of five.

"This is an unscientific and arbitrary measure which is ridiculously low. The revised code has actually reduced the minimum rate compared to last year," Nicol said.

In the publication Profiting From Apartheid, the LRD lists 58 British companies with holdings or subsidiaries in South Africa that pay their employees below the EEC rate.

The booklet names another 13 companies, including Thorn EMI, Babcock International and Pritchard Services, that pay their workers less than the Minimum Living Level (MLL) which is the lowest possible sum that an average five member household can live on.

The code of conduct covers less than half the workers employed by British companies. Firms with less than a 50 percent holding or employing fewer than 20 blacks are excluded.

And according to the revised code, major companies like Consolidated Goldfields, Barclays and Pilkingtons are no longer obliged to submit reports on their employment practices to Britain's Department of Trade and Industries. Companies quote the sex and age of their employees, their marital status and the size of their families as justification for paying below the recommended rate.

They list firms that avoid paying the minimum rate by claiming that their employees' families are smaller than the average household measured by the SLL.

Other companies claim in their reports that women are not breadwinners and therefore should be paid less. Several firms say they pay the EEC rate to adult black male employees, and make no mention of their female employees at all.

Because recommended rates are calculated for urban areas, companies with workers in rural areas are free to interpret appropriate wage levels.

Troopies lose out on their pay

60

Weekend Argus Correspondent

JOHANNESBURG. — Citizen force members are being hit in the pocket as some foreign-based multi-nationals stop paying salaries to men called up for camps.

Defence force sources said this week that an increasing number of citizen force members were losing their salaries or wages when they had to do military service.

According to the sources, those chiefly responsible are certain multi-national companies with headquarters in Europe and the United States.

A source said: "South African companies and many of the foreign-based ones still pay the salaries of men called up for camps, but those who do not are increasing in number."

"Defuse"

He said economic factors and international pressure on South Africa were behind the move.

"Many of these international companies are coming under pressue to leave South Africa but they are making too much money here to want to do that," he said. "They seem to believe they can defuse the situation for themsleves by refusing to pay national servicemen and citizen force members."

An official SADF spokesman said this week that there was no legal obligation on the part of employers to pay an employee while he is on service.

"Nor is there a legal obligation for an employer to make up an employee's salary (the difference between his defence force pay and his regular salary) while he is on service," said the SADF spokesman.

The spokesman warned, however, that it was a criminal offence to dismiss or retrench employees who had to do military service.

PSI calls for pressure

THE Public Service International (PSI) is to ask its 11-million membership employed in the public sector throughout the world to pressure their governments "to take positive action to bring about an end to apar theid" in South Africa.

This is the message a PSI delegation, which spent five days here on a fact-finding mission last week, will carry to its membership worldwide.

The five-man delegation left the country last Friday after speaking to a broad spectrum of leaders in the anti-apartheid and labour movement.

Addressing a Press conference before their departure, the delegation said in a joint statement: "We did not come here as objective researchers.

"We have a responsibility to speak. That responsibility falls to us as citizens of several countries whose governments help in maintaining the system of apartheid.

"Our reference is to the United States, Britain and West Germany.

A member of the delegation, Mr William Lucy, who is also president of the coalition of Black Trade Unionists in the United States, said "a wave action" against companies having direct or indirect links with South Africa was sweeping through his country.

He said the main target was Shell, regarded as the world's largest corporation, hit by a consumer boycott of its products there "because of its trade links with South Africa".

As a result, he said, the corporation had reported a trading loss of about 83 billion dollars in the first quarter of this year.

The PSI delegation took a swipe at the Sullivan Code, saying it was "out of date".

The European Economic Community (EEC) Code was "not working and meaningless" as well, the group said.

Sowetan (60) 15/9/86

Some foreign firms stop call-up pay

15/9/85 STAR

60

By Gary van Staden

The presence of the South African Defence Force in many black townships is starting to hit Citizen Force members in the pocket as some foreign-based multinationals have stopped paying the salaries of men called up for camps.

Defence Force sources said an increasing number of Citizen Force members were losing their salaries or wages when required to do military service. The chief culprits were multinationals with headquarters in Europe and the United States.

"South African companies and many of the foreign-based ones still pay the salaries of men called up for camps but those who do not are increasing in number," one source said.

He cited a combination of economic factors and international pressure on South Africa for this increase.

"Many of these companies are under pressure to leave South Africa but are making too much money. They seem to believe they can defuse the situation by refusing to pay servicemen."

An official SADF spokesman said that there was no legal obligation on the part of employers to pay an employee on service.

"Nor is there a legal obligation for an employer to make up an employee's salary (the difference between his defence force pay and his regular salary) while he is on service."

He warned, however, that it was a criminal offence to dismiss or retrench employees required to do military service.

"If any Defence Force member believes he is being discriminated against because of his military commitments, we would urge him to report the matter to his commanding officer who will refer the complaint to our legal division."

Staff at a major multinational company operating on the East Rand confirmed that, following a directive from the company's Swedish headquarters, national servicemen would no longer receive their salaries or wages while attending camps.

"The local management, however, is working out a plan to assist the soldiers in some other way," one staff member added.

Another source urged those with national service commitments to ensure when they applied for positions at companies that they would be supportive in the event of their being called up.

FW MAIL 26/9/86 (60)

DETAINED WORKERS

Corporate reaction

A study of the attitudes of Port Elizabeth and Uitenhage companies towards detained employees has found, somewhat surprisingly in view of foreign watchdog pressure, that SA-owned concerns are more willing to continue paying incarcerated workers in full than are foreign-owned companies.

The study, a project by the Labour Monitoring Group at the University of Port Elizabeth, was conducted in the last week of August. It covers 39 companies, of which 25 reported that at least one of their employees had been detained. In total, 84 employees from those companies were in detention.

According to the researchers, 15 of the 25 companies said they had been approached by trade unions with demands concerning job security, wages and social security benefits for these workers. In 14 cases, the approaches were made by unions affiliated to the Congress of South African Trade Unions.

None of the 25 companies said it was contemplating dismissing the workers; 12 indicated they would hold open the workers' jobs indefinitely, while 11 said they had adopted the same approach, but did not say how long the jobs would be held open. The remaining two companies said the jobs would be held for a period of 180 days (the maximum time emergency detainees can be held, unless the detention order is extended), provided that the workers were not charged.

Asked about their attitude towards paying detainees, eight companies (six SA-owned and two foreign-owned) said they had taken a policy decision of "no work, no pay, no benefits," while 19 indicated that they were paying their detained employees in one way or another.

Variations

Arrangements on pay vary enormously. Of the survey's 12 SA-owned ventures making some form of payment, four were maintaining the workers on full pay. None of the foreign-owned companies said they were paying in full.

Other pay arrangements included:

☐ Continuation of company benefits (pensions and the like), but no payment of wages (one SA-owned company);

☐ No pay during the period of detention, but an undertaking to pay retroactively if workers were not charged (two SA-owned companies);

☐ Deciding to view the employees' absence from work as unpaid leave, and paying whatever leave pay was due to them (one SA-owned company);

☐ Maintaining the workers on a sick pay basis (in most cases the equivalent of 50% to 60% of their regular wage), as well as continuing benefits (two SA-owned and three foreign-owned companies);

☐ Creating a special fund for the dependants of the workers (two foreign-owned companies, one of which agreed to make an *ex gratia* payment equivalent to 75% of the detainees' wages to their families), and

☐ Graduated pay — initially 100% of wages, then dropping to 66% and 33% — over 180-days (two SA-owned companies).

Zoe Riordon, head of the research team, says many of the companies expressed negative feelings about the detention without trial of their workers. She is, however, somewhat critical of how they choose to deal with the issue. Says Riordon: "In most cases, there were only a few detainees in each company. Yet the majority said they were not able to pay the workers in full. From an industrial relations point of view, it seems they have passed up a wonderful opportunity to show loyalty to their workers, and it is upsetting to see how unassertive foreign-owned companies are being." ■

BUS DAY 30/9/86 (329) (60) (388)

NEWS FOCUS

Multi-nationals behave poorly over detainees

ALAN FINE

MULTI-NATIONAL companies have — unlike some locally based ones — tended to stop short of dismissing workers detained in terms of the emergency regulations. But they have shown no greater willingness than their local counterparts to pay detainees their full wages.

That is the conclusion of a report to be published in the forthcoming edition of the *SA Labour Bulletin*. The report is based on nationwide interviews with trade unions and with known employers of detained workers. It reaches similar conclusions to those in an earlier survey conducted by the labour monitoring group of the University of Port Elizabeth.

The motor industry in the Eastern Cape is a case in point. Seventeen members of the National Automobile & Allied Workers' Union (Naawu) — employed by Willards Batteries, General Motors, Volkswagen, Samcor and Firestone — have been detained since the emergency began.

But only Willards, the one locally based firm among them, agreed from the start to pay their detained employees in full.

General Motors conditionally conceded this only after protracted and highly publicised negotiations with Naawu. The rest are paying detainees from 50%-75% of their wages.

In the food industry, only the Premier Group and its subsidiaries are paying detainees in full, unconditionally. This policy has been applied, for example, to 31 detainess employed by Jabula Foods.

British-based Cadbury's, in contrast, has said it will pay 50% of its four detainees' wages for four months, and hold their jobs open for 180 days, except where people are charged and convicted. And, according to the Food & Allied Workers' Union, most other food companies are not paying detainees at all.

Detained construction industry workers are also not having it easy. The report says: "While it is not altogether surprising that a small, locally owned company should display a slightly less than tolerant attitude ... it is somewhat more so to see similar behaviour from a company with strong German connections, especially in the current international climate."

It is referring here to former employees of German-linked Concor-Hochtief, a joint venture formed to undertake construction of a tunnel through the Du Toits Kloof Pass.

According to the SA Allied Workers' Union (Saawu), 25 of its members there have been dismissed after being detained. Sixteen have been released, but face charges under the emergency regulations. Another nine, still in detention, have also been dismissed, says Saawu.

According to the report, Anglo American has adopted the most enlightened attitude towards detained employees. In addition to saying employees "will not have their employment prejudiced in any way by arbitrary detention", Anglo has also undertaken "to use all endeavours to seek an employee's release".

Although none of its mining employees have been detained, Gencor has agreed to guarantee jobs and pay detained workers. However, companies in Gencor's industrial division do not appear to be adopting the same approach.

And, according to the National Union of Mineworkers, Gold Fields has agreed to guarantee the job of, but not pay, its one detained employee.

Multinationals halt detainees' pay

3/10/86 Weekly Mail

By PIPPA GREEN

SEVERAL multinational companies — subscribers to the European Economic Community's code of conduct or the Sullivan Code — have stopped all or part of the wages of workers detained in terms of the State of Emergency.

Two surveys of companies — one by the Port Elizabeth Labour Monitoring Group, the other a random national survey — have shown that foreign companies are no more willing to pay detained workers than are local ones, although the former have more scruples about firing detained workers.

More crucial in the equation appears to be the strength of union organisation. Little in the way of job security or pay for detained workers has been won without pressure, whether the companies are multinationals like General Motors or locally owned subsidiaries like Sappi, which agreed to pay detainees only after the Paper Wood and Allied Workers' Union declared a dispute.

Several South African companies have adopted a policy of "no work, no pay". A familiar response to stayaways, it must sound more cynical to the families of detained trade union members. One union official said he had been told by a company that the management regarded three detained workers as "absent without leave". It is not an uncommon attitude.

While there is nothing in the codes of conduct for dealing with detention without trial, the Rev Leon Sullivan, the author of the Sullivan Code, last year called on US companies to fight apartheid laws "outside and inside the country". According to surveys by the SA Labour Bulletin and the Johannesburg LMG, only two American companies — Mobil Oil and 3M — have agreed from the outset to pay detained workers in full.

General Motors, which earlier this year said it would support employees who broke beach apartheid laws, was probably responding to Sullivan's call. But the company was one of the first to be targeted by the National Automobile and Allied Workers Union for paying its three detained workers only 50 percent of their wages. After a high profile battle the company agreed to pay the full wages — 50 percent to families and 50 percent on workers' release. GM was not out of step with its foreign counterparts in the motor industry. Both Samcor (40 percent owned by Ford) and Volkswagen have agreed to pay 60 percent and 75 percent to detained workers respectively — a position which Naawu has said is unacceptable. Willards Batteries, a local company, on the other hand, paid two workers in full while they were in detention, according to the union.

In the food industry, the Food and Allied Workers Union said the only companies paying detained workers in full were Premier subsidiaries. Others, including the British-owned Cadburys, were paying either a proportion or not at all.

Cadburys is paying detained workers "sick pay" — about 50 percent of the wages — but local shop stewards are pushing for full pay "because the families are suffering".

Major retailers have guaranteed workers their jobs but are not paying wages in most instances. According to the Johannesburg LMG, Checkers is making monthly donations of food parcels to the families of 81 detained workers in Rustenburg. The Wooltru group said it would "assist" detained workers, depending on "circumstances".

Nels Dairy, a locally-owned retailer in Johannesburg, fired 750 workers after their release from two weeks' detention, according to the Commercial Catering and Allied Workers Union. A company spokesman said the workers had been re-employed on a temporary basis, but there is still no certainty about their job security, let alone payment.

Such attitudes are not the sole preserve of local companies. Sixteen workers at Concor -Hochtief — a partnership with strong German links, formed to construct a tunnel through Du Toits Kloof from Paarl to Worcester — were dismissed after being released from detention. The SA Allied Workers' Union (Saawu), to which the workers belong, has threatened the company with a section 43 application to reinstate the workers, five of whom are facing charges under Emergency regulations.

In the chemical industry, Roche, a Swiss multi-national, has refused to pay Andrew Morifi, a SA Chemical Workers Union shop steward, for the period he spent in detention. But Plascon Paints and Pilkingtons-Shatterprufe Glass — both local companies — have paid detainees for four weeks, according to Tembinkosi Mkalipi, president of the Chemical Workers Industrial Union. A Roche spokesman said company policy on the issue was clear: "We maintain a policy of 'no work, no pay, no penalty'."

Of all firms Anglo American has adopted the most enlightened policy, saying detention would not prejudice a worker's employment "in any way unless the state demonstrates good reasons for holding a worker in an ordinary court of law".

●This is a summarised version of a report due to be published in the forthcoming edition of the SA Labour Bulletin.

Doubt on govt cost-cutting

(30) 16/10/86

CHRIS CAIRNCROSS

ORGANISED commerce is to use next week's Assocom congress to call on the State to apply cost-benefit disciplines to the public sector to control its spending.

It is clear the private sector remains unconvinced the new financial approaches and techniques — such as zero-based budgetting systems government departments are now supposed to employ for evaluating expenditure — will by themselves be effective.

The Cape Town Chamber of Commerce declares in a proposal to be submitted to the congress in Johannesburg that if the special task group appointed earlier this year to monitor government spending is to succeed in its objective, it will need to apply the same cost-benefit disciplines to the public service as are practised in the private sector.

"These must include effective supervision at all levels, the implementation of normal checks and balances, and more effective use of budgetary control procedures," says the Chamber.

It further proposes that a "value-for-money" auditing technique be used to make the necessary cost-benefit evaluations. The technique has apparently been used with considerable success in other countries.

The suggestion is that this auditing function should not be carried out by in-house officers, but by a team of private-sector consultants, "who through their independent approach and knowledge of other organisations, both in the public and private sector, could make a significant contribution".

Disinvestment a credit issue

BD 10/11/86

STEPHEN ROGERS

THE commitment of foreign companies to remain in SA is becoming an important factor in their discussions with local bankers on the renewal of credit facilities or when negotiating new ones.

Most major banks said yesterday that they now considered whether a company intended staying in SA before extending credit.

"We do not ask for any formal commitment to remain in SA from these companies, but obviously the topic of disinvestment is discussed," said Kobus Roetz, senior general manager of Trust Bank.

A Standard Bank spokesman said: "We talk to foreign companies about their commitment to remain in SA. Obviously, if an overseas parent pledges its support for its local subsidiary, it will enhance the relationship between borrower and lender. Similarly, the knowledge that a company intends to pull out of the country will influence this relationship."

However, most bankers said this commitment was not the most important factor when granting credit facilities.

Firms avoid limelight

60

22/10/86 BUSDAY

LESLEY LAMBERT

A NUMBER of SA companies with international parent companies have turned down an invitation to be listed in the first and newly launched *International Who's Who in SA trade, business and industry*.

They have done so to avoid international exposure of their presence in SA, according to a publisher of the Lichtenstein-based *Who's Who*, Arno Ofenheimer.

The publication, which boasts only 200 SA companies, was launched by Deputy Information Minister Louis Nel. Nel, who also wrote the foreword to the publication, was quick to stress that no government department had made any financial contribution to the production.

The book gives a breakdown of activities, shareholdings, subsidiaries and associates, products and structure of the listed companies. It also profiles 1 683 leading business personalities. The companies or individuals were charged an editorial fee to appear in the book.

It is primarily intended for distribution abroad, but will also be available in SA.

Cape Times 23/10/86 (60)

Opinion

How business can identify with blacks

ANNOUNCEMENTS by General Motors, IBM and Coca-Cola that they are withdrawing from South Africa have thrown the spotlight on the anti-apartheid role of multi-national companies which remain.

These observations are taken from an article by Professor A Prakash Sethi, professor of management at Baruch College, City University of New York, who recently edited an issue of the US quarterly, Business and Society Review, which was devoted to South Africa. He is the author of books on business responsibility and advocacy advertising. His article was written before the recent decisions to disinvest were announced.

THE immediate question facing American companies in South Africa, and for that matter all business institutions — South African and foreign — is not what they have already done, but what they must do to identify their interests with those of the black majorities who must eventually play an increasingly larger role in the governance of the country.

Time is running out for the business community to become more active in contributing to conditions leading to a peaceful transition in South Africa.

Their capacity to do so is indeed quite limited. However, it must be exercised to the fullest possible extent if private enterprise, as we know it, is to have any future in a post-apartheid South Africa.

The question that will be asked of them is not what they have done, but what they should be doing in terms of their capacity for action and whether they are doing all that is possible.

The American companies should take highly visible measures that demonstrate their abhorrence of the apartheid system.

THE primary focus of these measures would be to challenge the outer limits of the apartheid laws with a view to constantly confronting the government into admitting that these laws are unwarranted and must be changed.

Another measure in this direction would be to test the sincerity and commitment of the South African government by constantly pushing the compliance levels of those apartheid laws that have supposedly been suspended or repealed.

These could be undertaken in a variety of ways:

□ Encourage workers to break the laws that on the face of it are hard to justify, thereby putting the South African government in an awkward position if they insisted on compliance. The example of General Motors in South Africa, where it promised to pay the legal expenses of black workers who violated the segregated beach laws in the area of GM's operations, is illustrative of this approach.

□ Acquire housing in predominantly white segregated areas and assign it to the company's black workers of similar socio-economic class to live there.

□ Assign blacks franchises and other operational privileges in company-owned premises or business activities that are primarily located in white areas or cater to a white clientele. Be very open and aggressive on the company's objective in doing so, and also be prepared to take some losses as a consequence of loss of white patronage in some of these facilities.

□ Locate corporate facilities in areas where it is easy for the black employees to commute, thereby making it easier to hire and promote more blacks in supervisory and managerial positisons.

US companies, in co-operation with other like-minded firms from South Africa and other countries, should create forums for bringing together leaders of all political segments with a view to discuss possible ways of creating a more democratic South Africa, provide avenues for negotiating transition arrangements between the South African government and opposition groups, and build higher threshold levels of trust among various groups whose co-operation will be necessary to develop and implement a viable plan for power-sharing in South Africa.

Similarly, US companies should also take the initiative and leadership position in disseminating the ideas generating through these forums, as well as their opposition, to the current form of apartheid-based and minority-dominated government, through news media and paid advertising, to make the black people in South Africa aware of the commitment of US private enterprise toward equality and fairness for all the people in South Africa.

They should create an employee stock-ownership plan where a company would allocate a certain amount of funds based on either annual sales, profits, or asset value that would be used to assist a company's employees to buy stock in the company. The fund would be a partial recognition of the company's excess earnings in South Africa that resulted through lower wages and other discriminatory exploitation resulting from the apartheid policies of South Africa.

Both the employee and the employer would contribute toward the purchase of the company stock. However, the company's share of the purchase price would be weighed more heavily toward the lower end of the wage spectrum.

ALTHOUGH black employees will be affirmatively favoured under such a plan, it is recommended that the stock-ownership plan should be available to all of the company's employees. This is one of the necessary ingredients for a peaceful transition to a post-apartheid South Africa and should create a harmonious work environment.

There should be affirmative plans for encouragement of black entrepreneurship through allocating a certain proportion of a company's business to black-owned companies. Experience in the United States shows that such a plan can be highly successful if a company's purchase agents are encouraged, through salary increases and other forms of recognition, to seek out and nurture black-owned enterprises.

In education, companies should provide scholarships and fellowships to different schools that are tied directly to an institution's level of achievement in integrating their educational facilities above and beyond those considered acceptable by the South African government. Thus an institution's level of support per student would be increased when that institution increases its non-white enrolment above 20, 25 or 30 percent within a certain period.

Emphasis should be placed in creating greater black enrolment in professional schools, for example, law, engineering, business and medicine.

To the extent possible, scholarships and university-support programmes should be clearly identified with individual companies. This would provide the participating students, the institutions, and the community at large, with a recognition of US companies' commitment to South Africa and its black population. Furthermore, it will also create in people's minds a better association between private enterprise and public good.

Grogan's world

Some home remedies are simple (4) — Work to prepare soup (4) — Advertising, 14 Bramble, 16 Opossum, 17 Unfair, 19 Rheas, 21 Stain

(Psalm 95:6, 7)

Letters — Cape Times 23/10/86 (54)

... will be permitted near the Woodstock beach until the action of the currents has been ascertained.

(60) CAPE TIMES 21/10/86

Life after disinvestment better, say SA subsidiaries

Finance Staff

LIFE after disinvestment? Without doubt, this is the answer from many SA subsidiaries of foreign businesses as they adjust favourably to new conditions.

Barry McCurdie, MD of the Johannesburg-based business equipment company Micrographix, is quick to point out the benefits of parent companies disinvesting.

McCurdie said: "The withdrawal of Bell & Howell has enabled the group in SA to rationalize management to increase productivity and efficiency and to improve market share.

"We have been able to shed the excessive administrative burden of meeting complex overseas reporting procedures laid down by the foreign parent company."

Decision-making was no longer tied to overseas policies that failed to take local problems into account.

McCurdie said MGX continued to benefit from its long-standing association with a multinational "by having access to all the lastest technology from Bell & Howell".

The threat of sanctions did not pose the same problems to an SA-owned company as those faced by a wholly-owned subsidiary in SA.

"There is greater scope in sourcing products from abroad," McCurdie said.

Summit 'snub' for foreign companies

CAPE TIMES 7/11/86 ... 68

Own Correspondent

JOHANNESBURG. — Executives at multinational subsidiaries and bilateral trade organizations have been excluded from the State President's summit meeting with the business community today.

Leaders at major foreign corporations yesterday confirmed that they had not received invitations to the day-long meeting in Pretoria.

And representatives of the American Chamber of Commerce, the SA-Britain Trade Association and the German Chamber of Trade and Industry said they also were not asked to attend.

"Obviously, they don't regard us as being a part of the business scene here," said Amcham director Kenneth Mason.

He said he had contacted the State President's office, and was told that invitations had not been extended to executives at American subsidiaries.

A spokesman for the State President said she could not confirm the exclusion of foreign multinationals from the summit. A list of those invited would not be released, she said.

Executives at Mobil, Hewlett-Packard, Burroughs-Memorex and Kodak said they had not received invitations, and Shell SA chairman John Wilson has already stated publicly that he was not asked.

American corporations employ between 80 000 and 90 000 South Africans. British multinationals are said to employ twice that number.

Linda Ensor reports that black businessmen have distanced themselves from both parties. A blacks-only "economic summit" later this month was announced which will seek closer co-operation with black progressive organizations.

The conference will debate the "Africanization" of the economy and its handover by whites to blacks — in sharp contrast to today's summit which will in part be talking about the handover of state-controlled economic functions to the private sector.

The 15 000-strong National African Chambers of Commerce and Industries rejected participation in the summit.

Nafcoc said no meaningful discussion on economic strategy could take place without debating critical political issues.

Nafcoc's Transvaal Regional Convention is organizing the conference, which will be held in Johannesburg on November 27 and 28. It is keeping top secret the list of "progressive organizations" and speakers it will invite.

The outcome of the meeting will be closely watched by the British Government for signs of what it regards as the will needed to break the political stalemate, reports **John Battersby**.

"What is needed now is the political will to move the situation forward," a Whitehall source said. The British Industry Committee on SA is also keenly awaiting the result.

7/11/86 BUS DAY (60)

Business summit: foreign corporations excluded

Business Day Reporters

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Argus 11/11/86

60

INVESTMENT

British ready to replace US firms in SA — survey

The Argus Foreign Service

LONDON. — British companies are ready to step into the vacuum left by American companies pulling out of South Africa, according to a new, unpublished survey.

The Geneva-based Institute for Research and Information on Multinationals British says too that investment by United Kingdom corporations is showing "continuing resilience" in the face of political unrest.

In the survey British companies in South Africa came under fire for their anti-union policies.

UK-based companies in South Africa were more anti-union than those of other countries, were less active in opposing apartheid and, unlike the Americans, showed no sign of leaving.

The report gives four reasons why American companies have opposed apartheid more actively than their European counterparts.

- They are under much greater pressure from shareholders and anti-apartheid groups,
- The principles formulated by Leon Sullivan for multi-racial employment have influenced them, more so than the European Community code has in relation to European companies,
- Most have American managers while the European companies are often run as joint ventures by locally recruited managers, and
- Unlike the Americans, European multinationals believe that too rapid transition from apartheid would "unleash tribal antagonisms and eventually sweep away existing democracy".

Meanwhile, the British government announced plans for an extra £10-billion in public spending, drawing charges from the Opposition that it was trying to buy election votes.

The Chancellor of the Exchequer, Mr Nigel Lawson, has told Parliament that public spending targets for 1987 and 1988 had been raised by £4,6-billion and £5,5-billion respectively.

Mr Lawson said most of the extra cash would be earmarked for education and health, two politically sensitive areas in the run-up to general elections which have to be held in 1988, but are expected next year.

The Chancellor said the cash would come from a combination of extra tax receipts stemming from economic growth, the sale of more State assets, contingency funds and possibly higher than forecast oil revenues. There would be no additional public borrowing, he said.

Mr Lawson said the move did not represent any loosening of the government's tight hold on the economy.

"There can be no question of allowing the projected increase in public expenditure over the next two years to undermine the prudence of the government's overall fiscal stance," he declared to hoots of derision from the Opposition benches.

The government plans were immediately branded by the Labour Party leader, Mr Neil Kinnock, as "a strategy to bankroll the Tories for the election".

"This last-minute splash will be treated with contempt by a British public that doesn't believe the government any more," he said.

A joint statement from the centrist Liberal-Social Democratic Alliance accused the Chancellor of "cynically stoking up a pre-election consumer boom at the expense of long-term revival".

In a forecast on the British economy, Mr Lawson predicted economic growth, measured by gross domestic product of 3 percent in 1987, after 2,5 percent this year.— Sapa-Reuter.

November 11 1986

Jews fear they'll be first to suffer

Israelis are facing mounting pressure to sever their special ties with S Africa

JERUSALEM — National Party retribution on South African Jewry were Israel to sever its special ties with the Republic is a possibility relayed to officials here as part of the price of distancing the country from apartheid.

The officials are resisting mounting pressure on Israel to cut its relations with South Africa, saying some of the country's 120 000-strong Jewish community believe they could be the first to suffer.

It is being recalled that the National Party included prominent leaders with Nazi sympathies before and during World War 2. It is believed this is still prevalent in the party and could spark an anti-Semitic reaction.

Low-key response

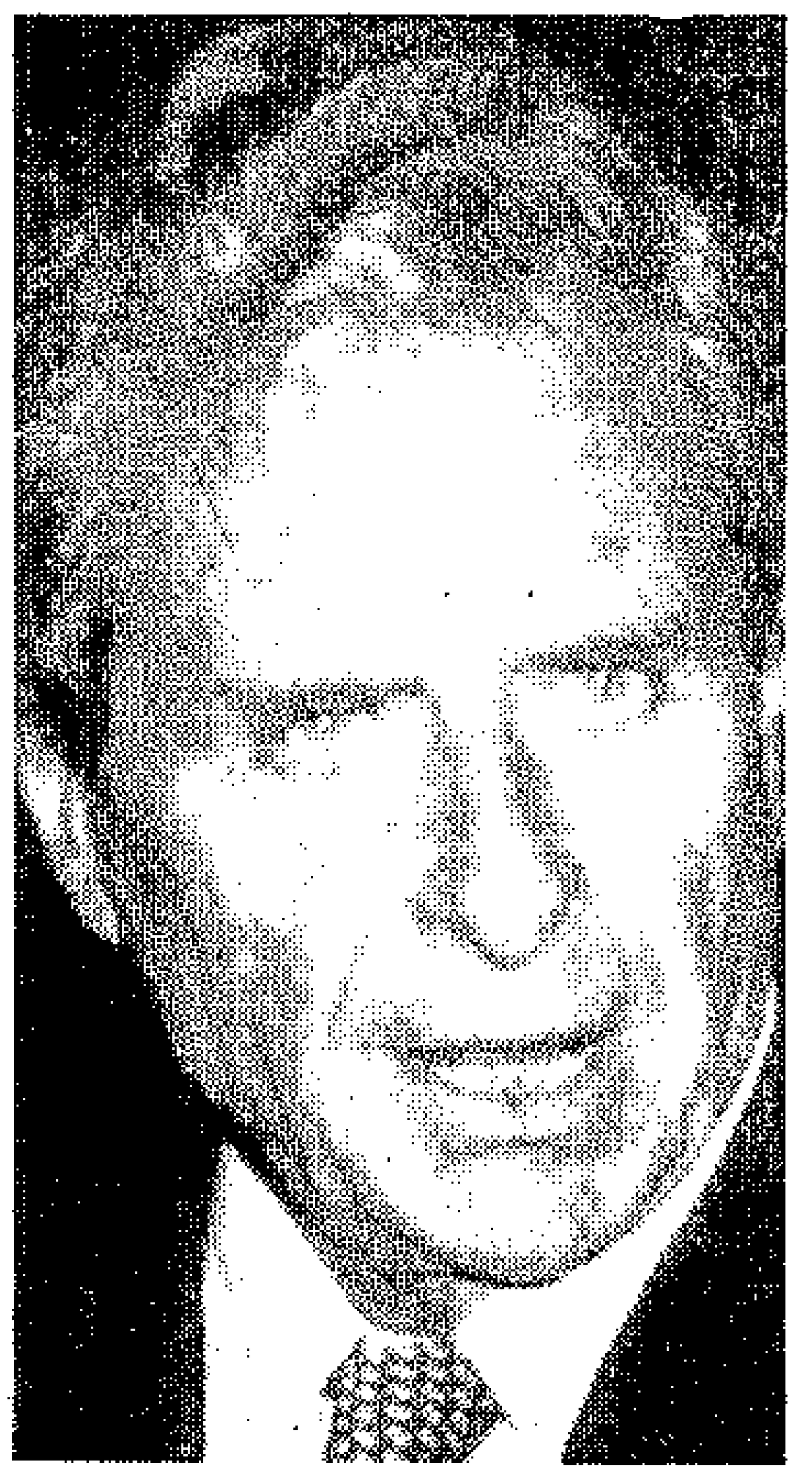
Israel's low-key response to Pretoria's race separation policy has come under fire since the United States decided to impose economic sanctions and six major US corporations said they would close their South African operations.

Israel announced earlier this year it intended to follow the United States' lead in responding to apartheid. Knowing President Reagan's opposition to sanctions, Jerusalem felt safe. It didn't bargain for the congressional override of Mr Reagan's veto in September.

Pressure on the government also comes from another quarter — Israeli diplomats charged with trying to renew ties with black Africa after a 13-year break. The diplomats argue privately that Israel can't have both.

"If Israel continues its current policy, the black community will remember that Israel increased its trade when other nations began to desist," the liberal Jerusalem Post said in an editorial. Israel was becoming "stuck to the tar baby of apartheid", it added.

The 38-year-old links between



Yitzhak Una: "As Jews, we should feel a tie with Afrikaners."

Israel and South Africa are so sensitive that Israeli officials have refused to discuss any aspect of them in public. The Foreign Ministry is willing only to say the issue is being evaluated.

Although South African Jews face no restrictions now, some Israelis warn that the seeds of an anti-Semitic backlash have been planted.

The founders of the National Party include Nazi sympathisers and the party denied membership to Jews until 1951. Some South African whites are openly anti-Semitic, including members of the Afrikaanse Weerstandsbeweging, South African Jews tell Israel.

"When Israel is not on good terms with any government, the Jews of that country are always the first to suffer," Mr Eliyahu Lankin, Israel's ambassador to Pretoria from 1981 to 1985, said in an interview.

"Israeli-imposed sanctions would make life difficult for the Jews of South Africa and that must be our first concern."

In addition, Israel feels a special affinity for a fellow-pariah surrounded by enemies. Israel often gives Pretoria diplomatic support.

"The Afrikaner feeling of isolation, the fear that comes from being an outnumbered and disliked minority, should certainly strike a chord in our own memories," said Mr Yitzhak Una, an ambassador to Pretoria from 1974 to 1979. "As Israelis and Jews, we should feel a tie to them."

The extent of the ties is being questioned.

It has long been reported that the two countries worked together on development of a nuclear bomb and even tested the bomb off the South African coast in the 1970s. Israel denies this.

Israeli Government statistics show trade between the two countries totalled R555 million in 1985.

Israel's special links to South Africa stem, too, from its unusually close ties to the country's Jews.

Give more money

Since Israel's founding, no Jewish community anywhere outside Israel has been "quite as intensely Israeli-oriented as the South Africans", Middle East historian Howard Sachar wrote in his 1979 book "A History of Israel".

A higher percentage of South Africa Jews belong to Zionist organisations than in any other country in the world and South African Jews give more money to Israel than the Jews of any other country except the United States.

The South African Zionist Federation and Israel's immigration authorities have launched a campaign to persuade South African Jews to come to Israel.

They are offering unprecedented financial inducements, including special housing and loans. — Sapa-Associated Press.

US, European firms 'differ on SA'

Own Correspondent

LONDON — A new survey draws a sharp contrast between the role of West European companies investing in South Africa and their US counterparts.

The Americans, says author Geoffrey Hamilton, have played a prominent role in trying to persuade the International Chamber of Commerce (ICC) to take a clear political line against apartheid.

He claims the ICC's European membership has blocked US attempts to persuade the ICC to threaten wholesale disinvestment unless the SA government met certain conditions.

Hamilton is head of research at the Geneva-based Institute for Research and Information on Multinationals.

The institute's 23-page report cites several main reasons why US-based companies have been more active in opposing apartheid and, in some cases, disinvestment.

US multinationals are under much greater pressure to disinvest than their European counterparts. Such pressure comes from shareholders, consumer and anti-apartheid groups, churches, and local and national legislatures. The US's black community is taking a leading role.

No comparable campaign exists in Europe and the influence on governments of trade unions, particularly in West Germany and the UK, have "rarely been at such a low ebb".

Hamilton says the principles for multiracial employment formulated by US civil rights campaigner Leon Sullivan in 1977 have been much more effective in influencing US companies than the EC code has been in relation to European companies.

While US President Ronald Reagan has withheld subsidies from companies violating the principles, there has been no equivalent enforcement of the EC code.

While most US multinationals have wholly-owned subsidiaries with US managers, many subsidiaries of European companies are run as joint ventures by locally-recruited managers, making them, to the public, "indistinguishable from indigenous South African companies".

The report says companies' political action could be best exercised "less by trying to influence the SA government and more in support of their black employees and the trades union movement in their struggle."

Hamilton adds: "Out of this trade union movement will come, in all likelihood, the future leaders of South Africa, and it makes business sense for the companies to develop the closest possible links (with them)."

According to the survey, British companies in SA are more anti-union than those based in other countries and less active in mounting opposition to apartheid. They also show less sign than their US counterparts, such as General Motors, of pulling out of SA.

BUS DAY 12/11/86

Foreign firms 'have an SA role'

DIANNA GAMES

FOREIGN companies in SA can foster a policy of affirmative involvement by staying in the country and justifying their presence to their workforce.

This was said yesterday by Jack Bloom, MBA student from the University of the Witwatersrand, who was speaking at an American Chamber of Commerce in SA briefing yesterday.

He added that this involvement would include making business resources available in an effort to prove the *bona fides* of business, which could provide a stable foundation for a "viable post-apartheid future".

Bloom, who has undertaken extensive research on black attitudes to disinvestment, said the "over-advertised policy of constructive engagement" lacked the symbolic drama of the protest movements and was easily construed as outright collusion with apartheid.

This had boosted anti-Americanism and anti-Westernism, he said.

Bloom added that a number of disinvestment surveys since 1984 had indicated an increasing hardening of attitudes and growing support for a conditional middle option.

He spoke of a recent study done by the London *Sunday Times* which polled rural blacks for the first time and found they were more opposed to sanctions than urban blacks, while 36% professed to have no knowledge of the issue.

Bloom said if the aim of the disinvestment issue was to cripple SA's economy to force political change, "this is already within the capability of black workers".

"Those politically-inspired stayaways so far experienced fall far short of any sustained general strike such as would dwarf any possible overseas pressures," he said.

Tensions within trade unions on the disinvestment issue were likely to become more common as sanctions measures began to bite and one should not be surprised at strike action after disinvestment, as with General Motors.

Bloom said it was too easy for black leaders to ignore the ambiguity of the issue and "we get this pernicious moral blackmail that if you are not unequivocally for sanctions, then you are guilty of racism".

Lonrho backs Beira route

16/11/86 SUN TIMES 61

By EVELYN HOLTZHAUSEN
London

A BRITISH multi-national company is playing a key role in attempting to free the African frontline states from their economic dependency on South Africa.

According to reports in London late this week, Lonrho chairman Mr R W "Tiny" Rowland recently had "confidential" talks with Zimbabwean Prime Minister Robert Mugabe during the course of a Southern African tour which included visits to Maputu and Lusaka, where he had talks with Zambian President Dr Kenneth Kaunda.

Interests

Lonrho's interests spread throughout sub-Saharan Africa from Ghana to Kenya and include substantial interests in South Africa.

The company is taking a pioneering role in reviving the economy of the "Beira corridor" through Mozambique which has been wrecked by recent civil war, but which provides Zimbabwe with its only link to ports independent of South Africa.

Lonrho is believed to operate its own militia in Mozambique to police its cotton plantations and the Nacala Railway in the rebel-infested north of the country.

Farms

The company has also re-opened farms along the rail, road and oil pipeline route, believed to be guarded by more than 6 000 Zimbabwean troops against the Mozambique Resistance Movement (Renamo).

The most recently announced Lonrho deal was to market Ugandan coffee snd help finance the country's cotton industry, and it will also construct an oil pipeline from the Kenyan border to Kampala.

22/11/86 STAR

60

160-plus companies have now withdrawn

Confirmation that Bata Shoes, the largest Canadian-based employer in South Africa, is to bale out of the country brings to more than 160 the number of companies, large and small, which have joined the scramble to evacuate in only the past three months.

Bata's company secretary Basil Baker says in Toronto that Bata operations in SA are already being sold.

A senior US embassy source comments:"It is all very well proclaiming, as in the Press today, that a company like Kodak's pull-out is 'no big deal'.

"But, taken collectively, the rush to get out can only damage already shaky business confidence and increase the strains on already overextended South African corporate ownership and management."

Adds a leading US businessman influential in the American Chamber of Commerce in SA (Amcham):"Admittedly, many of the companies withdrawing are doing so mainly on economic grounds. They have just not been able to achieve the returns regarded as the lowest acceptable.

"But their statements make it clear that these "business" decisions to withdraw were inevitably rooted in political soil.

"Economic conditions, they have said, might have been acceptable if they hadn't been crippled by negative political statements, actions and perceptions — none of which the companies thought were now likely to improve in the medium-term or longer."— Sapa.

Cape Times 22/11/86

60

European firms 'keen to stay here'

BRUSSELS. — Unlike their US counterparts, European multinationals are reluctant to leave South Africa, according to a British researcher.

Mr Geoffrey Hamilton, a former assistant at Glasgow University who is now working for the Geneva-based Institute for Research and Information on Multinationals, has written a book on the subject to be published soon.

The book is based on interviews Mr Hamilton had with managers of European multinationals and on visits to their South African subsidiaries.

"The profit of European investments in South Africa is on average higher than that of US multinationals and higher than their own profit elsewhere in the world," he wrote in his book. "Also, European multinationals cannot, contrary to US companies, fall back on a large national market. They depend much more on the international market and cannot or dare not take the risk of reducing it."

But also important in the decision by European companies to stay was their political vision of South Africa's future, according to the British researcher.

"The European multinationals are far from showing as much enthusiasm as Americans about the black liberation in South Africa," Mr Hamilton wrote.

European investments in South Africa represent 75 percent of total foreign investments, according to the British researcher. — Sapa-AP

25/11/86

2 big companies reaffirm their decision to stay in SA

EVE Post

LONDON — The Royal Dutch Shell Group and Standard Chartered, two of the major multinational giants about which there has been speculation concerning links with South Africa, yesterday reaffirmed their intention to remain in SA.

They were speaking as the business world resounded to the echoes of the Barclays decision to withdraw.

A spokesman for the Shell Group said the group's attitude to investment in SA had not changed.

"While we and Shell SA are totally opposed to apartheid, we do not believe that disinvestment by Shell would help to quicken the pace of reform."

A spokesman for Standard Chartered spelt out a similar attitude towards the company's presence in South Africa.

He said the company had no plans for further disinvestment in South Africa. Any decision in the future would be based on commercial judgment.

Most of the other top firms that have either left or announced withdrawal are American:

In terms of local employees, the top 20 are General Motors with 3 056 employees, which plans to sell; International Business Machines, with 1 600, plans to sell; VF Corporation, 960, sold to South Africans.

General Electric, 727, sold to South Africans; Eastman Kodak, 654, plans to liquidate; Coca-Cola, 465, plans to sell.

Eaton Corporation, 375, sold to South Africans; Marriott Corporation, 350-400, sold to South Africans, and Foster Wheeler with 307 employees, plans to sell.

Proctor and Gamble, 290, plans to sell; Delaware North, 260, sold to South Africans; Sara Lee, 203, sold to Dutch; Warner Communications, 181, plans to sell; Honeywell, 176, plans to sell; Bell and Howell, 166, sold to South Africans; Phillips Petroleum, 166, sold to West Germans; Cooper Industries, 140, sold to South Africans.

Scovill, 130, sold to Americans; Manpower, 102, sold to British; Rohm and Haas, 101, sold to South Africans.

The dozen biggest US companies still in SA, with no announced plans to leave, are: Mobil, 31 182; USG, 2 631; Goodyear, 2 471; Caltex, 2 186; RJR Nabisco, 2 084; Allegheny International, 2 025; Johnson and Johnson, 1 389; United Technologies, 1 261; Colgate-Palmolive, 1 234; Norton, 1 228; 3M, 1 174; American Cyanamid, 1 167.

Cape Times 25/11/86

Biggest capital pull-out from SA

60

JOHANNESBURG. — Of the companies that have divested from South Africa this year, Barclays Bank is by far the biggest, in terms of the capital it will eventually pull out, its local investment and number of employees.

Most of the other top firms that have either left or announced withdrawal are American.

In terms of local employees, the top include:

General Motors with 3 056 employees, which plans to sell; International Business Machines, with 1 600, plans to sell; VF Corp, 960 employees, sold to South Africans; General Electric Co, 727 employees, sold to South Africans; Eastman Kodak, 654, plans to liquidate.

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CAPE TIMES 3/11/86 60

Pressure on foreign giants likely to mount

LONDON. — The decision by Barclays to pull out of South Africa on apparently unfavourable terms indicates its eagerness to disinvest and will increase pressure on other European companies to withdraw, analysts said.

Britain is the largest European investor in SA with about 150 companies and investments worth around £6 billion (R20 million), according to Nick Mitchell, director-general of the British Industry Committee on SA.

Major psychological impact

The withdrawal of Barclays from Barnat, the biggest SA bank, is bound to have a major psychological and political impact, analysts noted.

But the initial reaction by major companies with investments in SA after the move was that there would be no rapid change in policy.

In West Germany, a chamber of commerce and industry spokesman said: "There are no indications that West German companies will follow suit".

The possible difficulties of finding buyers prepared to pay an adequate price could restrain disinvestment even if more companies wanted to leave, analysts said.

One of the buyers of Barclays' stake, (Anglo American Corp of South Africa Ltd), has itself been trying to diversify out of SA for decades, they said.

"You can't really say you are staying to work for peaceful change if the likes of General Motors and International Business Machines have given up," Mitchell commented.

"There will be others (leaving) unless the pace of change in SA accelerates," he said.

However, the Royal Dutch Shell Group and Standard Chartered, two of the major multinational giants about which there has been speculation concerning links with SA, yesterday reaffirmed their intention to remain in SA.

A spokesman for Shell, which employs 10 000 people in SA said: "We do not believe disinvestment by Shell would help to quicken the pace of reform."

He said Shell's attitude remained it was preferable to be in SA, working for peaceful reform. It was education for blacks and increased job opportunities that would further this aim, he maintained.

Shell had been in SA for 70 years, he said. Their staff ratio was 49 percent white and 51 percent black.

A spokesman for Standard Chartered PLC, the other UK bank with extensive SA interests) spelt out a similar attitude towards their presence in SA.

He said there were no plans for further disinvestment in SA. Any decision in the future would be based on commercial judgment.

Responsibility to employees

He cited cross-border loans as one reason for staying.

"It's not ideal to disinvest with an £800 million (R2,6 billion) portfolio in cross-border loans," a spokesman said. But he noted its stake in its SA unit had declined to 39 percent from 50 percent and could well drop further in the future.

Daimler Benz Ag chief executive Werner Breitschwerdt said disinvestment would bring hardship to the people they are meant to help.

"We have a responsibility to our 5 000 SA employees, of whom 80% are black," he said.

France, with around $1,6 billion (R3 billion) of investment has banned further investment and stopped some state-owned companies renewing contracts.

Britain and Germany, however, have decided to maintain a "positive presence" and say that pulling out state-owned companies would harm the black population.

European companies to stay put—report

DD 26/11/86

Dispatch Bureau

LONDON — European multi-national companies will not follow the American example and move out of South Africa, according to a report to be published this week by the Geneva-based Institute for Research and Information on Multi-nationals (IRM).

In an advance statement, the IRM stressed that little attention was being paid to the fact that three-quarters of all direct foreign investment in South Africa came from European multi-national companies (EMNCs) — and most wished to stay.

The report, titled European Multi-nationals in South Africa, which was prepared by a political scientist, Dr Geoffrey Hamilton, after extensive consultation with many EMNCs, said European links and capital investment in South Africa had a long history which was crucial to development and the eventual eradication of apartheid.

The Americans, by comparison, had only increased their investment after World War II — and their growth had not altered the pre-eminence of the European involvement.

Apart from the social, cultural and historic ties with South Africa, the EMNCs' return on investment tended to be greater, as well as more significant in terms of world-wide activity than the American groups, said the report.

Also, the EMNCs could not return to a large home market place like US companies, "they are far more dependent on an international market and cannot, dare not, voluntarily contribute to its shrinkage".

The Europeans felt that by staying and developing liberal employment practices, contributing to an improvement in the quality of life and economic stability, their presence was beneficial and would lead to the peaceful eradication of apartheid.

Dr Hamilton argued further that the Europeans did not adopt the same "political campaigning posture" of the US firms whose withdrawals "made news".

The Europeans believed in the principle of non-interference in the domestic affairs of other countries.

When it was argued that South Africa should be an exception to the rule, they pointed to "questionable regimes" like the Soviet Union and many other African countries and "South Africa thus does not present a logical justification for being singled out for special treatment".

Europeans also had a different perspective from the Americans towards the sytem of racial segregation. The Europeans did not view "liberation" with the same equanimity, fearing that the "heavily tribalised" South Africa was very different from the westernised American black.

The IRM advance statement added: "The key to dismantling racial segregation, for the EMNCs, is their employment practices and their wider social role in the local communities, promoting blacks to important managerial positions, providing special training, paying equal wages and recognising black trade unions."

Austrians build aircraft in Ciskei

Cape Times 28/11/86 (60)

Own Correspondent

PORT ELIZABETH. — A R6m deal for the establishment of a specialized light aircraft industry by an Austrian company in Ciskei was signed there yesterday.

The specialized observation aircraft were expected to roll off the production line from the middle of next year, Mr Rainer Moringer, a director of the Austrian company, said.

The aircraft would sell in South Africa and overseas for about R140 000, said Mr Moringer, who was in the country this week to clinch the deal with the Ciskei People's Development Bank.

He said construction of the Ciskei Aircraft Industries factory at the homeland's airport near Bisho would begin in January and manufacturing of the locally made aircraft soon afterwards. Only the engines would be imported.

More than 150 jobs would be created, of which less than 10 percent would be taken by non-residents, Mr Moringer said.

A production capacity of 100 aircraft annually had been envisaged.

According to Mr Moringer, the Austrian Company, HB Aircraft Industries AG, had for some time been looking elsewhere to expand its industry.

"Ciskei offers the business opportunity we are looking for but obviously the market here is not big enough. We'll be looking to the whole of Southern African as a market," he said.

The single-engined aircraft is called the Scanliner. It will be used to cover next month's 244-km Port Elizabeth-to-East London surfski marathon.

Leading British businessman says European firms should stay in SA

STAR 3/12/86

60

BRUSSELS — A leading British businessman spoke out yesterday against economic sanctions on South Africa, saying the best way to end apartheid was for European companies to stay in South Africa.

Sir Leslie Smith, who is chairman of the British Industry Committee on South Africa, was speaking at a news conference to present a book on European multinationals in South Africa, written by a British researcher, Mr Geoffrey Hamilton.

CHEAP IMPORTS FROM SA MORE EXPENSIVE

Sir Leslie said it was difficult to enforce economic sanctions. They could damage the South African economy, add to political problems and lower the standard of living of the population.

Sanctions could indirectly hurt European countries by increasing the prices of cheap imports from South Africa and by reducing jobs in European industries working with South Africa.

"To speed up reforms and support moderates, European industry must remain in South Africa," Sir Leslie said.

A socialist member of the European Parliament, Mr Ernest Glinne, called for sanctions following the US Congress Act. He called for more coherence from European leaders, who "by lack of political will decide on measures with loopholes without any concrete result".

"Political and economic pressure is needed," Mr Glinne said, "since the ultra-conservative white minority must feel the stick on its back."

Mr Hamilton claimed in his book that, unlike their US counterparts, European multinationals were reluctant to leave South Africa as they had no domestic market similar to America to fall back on and were less enthusiastic about black rule in South Africa.

BLACK LIBERATION WILL DESTROY DEMOCRACY

He wrote that the profits on European investments in South Africa were on average higher than those of US multinationals and higher than their own profits elsewhere in the world.

Mr Hamilton wrote that Europeans also feared that "the black liberation, far from broadening the basis of democracy, will destroy it. European multinationals don't excuse apartheid, but they fear the consequences of a too brutal elimination of this regime."

According to the British writer, Europeans believed the way to dismantle apartheid was through increased "social influence". — Sapa-Associated Press.

Capital still flows into SA

ABOUT R18m, invested on a "hush-hush" basis by (mainly Japanese) Far East interests via the financial rand, represented the latest development in a growing flow of "undercover" capital entering SA despite official disinvestment policies overseas, Alkan Industrial Consultants MD Schalk Coetzee said yesterday.

He said the Far East funds had financed SA's first video cassette and audio equipment manufacturing complex in the Botshabelo industrial area near Bloemfontein.

Coetzee said at the opening of the complex — built for Electronic Magnetic Associates (EMA) South Africa — the R94m invested in Botshabelo in the past three years had come "predominantly" from overseas.

"Another seven industries" involving a similar proportion of fixed overseas investment were under investigation by his company in "other areas of Southern Africa".

Coetzee said: "As location consultants, we have recently been instrumental in establishing 31 undertakings of which 19 are from overseas."

That had helped create 6 000 jobs and another 12 new projects in the pipeline for Botshabelo would mean another 3 000.

Coetzee said: "When the multiplier effect is taken into account, industrialists here have been instrumental in creating a livelihood for more than 50 000 people."

☐ Finance Deputy Minister Kent Durr said at the same gathering self-reliance in international markets should not be used as an excuse for a laager mentality.

Durr said it was imperative that viable import replacement industries be developed. — Sapa.

LIZ BARDER examines the contrasting attitudes to economic sanctions against South Africa between US and European companies

NEWS 19/12/86

Sanctions and SA — the 'quitters' and 'stickers'

60

NOTHING would be gained if British companies pulled out of South Africa, according to Sir Leslie Smith, chairman of the British Industry Committee on South Africa. His views relect the equanimity with which European multinationals are facing the mounting crisis in the country, and the escalating withdrawal by US companies operating there.

Sir Leslie, whose organisation groups together with the majority of British companies opposed to economic sactions against South Africa, was reacting to a recently published report by Geoffrey Hamilton, of the Institute of Research and Information and Multinationals.

"European Multinationals in South Africa" is based on interviews with 30 companies in Europe and South Africa. It designates the European multinationals as "stickers" in their response to the crisis, while American companies, disinvesting by the dozen, are portrayed as the "quitters".

THE stickers' motives are not easily unravelled: Barcalys Bank was saying it intended to stay in South Africa only days before it withdrew. Geoffrey Hamilton points to the more robust political stance taken by the US companies who have reacted to the pressure of the anti-apartheid campaign at home. Europeans, by contrast seem politically neutral to campaigns against apartheid, perhaps reflecting the virtual absence of discussion on South Africa by European foreign ministers.

Mr Hamilton says that for European companies in South Africa, "the sanctions package being completed will be a cause of some concern, but not of major worry".

On the surface, this seems surprising. While the US companies have huge home markets to go back to, the European multinationals don't share a similar luxury (although Barclays Bank intends to reinvest in the United States). On the other hand, Mr Hamilton points out that any ban on new investment would have little effect on the majority of European subsidiaries whose activities are financed by their own locally generated funds within South Africa.

THE difference between the "quitters" and the "stickers" is primarily one of perfection of apartheid. American companies relate to the situation by recalling events of 30 years ago in the United States, when American blacks waged their own civil rights campaign and were absorbed into the US capitalist system. European multinationals are less sanguine: according to Mr Hamilton's report they equate the ending of apartheid with what has happened in the virtual one party states of Zambia and Uganda.

Although they pay lip service to the need to end apartheid, the Europeans take the Thatcher line that sanctions are "immoral" and disinvestment will increase unemployment among South African blacks further damaging their chances of improved conditions of life.

Europe's multinationals, says Mr Hamilton, have a long-term commercial interest in developing a strategy which will not jeopardise their future relations with the eventual black leaders of the country. They remain however, as many of them readily admit, "silent partners of the South African regime" by their tacit refusal to carry even metaphorical political banners.

Prospects of a bloodbath are met by the "stickers" with calls for "common sense" and so-called evidence that sanctions have never made any government change its policy. They point to South Africa's widespread government control and the strength and size of its army. Against such odds, they say, sanctions will not bring about the end of apartheid, but only weaken the economy in whose health, they argue lies the hope for South African blacks.

The report reveals a position veering from the paternalistic to the self-protecting — if the two are not indissolubly linked. Sanctions, warn the European companies will be costly to the countries which apply them. Change will only be forced on the Afrikaner government by a growing economy.

The refusal to react politically to apartheid, which characterises the European multinationals, is in stark contrast to the US companies. Many of the US "quitters" have entered the political arena to demand change. The Hamilton report highlights the need for help in building up black trade union structures in South Africa.

THE European multinationals respond by fearing that black workers, deprived of political representation, will use the unions as a political platform. If apartheid is synonymous with capitalism, then they fear black unions will become inseparable from socialism.

The EEC code of conduct for businesses in South Africa, drawn up in 1977 advocates promoting blacks to managerial positions, providing special training, paying equal wages, the payment of a minimum wage, alleviating the situation of migrant workers and recognition of black trade unions.

Only sporadically monitored, and never legally enforced, it is considered, in the words of one company, as "a bloody nuisance". Furthermore European multinationals are nervous of allowing black unions an active role in monitoring it.

The Hamilton report, although factual and restrained, leaves little room for doubt that unless European multinationals refuse to invest in apartheid what they face will assuredly be bloody and much more than a nuisance. —

20/12/86 (60) STAR

Effects of disinvestment will be felt in a year

Mr Harry Schwarz . . . a fallacy that only US companies will pull out.

By David Braun, Political Correspondent

Disinvestment by American companies from South Africa will start affecting the economy in about 12 to 18 months, says Mr Harry Schwarz.

Mr Schwarz, PFP spokesman on finance, said it was a fallacy to believe that only American companies would be pulling out of South Africa.

He predicted that the current wave of disinvestment would soon be followed by the withdrawal of European and Japanese companies.

Mr Schwarz said many of the American pull-outs would have no immediate impact on the economy because business was continuing and the same people were being employed.

It was further evident that there had been no large-scale withdrawal of funds from South Africa because the financial rand had not been under excessive pressure, he said.

"The real problem is going to come in the medium to long-term when South Africa starts experiencing difficulties with the availability of technology and new concepts.

"In many cases there will be problems with product substitution.

"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 12 to 18 months when the real impact of disinvestment will be felt," Mr Schwarz said.

FOREIGN FIRMS - S.A.

GENERAL

JAN - DEC 1988.

WEEKLY MAIL 16/1/87.

Black plan to buy up divesting companies

By SEFAKO NYAKA

CIVIC leader Dr Nthato Motlana and three other Soweto businessmen have formed a company aimed at buying out companies pulling out of South Africa.

The chairman of the company, Black Equity Participation (Pty) Ltd (BEP), is former Urban Bantu Council member Richard Maponya. The other partners are former Inkatha executive member Gibson Thula and a Soweto doctor, Jackie Mphafudi.

Maponya has confirmed that one of its aims is to "negotiate" with companies planning to pull out of South Africa, but would not elaborate.

The company was formed last August but Motlana, who claims he is a "peripheral member", said he was only drawn in two months ago.

Speaking from the African American Institute conference in Botswana, Motlana said: "I only agreed to come in because I thought this is something that blacks could exploit.

"BEP is, I believe, intended not only to focus on departing companies but on getting a piece of the action for black businessmen."

He said the majority of companies BEP had spoken to are "South African companies operating within South Africa" and not companies pulling out.

He said his impression, when approached, was that the group would focus on available business opportunities in South Africa.

BEP, he said, had not yet taken over or acquired any company, as the project is still in the "brain-storming" stage.

●To PAGE 2

WEEKLY MAIL 16/1/87.

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●To PAGE 2

BEP's busy negotiating several sales

WEEKLY MAIL 30 280 60

16/1/87

●From PAGE 1

Maponya was just as reluctant to talk about the company. But he said BEP is presently negotiating with a number of companies poised to pull out of South Africa in the near future.

He said he "would not be happy" if the *Weekly Mail* published the story because "if we disclose at this stage we are going to get into a position where the whole thing may even abort".

One of the companies BEP is rumoured to have negotiated with is the multi-million rand oil corporation, Mobil.

However, Mobil SA yesterday denied that it was holding discussions with BEP or that it was to make a major announcement on May Day about pulling out of South Africa.

"Mobil has no intention of pulling out and has categorically said so on numerous occasions in the past few months," a company representative said.

The South African Congress of Trade Unions has condemned BEP's intentions, saying the "cloak and dagger manner of the deal exposes the selfish, individualistic attitudes of those involved".

"A buy-out plan does nothing to solve the vexing problems of the country."

36 new companies sign Sullivan Code of ethics

60 STAR 17/1/83

In November last year, there were 184 signatories to the Sullivan Code of ethics, of which 36 were new, the signatories' 10th annual report said.

The report said only five of the signatories were non-United States companies.

A total of 33 signatories withdrew — 29 were no longer in South Africa, two were dropped for non-payment and one had to report to the Canadian Government.

Another company withdrew as it had merged with another signatory.

The principles, aimed at eliminating racial discrimination, were laid down by the Rev Leon Sullivan in 1977.

Sullivan companies comprise approximately one percent of the economically active South African labour force, the report said.

Signatories are asked to pay their employees at least 30 percent above the minimal living level (MLL) established by the University of South Africa and the household subsistance level (HSL) established by the University of Port Elizabeth.

In the 10th report all the signatories reported paying 30 percent above the MLL, which averaged about R350 last year.

The signatories reported that on average their lowest-paid employees received 60 percent above the MLL, while six signatories paid wages of more than twice the MLL.

All the signatories said their facilities were desegregated.

Signatories also contributed a total of R25 million to further the education of blacks, coloureds and Asians who were not their employees. This is more than double than the amount paid out for the same purpose last year. — Sapa.

Chemical workers to vote on strike action

CT, Times 18/11/88 Staff Reporter (60) 182

MEMBERS of the Chemical Workers' Industrial Union (CWIU) will today ballot for industrial action at Shell and Mobil after talks for industry-wide negotiations broke down.

A union spokesman said yesterday that CWIU had reached a "compromise proposal" with Caltex, BP and SA Petroleum Refineries for national company-wide negotiations next year.

The union blamed Shell and its subsidiaries Veetech, Cera Oil and Shell Chemicals, together with Mobil Oil and Mobil Refinery, as being "intransigient".

Foreign investors 'have kept faith' in their SA holdings

Star 18/11/88

60

By Derek Tommey

Foreign investors have a greater faith in South Africa than many people here give them credit for. Much of the 31 percent slide in gold shares on the Johannesburg Stock Exchange in the first half of this year was blamed at the time on selling from overseas.

"Its the Dellums Bill (aimed at ending US investment in South Africa)," commentators said. "Its making foreigners sell their shares."

Foreigners were also said to be selling because of the drop in the gold price, from just under $500 last Christmas to around $430 at mid-year, and because they were concerned about the country's prospects.

But these commentators were wrong. Very wrong, for foreigners were only minor sellers.

Mr Mike Brown, head of research at Davis Borkum Hare, has carefully analysed foreign holdings of South African shares in the first half of this year. He has found that while foreigners were sellers on balance, the number of shares sold was far less than in 1986 and 1987 — in spite of what might be considered increased inducements to disinvest. In fact, he found that foreigners even increased their stakes in a number of gold and platinum mines.

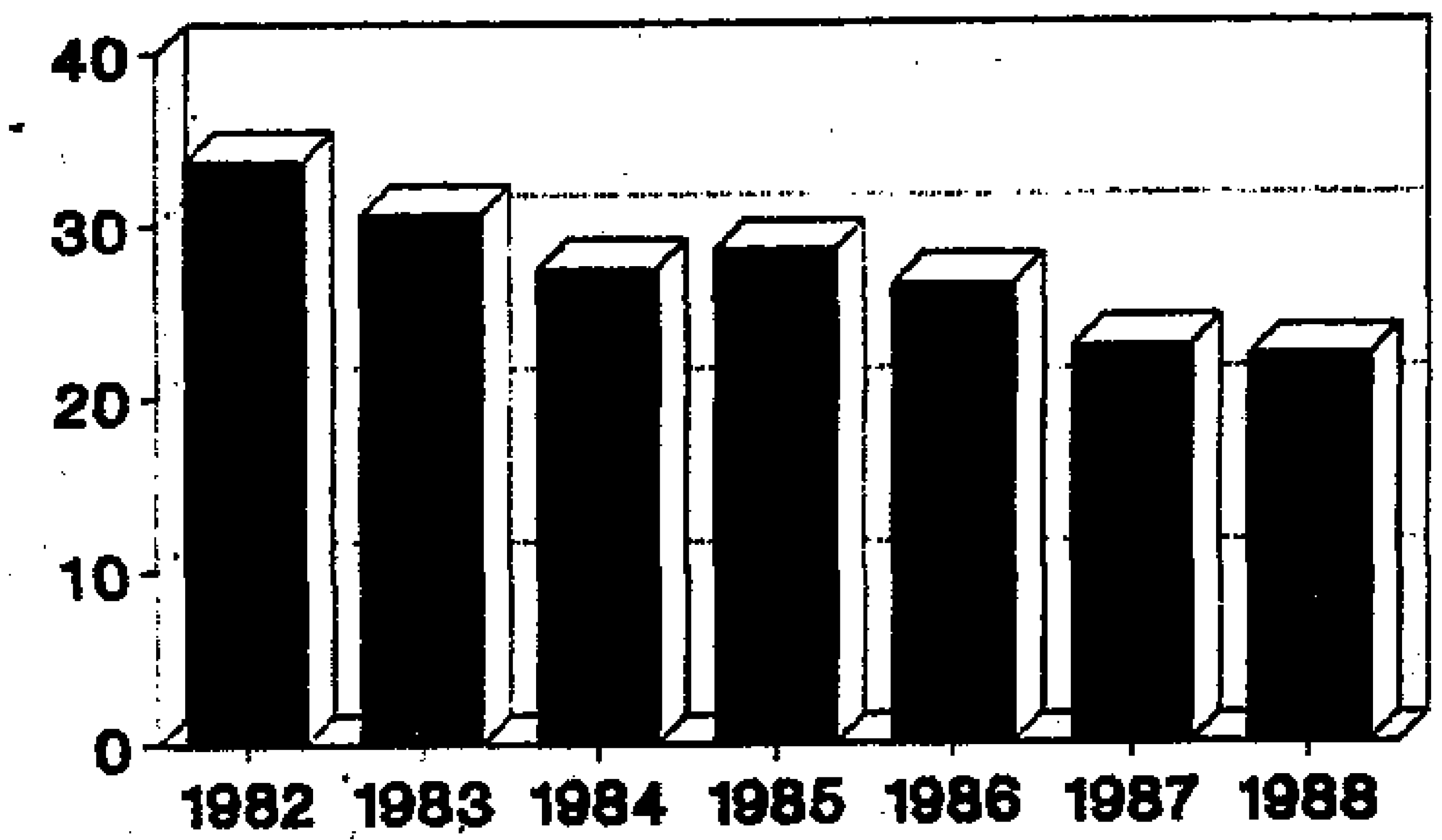
Mr Brown's figures are based on American depository receipt (ADR) returns, on the Soges and Sicovam registers of South African shares held by Belgian and French investors and on an inspection of the London and "Cape" registers of South African mining companies.

The analysis shows that foreign investors reduced their holdings of South African shares from 647,8 million in December to 631,1 million in June - a drop of 2,6 percent.

This reduced the percentage of South African gold shares in foreign hands from 23,0 percent to 22,4 percent.

Gold shares in which foreign investors increased their holdings were: SA Lands, Vaal Reefs, Welkom, Western Deep, Bracken, Buffels, Stilfontein, St Helena, Deelkraal, Driefontein, and Joel "B". Holdings of Afrikander Lease and Driefontein were unchanged. Holdings of other golds were reduced from marginally to fairly substantially.

Foreign investors markedly reduced their stake in Loraine, from 49,6 percent to 46,0 percent. They reduced their investments in Doornfontein, Venters, East Dagga and Egoli by similar amounts. But they cut their holdings in Durban Deep, ERPM, Leslie, Elsburg and Randfontein by up to 10 percentage points.



Foreign ownership of SA mining shares (percentage of shares issued).

While other factors might have played a role in these sales, in most instances they can easily be accounted for by following prudent investment advice.

Mr Brown also found that overseas investors increased their stake in Impala platinum mine from 16,7 percent to 18,9 percent of its total issued capital, and their stake in Rustenburg from 14,6 percent to 14,8 percent of its capital.

There was a slight drop in foreign ownership of De Beers shares — from 33,7 percent to 33,5 percent.

Broken down on a geographical basis, the percentage of South African shares held in North American fell fractionally from 13,8 percent to 13,6 percent, while the percentage on the London register dropped by 6,8 percent to 6,7 percent.

However, Belgian and French holdings rose from 2,2 percent to 2,6 percent. North American residents increased their holdings of platinum shares and British residents their holdings of De Beers.

These figures compiled by Mr Brown suggest there is a substantial numbers — a hard core — of investors overseas who believe that gold is still an attractive investment and who are willing to continue holding South African gold and platinum shares, in spite of heavy pressure on them to disinvest from this country.

of thousands of spectators and the sounnd of dozens s' horns after a gripping race, which was only decid- n New Zealand botched the rounding of the seventh n the eight-leg course.

er rounded the last mark just nine seconds ahead New Zealanders lost half a minute by scraping the nd having to go around again.

Kiwis, near-unbeatable in the preliminary races eir controversial fibre glass hull, showed they could e the pressure.

winning 37 of 38 races on their way to the final, the ealand yacht was the first challenger in more than es to hit a marker buoy.

error cost 25 year-old skipper Chris Dickson any of closing on Conner. — (Sapa-Reuter)

French make the

Paris—Hundreds of skiers sweep thro long heavy snowfalls had allowed Pa

ohn artin kes OC lead

EY—South Africa's Martin, sailing Tuna e, has taken the lead third leg of the BOC nge solo round-the- yacht race.

in is closely followed enchman Jean Yves ain in Uap-pour ins Sans Frontieres.

ling third position is ts Lu, sailed by Guy rdin. Bernardin is iling as an American t after receiving his can citizenship late ar.

d eighth

French competitors fourth and fifth s. Titouan Lamazou, von the second leg in

Terrorism cited as Dutch company disinvests

60 N M 20/1/87

Mercury Correspondent

JOHANNESBURG—Two foreign companies confirmed yesterday that they were about to leave South Africa and a third said it would sell two of its subsidiaries.

SHV, the Dutch trading multinational which, together with its West German partner, holds 67% of the Makro cash-and-carry chain, said it was 'conceding to terror'.

U S-based Black & Decker blamed political pressure.

Gallaher, a London holding company, said commercial reasons were responsible for recent decisions to sell the kitchenware firm Prestige Group S A and the engineering group G North.

All three firms said activities would continue as before, but under new management.

SHV has been plagued by a series of arson attacks by the Revolutionary Anti-Racist Action in the Netherlands.

A buyer for SHV's stake in Makro — widely thought to be Safren — is to be announced in a few weeks. Safren holds 33% of the chain.

Losing

Gallaher, a wholly owned subsidiary of U S-based American Brands, had no plans to sell its two other South African holdings, Mono Pumps and FIP Africa, a spokesman said in London yesterday.

Pietermaritzburg-based Prestige said negotiations had been under way since early last year to sell the firm.

The Prestige Group in London, which is controlled by Gallaher and owns 100% of Prestige in South Africa, has been negotiating with possible buyers in South Africa and Europe.

Prestige S A's managing director, Mr J A Snowden, said yesterday a management buy-out was a possibility.

G North has been losing money for some time.

SHV, a private trading firm ranked in the top 10 Dutch companies, said it had decided to withdraw from South Africa because the Government refused to step in after the British insurance company Commercial Union cancelled cover for political risks after a blaze at a wholesale store earlier this month.

It was the fourth fire in 16 months. One store was attacked twice. — (Sapa-Reuter)

SA management to buy out Bostik

60

29/1/87 NORMAN SHEPHERD B/Day

SA MANAGEMENT is to buy out Bostik, BU Engineering and British United Shoe Machinery's footwear materials division by the end of the year, US holding company Emhart Corp said yesterday.

British United's shoe machinery branches worldwide should also be sold within a month, SA branch financial director Edwin Hauley said.

He said the SA branch was included in the sale of the branches back to the company which owned them until 1976, British United Shoe Machinery Lester.

Emhart SA MD Dennis MacDonald said: "It will be business as usual until the buyout is concluded."

Details of the buyout were not released but Hauley said: "I cannot see any change other than a change of shareholders. There should be no retrenchments and operating structure will not change. Supplies should not be a problem as the main suppliers are in the UK and West Germany."

Hauley added that Emhart's SA subsidiaries operated in competitive markets.

Bostik concentrates on providing sealants and specialist adhesives to the construction, building, footwear and automotive industries.

Bostik employs 450, British United 350 and BU Engineering about 100.

Israel under U S pressure over S A links

(60) W/M 2/2/87

London Bureau

THE Israeli Government faces a deepening dilemma over pressure from the United States Congress to scale down its commercial and military links with South Africa.

Congress has asked President Reagan to report by March on recipients of American aid who supply military equipment to Pretoria. Under a law passed last September, such countries stand to lose all U S military aid, which in Israel's case amounts to $1,8 billion (about R4 billion) a year.

The danger has split the coalition Israeli Government headed br Prime Minister Yitzhak Shamir, writes the Jerusalem correspondent of the Sunday Telegraph.

The controversy cuts through party lines. The strongest advocate of the South African connection is Mr Yitzhak Rabin (Labour), Minister of Defence. But other Labour Party ministers call publicly for Israel to join the Western boycott of South Africa, and they are backed by some members of Mr Shamir's Likud.

The extent of Israel's relationship with Pretoria is shrouded in bland statistics and awkward denials, says the Sunday Telegraph.

Government figures show imports worth $180 million (about R380 million) each year — much of it coal — and exports worth $80 million (about R170 million).

Some of these are classified as 'electronics', but details are not available. There is official silence over foreign reports of arms transfers, technology agreements and of licenses to manufacture Israeli warplanes.

Periodic allegations that Israel and South Africa cooperate in a nuclear programme are always dismissed.

Meanwhile, Sapa-Reuter reports from Jerusalem that Israel yesterday denied an allegation in a new U S Senate report that it proposed diverting profits from the Iran arms deal to anti-Government Nicaraguan contra rebels.

Cape farms pull foreigners

DD 7/2/87

(60)

(B)

PAARL. — Foreigners are showing keen interest in Cape farms, with farms in the Boland fetching up to seven figures.

The well-known historic grape farm, Wilde Paardejacht in the Klein Drakenstein area, was recently sold for R1 million to a Canadian, Mr Richard West, who lives in Britain.

Another farm in the Klein Drakenstein area, Dennegeur, was sold for R900 000 to a Swiss buyer, Mr Hugo Schwegler.

Negotiations are at present taking place for the sale of two farms at Simondium, near Paarl, with prices in the R1 million bracket. The interested parties are a Canadian and a West German.

Last year a farm in the Stellenbosch district was sold for R8 million. — Sapa

An uneasy balancing game — Divestment and influence:

WK ARGUS 7/2/87 (60)

By MICHAEL MORRIS
Weekend Argus Foreign Service

THE WEST would probably lose interest in South Africa and lose its influence in the region as a whole if all foreign companies disinvested entirely, warns British author and journalist, Anthony Sampson.

But, equally, foreign businesses will be spurned in Africa unless they make clear they have changed sides and have confidence in a future black government.

He told the Royal Commonwealth Society last week: "The debate has tended to suggest that once companies got out of South Africa, the West's links will have been cut and the struggle will be much simpler.

"That is a mistake. The most important thing companies can do is not just to disinvest, but to change sides. I believe this has more impact on Pretoria and on many blacks in South Africa than simply getting out."

Sampson, whose new book *Black and Gold* — about the relationship between "revolutionaries" and "tycoons" in South Africa — is to be published here soon, said he had had the privilege of a "front row seat in the stalls for this impressive drama'.

He believed the issue of disinvestment was the most important "facing us today" and he referred repeatedly to the "astonishing and immense" impact of the withdrawal of confidence by world bankers, which precipitated the rescheduling crisis.

"One of the ironies is that campaigners have achieved more through disinvestment campaigning than by more tactful options ... but there is a danger that if it were to succeed completely — as it could in the US — it could be followed by a lack of interest in Africa as a whole, and particularly South Africa."

The South African business community, he said, was in a "unique situation", though it had always been reluctant to enter the minefield of politics".

"But it is difficult to avoid the role, since modern South Africa is in part an invention of business.

"The idea grew up that business and politics were uniquely separated in a country where they are, in fact, uniquely linked ... and that realisation has now dawned.

"The more one looks at the history of the last two years, the fearful, tragic fact is that it was the explosion of violence which produced a change in thinking by people."

Reflecting on the watershed meeting between a group of South African business leaders and the ANC's exiled leadership, he said it was striking that businessmen had "that ability and pragmatism to look ahead and make that leap".

While he admitted to disappointment at "their inability to follow it through", he believed businessmen "can be more flexible than politicians who are often caught in the dogma of fixed traditions".

He cited Barclays, which has extensive interests in the rest of Africa, which had "gone out its way to show they have confidence in black Africa and have openly been seen talking to the ANC when that was regarded as heretical".

Besides presenting bolder challenges on the home front, "it is becoming increasingly possible for companies to show extreme doubts about the regime, by calling on Zambia (the ANC), on a possible government of the future. There is nothing more worrying to Botha."

On the vexing question of sanctions, Sampson said that although "we keep hearing sanctions are not working and that they have no effect or are counter-productive ... there is no doubt they have immense effect."

Cape Times 22/1/88 (60)

Foreigners buy local debt-ridden firms

By AUDREY D'ANGELO
Financial Editor

FOREIGN investors are using financial rands to buy control of SA manufacturing firms which have survived the recession but have a heavy load of debt, the manager of Nedbank's international division, Robert Stone, said yesterday.

Advantage

Attending a presentation by the Seeff Property Organization, which is marketing a R200m portfolio of Western Cape properties overseas, Stone said increasing numbers of overseas buyers were taking advantage of the financial rand exchange rate to acquire holiday and retirement homes.

In many cases, they were buying into retirement villages, where they would spend six months of the year to avoid the European winter.

But, Stone said, investment in manufacturing firms was becoming even more popular because this gave a better return than property. Most foreign investment in the PWV area was of this type.

"There are a lot of firms which managed to get through the recession but they are up to their ears in debt.

"British and continental European investors realize that they are getting a bargain by investing in financial rands and they have regained confidence in SA now that they don't watch Johannesburg burning on their TV sets every night, and they see our economy taking off.

"But very often they want control of the firm in which they are investing."

Confident

The head of Nedbank's exchange control department in the Western Cape, Daniel Pechiné, said Americans as well as Britons and Europeans were buying houses and flats of all types in the Western Cape.

"They seem confident of the future in SA and point out that there are troubles in overseas countries, too."

S/T 28/2/88

Foreigners to invest R30m in SA

(60)

By Udo Rypstra

FIFTY-FIVE companies — most of them foreign — will invest more than R66-million in South Africa in the next year by setting up factories in decentralised areas.

A total of R30-million is expected to be invested through the financial rand.

Setting up of the companies is being handled through Alkhan Industrial Consultants (AIC), of Randburg. In the past four months it has helped to move 16 manufacturing plants to regional industrial development points. Of these, 12 were foreign companies.

10 000 jobs

Managing director Schalk Coetzee says applications by the 55 have been approved by authorities such as the Decentralisation Board, municipalities, development corporations and the Reserve Bank.

Four companies are from Israel, 11 from Hong Kong, 21 from Taiwan, three from Italy, two from India and one from Britain. The rest are SA industrialists who wish to expand or establish ventures.

Mr Coetzee says: "By the end of July 1989, another 10 000 job opportunities throughout Southern Africa will have been created by the these industries. They include the manufacture of gold chains, leather and plastic products, sports shoes, office furniture, clothing, woven plastic bags, power tools, textiles, fashion shoes as well as the processing of semi-precious stones, diamond cutting and polishing, and processing of marble and granite."

Sanctions

Mr Coetzee says the "bottom-line considerations" sought by foreigners remain profits and maximum dividends for shareholders.

"Sanctions are fortgotten when investors are made aware of the potential for secure investments in Southern Africa. The incentive packages are among the highest in the world. We have the brain power, the labour force and the raw materials. Combining these will be to the benefit of Southern Africa and all its people."

Since its establishment in 1983, Alkhan has been instrumental in moving more than 60 foreign companies to SA. This represents about R72-million in foreign investment and the creation of more than 10 000 jobs.

rch 1 1988

(60) B/day 1/3/88

SA a bad risk for investors — review

Concern whether SA can handle problems

DESPITE an improvement in economic confidence levels, foreign investors have been warned that SA continues to present a bad risk.

MICK COLLINS

The authoritative International Bank Credit Analyst (IBCA) says a long-run inflationary bias in policy combined with the growing demands for a redistribution of wealth and political power by non-whites suggests SA remains a "risky place" for investors.

In its January review of major trading nations, the Canada-based IBCA says it is also concerned about how SA will weather a global economic slowdown and a downturn in current commodity price inflation.

"So long as the rise in world inflation and commodity prices remain intact, the upward momentum in the South African economy will continue. However, the strong likelihood of a reversal in the underlying trend in world growth and inflation in 1988/89 suggests that SA may be headed for further problems.

Inflation

"The inflationary bias in fiscal and monetary policy has produced inflation of 15%/20% during the past three years despite a domestic recession for much of the time period. We remain very concerned that a reversal in the fortunes for South African exports, due to a global slowdown, may generate a tremendous political dilemma which will ultimately lead to greater inflation."

On the positive side, the IBCA says the economy is slowly awakening after two to three years stagnation with improved confidence and stronger import volumes.

"Foreign bankers have relaxed capital constraints slightly as SA has moved aggressively to pay off foreign debts, the economy is generating a substantial current account surplus which will continue in 1988 and capital outflows diminished." However, it says, the outlook for capital investment is mediocre with continued social instability and excess capacity still evident.

SA remains a resource-based economy and the overhang of commodity gluts generated during the 1960s and 1970s implies greater vulnerability for the country during bouts of global recession and deflation.

"Only a massive devaluation in the currency during the 1980s has prevented greater economic hardship."

The IBCA adds that the Reserve Bank has done a good job in creating room to manoeuvre should the currency come under selling pressure again.

MD sees positive side of disinvestment

Pullouts 'have aided entrepreneurship'

60

HELENA PATTEN

DISINVESTMENT of multinationals from SA had created a new breed of entrepreneurs, Information Trust Corporation (previously Dun & Bradstreet) MD Paul Edwards said.

"Managements of affected companies have, in most instances, leapt at the opportunity to purchase productive assets at a fair value," he said in Johannesburg yesterday at the official launch of the new company.

SA ownership of foreign subsidiaries would result in foreign-currency savings because dividends and management fees would not be repatriated.

Many deals had also been structured to allow employees to participate in ownership.

Edwards said: "Our employees will receive 25% of the company, based on their length of service and their level of grading.

"This has already had a positive impact on motivation and productivity, and will, in turn, create new wealth among employees who might never have had such an opportunity."

On the SA economy, Edwards said: "The present upturn might just run out of steam unless government is prepared to act quickly and imaginatively.

"Bold action is required by government to rectify the imbalance between corporate and individual tax contributions.

"Bracket creep has ensured that contribution by personal income taxes, perks taxes and GST has increased from 24% in 1980 to more than 50% of the total contribution to State revenue."

Government's expansionary fiscal policies, excessive pay hikes for civil servants and lack of control on spending in 1983 and 1984 had led to government applying the brakes too firmly in August 1984. Government now had to get the economy moving again without pushing inflation through the roof.

4/3/87

Sats unions in debate on new deal

GERALD REILLY

A REVOLUTIONARY wage-bargaining system for Sats' 11 unions will be discussed by the Federal Council of Sats Trade Unions at a meeting in Johannesburg today.

Until now, Sats unions have had to accept the same deal as the rest of the public sector. The recommendation that a labour council be established for railway workers has been made by a committee headed by labour expert Nic Wiehahn.

The council would consist of representatives of the 11 unions and of Sats' management. Federal Council chairman Jimmy Zurich said yesterday it would have powers similar to those granted to industrial councils. If the recommendation is accepted, the labour council would have final authority to determine the extent of pay rises and improvements to other service conditions, without reference to the Minister of Transport.

Economist's warning on sanctions lobby:

Pressure on SA will spread wide

By Claire Robertson, Pretoria Bureau

Political and economic pressure on South Africa will grow stronger and spread from the United States and Britain to Europe and eventually Japan, says economics expert Mr Jesmond Blumenthal.

Mr Blumenthal, who lives in Britain, where he lectures at Brunel University in west London, was addressing a luncheon meeting of the South African Institute of International Affairs (SAICC) in Pretoria yesterday.

He has published widely and co-authored a book titled "The West and South Africa".

Speaking on "Sanctions and Western economic policy towards South Africa", Mr Blumenthal — the SAIIC's Bradlow Fellow for 1987 — said the pro-sanctions lobby abroad was "very well organised". It had taken a long-term view and used increasingly sophisticated and persuasive arguments.

"I place relatively little faith in the expressed commitment of some major Western firms operating here of their intention of remaining in South Africa," said Mr Blumenthal.

The pro-sanctions lobby was concentrating its efforts not so much on demonstrations — such as those at Shell service stations in London recently — but on pressure on local and regional authorities to have them change their procurement policies.

"It requires only one major local authority to refuse to buy from a firm to make that firm change its mind about staying in South Africa," said Mr Blumenthal. "Some rough times are envisaged ahead. I see the range of official sanctions being extended.

"The battle now is over the scope of sanctions and whether they will be made mandatory or not. The number of countries willing to veto mandatory sanctions is dwindling."

The flow of new financial resources would continue to be inhibited, he said. "I see little hope or scope for new foreign investment in South Africa."

The focus on South Africa would be shifted to the broader Southern African region, he said. This process had already begun, and Western aid to the Frontline states had increased substantially in the past few years.

This was coupled with military aid — those Western countries having recognised the importance of securing countries into which they were pouring resources.

Mr Blumenthal described the situation between the West, the Frontline states and South Africa as a "vicious circle".

The policy South Africa pursued towards the Frontline states was destructive of their infrastructure. Those states pressured the West to apply sanctions on South Africa.

Favourable trade balance

South Africa in turn tried to stop this by applying more pressure on those states.

South Africa also enjoyed a very favourable balance of trade with those states, he said. This surplus offsets the deficit South Africa had on its current account with the rest of the world.

"In the final analysis, the argument is about raising living standards. There is only one way to do this — by a vast injection of new resources, both domestic and foreign."

He added: "There is an increasing realisation that there is relatively little the West can do to influence things in South Africa.

"But the West will be driven by domestic political considerations, and not by consideration of what impact their policies have on South Africa, he said.

Western governments were responding to the perceived need to take action in South Africa "regardless of the consequences".

SMR 4/3/87

60

Shell, activists differ over BBC report on SA

ARGUS 5/3/87

60

280

The Argus Foreign Service

LONDON. — Anti-apartheid activists have attacked a BBC television report which casts doubt on the support for disinvestment among blacks in South Africa.

However, Shell, which is the target in a tough disinvestment campaign, has welcomed it.

Shell hailed the programme as well balanced and fair, and as showing "that not all people think companies should pull out".

The Anti-Apartheid Movement (AAM) said the programme suggested that Shell had an "unhealthy influence" over the BBC. The BBC has rejected this accusation.

In an interview on Newsnight programme yesterday, Mr Chris Dhlamini, vice-president of Cosatu, said his organisation had never called for foreign companies to pull out, but did support sanctions.

Dr Allan Boesak said withdrawal of foreign interests was low on his list of objectives, and that effective sanctions would be preferable.

But AAM, which has made March a Month of Action for People's Sanctions, and strongly supports disinvestment, decried the programme as "a very dishonest piece of journalism".

A BBC spokesman said: "We reject those criticisms totally. The report reflected a cross-section of views on the impact of disinvestment in South Africa and is only one of a series of programmes examining the problems there as far as Government restrictions will allow.

"It included interviews with notable leaders, such as Allan Boesak, Chris Dhlamini, a Wits student as well as John Wilson, chairman of Shell."

Cash pours in as foreigners just spend! spend! spend!

(60) SPOST 16/3/87

CAPE TOWN — Several hundred million rand is believed to have poured into South Africa as an increasing number of foreign investors take advantage of the still relatively weak financial rand.

They are buying property, listed securities and businesses.

In the Western Cape, historic farms are proving the big attraction and several near Paarl and Stellenbosch have been sold to foreign investors for R1 million and more.

These include *Wilde Paardejacht* in the Klein Drakenstein area, sold for R1 million to Mr Richard West, a Canadian living in Britain, and *Denegeur*, which went to a Swiss buyer for R900 000.

Two years ago Mr Jannie Momberg, athletics administrator and campaign manager for Dr Denis Worrall, sold his historic *Neethlingshof* farm to German financier Mr Hans-Joachim Schreiber for about R8 million.

Estate agents calculate that, with foreign buyers able to put up at least half the price in financial rands, a R1 million property would cost about $320 000.

"The terms are very attractive because, having bought at the financial rand rate, they can take out their profits in commercial rands," one estate agent said.

Mr Johan Louw, managing director of a Paarl estate agency, said buyers did not appear to be interested in the political situation. — Sapa

year to February 28, 1988
than dou...

...se of 72% over

portunities generally while at the same time ensuring the investment is suitable for the smaller investor."

Cape Times 16/3/87 -60

Disinvestment survey

JOHANNESBURG. — High income earners, older people and the English-speaking whites were more worried and concerned about disinvestment from SA, according to a recent study.

The survey conducted by the Market Research Africa found that one in every two white South African adults were greatly distressed about the shedding of foreign investment.

"Concern is greatest with those in executive, managerial, professional and technical occupations, and with those in the A income group where average monthly houselold incomes exceed R3 500," it said.

It found that:

☐ 55% of the high income earners were deeply concerned about the effects of the campaign.

☐ Older people were more worried than the young. Only 40% of 16 to 24-year-olds were worried, compared to 56% those over 50 years.

☐ 44% of Afrikaans speakers were worried, less than their English counterparts of whom 54% expressed concern. — Sapa

...anticipated Macadams earnings per share for the ...
are expected to increase by 14...

Cape Times 16/3/87 60

suitable for the smaller investor.

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country.

Overseas investors swing to SA gold shares

60 STAR 18/3/87

By Neil Behrmann

LONDON — South African gold shares on international markets are out-performing bullion because their North American and Australian counterparts have surged to astronomical levels.

Fund managers in the United Kingdom and on the continent are finding that United States, Canadian and Australian shares no longer offer reasonable value. Since there are now hopes for reform in Ssouth Africa, the narrow South African market has attracted more buyers.

From its low point in July last year, the *Financial Times* gold share index in dollars has doubled to 534 points and average South African gold share yields on foreign bourses have tumbled from the 14 percent to 30 percent range to between 6 percent and 15 percent.

In spite of the collapse in yields, they are still excellent returns when compared with overpriced gold equities in other countries.

At a recent conference in New York, James Capel's gold share specialist, Mr Julian Baring, said gold mining markets were suffering from vertigo.

"I felt that I would be lynched when I told American mining executives and institutional shareholders that they were going a bit far," he said.

"They are paying over 40 times earnings for North American mines with lives of eight to 15 years.

"Warnings that mining shares are a risky business, even when they aren't so overvalued, fell on deaf ears. North American shares promptly jumped by 10 percent in the next two to three days," Mr Baring said.

He said the Canadian gold share index was about 13 times the gold price and currently about 25 percent above its recent high. The Australian gold index sold at 3,5 times the bullion price, 46 percent above its recent high. The South African international index is a mere 1,3 times the gold price. It is 40 percent below the 1985 high, which was then 2,1 times the gold price.

Mr Baring takes the view that the South African market could soar if international political perceptions changed. There would be a shift from Canada and Australia into Johannesburg.

The movement of the financial rand indicates this is already beginning to happen.

But Mr PW Botha is a master at disappointing optimists, and other brokers contend that South African gold shares — which attract high yields because of the political risk — are also looking pricey.

Last September, the rand price of gold was around R30 000 a kilo and it has since fallen almost 10 percent. Costs in the meantime are rising sharply.

Mining markets in short are anticipating a higher gold price, but so far bullion has failed to perform.

60

Sanctions are great (if they don't hurt)

The bottom line to this week's Scandinavian decisions to intensify sanctions is that boycotts are fine as long as they don't hurt too much at home. DUNCAN INNES reports

THE recent Swedish and Norwegian government decisions to intensify sanctions against South Africa seemed to indicate an escalation in the international campaign to pressurise Pretoria to change.

In a bold move, the Swedish government announced it was cutting bilateral trade with South Africa and was to stop Swedish companies from supplying their South African subsidiaries. Although publications and goods that might be needed on humanitarian or medical grounds were not affected, imported technical goods and equipment were expected to be hit.

If this were indeed the case it would put significant pressure on the six Swedish companies operating in South Africa, which would be forced either to draw their equipment from alternative sources, including local manufacturers, or close down.

The Swedish-owned engineering group, Alfa Laval, was likely to be particularly hard hit since most of its equipment used in the dairy and food industries is imported.

However, before President PW Botha had an opportunity to accuse the Swedish government of siding with the Soviet Union against us, Alfa Laval received the following telex from its Stockholm headquarters: "The new legislation, although stopping us from exporting goods or services directly or via third countries, does not stop the supply of goods manufactured or purchased by non-Swedish Alfa Laval subsidiaries. Such goods are not regarded as being of Swedish origin, nor does it force us to disinvest from SA."

So what will happen is that the parent company's non-Swedish subsidiaries will now supply Alfa Laval — either with goods they themselves manufacture or by adding value to goods manufactured in Sweden (adding value to a product may be something as trifling as a coat of paint).

For the six Swedish companies in South Africa, then, it looks like business as usual.

And what of the Norwegian government's sanctions proposals?

In terms of these, Norwegian companies have been given until late September to cut trade links with South Africa. These measures have in fact been expected for some time and Norway's two-way trade with South Africa has already fallen by over 30 percent over the past eight months.

However, there are two interesting qualifications to the government's proposal. The first is that, although the proposal bans crude oil shipments to South Africa in Norwegian-owned tankers, it does not affect those ships whose final destination is decided while at sea. In other words, the Norwegian tanker puts to sea destined for Luanda and while en route is told the cargo has been resold and must be offloaded in Cape Town. As critics of the proposals have argued, this leaves the door wide open for continued oil shipments to this country.

The second qualification is that the government has reserved the right to review the effects of the ban on Norwegian industry after two years. At issue here is the fact that most of Norway's imports from this country are high grade ores which are used in the ferro-alloys and light metals industries.

The Norwegian government is apparently concerned that some 2 000 jobs could be lost in Norway if these imports are cut off and, consequently, the legislation might be changed if Norwegian industry is hurt by these restrictions.

This latter point seems to be a common feature of the sanctions campaign as it is currently being conducted abroad. The policy seems to be that so long as it doesn't hurt too much, we will go along with it. This has been the thinking behind the many loopholes and exceptions which have been introduced to tone down the Comprehensive Anti-Apartheid Act in the United States.

It also seems to be the thinking behind those foreign countries which focus their sanctions campaigns against a few of our agricultural and industrial goods while leaving our major exports — gold and other precious metals, which comprise around 60 percent of our total export value — intact.

Despite the fact that sanctions against our main export commodities would deal a body blow to our economy, our trading partners don't contemplate it because of the disruptive effect it would have on their economies. So what price their commitment to the overthrow of apartheid?

With the spate of loopholes and exceptions being created in current sanctions measures against this country, it is small wonder that the South African government is presently unperturbed by these developments. The related issue of disinvestment recently developed into near farce when a British newspaper reported that Sanlam and the Afrikaanse Handelsinstituut (AHI) were actively encouraging the withdrawal of foreign firms from South Africa because they provided cheap buying opportunities.

Although — naturally — both Sanlam and the AHI formally denied the accuracy of the report, Derek Hunt-Davis, general manager of Sanlam's holding company, did say: "We buy companies or make investments on a merit basis as and when they become available."

To put it bluntly, many local companies are currently benefitting from the spate of disinvestments which have occurred.

However, while local companies are benefitting, the same cannot be said of the local work force. Where South African industries lose their export markets and alternatives are not found the effect will be loss of jobs. Furthermore, some companies threatened by sanctions are already arguing that, because their profits are being hit, they cannot afford significant wage increases.

It was Paul Simon who said, in relation to the cultural boycott, that there must be something wrong with a policy which hurts people who are already being hurt by apartheid.

Without wishing to deny the importance of putting pressure on the government in the struggle to scrap apartheid, it does seem as if there are serious problems in the way both sanctions and disinvestment are currently being implemented.

Foreign bankers now more optimistic about SA stability

STAR 60 26/3/87

By Anthony Robinson

Foreign bankers' acceptance of a three-year debt rescheduling agreement with South Africa is the clearest evidence to date of a fundamental change in perceptions about the country, its political stability and economic strength.

On February 20 last year bankers, especially United States bankers, refused South African pleas for a long term rescheduling. Mindful of shareholders and public opinion, they insisted on one year only and also pressed hard for maximum repayment of the $14 billion frozen by the August 1985 "debt standstill".

In the 13 months since then much has changed, both in the world and in foreign perceptions of South Africa. A year ago the nightly television of township violence and repression helped fuel the feeling that South Africa was heading for an Iranian-style revolution. Mounting sanctions and disinvestment pressure added to doubts over the ability of the economy to function and the willingness or ability of the authorities to continue servicing the frozen and unfrozen portions of a debt totalling $24 billion.

Few today would still argue that South Africa is on the verge of either political or economic collapse. Re-imposition of the state of emergency, accompanied by draconian curbs on the media, have succeeded in reducing the level of violence, although not, of course, the underlying causes. Neither sanctions nor disinvestment has had a significant effect, thus far at least. Some evidence points to the contrary.

Exports last year rose from R36,5 billion to R41,8 billion, while imports rose less, to give a record trade surplus of R14,9 billion, a major factor behind the more than R7 billion current account surplus.

Higher gold, platinum and other prices helped. But figures released this week, which showed that GDP grew by only 0,5 percent, instead of the original target of 3 percent, and other statistics which show a 16 percent decline in real fixed investment last year, demonstrate that the surplus from which loans are being repaid is largely the fruit of a depressed domestic economy.

But barring fresh political disasters, the economy is poised for faster growth. The Reserve Bank expects a current account surplus of around R5 billion, more if gold rises further.

Even before this week's debt agreement, the reserves had been rising sharply with the narrowing discount on the financial rand confirming brokers' reports that foreign investors attitudes were becoming more bullish.

The latest debt agreement, by removing a major uncertainty and putting the financial scene in a longer term perspective, is expected to encourage a further re-rating of South Africa's prospects.

Even so, it still leaves South Africa, essentially a developing country, in the position of a net capital exporter.

The real breakthrough still depends on developments in the political arena and convincing proof that apartheid is indeed about to be replaced by a form of power sharing acceptable to all race groups — and the watching world. — *Financial Times.*

Trust fund set up for blacks in SA

21/4/87 (60)

PD

JOHANNESBURG — The Union Carbide Corporation (UCC) is to set up a trust fund for the social advancement of blacks with dividends from its remaining South African investments.

No details of the amounts involved were disclosed.

In a statement released simultaneously in South Africa and the United States, The chairman of UCC, Mr Robert Kennedy, said the fund would be administered by a special board of trustees.

"The decision to retain our remaining South African investments at this time, and to dedicate dividends from them to causes such as black education and social justice, is the result of thoughtful consideration and an extensive study by a special committee of UCC's board of directors.

"The board, which we intend to be predominately composed of black South Africans representing a spectrum of constructive social and political interests, will determine how the money can best be utilised." — Sapa

Mystery sheik's identity disputed

(60) DD 28/4/87

Dispatch Reporter

EAST LONDON — Mystery shrouded the identity of a man said to be a sheik and one of the richest men in the world who had secret talks with a local businessman here at the weekend.

But the man who was described as offering complete package deals in hospital construction, has left in his wake a long trail of unanswered questions as well as demands by prominent East Londoners and politicians for his identity and bona fides to be made public.

Although the man was named as Sheik Alsayad Abdul K Al-Ahed by the director of Jalc Holdings, Mr Chris van Rensburg, who said he was a direct descendant of the prophet Mohammed and a man who, had it not been for politics, could now probably have been the King of Iraq, prominent Muslim leaders have disputed his claims.

The local leader of the Muslim community, Imaam Doelie Patel, and a spokesman for the Muslim Judicial Society in Cape Town confirmed yesterday they had never heard of the man. They knew nothing of plans to build a R70-million mosque.

Neither the Nationalist MP for East London City, Mr Peet de Pontes, nor the mayor, Mrs Elsabe Kemp, had heard that such a prominent potential investor was in East London.

A city councillor, Mr Donald Card, said last night there were questions that had to be anwered.

"Just who is this man and, if his visit is to do with investment, why were the mayor and Mr De Pontes not told of his visit?

Mr Card said it was not so long ago that a so-called sheik took the Transkei Government for a multi-million rand ride in a harbour development project before he disappeared.

The PFP Alliance candidate for East London North, Mr Errol Spring, insisted that there were questions that had to be answered. If the man is genuine, why the clandestine visit?

The SABC reported yesterday that Mr van Rensburg had said that the Sheik would probably be investing in Botswana and Lesotho. One of the major figures in the mystery, a Mr M. E. (Toni) Botha who was with the Sheik and Mr Chris Van Rensburg in East London, was contacted last night in an hotel in Sandton, Johannesburg.

Mr Botha, who claims to be an international financier, expressed surprise that he had been contacted "after this disastrous article". When told that there was some doubt about the authenticity of the sheik, he said: "no comment".

Govt not serious about EL — Spring

Dispath Reporter

EAST LONDON — The government was not serious or concerned about the future of East London, the East London North Alliance candidate, Mr Errol Spring, told a PFP/NRP alliance meeting of some 30 people here last night.

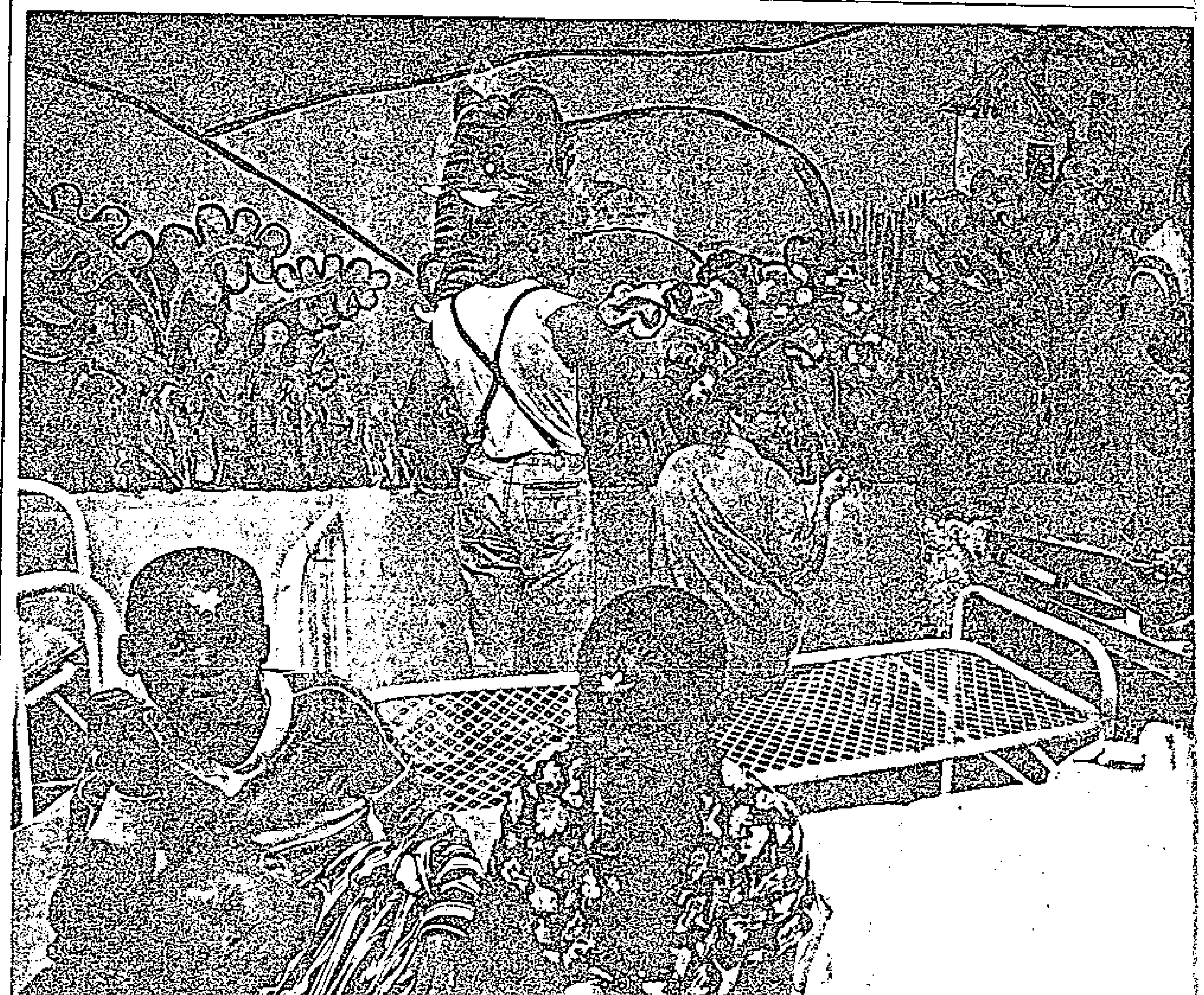
"We have the most efficiently run harbour in South Africa and it is operating at under 30 per cent capacity. What does the government do to stimulate it?" Mr Spring asked, adding that wool exports had been directed to Port Elizabeth and it was common cause that the Maize Board wanted maize exports to be handled through Richards Bay.

The government had invested "absolutely nothing" in this regard.

"If Richards Bay is opened we will lose every kernel of maize.

"Is this the kind of support we expect? Is this what we deserve?" Mr Spring asked.

Turning to industrial development, Mr Spring



There was colour in their eyes yesterday when young patients at the Nkgubela Chest Hospital's children's ward watched in fascination as 15 art students from the East London Technical College brightened up their walls with a blaze of murals.

28/4/87 DD

Mandela court bid dropped

PIETERMARITZBURG

Hippos head home

Dispatch Reporter

QUEENSTOWN — They're exporting hippos to Africa ... from America. And buffaloes

Brooker, was also not sold — this time at an offered price of R12 000. He said he had already received an offer of R33 000

India to ignore SA links

THE PRICE OF A HUMAN FACE: TENS OF MILLIONS

W Mail 5-12/5/88

60

FOR South African companies social spending is good business strategy and an attempt to give capitalism a human face. For multinational companies social spending may be all of this but it's an attempt too to justify these companies' continued involvement in South Africa.

The amounts being spent are not insignificant. American companies subscribing to the "Sullivan" code spent R77-million last year in the three areas of black education, health and the promotion of black business. According to the British Industry Committee on South Africa, British-associated companies are spending over R100-million a year on social investment, particularly education, housing and job creation.

One of the most prominent spenders is Shell South Africa: its "social commitment costs" last year totalled R27,9-million, according to its 1987 Business Report published last week.

Says Shell South Africa chairman JR Wilson: "For Shell, corporate social responsibility has ceased to be the dispensing of large sums of money to so-called worthy causes. While it is recognised that social responsibility programmes are important to the community, they have assumed secondary importance to the real issue: political participation for all in a non-racial democratic South Africa."

The corporation prefers to support projects which have community approval, the report says, and Shell consults community representatives in an attempt to ensure this.

It concentrates on education, training and job creation. An innovative aspect of Shell's spending on job creation is its support of co-operatives. "Co-operatives are favoured over small business enterprises because they embrace the principles of collective responsibility and the shared utilisation of skills," says Wilson.

Education spending makes up about 34 percent of Shell's total social spending and includes such projects as upgrading of maths and science teachers, bursaries for university and technikon students, and a contribution to the Leadership Education and Advancement Foundation.

Housing gets R10,5-million (38 percent of the total) with the Urban Foundation high on the corporation's list of beneficiaries.

Shell includes its Road to Fame competition in total social spending although this is arguably more of a marketing exercise.

It's not clear whether the R27,9-million in social commitment costs includes the money Shell spends on benefits and facilities for its own employees.

Most foreign companies working in SA are British

Str. 30/3/88

60

BRUSSELS — About 1 267 companies from 20 Western countries continue to do business in South Africa, but 188 companies from seven countries have pulled out, according to an International Confederation of Free Trade Unions survey.

Britain leads the field, with 374 of its companies still operating in South Africa.

Confederation secretary-general Mr John Vanderveken says the report is "clear evidence of the triumph of corporate greed over morality".

He derides the claim often made by investors in South Africa that their presence could be an instrument for reform, saying "cheap labour is what brings them to South Africa, not a desire to restore social justice".

After Britain, countries with the most companies still in South Africa are West Germany with 333, the United States with 164, Japan with 103, France with 90 and Switzerland with 54.

Others include the Netherlands with 29, Austria with 28, Australia with 19, Canada and Belgium with 18 each, Sweden and Denmark with 10 each, Italy with seven, Finland and Ireland with two each, and Spain, Norway, Portugal and Greece with one each.

The US had withdrawn 134 companies, followed by Britain with 26, Canada with 20, the Netherlands with four, France with two and Italy and Australia with one each.

The confederation's list includes businesses from almost every industrial and commercial sector.

SOWETAN, Mc

Firms staying put in SA

BUSINESS AS USUAL

60

Sowetan 30/5/88

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SAPA-AP

Britain led the field with 374 companies still operating in South Africa, according to the survey.

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The United States had 134 companies withdraw, followed by Britain with 26, Canada with 20, the Netherlands with four, France with two, and Italy and Australia with one each, the survey said.

The confederation said its list included internationally known businesses from almost every industrial and commercial sector.

The labour organisation said several of the 333 German companies represented in South Africa were involved in the armaments industry.

'Cheap labour' lures investors

BRUSSELS — About 1.267 companies from 20 Western countries continued to do business in SA, but 188 companies from seven countries had pulled out, an International Confederation of Free Trade Unions (ICFTU) report said.

Britain led the field with 374 companies still operating in SA.

ICFTU secretary-general John Vanderveken said the report was "clear evidence of the triumph of corporate greed over morality".

He derided the claim made by investors in SA that their presence could be an instrument for reform, saying: "Cheap labour is what brings them to SA, not a desire to restore social justice."

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60 Bldav To Page 2 30/5/88

'Cheap labour' lures investors to SA

60

From Page 1

gium with 18 each, Sweden and Denmark with 10 each, Italy seven, Finland and Ireland with two each, and Spain, Norway, Portugal and Greece with one each.

About 134 American companies had withdrawn, followed by Britain with 26, Canada 20, the Netherlands four, France two, and Italy and Australia with one each.

The ICFTU said its list included well-known businesses from almost every industrial and commercial sector.

It said several of the German companies in SA were involved in the armaments industry. It listed BMW and Volkswagen making armoured cars and a subsidiary of AEG Telefunken that made switch gears for armoured cars.

Among US companies were MGM, Twentieth Century Fox and Pan American. French companies included the tourist company Club Mediterranee, and the pharmaceutical and chemical company Rhone-Poulenc. The Dutch airline KLM and the electronics giant Philips had subsidiaries in SA.

The state-controlled Italian petroleum company ENI and Belgium's leading holding company, Societe Generale de Belgique, were also in SA.

The report was particularly critical of companies such as the British Tyre and Rubber Company which, it claimed, were failing to respect internationally agreed minimum standards governing wages and working conditions.

It also said some British companies had claimed to have pulled out of SA but had retained substantial interests there.

Vanderveken said: "The independent black trade union movement of SA is adamant that economic sanctions remain the best way of bringing peaceful change to their country. The ICFTU remains committed to that policy." — Sapa-AP.

Argus 30/5/88 60

Tutu threat glossed over

The Argus Foreign Service

LONDON. — European universities which have awarded Archbishop Desmond Tutu honorary degrees are reticent about commenting on his threat to return awards to those institutions which refuse to disinvest in South Africa.

There was no reaction from King's College, London, where Archbishop Tutu was elected a fellow in 1978.

A spokesman said: "We have absolutely nothing to say about this matter."

She had been asked whether the university had any financial interests in South Africa and whether she could comment on his decision to return certain degrees.

A spokesman for Ruhr University in Bochum, West Germany, which in 1981 awarded the archbishop an honorary doctorate of theology, said the university had no ties with South Africa, financial or otherwise.

He made no comment about how the threat applied to those universities which retained financial interests in South Africa.

"The archbishop accepted our degree, and that was that. I am not aware of any change in the situation."

The official spokesman for Aberdeen University, which gave Archbishop Tutu an honorary doctorate in divinity in 1984, was not available for comment.

son, 43, was shot dead at his home ...
letonville. — Sapa.

D/E ... 6/6/82 (60)

New investment ban

MADRID. — Spain has banned new direct investment in South Africa to press for the abolition of apartheid in line with European Community policy. — Sapa-Reuter.

ARGUS 8/6/87

Black unions praised for avoiding violence

The Argus Foreign Service

GENEVA. — The general secretary of the International Metalworkers' Federation, Mr Herman Rebhan, has praised black unions in South Africa for their commitment to change without violence.

In a speech at the annual meeting of the federation's central committee in Oslo on Thursday Mr Rebhan called on metalworking unions to help to step up pressure on managements to recognise black trade unions in South Africa.

"Hundreds of European, American and Japanese firms operate directly or indirectly inside South Africa.

"In many cases the South African managers of these multinationals do not recognise or are hostile to the independent metal unions.

"I appeal to all our affiliates to identify such firms and to use their pressure to seek a change of policy in respect of trade union rights and recognition."

Ten South African trade unionists are attending the Oslo meeting, including leaders of the recently-formed National Union of Metalworkers of South Africa (Numsa), which has 130 000 members.

Business Report

Naamsa: Sanctions fears

CMt Times 9/6/88

Key data on vehicle sales 'sabotaged'

JOHANNESBURG. — A key tool of economic and industrial planners, the monthly data on sales of new vehicles supplied by the National Automobile Manufacturers Association of SA (Naamsa) have been sabotaged by sanctions fears.

Following the refusal of the Delta Motor Corp (formerly General Motors SA) to supply Naamsa with its sales figures for May, motor industry leaders are locked in urgent discussions to decide whether sales figures by manufacturer and model can ever again be released for general consumption.

The current crisis arises from a debate which Naamsa said had been simmering among its members ever since the major world motor companies which supply the SA motor industry came under severe pressure from anti-apartheid groups to curtail their supplies to this country.

Because the lobby to cut supplies to the SA motor industry has repeatedly quoted SA vehicle sales figures in making its case against the major motor companies, SA vehicle manufacturers have increasingly felt that the sales figures should in future be discontinued — or dissociated from specific manufacturers or their models.

Naamsa's Nico Vermeulen said tonight that a decision about whether to release figures for May sales — excluding sales by the Delta motor group — would be reached "before the end of the week..."

He noted that if the Naamsa sales data could no longer be released, it was possible that government's new vehicle registration figures could become the main source of information.

"But the importance of Naamsa'a data cannot be overstated. The figures are of key importance to all associated with the industry as well as to macro-economic planners.

"Without the figures, it becomes impossible, for instance, for both the main vehicle manufacturers and the motor components industry to plan and budget properly..."

The CE of Naamsa, Spencer Sterling, says the decision to withhold the data for the month of May was due to certain vehicle manufacturers being unwilling to release company figures, or producing data that was not entirely accurate. Notable amongst these was Delta Motor Corporation.

Delta said yesterday that with effect from this month, it would cease submitting a detailed breakdown of monthly retail vehicle sales statistics to Naamsa.

Announcing this decision, Delta chairman Keith Butler-Wheelhouse, said: "After careful consideration, we have decided to adopt this course of action. It is a decision which we take with considerable reluctance, particularly as delta's market share has been rising steadily for some time.

"Despite this, however, we are firm in our conviction that non-disclosure of detailed sales statistics is a strategic action necessary to protect the South African motor business in the current environment.

"As a locally owned and controlled company, we must obviously place the interests of our business, the employees and South Africa first. No business could be expected to divulge information which could be harmful to its future prosperity."

Butler-Wheelhouse added: "This is not an issue between Delta and Naamsa. Delta Motor Corporation has no intention of severing its Naamsa membership and will in all other respects continue its active participation in this industry organization."

Sterling said that the sales figures due for release had been delayed indefinitely, and that urgent discussions were to be held to determine whether any data at all was to be released in future. — Sapa

115 non-American firms have disinvested

Big business pullout from SA widespread

Star 21/6/88

(60)

By Neil Lurssen, The Star Bureau

WASHINGTON — Most world attention has focussed on the withdrawal of American businesses from South Africa, but a new report here shows that a large number of non-American corporations have also quit — more than 40 percent of them since January 1987.

The report, compiled by the respected Investor Responsibility Research Centre, an independent non-profit research organisation, states that about 115 non-American multinational companies have joined the 162 US corporations which have disinvested from South Africa since January, 1984.

Economic sanctions

Of the non-American companies, the largest number — 49 — are British. The total of 115 includes 12 Canadian, eight French, seven Australian and seven West German corporations.

The IRRC report, released this week, comes on the eve of renewed debate in the US Congress over tough American economic sanctions against South Africa, and its findings are likely to be cited by opponents as well as supporters of punitive measures.

Opponents of sanctions will use it as evidence that the US needs more than ever to invest in South Africa, to provide the economic empowerment that blacks require to gain political power.

Supporters of sanctions will say that it shows disinvestment to be a growing world trend and that the US cannot afford to lose its moral leadership by going against an international movement against apartheid.

While most disinvesting companies that gave reasons for their withdrawal cited weak economic conditions in South Africa, some told the IRRC that domestic pressure in their home countries had become too difficult to withstand.

The IRRC itself has taken a neutral, non-partisan position, providing its findings in dry statistical terms as a service to investors.

The report also examines the 606 multinational companies that continue to have direct investment or employees in South Africa.

The largest number — 195 — are British, followed by 150 American and 137 West German companies.

British corporations also dominate the list of the leading foreign employers in the Republic — providing 16 of the 25 firms that provide the most jobs.

Of the remaining companies, 29 are from Switzerland and 24 from France. Others are the Netherlands (14), Australia (12), Canada (12), Italy (8), Sweden (6), Austria (4), Denmark (4), Belgium (3), Spain (2), Greece (1), Israel (1), Norway (1) and Portugal (1).

The report lists 88 European, Australian and Far Eastern corporations that do business in South Africa through non-equity links.

"A disproportionate number of these companies are Japanese since the Japanese government has prohibited companies from making direct investments.

It notes that investors whose policies prohibit the holding of securities in companies that have licensing, distribution and other non-equity agreements with South Africa would find the range of available international securities narrowed, in view of the number of companies South Africa deals with.

Many foreign firms leaving SA

Star 22/6/88

60

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"A disporoportionate number of these companies are Japanese since the Japanese government has prohibited companies from making direct investments in South Africa," the report says.

SA firms on 'leading edge'

(60) B/Day 25/6/87

KAY TURVEY

SA COMPANIES should be prepared to lobby and influence the political process.

Envirotech MD Peter Krumm said this at the Conference for Concerned Business Leadership in Johannesburg yesterday.

He said companies were on the leading edge of negotiations in labour relations, a position which should be expanded to involve the community in social responsiblity.

However, polarisation of SA society and the splintering within the polarisation would present management with major challenges. Companies should, therefore, be prepared to receive criticism.

In defining a social reponsibilty strategy, a company would have to find a programme agreeable to a majority of its shareholders and which also addressed the needs of its employees, he said.

Another question was whether customers should be taken into account when preparing a social reponsibility strategy.

Krumm said it was important that business assist with the creation of additional wealth rather than the redistribution of existing wealth.

Conference chairman Eric Mafuna of Consumer Behaviour (Pty), said social responsibility had been given a bad name by US companies.

Namibia Features & Press Agency editor Eugene Nyathi said the increase in "charity" to the black community by business did nothing to address the question of majority control of SA resources.

Hopes for SA cash bonanza

KAY TURVEY

13/7/87

THE relaxation of foreign exchange controls by the Taiwanese government has led to speculation that SA is in line for a cash bonanza as Taiwanese investors seek to invest dollars through the financial rand.

Local financial sources pointed to the fact that Taiwan already had $60m invested in SA, with 80 factories in the country. Another 30 Taiwanese companies had applied to come here, or were in the process of being established.

A weekend announcement said a R10m scheme in Queenstown, eastern Cape, would see Taiwanese businessmen build three factories to manufacture electrical switchgear and carry out aluminium extrusion.

A spokesman for U & C International Trading, David Sun, also said houses in an elite area with 200 serviced plots would be for Taiwanese executives.

Other Taiwanese companies are involved in textiles, footwear, plastics, el-

● To Page 2

Hopes of Taiwanese business investing in SA

● From Page 1

13/7/87 BDay

ectronics, metalware and knitwear — predominantly in the homelands.

Sources said these companies were in southern Africa without their government's approval, as many Taiwanese already had substantial assets offshore.

But official Taiwanese sources were more cautious and said businessmen, uncertain over SA's political future, would not rush to invest in SA.

(... 60) ...)

More foreign industrialists moving to SA

STAR 14/7/88

Pretoria Correspondent

More than 1 000 industrial project applications were approved by the Decentralisation Board during the 1987-88 financial year, and there was a sharp increase in the number of applications from foreign industrialists wishing to establish themselves in South Africa.

The 93 approved foreign projects represented an investment of R301,7 million and 22 802 new jobs, Minister of Constitutional Development and Planning Mr Chris Heunis said in a statement to coincide with the release of the Decentralisation Board's 1987-88 report on Tuesday.

POPULAR LOCATION

The self-governing territories were growing in popularity as a location for industrial projects, with more than half the new job opportunities created through labour-intensive decentralisation projects, he said.

Mr Heunis said the large number of projects was proof of the increasing importance of regional industrial development as a development and job-creating instrument in the non-metropolitan areas.

The projects also made a significant contribution to the raising of the standard of living and broadened the economic basis of the regions.

Mr Heunis said the Government regarded regional development as a priority in the national development programme.

He denied that it impinged on the urbanisation strategy and said instead it was in harmony with the urbanisation strategy and was making a major contribution to non-metropolitan urbanisation.

Cape Times 16/7/86

Cosatu 'poised to become key apartheid foe'

JOHANNESBURG. — The Congress of South African Trade Unions (Cosatu) yesterday launched its annual congress with a warning that the country's biggest labour federation was poised to become a key force in the fight against apartheid.

In his opening address, Cosatu's president, Mr Elijah Barayi, told 1 500 delegates gathered at the University of the Witwatersrand that Cosatu made no apologies for connecting factory-based issues with political demands.

The Cosatu president also dispelled speculation that the federation would review support for disinvestment and economic sanctions announced at the federation' launch in November 1984.

Mr Barayi emphasized that Cosatu's resolution on sanctions and disinvestment was a non-violent means to fight apartheid.

Jobs lost

"In the light of growing attacks against us, workers are calling for more decisive and mandatory measures against the regime," he said. "Thousands are losing jobs through rationalization and mechanization, not disinvestment."

Cosatu had consolidated its organization by forming 12 national industrial unions out of the 33 unions that participated in its launch.

Membership had grown from 450 000 to 712 000 paid-up members. The total signed-up membership was nearly one million, Mr Barayi said.

Resolutions calling for a 40-hour work week, a living wage of R4.50 an hour, six months' paid maternity leave and public holidays on May 1, March 21 and June 16 have also been tabled.

□ A top United Democratic Front official emerged from hiding yesterday to tell the Cosatu congress that workers in South Africa had become the most powerful force in the fight to end apartheid.

Mr Murphy Morobe, acting publicity secretary for the UDF, told delegates that "Cosatu has grown into a giant that no exploiter can ignore".

Mr Morobe condemned the banning of rallies designed to launch Cosatu's Living Wage Campaign earlier this year as well as attempts to brand the campaign a "government plot".

"Why has the government not branded the unbridled profiteering of the huge monopolies which have recorded huge profits of 30 to 50 percent over the last year ... We grow the food and harvest the crops to feed our fat masters yet we and our children go hungry every day," he said.

Mr Morobe, who has been in hiding since a swoop on anti-apartheid activists at the time of the declaration of the state of emergency in June last year, also took the opportunity to air publicly the UDF's opposition to any form of talks with the Nationalist government.

Reacting to a recent statement by the Deputy Minister of Constitutional Affairs, Dr Stoffel van der Merwe, that he would be prepared to hold talks with the UDF, Mr Morobe said: "If the government of this country seriously wants to talk ... we must tell them they must know what they did to the ANC in 1960 and they must realize that organization represents the majority of South Africans." — Sapa

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JOHANNESBURG. — The South African Catholic Bishops' Conference (SACBC) yesterday said it appreciated the "constructive" role of Cosatu in improving the lot of workers.

In a message of support to the national congress of Cosatu, the SACBC said Cosatu's launch in November 1985 had been a historic moment for South Africa's workers.

"It signalled the beginning of a new drive towards greater unity, and greater unity means greater strength.

"Despite recent well-orchestrated harassment and intimidation, you have become an important rallying point in the struggle for social justice.

"Many of your leaders have suffered detention ... suffering need not dampen one's determination but can be an impetus to increase one's resolve." — Sapa

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Gm Times 20/7/87

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Cosatu calls for total sanctions

JOHANNESBURG. — About 1 500 delegates to the Congress of South African Trade Unions (Cosatu) annual congress have adopted resolutions in favour of "total and mandatory sanctions", disinvestment and the Freedom Charter.

Cosatu's executive committee said yesterday that delegates had reaffirmed Cosatu's stand in favour of sanctions and disinvestment.

The resolution on sanctions calls for a ban on loans to the government and business in South Africa and a halt to travel abroad by South African tourists, businessmen and government officials.

It also demands the withdrawal of SAA landing rights, an end to the recruitment of skilled workers overseas, a halt on emigration by South Africans and a ban on tours by South African sporting teams and individuals.

The final resolution made no mention of calls for a ban on gold and platinum bought by foreign states that were included in a draft resolution to the congress.

Mr Jay Naidoo, who was re-elected general secretary, said the congress had also come out in full support of disinvestment.

"We will conduct a campaign to ensure that companies pulling out will negotiate the terms of the withdrawal. We will also contact our international allies to ensure that mulinationals who are disinvesting comply with the demands of the workers of South Africa," said Mr Naidoo.

Asked about the possibility of workers accepting shares or sitting on the boards of companies that withdraw from South Africa, Mr Naidoo said: "Forms of working-class participation within the present parameters of the apartheid system are not acceptable."

Cosatu's political policy will be shaped by its adoption of the Freedom Charter, drawn up by the ANC and allied organizations in 1955.

While formal affiliation to any political organization was ruled out, it is clear that the federation has shifted strongly towards an alliance with the United Democratic Front (UDF).

Mr Naidoo said the congress had ruled out any form of co-operation with the UDF's rival, the Azanian People's Organization (Azapo), which he said adhered to a black consciousness position.

The final resolution said only that the fight against "national oppression" and "capitalist exploitation" were complementary and called for full discussion on socialism, democracy and the Freedom Charter within Cosatu. — Sapa

FINNISH SANCTIONS

Though Finland recently formally imposed legal sanctions against SA, the effect on the market for coated and uncoated paper is unlikely to be drastic.

Sappi Fine Papers MD Ken Lechmere-Oertel says as little as a year ago Finnish paper suppliers were very dominant in the South African magazine market. But the combination of a very weak rand and political protests by Finnish trade unions led South African users of these types of paper to look elsewhere.

As far as local suppliers are concerned, Lechmere-Oertel says Sappi has never really been in the market for supplying magazine-type paper. Mondi, however, has played a significant role in paper import substitution.

Moreover, a Mondi spokesman adds, a lot of coated and uncoated paper is now imported from West Germany and Holland — often in cross-supply deals. While a fairly substantial amount of Finnish paper is still entering SA, the consensus is its loss will not impact greatly on the market.

"The slack will be easily taken up by other less sensitive European countries and local suppliers," he says.

Times Media Limited (TML) deputy MD Roy Paulson says Finnish sanctions will prove a boon to local paper mills — especially to Mondi. The magazine industry currently absorbs about 60 000 t of paper a year, so the market is substantial.

"At the moment TML does not use any Finnish paper, though Finland has been a possible source of supply for the *FM*. We have since switched to Austrian paper," he says.

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SA sanctions: Free-traders may be right

Argus 26/8/88

(60)

The Economist reports from London

PRESSURE for more sanctions against South Africa is growing, and the limp ones already in force may be starting to cause some trouble for the South African economy.

On August 11 the American House of Representatives passed a Bill that would require complete disinvestment by American firms from South Africa (new investment has been forbidden since 1986), ban most trade (rather than just South African exports that annoy protectionist lobbies in America) and end almost all military and intelligence co-operation between the two countries.

The next day South Africa announced a folderful of regulations designed to soften the effects both of existing trade sanctions and of businessmen's reluctance to bet on South Africa's future.

The American Bill will probably be watered down by the Senate. But the Democratic majority in Congress seems determined that sanctions should be stepped up, and so does Mr Michael Dukakis, the party's presidential candidate.

South Africans are right to be alarmed. Last year exports to America were worth just over half their average annual value from 1983 to 1985; government-imposed sanctions and consumer boycotts were the main reason for the dramatic fall.

South Africa made it up by exporting to countries that had not imposed sanctions, especially Japan.

The new American Bill, however, provides for (admittedly, rather tricky) retaliation against countries which profit by snapping up the business that American firms turn down. South Africans protest that America should not presume to regulate the world's commercial morals; but Japan's government is warning its businessmen that trading with South Africa may get impolitic.

Until riots engulfed many of South Africa's black townships in late 1984, the country could afford to lose a few exports to the sanctions lobby. Foreign firms were eager to invest in South Africa, so a current account deficit could be painlessly balanced out by a surplus on the capital account.

Since the uprising, however, the United States and a number of other countries have stopped new investment in South Africa.

Businessmen do not need much restraining. Involvement in South Africa costs European and North American companies so much goodwill among customers and shareholders that two-fifths of them have disinvested.

Despite new markets in East Asia, South Africa's balance of payments is slipping into the red. If it slips much further, it will have trouble servicing its debts. That might make even trade credits harder to get.

Hence the new regulations.

The free-traders would like to tackle the trade deficit by raising interest rates and allowing the rand to depreciate. The ruling National party's appetite for economic regulation reminds them of its past attempts to regulate society; even the government now seems to realise that apartheid, leave aside the question of its morality, is impossible to administer.

The free-traders argue that the same difficulties will apply to these regulations. They also fear that tariffs on capital and intermediate goods, which make up four-fifths of South Africa's imports, will hurt South African industry, and so retard growth. That is no small matter.

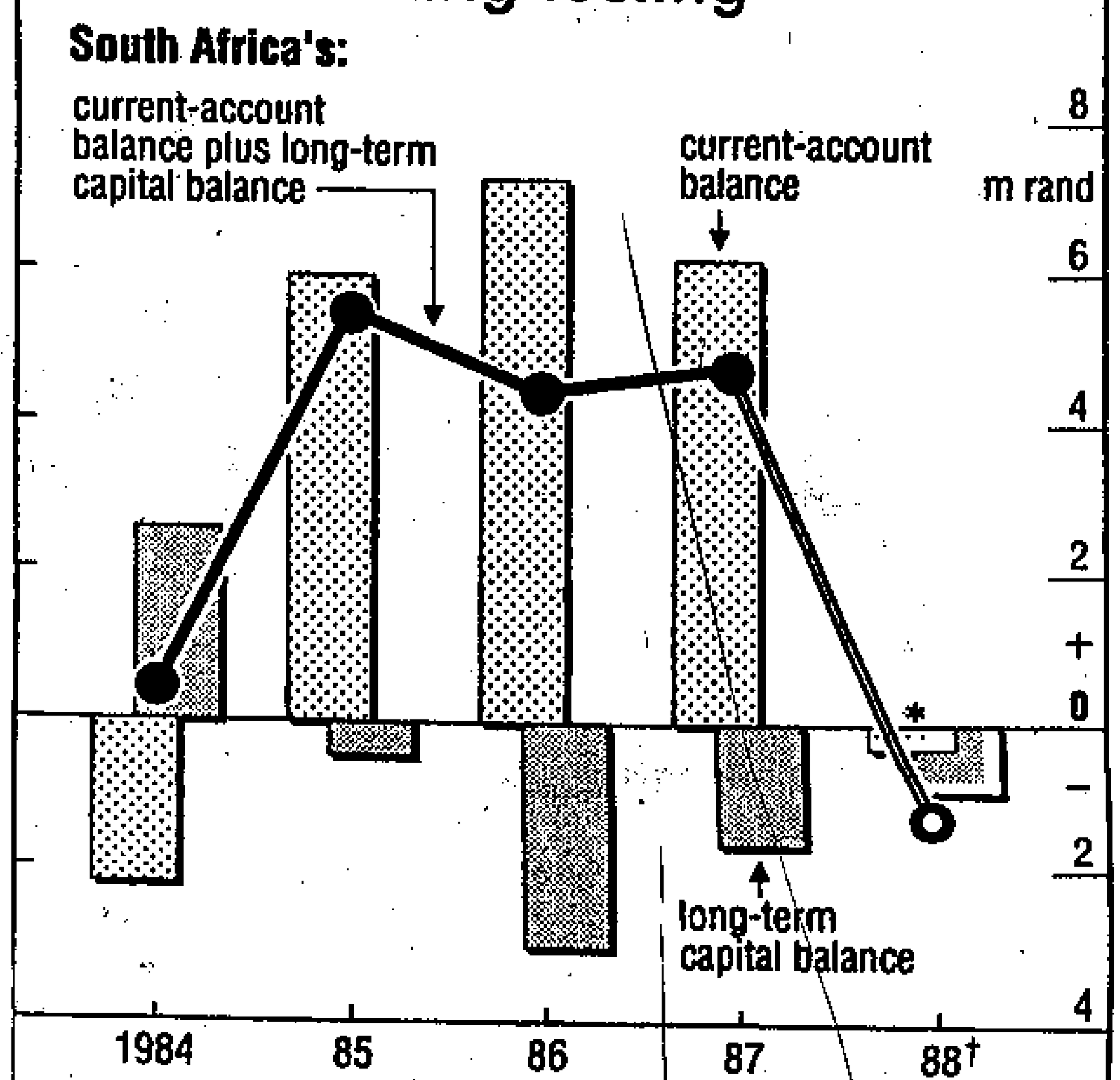
The country's population is growing by 2,5 percent a year, and this year the economy will probably grow at the same rate. As time goes by, a dearth of new investment will slow things down still further. If black unemployment grows, so will black unrest.

Nobody expects things to get better unless South Africa regains the favour of foreign businessmen and banks. This prompts the free-traders to say that the economy will not recover until the government is willing to risk bold political reform.

Judging from that Washington vote, they may be right.

That shrinking feeling

South Africa's:



Source: South African Reserve Bank *Seasonally adjusted †First qtr at annual rate

W/E Mccas 10/9/88

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According to Mrs Severin: "International investors have been taken for a ride too often to fall for mining prospects which have not been thoroughly researched and evaluated and which don't have the necessary skills to bring them to fruition.

"I am therefore delighted at the positive feedback I have received from overseas investors wishing to buy equity in the two new ventures we are currently planning — especially against the background of the negative publicity on South Africa so prevalent abroad."

She says interest has even been expressed in the US in the face of the looming Dellums Bill.

"However, I've discouraged the Americans from investing here, mainly because I don't want shareholders who might be forced to offload their shares at a moment's notice.

"In any event, I would ideally like to keep foreign participation in the projects to a minimum, preferring to offer local investors the bulk of the shares offered to the public."

Mrs Severin expects to reach finality on the financing of the chrome prospect within the next few weeks.

CORRECTED

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Same owners 'remain in control'

Disinvestment often a ruse, claims union

The "disinvestment" of many multinationals from South Africa has often been nothing more than "corporate camouflage", the Chemical Workers Industrial Union said in a statement yesterday.

"Disinvested' companies remain within control of the same owners who claim to have 'disinvested'," the CWIU statement, released in Johannesburg, claims.

"Such companies still profit from apartheid but in a more devious way. They compound the hypocrisy by righteously claiming to have complied with the demands of the disinvestment campaign."

The union says that a dispute now exists between the union and 39 multinationals, all of which have refused to enter into negotiations with the union concerning the possibility of their disinvesting and the terms of a possible disinvestment.

The union was representative in all the companies concerned and had a collective-bargaining relationship with each of them, the statement added.

It said the terms and manner of the "disinvestment" were negotiated beforehand "in secret between the multinational and the local management. Workers are excluded from these discussions".

The CWIU claims that several companies have gone on record to the union as not contemplating disinvestment only months before presenting the *fait accompli* of a "disinvestment" package to workers.

"The 'disinvestment' package has predictably strengthened the position of those parties involved in negotiating the 'disinvestment' to the disadvantage of those excluded from the negotiations."

The union said local managements can look forward to shares in a renamed, debt-free and profitable operation at bargain prices — with the knowledge that their jobs remain secure after retained licensing, franchising and technological agreements.

On the other hand, "workers experience a refusal to recognise their union, a change for the worse in their conditions of employment and job insecurity which often translates into retrenchment soon after the 'disinvestment' deal has been put into practice".

The union is pushing ahead with the declaration of the dispute over the refusal of multi-nationals to negotiate the terms of a possible disinvestment.

"Accordingly on August 30, the union launched what is probably a unique application for a conciliation board in which 39 companies are cited as parties to the dispute." — Sapa.

'Botha's policies have less than 50-50 chance'

US report gloomy over prospects for reform in SA

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By Neil Lurssen,
The Star Bureau

WASHINGTON — Significant political reform is most unlikely in South Africa over the next five years, according to a new report here designed to help banks, international businesses and government agencies with their forward planning.

"Mounting pressure on the Right and growing black opposition give President Botha's pragmatic policies less than a 50-50 chance of survival, regardless of whether Botha is replaced," it says.

"Over the next five years the National Party government might regain support from domestic conservatives by shifting to reactionary policies," it adds.

Retain support

The 50-page report was compiled by Political Risk Services (PRS), an international market research division of the respected New York-based company, Frost and Sullivan.

Its latest report on South Africa, just released, predicts that the National Party will retain much of its support among Afrikaners, but it predicts a struggle for the party to retain its parliamentary majority at the next elections, which must be held by 1992.

Offering three possible political scenarios for South Africa over the next five years, it says: "At 40 percent the odds for the South African Government to abandon even the pretence of reform are almost as great as the odds for the National Party to remain on its present policy course.

"Even if the NP lost the vote of traditional white supporters, it could still stay in power by forming a coalition with the military, which already plays a major role in government.

"The third most likely scenario for the next five years is the remote chance, with a 15 percent probability, for the formation of a multiracial government to lead the country."

The report predicts a period of stagnation in economic growth, depending on international demand for raw materials.

"The Government will introduce slightly more expansionary fiscal measures, partly for political and social reasons and partly to keep the rate of black unemployment down.

"Nevertheless, the high rate of inflation along with sanctions and stagnating gold prices will push real gross domestic product growth back down to an average rate of about 2 percent through 1994, after peaking at 3,5 percent this year."

The PRS report, compiled by a five-member team, expects the present government to remain in power over the short term, making "modest" reforms to accommodate the urbanisation of blacks.

Two members of the team believe more strongly than their colleagues that economic deterioration and growing violence will lead to reactionary retrenchment by the Government over the next five years.

All five see the possibility of significant political reform in South Africa as most unlikely.

Among other points made in the report are that:

- South Africa will be careful to avoid antagonising its major trading partners, and its regional dominance will temper the policies of neighbouring countries.

Evade sanctions

- By mid-1988 nearly 200 foreign companies had withdrawn, but South Africa and its customers and suppliers skillfully evade many sanctions, and more than 1 200 companies from 20 countries continue to operate there.
- The military and the police do not yet dominate the country, but the power structure has become a fusion of civilian and security forces. The military's role in day-to-day decisions will continue to grow.
- Black groups lack sufficient unity and military clout to threaten the Government seriously.

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Bid to sort out CWIU dispute

By Adele Baleta

A conciliation board is to sit on September 28 and 29 in an attempt to resolve a dispute between the Chemical Workers Industrial Union (CWIU) and nine petrol companies — BP, Caltex Oil, Cera Oil, Mobil Oil, Mobil Refining, Sapref, Shell Oil, Shell Chemicals and Veetech Oil.

The union's petroleum co-ordinator, Mr Martin Jansen, announced the latest development yesterday.

The CWIU claims employers have refused to negotiate common employment conditions, including public holidays, maternity and paternity leave, pensions and "an end to taxation while people are not allowed proper political expression".

The CWIU has also declared a dispute with 39 multinationals over disinvestment and applied for a conciliation board hearing.

No plans to disinvest, most say

Companies plan to oppose union move

By Kaizer Nyatsumba

Most of the 39 multinationals cited as parties to the dispute declared by the Chemical Workers' Industrial Union have no intention of disinvesting from South Africa and they will oppose the union's application for a conciliation board, a survey conducted by The Star has shown.

The CWIU disclosed on Monday that it had declared a dispute with the 39 multinationals over their "refusal to negotiate the terms of a possible disinvestment" and had launched a "probably unique application" for a conciliation board.

Companies cited as parties to the dispute include Shell SA, Mobil SA, Colgate-Palmolive, Caltex Oil SA, Total Oil SA and Bayer SA.

Yesterday, a number of companies expressed their intention to oppose the CWIU's application for a conciliation board.

Declaring the dispute, the CWIU said the companies had ignored its proposals for a joint management-union forum to discuss disinvestment.

"All of these (companies) have refused to enter into negotiations with the union concerning the possibility of their disinvesting from South Africa as well as the terms of a possible disinvestment," the CWIU said.

A spokesman for Shell SA in Cape Town said Shell intended to oppose the union's application.

"The company's shareholders have made plain their commitment to the future of South Africa and their determination to continue to conduct business in the country.

"In the light of this, any talks on disinvesment would be futile. It (disinvestment) is not a subject the company considers," he said.

Mr Roy Wright of Caltex Oil SA said while Caltex had no intention to disinvest, it was prepared to hold discussions with the union.

Caltex had twice told the CWIU that it was prepared to discuss the union's position together with its own views — on an individual, and not on an industry, basis — at a mutually convenient time, according to Mr Wright.

Small membership

Caltex said "the ball is now fairly and squarely in their (the union's) court".

Mr A S Thornton, a personnel manager of Total SA, said his company was "surprised" that it was one of the 39 multinationals listed by the CWIU as parties to the dispute.

Total had neither agreements nor negotiations with the CWIU, which had a membership of less than 19 percent in Total's employ, he said.

"We have sent in a letter to the Minister opposing the establishment of a conciliation board," he said.

A spokesman for Bayer SA said the company had "never considered disinvesting from this country". A full statement on Bayer's response to the CWIU's declaration of a dispute would be available in the near future, the spokesman said.

Mr R Pollard, the director of Colgate-Palmolive, said the company was formulating representations, which would be made to the Minister before the union's deadline.

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Ten thousand may strike at multinationals

By EDDIE KOCH

SOME 10 000 workers are poised to strike at 39 multinational chemical firms across the country if the companies refuse to discuss with their union the conditions under which foreign owners will be able to sell out to local management.

The Chemical Workers' Industrial Union (CWIU) announced this week it had declared a dispute with the multinationals because management refuses to consider a broad set of demands relating to the security of the local workforce in the event of any withdrawal from South Africa.

The CWIU believes disinvestment has taken place in a way that allows foreign firms to continue making profits out of apartheid at the expense of local workers. The union has also mounted a national "multinational disinvestment campaign" that it hopes will establish a set of principles for pro-sanctions lobbies overseas to follow.

The union has asked the government to appoint a conciliation board to resolve the dispute. If this fails its members will be entitled to take legal strike action to press home their demands. It is the first time that the disinvestment issue and such a large number of companies have been involved in a formal labour dispute.

The CWIU is a member of the Congress of South African Trade Unions (Cosatu) and endorses the labour federation's support for comprehensive and mandatory sanctions.

"The disinvestment of many multinationals from South African has often been nothing more than corporate camouflage," says Taffy Adler, coordinator of the CWIU's disinvestment campaign.

"Disinvested companies remain within the control of the very same owners who claim to have disinvested. Control is no longer by direct ownership but by other means such as franchise, licensing or technology agreements. Such companies still profit from apartheid but in a more devious way."

Says Adler: "The argument that disinvestment hurts black workers the most becomes a self-fulfilling prophecy because of the way the deals have been structured.

"Local management can look forward to shares in a renamed, debt free and profitable operation at bargain prices ... Workers on the other hand experience a refusal to recognise their union, a change for the worse in their conditions of employment and job insecurity."

The CWIU's list of demands includes calls for one year's notice of disinvestment, no termination of agreements with the union and no less favourable conditions of employment. The union wants its members to receive severance pay of one month's wages for each year of service, loans to workers for housing to be cancelled and wages to be guaranteed for one year from the date of closure.

It also says the company must ensure an adequate pension payout to workers when they retire and that the "disinvesting company pay over to a trust fund nominated by the CWIU the proceeds of the disinvestment sale" as well as proceeds from royalties, licence fees, franchise and service agreements.

Companies involved in the dispute include BP South Africa, Shell, Mobil Oil, Sapref, Caltex, Total, Ciba-Geigy, Dunlop, Reckitt and Coleman, Hoechst, Colgate Palmolive, Gillette and Pilkington Glass. Most managements have declined to comment to the press but union sources say some firms have indicated they are preparing a response to the worker demands.

Dusty Ngwane, senior shop steward at Gillette, said workers were prepared to back their demands with strike action because they felt "the intention of sanctions is to weaken the apartheid regime ... the manner in which disinvestment is taking place is not doing this".

The CWIU, which claims more than 9 000 members out of 11 500 workers employed by the 39 multinationals, says the firms were selected because of the possibility they may withdraw from South Africa.

CWIU general secretary Rod Crompton told the *Weekly Mail* he hoped the demands would provide a programme for pro-sanctions organisations overseas to follow.

The guidelines have been widely canvassed with rank-and-file union members. "In every factory we discussed the matter," says Ngwane. "During lunchtime if we had 45 minutes, we would say 'look, let's eat quickly' and then we would gather outside under the tree and discuss the political issues relating to sanctions and disinvestment."

Ideas from these meetings were then taken to the union's branch and national leadership and drafted into the official set of demands.

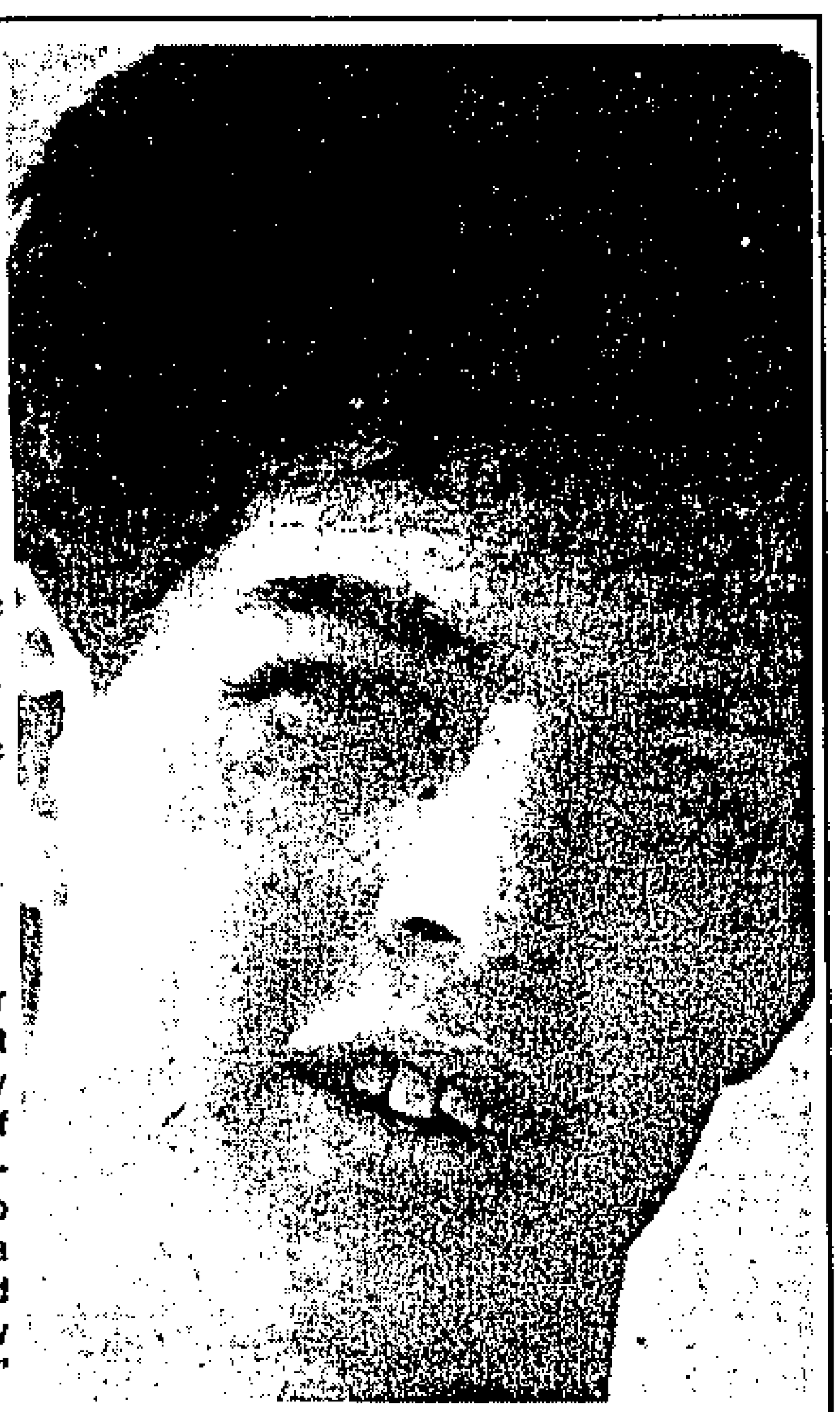
My loyalty is to the Lord, says the teenager who won't serve

W/Mail 16-22/9/88

By EDDIE KOCH

WHEN teenager Charles Bester is asked to explain why he refuses to be conscripted into the SA Defence Force, he will say his stance derives from loyalty to the same God under whose authority the court has tried him.

Bester, 18, a Christian volunteer worker, could become the second white South African to receive a six-year jail sentence for refusing to serve.



Charles Bester — "I believe it would be very arrogant of me, as an 18-year-old, to go into a township and impose law and order."

"We will both be appealing to the same higher authority," he says. "It's an irony that runs throughout South Africa. The government which claims to be Christlike is in fact pursuing policies which many people believe to be against the laws of God."

Bester could follow the path of 26-year-old David Bruce — who in July became the first conscript to receive a six-year sentence for refusing, on political and moral grounds, to serve in the army.

"The basic reason (for my stand) is that I am a Christian and as a Christian I must follow a path of love in every situation," Bester said. "I cannot put my life into compartments so that my religious life has no bearing on my political, sporting and other areas of my life.

"Evil is manifesting itself in a political system and the government of the day is using the army and people of my age to implement its policies which I believe are in no way Christian ... Apartheid laws such as the Group Areas Act, the Population Registration Act and other laws that curb people's freedoms are in no way just."

He added: "I believe it would be very arrogant of me, as an 18-year-old, to go into a township on the back of a military vehicle and impose law and order ... I don't see the war in Namibia as my war. I would like to see the people of Namibia making their own choice about who they want to rule them."

Bester is a firm believer in non-violent solutions to South Africa's problems.

He could have used this to appeal to the Board For Religious Objection — which can allow conscripts with pacifist and religious scruples the chance to do community service rather than military training.

Instead, after receiving his call-up papers Bester went to Sturrock Park in Johannesburg, where young conscripts gather before being taken to their military bases, and told the commanding officer he was not prepared to serve.

Remarkably articulate for a person so young, Bester first considered not serving while he was in Std 7. He believed joining the SADF and his approach to life were irreconcilable.

A thorough process of deliberation since then has left him with no illusions about the consequences of his decision. He knows by the time he comes out of jail, he may have spent one-quarter of his life behind bars.

"Ultimately I am doing this out of love for Christ. But it is not a sentimental notion of love."

Bester is scheduled to appear in the Potchefstroom Magistrate's Court for the third time on October 3.

At midnight on Sunday, a tent town must move out

16-22/9/88 W/Mail

By GAYE DAVIS
Cape Town

AN entire community living in tents in a salt pan near the West Coast fishing town of Port Nolloth face eviction after midnight on September 18.

The Port Nolloth Municipality and the Cape Provincial Administration have told them to leave the area because there is no proclaimed residential township for people classified black.

Opposed to moving, residents will host a church service, organised by the local civic association and the Namaqualand Council of Churches, at 4pm on Sunday in the town's Anglican Church.

Meanwhile, the Port Nolloth municipality has applied to the Cape Supreme Court for a declaratory order empowering it to evict residents, with the aid of the police and Cape Provincial Administration officials, who fail to move of their own accord.

The tent-towners — officially estimated at 200, although the people themselves say they number 500 — have battled for years for permanent homes in the area.

Many originally had homes in a shanty town which also housed "coloured" people. They were forced out in the early 1980s when the shanty town was demolished and new "coloured" housing built.

A group of about 300 fled to Namibia, only to be forced back into South Africa by the Namibian authorities.

They were trucked back to Port Nolloth, given tents and told they could live in the salt pan on a temporary basis. That was two years ago.

This year, officials started pressuring residents to move — and residents started mobilising in opposition, forming representative committees and approaching businesses to support them in their bid to stay.

In February, residents appealed to the Cape Supreme Court against the municipality's bid to evict them. They were granted a six-month reprieve on grounds that the length of time given them to leave the area was unreasonable. This respite expires at midnight on September 18.

None have any idea of where to move to. The nearest proclaimed black township is in Upington, 550km away.

Sowetan 15-2/9/88

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Disinvestment 'camouflage'

JOHANNESBURG. - The Chemical Workers Industrial Union (CWIU) has declared a dispute with 39 multinational companies over their failure to negotiate the terms of possible disinvestment from South Africa, CWIU official Taffy Adler announced this week.

Addler claimed "disinvestment" of many multinationals had been nothing more than corporate camouflage because "the companies remain within the control of those who claim to have disinvested".

Proposals for a joint management-union forum to discuss disinvestment had been ignored. Companies addressed included the giant Shell SA, BPSA, Mobil SA Colgate Palmolive and Bayers Chrome Chemicals SA.

Addler said companies claimed they had no intention of disinvesting. The proposal for a joint forum to be submitted to a conciliation board applied for on August 30, reiterated the list of requirements formulated by CWIU more than a year ago. Their purpose was to circumvent some of the problems faced by workers after unilateral decisions to disinvest,he said.

Some of the union's demands included one year's notice of disinvestment to the union; one month's separation pay to each worker for each year of service completed; wages guaranteed for a year and company loans written off; full disclosure of information pertaining to reasons for withdrawal from South Africa and full details of the winding of the company, continued contributions by employers to pension funds until retirement, and the creation of a trust fund nominated by the CWIU.

ARGUS 15/9/88

No investment without peace — Rupert

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From TOM HOOD, Business Editor

STELLENBOSCH. — No significant foreign investments would be attracted to Southern Africa as long as it was regarded a region of war and unrest, leading industrialist Dr Anton Rupert said today.

At the annual meeting of the Rembrandt Group, of which he is chairman, Dr Rupert suggested that Southern Africa follow the example of the 12 countries of the European Economic Community and establish a more solid economic union.

Southern Africa, with 11 states and 13 parliaments, should organise itself into an economic confederation on the Swiss pattern.

He added: "The many states are in fact a partial cause of our untenable high rate of inflation, which is so out of step with that of our trading partners.

"With a population as big as that of Britain and Northern Ireland in an area 20 times the size, the Southern African economic region undoubtedly has at its disposal the world's richest natural resources and the greatest potential."

Dr Anton Rupert

South Africa had already paid dearly for the illusion that it had a first-world economy.

"The sooner we realise that our economy has elements of both the first and the third worlds, the sooner economic planning and decisions will come into line with the real needs of our society.

"The creative energies in our various communities must be given the opportunity to be liberated so they may flow with vitality through the economy and banish the fear that South Africa is heading inevitably towards becoming a violence-ridden society."

What was often not realised or appreciated was that South Africa was probably one of the most peaceful multiracial societies in the world.

"As opposed to many other parts of the world, our history is not one of violence and bloodshed," he said.

CLASHES

In Europe about 50 million people died in two wars before differences could be set aside and economic cooperation achieved.

Compared to this, in more than 300 years 18 000 blacks died in armed clashes with whites in South Africa.

"Let us go forward without fear on the road to the future where every form of discrimination will make way for mutual respect, co-existence, trust and free participation in the creation of prosperity for all."

Dr Rupert added that the country's young people, especially young black people, would have to receive more technical training to meet demands which continued economic growth in Southern Africa would place on them.

E: Weather 2, Watersport 7, Women 10, Finance 18 and 19, Letters 20, TONIGHT 22 — 25, Racing 26, Sport 27

Bill aims to break up monopolies

60 SAHE 21/4/87

By David Braun, Political Correspondent

PARLIAMENT — Legislation empowering the Government to break up certain monopolies controlled through foreign companies was introduced today.

The Maintenance and Promotion of Competition Amendment Bill, if passed, will be retroactive to dismantle monopolies which already exist and which, according to lawmakers, could have serious implications for the South African economy.

According to a memorandum attached to the Bill, introduced by Minister of Economic Affairs and Technology Mr Danie Steyn, the Maintenance and Promotion of Competition Act of 1979 empowers the Minister to prevent the formation of harmful economic concentrations.

FOREIGN COMPANY CONTROL

A particular acquisition usually occurs domestically and is subject to the controls of the Act. However, there have been increasing instances where domestic companies obtained control over other domestic companies by means of an interest in a foreign company.

Such a foreign company in turn exercises control via another foreign company over the domestic company over which control is eventually obtained.

Should such transactions result in harmful concentrations in the South African economy, the acquisitions concerned cannot always be dissolved.

The Bill has automatically been referred to the Joint Standing Committee on Economic Affairs and Technology for consideration.

The Government hopes it will be passed by Parliament before the end of this session.

The problems facing black pupils in South Africa . . . a lack of classrooms and crowded conditions.

Call for new investment in education from abroad

(60) Cpress 25/9/88

By ZB MOLEFE

FOREIGN donor agencies should become involved in an active programme of "reinvestment in education", an international donors' workshop on educational initiatives for black South Africans was told this week.

South African Institute of Race Relations deputy-director Theo Coggin also told the workshop in Oxford, England, that the future of South Africa would depend on its African citizens.

"It will not be possible to build up the capacity for black people to run our country, as they will eventually have to do, unless foreign governments and donors recognise that they cannot wait for apartheid to end before reinvesting in education," said Coggin.

Coggin also pointed out that foreign governments had a unique opportunity to put immense pressure on the South African government to deracialise its education.

Said Coggin: "One of the options facing overseas organisations is to dangle the carrot of investment in education in the face of the government with the provision so that education is deracialised."

Coggin also said that financing tertiary education was going to require some lateral thinking on the part of both donors and agencies.

There was also a new urgency for black students to receive vocational and technical training, Coggin added. He pointed out that South Africa's already inadequate pool of trained whites would shrink even more by the turn of the century.

● Coggin also told the conference that the SA Institute of Race Relations, probably South Africa's biggest private administrator of bursaries, was receiving 900 postal inquiries a day from blacks in need of scholarships and from an anticipated 50 000 applications this year, the institute would be able to offer no more than 100 new bursaries for tertiary education in 1989.

(60) STAR 2/11/87

'Row resulted from a misunderstanding'

Anton Rupert clashes with German envoy

By Adele Baleta and Frank Jeans

Dr Anton Rupert, chairman of the Rembrandt group, clashed head-on at the weekend with the charge d'affaires of the West German embassy over the responsibility of business towards change in South Africa.

Speaking at a banquet in Johannesburg, Dr Rupert was applauded when he rushed to the defence of South Africa after a speech by Mr Fritz Ziefer at the annual banquet of the SA-German Chamber of Trade and Industry attended by 600 people.

Mr Ziefer was booed and hissed after he hit out at what he termed the "blatant consequences of the South African political situation".

Dr Rupert said yesterday that his reaction to Mr Ziefer's speech resulted from a misunderstanding. "Mr Ziefer has assured me that his criticisms were levelled at German companies operating in South Africa and not at South African business."

He said that at the banquet, he took exception to what Mr Ziefer said about South African morality.

Mr Ziefer said yesterday his speech was a message from his government.

"A remarkable number of people in the audience booed at me after I delivered the message, but the small group of black people who attended said the speech was given at the right time and place and was appreciated," he said.

In his speech, Mr Ziefer said German companies were, in many fields, an indispensable economic factor in South Africa, but it did not require much insight to note that the overwhelming majority of South Africans had never had a proper share in the success of the white economy.

"All who have carried and still carry political and economic responsibility and influence in South Africa must rectify the blatant consequences of this aberration.

"German companies in South Africa as representatives of a modern democratic European state that is committed to a social market economy, bear a special responsibility not only for themselves businesswise but for the country in which they are operating.

"It is a special responsibility because, looking from the outside, they saw a long time ago that South Africa's path of inequality is untenable economically, politically and morally.

"The Government and the private sector in South Africa and all who have the privilege of being able to vote in this country, share the responsibility for finding a way out of the present crisis."

In response to Mr Ziefer's speech, Dr Rupert said: "We do not need messages of ill will. Instead, we need goodwill from abroad."

Disinvestment 'will remove foreign influence'

ARGUS 11/10/88 60

Sapa reports from London

SANCTIONS against South Africa would diminish the positive influence of the outside world, says the British Industry Committee on South Africa.

In a 12-page booklet entitled *Towards Change in South Africa*, the BICSA says: "Most of the changes to apartheid which took place during the decade of South Africa's 'perestroika' up to mid-1986 were the result of the dual logic of black empowerment and business pressure.

"The legalisation of black trade unions was the belated recognition by government of a *de facto* situation in which employers were actually signing wage agreements with unions that, in official eyes, did not exist.

"As John Kane-Berman of the SA Institute of Race Relations has said, if you wish to get rid of apartheid in the law, work first towards eliminating it on the ground and the law will have to be changed accordingly."

The BICSA says the same process is at work on the Group Areas Act.

"Black people are voting against it with their feet in their thousands. Business pressure, directly on government and indirectly by housing black executives in white areas and promoting new non-racial areas like District Six, is aiding and abetting them.

"Pretoria has announced plans to increase the penalties for infringing the Group Areas Act, but it is unlikely to hold up the tide for long.

"Even Pretoria appears to recognise this fact, since the increased penalties proposal is accompanied by a plan to legalise certain *de facto* 'grey' areas, and to permit some new ones."

The BICSA says none of this would be helped by companies disinvesting or economic sanctions.

"Disinvestment merely removes the influence that a foreign company can bring. The acquiring company rarely feels the same need to confront government.

"Nor does it need to observe employment and corporate responsibility standards imposed by international codes of conduct. No longer is it accountable to a London or New York board faced with shareholder action groups."

The BICSA says it is no accident that since 1986 the number of signatories to the Sullivan code has dropped by half.

"The Sullivan code, like the EEC code, eroded apartheid at the workplace, helped to empower black workers and made a substantial contribution to the welfare of South Africa's black communities. Today, as American companies leave South Africa, its influence has waned."

60

Cape Times 4/10/88

Foreign disinvestment is fuelling the far right

PETER TAYLOR in Pretoria listens in to a debate between the opposite sides of Afrikanerdom and meets South Africa's poor whites, unskilled, unclever folk, too poor even to be "blue collar" and now a natural constituency for the far right.

STUDENTS at the all-white Afrikaans-speaking University of Pretoria recently enjoyed a rare treat. The most reactionary of Afrikaner leaders, Eugene Terre'Blanche of the para-military AWB agreed to share a debating platform with Afrikanerdom's most radical spokesman, Frederik van Zyl Slabbert.

Had it been a wrestling match between these two burly characters, it could have been billed: The Prince of Darkness versus Goody Two Shoes.

The only thing the antagonists have in common (apart from being raised on farms) is a profound contempt for President P W Botha's tricameral parliament. Slabbert quit the leadership of the Progressive Federal Party because he thought the legislature was a sham, while the AWB regards parliamentary democracy itself as an "Anglo-Jewish conspiracy".

The 3 000 noisy students seemed equally divided in their support for Terre'Blanche, who argued for a smaller all-white Volkstaat somewhere within the existing boundaries of South Africa, and Slabbert, who believes in negotiating a multiracial democracy with the ANC.

But it was very much an Afrikaner event (Slabbert was hissed when the chairman said he had attended an English-speaking university) and both men invoked the kind of bucolic analogies popular even with an educated audience.

Referring to Terre'Blanche's dictum that even animals live separately, Slabbert noted: "I have seen with my own eyes how a baboon brought up a piglet. I have also seen a blue ape sitting on a bull mastiff." Constitutional discussion in South Africa sometimes takes strange forms.

Behind Terre'Blanche on the platform, however, were six young men who, judging from their expressions, were untroubled by intellectual ferment. When Slabbert spoke, they looked as if they might be sick. They were AWB bodyguards, wearing the swastika-like insignia of the "triple seven", and belonging to a white underclass politically more significant than any number of privileged students.

Poverty

Seven kilometres from the ivy-covered campus, in the dilapidated suburb of Danville, the AWB distributes clothing and food parcels to whites too poor even to be "blue collar". They are unskilled, unclever folk, and the scrapping of job reservation has made them the natural constituency of the far right.

"Not long ago there was always a white lady behind the till at the supermarket," said the white lady from the AWB Volkhulpskema. "Peter, now it is only blacks."

The poverty is certainly as bad as anything in the black townships. In house after house (they are just breeze-block huts with corrugated-iron roofs) the faces are ravaged and resigned. They have ended up there because the rent is only R50 a month, but water and electricity are extra and both are regularly cut off for non-payment. For many of them the AWB which hands out small sacks of mealie meal, is the only dependable source of food.

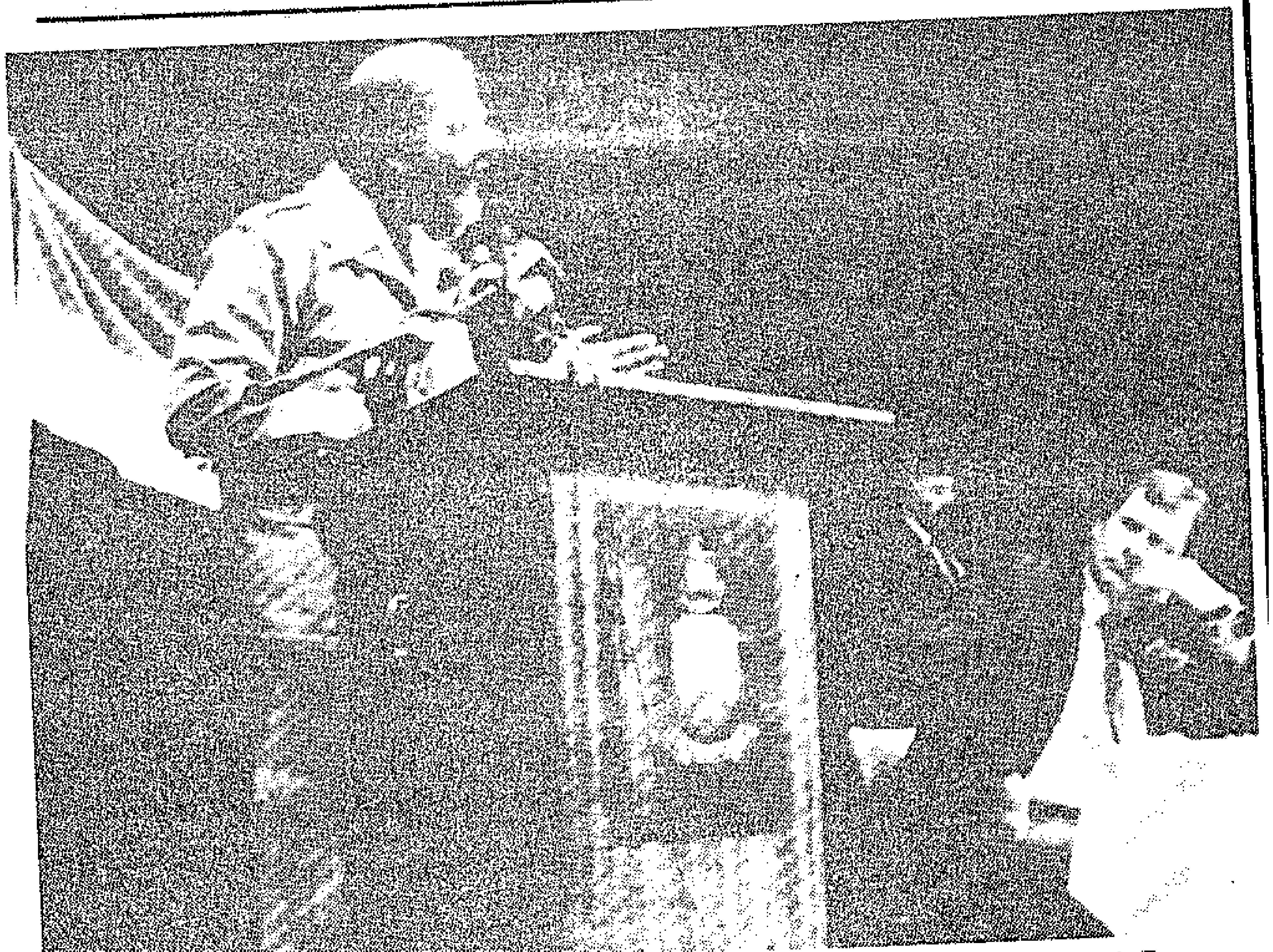
It is an odd experience to travel round in the AWB van, plastered with that evocative and worrying insignia, and be welcomed by such people.

Sarie (27), who had her three children taken into care in February because they were sleeping on the uncarpeted floor in sub-zero temperatures, has a cheap painting of a voluptuous oriental woman on the wall. Barefoot and grubby, she looks at it with a kind of longing.

Next door, Janette, who is 38 but looks 58, says that every morning she starts to wait for sunset. There are no mealtimes to structure the day, for there is only dry bread in the house. The electricity has been cut off, so at night she lights candles. "Peter, they have nothing to do, so they make babies," whispers the AWB lady helpfully.

Lenie (26) has a carpet and some pot dogs on a small sideboard, but as she talks she flicks the cockroaches off her two-month-old child (her fourth). She thinks the government "gives everything to the blacks".

Helena (49) is a devout Christian. Little plaques read "Hoop op God" and "Waak en Bid". There are also two gaudy prints — of a clear stream bubbling through mountain peaks, and of surf crashing on to a beach. But since her living conditions are worse than those of most blacks, would she mind living next to them? "No blacks," she replies sharply. "I live in a white community."



The University of Pretoria debate between Van Zyl Slabbert and Eugene Terre'Blanche ... "The Prince of Darkness versus Goody Two Shoes".

The schem... depends on the support of sympathetic, wealthy whites. "Peter," said the AWB lady, "some farmers are getting rid of their blacks, and we are sending them our young people. I sent a chappie and his wife and kids to a farm in north Transvaal the other week. The farmer pays him a little salary and they are very happy."

The reality, of course, is that there is no hope for South Africa's poor whites without an expanding economy. White wages are on average three or four times black wages, but the gap is eroding. Whereas white wage increases have recently trailed a couple of points behind inflation, wage increases for unionised blacks have kept a couple of points ahead.

The government has been spending more on black housing and education, but with a stagnant economy such expenditure is inevitably at the expense of white living standards. What South Africa needs to import most of all is money; the absence of foreign investment fuels the rise of the right.

In the debate at Pretoria University, which ended with the lusty singing by all of the national anthem (not the sort of thing that happens on a British campus) this elementary point was not made.

The ideas of Slabbert and Terre'-Blanche are mutually exclusive, but one came away with the feeling that, emotionally, they represented separate but equal parts of the Afrikaner identity.

If the students were pondering this, or the plight of their fellow Afrikaners on the other side of town, it did not show. They stepped lightly across the sunlit lawns, talking gaily of the arrival of summer.

FOREIGN INTEREST IN PE HOTEL SITE

(8)

By KIN BENTLEY

INQUIRIES from companies in Canada and Lebanon have been received by the Port Elizabeth Municipality concerning the prime beachfront hotel site currently occupied by Pleasureland.

The 1,18-hectare site, which has an upset price of R206 000, was advertised nationally at the weekend.

It is to be auctioned on February 10 next year at the PE City Hall.

Mr Alan Zeiss, the municipality's chief estates officer, said today that another inquiry had come from a company in Cape Town.

Explaining how foreign companies got to know about the site, Mr Zeiss said recently a representative of the Canadian company had contacted the city's development officer, Mr Andre Crouse, about PE's potential for investment.

The representative had shown an interest in the 2,3-hectare site, zoned for either hotel or office use on the corner of First Avenue, Newton Park, and Cape Road as well as the beachfront site.

Inquiries

The Cape Road site would be advertised next week.

The Lebanese consortium had similarly shown an interest in the Pleasureland site prior to its being advertised.

Both had asked that the relevant documents be forwarded to them once the sites had been advertised.

He expected the number of inquiries to increase later in the week, with many expected to come through the mail.

Advertisements for the site appeared in the Weekend Post, Oosterlig, Financial Mail, Finans en Tegnies, Sunday Times and Rapport.

Fewer US companies disinvesting

From SIMON BARBER Cape Times 19/12/88 (60) 82

WASHINGTON. — The pace of United States disinvestment "dropped significantly" in 1988, the Washington-based Investor Responsibility Research Centre (IRRC) concludes in a survey to be released today.

However, no US bank questioned by the centre has made use of a loophole in the Comprehensive Anti-Apartheid Act's lending ban that permits loans to black-owned business or for education, housing and other humanitarian projects.

Only 25 companies have pulled out in 1988, fewer than half the number in 1987. Departures of non-US companies also slowed down from 44 in 1987 to 11 so far this year.

This left 138 US and 440 non-US companies with direct investment or employees in SA. Seventy-seven of the US firms have signed the statement of principles which replaced the sullivan code in 1986, while ~~20 are~~ currently complying with a code administered by the state department.

The code requires US firms to subscribe to one of the codes but most of the remaining 41 are exempted from either system because they have too few employees or own less than 50% of their SA operations.

Of the 149 US and Canadian firms that have ended direct investment in SA since the start of 1986, 68 retain licensing agreements and other non-equity relationships, seven maintain dormant subsidiaries and 86 have cut all ties.

IRRC also surveyed 86 US banks. Of these 11 still had SA loans outstanding (3 to the public sector, 3 to private corporations and 8 to SA banks). Eight had sold their loans on.

● Meanwhile Japanese newspapers have reported that West Germany is set to take over from Japan as South Africa's largest trading partner after a successful policy of self-restraint adopted by many Japanese companies doing business with SA.

The Japan Times quoted International Trade and Industry minister as saying West Germany had been doing more trade with SA than Japan.

However, according to Dr Claus Knope, economic councillor with the West German Embassy in SA, it would not be possible to make the assumption West Germany would take over as the largest trading partner until the whole year's trade figures were available.

The latest statistics released in West Germany for the first seven months of the year — from January to July — show German imports from SA had risen by 31,6% while exports to SA rose by 36,6% in the same period.

R40m invested in Transkei

CIT TIMES 30/12/88

Financial Editor

TAIWANESE manufacturers are expected to invest about R40m in opening 10 new factories in the Transkei in the first half of 1989.

This was announced by the MD of Transkei Development Corporation, Marshall Swana, on his return from a promotional visit to Hong Kong and Taiwan on which he explained tax concessions and other incentives and the availability of low-cost labour.

However, Swana said, about 20 000 square metres of factory space and the necessary infrastructure would have to be ready by June to accommodate the incoming firms.

He said the new factories would be "allied to Sankei Speakers", which manufactures musical systems in the Transkei. They would mainly manufacture components which are now imported and the bulk of their production would be for export.

Swana said 1988 had been "a bumper year" for the Transkei Development Corporation with the creation of almost 4 000 new jobs.

The Taiwanese were the second largest investment group to come to the Transkei in its 12 years of independence.

The largest were Italians who had recently started a chipboard industry. This, when fully completed, would represent an investment of R100m.

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L. C.	60	A. P.	90
J. M.	42	R. D.	56

Reading the African Novel : Simon Gikandi
([illegible] - graduate of [illegible] of Nairobi)

Chinua Achebe
Ngugi Wa Thiongo
Wole Soyinka } African elite - [illegible]
Ayi Kwei Armah
Camara Laye

Mongo Beti
Ferdinand Oyono [illegible]
Cheikh Hamidou Kane [illegible]

Ousmane's [illegible]
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