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THE COLLABORATORS

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by

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FOREWORD

There are few people in this country today who are not repelled by the doctrine of apartheid. A growing number of them are willing to support a total embargo on the export of arms to South Africa. But the thought of economic sanctions still makes many people hesitate. They justify this hesitation on various grounds: sanctions would dislocate this country's economic and commercial life almost as much as that of South Africa; they would hurt the Africans more than the whites; they would be ineffective; they would be contrary to the Charter of the United Nations unless and until the Security Council has found that there exists a threat to peace under Article 39. The purpose of this pamphlet is not to deal with these points but to provide a background of knowledge against which they can be discussed with a fuller realisation of what is happening and will continue to happen if the present developments in the economic relationship between this country and South Africa continue unchecked.

In the economic field there can be no such thing as a non-intervention policy towards South Africa. Not only is British investment steadily increasing; it is playing an integral part in underwriting the apartheid policy. British firms are increasingly collaborating with the South African Government through such official bodies as the Industrial Development Corporation, one of whose tasks is to develop "border industries" which play a vital part in making the Bantustan policy viable. We cannot escape the fact that this policy draws its whole inspiration from the belief, not that the African should be "separate but equal," but that the African should be organised to subserve white interests at whatever cost to him in freedom, status and opportunity.

I welcome this pamphlet because it is a mine of information which compels us to face the truth that British firms and British people are profiting from apartheid. Far from being ashamed of this fact, the British Government invites us to rejoice in it and only a few weeks ago the United Kingdom Ambassador to South Africa made a speech in our name deliberately encouraging it. I hope the pamphlet will be widely read so that we shall be shocked into the realisation of what we do when we fail to examine the issue of economic sanctions seriously and urgently, as the United Nations General Assembly has requested us to do. That is our next task.

BARBARA CASTLE.

House of Commons,
November, 1963

THE COLLABORATORS

South Africa is heading for a collision — a bloody and utterly destructive collision between black and white. Since the Sharpeville massacre and the 1960 State of Emergency, the Government has passed a "Sabotage" Act making even trespass for slogan-painting a crime punishable by death; they have placed popular leaders under 12- or 24-hour house arrest; imprisoned the most widely respected of the African leadership; put some on trial for their lives, and detained others indefinitely without trial. The last avenues of legitimate protest have been closed to South Africa's non-white population.

And lest this maze of legislation fail to protect the privileges of white South Africa, Dr. Verwoerd's Government in 1963 increased the arms budget by 50% (by 1962 it had exceeded the figure at the height of the last war), reorganised the police force, recruited 'home guards' to guard 'strategic installations', dotted the country with police posts, and set out to fence and police South Africa's borders. Young whites are being trained to handle rifles with targets representing blacks, even white schoolgirls are being taught to use firearms.

Faced with Dr. Verwoerd's granite wall—now a fully fortified entrenchment — the opponents of apartheid have turned at last to meeting violence with violence. Umkonto we Sizwe (the Spear of the Nation), since announcing itself to the world in December, 1961, has claimed credit for an increasing number of sabotage attempts over the past months, many of them successful. It announced that it would claim "an eye for an eye, a tooth for a tooth, a life for a life". And at least two other terrorist organisations which have been active in South Africa, the National Liberation Committee, and Poqo, which is said to be responsible for a series of sporadic murders of whites.

That South Africa is moving rapidly towards an Algerian-type situation, a long drawn out, ugly and wasteful civil war, is widely accepted within the country, by black and white alike. That this might well provide a flashpoint on an international scale is not difficult to see: an African leader warned recently that, just as Verwoerd has his military links abroad, it is reasonable to suppose that the Africans may look for support from friendly countries. The African states have made their impatience clear, and there is every reason to believe that military aid would be forthcoming if it were called for. Algeria has already trained Angolan guerillas and offered 10,000 volunteers from Algeria; the Moshi Conference of Afro-Asian States in February 1963 actually specified military aid among the pledges of support for countries struggling against foreign domination; and, even more important, so did the Addis

Ababa Conference of Independent African states, which has set up a permanent Liberation Committee to help free the white-ruled areas of Africa.

Can Britain afford to allow such a situation to develop?

This country not only has long historic links with South Africa; it has a continuing economic stake in the Republic. Some £1,000m. of British money is invested there – more than our total investment in the rest of Africa. We have a considerable trade with the Republic, taking nearly a third (£120m.) of its total exports excluding gold, and selling to South Africa some £150m. worth of goods a year. A civil war would destroy both investment assets and trade: we do have a stake in South Africa's peaceful development. Is there, then, a way out of the impasse?

Since 1959, the African leadership has called upon the world to impose economic sanctions on the Verwoerd Government. They have pointed out that this is the one non-violent means of defeating Verwoerd left; and if by 1964, it may no longer be possible to avert violence, at least determined external action can shorten the struggle, and mitigate its worst effects. It is open to us to save innocent lives, and to halt the wholesale destruction of South Africa's vast human and material resources.

The idea of external intervention, in the form of economic and political sanctions, quickly gained the support of the African Independent States. The Addis Ababa Conference of Independent African States in June 1960 called on member states to sever diplomatic relations with South Africa, to close their ports to its ships, to boycott its goods, and to refuse landing and over-flying facilities to South African aircraft; and to recommend African States to refuse any concession to any oil company supplying petroleum to S. Africa. Ghana, Nigeria, Guinea, Mali, U.A.R., Morocco, Tunisia, Ethopia, Liberia, Tanganyika, Uganda, Algeria, Sudan, Sierra Leone — practically every African State announced a boycott as it reached independence; and though all the terms of the Addis Ababa resolution have not yet been fulfilled, mainly because of the enormous technical difficulties involved, the question of South African freedom remains one of the problems on which all Africa passionately unites. Over the past few years, African delegations at the U.N., the F.A.O., and the I.L.O., and many other international trading, economic, technical and even sporting organisations, have lost no opportunity to demand the total isolation of Verwoerd; while at the United Nations in November 1962, after a two-year battle, and with the help of practically all the non-aligned powers as well as the Communist bloc, they successfully sponsored a General Assembly resolution incorporating all the main demands of the Addis Ababa resolution: the clause on oil being replaced by one demanding an embargo on the export of armaments to South Africa. 67 States voted in favour and 23 abstained: but only 16 countries voted against — France, Greece, Ireland, Japan, Luxembourg, Netherlands, New Zealand, Portugal, South Africa, Spain, Turkey, United Kingdom, United States, Australia, Belgium and Canada.

And even in the strongholds of the West, support for sanctions has been growing, particularly in the international labour movement. The I.C.F.T.U. declared itself for sanctions in 1960, and the British T.U.C. annual conference called on the General Council to consider the adoption of effective measures to 'bring pressure on the South African Government'. Trade unions in the United States, in France, in Britain and Scandinavia demanded economic action. The British Liberal Party declared its support; and on his accession in 1963 to the leadership of the Labour Party, Mr. Harold Wilson pledged a Labour Government to impose an arms embargo against Verwoerd and to seek to make such an embargo international.

In July 1963 Danish dockers, the first trade unionists in Europe to do so, refused to unload South African goods. When the ship went on to Sweden, dockers there also refused to unload the cargo. Despite fines imposed on the first group in Denmark, Danish dockers have continued to refuse to unload South African cargoes. Two months later, the governing parties in Scandinavia jointly proposed a resolution advocating economic sanctions on South Africa, at the Conference of the Socialist International. While the Scandinavian Transport Federation meeting in Finland at the end of August, 1963, passed a resolution asking for economic and diplomatic action against the Republic.

Public opinion in Britain and America is joining its voice to that of a united Africa in demanding action. But effective measures are impossible without the support of the great Western powers, who are at the same time South Africa's biggest trading partners, the source of the vast mass of her foreign investment, and of her arms supply. Boycotts without British and American support can have no more than a marginal effect, and South Africa's rulers know it.

THE FOUNDATIONS OF APARTHEID

The biggest powers behind South Africa's economy have traditionally been the great mining companies, originally based on foreign capital and still fields for considerable foreign investment: the mines, finance, commerce and the secondary industries which have grown rapidly since the first world war, have been controlled by 'English-speaking' whites, backed by investors from abroad. But in the past twenty years State capital has played a growing part in the economy — the Iron and Steel Industrial Corporation (ISCOR); the Electricity Supply Commission (ESCOM); the Industrial Development Corporation, and Government schemes such as the Orange River development project (for irrigation and hydro-electric power) and SASOL (the world's largest oil from coal plant). Since the Nationalists came to power in 1948, State capital has been considerably strengthened and used to feed and encourage the ventures of the Afrikaners, traditionally bound to agriculture, into commerce, industry and finance. It has for long been Nationalist policy — and particularly the policy of the 'Broederbond' secret society in which most Nationalist leaders and present Government ministers have at one time or another occupied leading positions — to break the hold of their political rivals on the 'commanding heights' of South Africa's economy, and due partly to the skilful use of Government contracts, Nationalist capital is now a real power, through financing institutions such as the Volkskas and the Landbank.

State and Nationalist capital in South Africa have been used as direct instruments of Nationalist policy — State capital is playing a large part in an effort to give South Africa 'her own' armaments industry; ESCOM and the IDC are already committed to schemes to supply main services to the Bantustans 'border areas', and Nationalist textile firms are being encouraged to move in, while large Nationalist Co-operatives, which are more correctly selling monopolies, such as L.K.B. and K.W.V., are subjected to Government pressure to keep wages down in the food canning and wine producing industries.

The position of 'English-speaking' capital is more ambivalent. Usually supporting the 'opposition' United Party, it has little claim to championing opposition to apartheid. Profits for South African industry are high, capital accumulation has been rapid, feeding on the starvation wages paid to non-white workers. Government policy, in refusing to set a minimum wage, and rendering non-white trade unions virtually powerless by denying them the right to strike and banning their leaders, has helped to keep them low. Voices from the Chamber of Mines and Chambers of Commerce have been heard to suggest that Africans be allowed training for some skilled jobs—white 'skilled' workers are expensive—but no effective move has been made to raise the standard of living of black workers. They have been known to murmur in favour of a 'relaxation' of the pass laws and the Group Areas Act, which make for a highly unstable labour force, but the City Councils they control implement the pass laws and Group Areas Act all the same.

Mr. Harry Oppenheimer, the great mining tycoon of Anglo-American and De Beers, whose massive tentacles stretch into North Rhodesia and Katanga, Tanganyika and Sierra Leone, Angola and South West Africa, has accommodated himself to independence in other parts of Africa, encouraging training schemes for Africans and promoting them to managerial positions. In South Africa he has recently actually set about raising African miners' wages above the £3 8s. per month at which they have stood for 60 years. But at the same time he is running munitions factories for Verwoerd's Government, in co-operation with I.C.I.(S.A.) Ltd.

In short, whatever power non-Nationalist capital has had to oppose apartheid, it has shown itself totally unwilling to use. As Nationalist capital expands, this power is in any case diminishing; but the record of the mining and finance houses, commerce and industry, has been one of collaboration, not of opposition.

And overseas investment is a partner in collaboration.

SHAREHOLDERS IN APARTHEID

Not only is Britain South Africa's main trading partner[1], but of some £1,500m. foreign capital invested in South Africa, nearly £1,000m. is British (and £300m. American). In the years 1958-1962 the earnings of branches, subsidiaries and associates of U.K. companies in South Africa (excluding oil and insurance) totalled £101.1 million. In 1962 the earnings from South Africa were higher than any other country—£28.7m. (Australia £28.5m., U.S.A £20.1m. and Canada £18.3m.)[2] And according to a 1963 South Africa Foundation report, British money invested there earns dividend returns averaging 12.6% — the highest in the world.

The attitude of the foreign capitalist was well summarised by an American, Mr. M. D. Banghart, Vice-President of the Newmont Mining Corporation, who said that the economic advantages of investment in the Republic vastly outweighed any risks involved — "We know the people and the Government and we back our conviction with our reputation and our dollars," — and added that American firms could make an average profit of 27% on investments in South Africa, higher than profit from any comparable investment in the United States.[3]

The South African Government has long been aware of the value of overseas capital to help entrench itself and its systems of exploitation. In November 1960, eight months after Sharpeville and while South Africa was still ruled under a State of Emergency, the Prime Minister announced after a meeting of his Economic

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1 In the 12 months January-December 1962 S. Africa exported 30.1% of her total exports to the U.K., and took from us 30.3% of her total imports. (This is about 4% of the U.K.'s total exports). The Federation of Rhodesia took 10.2% of S.A.'s exports, 9.1% went to the U.S.A. and 7.5% to Japan. (*Standard Bank Review, May* 1963.)

2 Board of Trade Journal, 15.11.63, p. 1086.

3 The biggest field for foreign investment is still the mining industry, which is not treated in detail in this booklet, partly because we are concerned with direct collaboration with State and Nationalist concerns; and partly because detailed information on precisely which British banks, finance and insurance companies are involved has proved extremely hard to obtain. An idea of the importance of South African mining to any British financing venture can, however, be gained by studying the lists of investment published by almost anyone of the Unit Trusts. The list in the footnote on p. 10, giving the companies involved in the Industrial Finance Corporation of South Africa, makes the double point that the mining industry itself, and several foreign banking and insurance concerns, are ready to back Nationalist Government ventures with their confidence and their money.

Advisory Council that "there is ample scope for fruitful co-operation between the Government and private enterprise, especially as the Government recognises the key role which private enterprise and the profit motive could and should play in the development of our country."

British private enterprise has hastened to accept the benefits of this "fruitful co-operation."

Exploiting South Africa's cheap labour

The 1962 edition of "Who Owns Whom" lists some 333 British companies as having South African associates or subsidiaries. It may not be an exhaustive list, but it includes companies involved in almost every conceivable industrial sphere. They are taking advantage of South Africa's cheap labour, lower taxation, higher protective tariffs and special inducements offered by the Government.

That British companies and private investors make profits out of low wages paid to Africans is already a source of some moral conflict among individuals concerned — some investors were moved on moral grounds to withdraw money from South Africa after Sharpeville; and others, less scrupulous but conscious of the strength of public feeling, take pains to argue a case in public that private enterprise is eventually of benefit to the African worker. The National Association of British Manufacturers produced a glossy pamphlet last year putting such a case.

But no less a person than the Industrial editor of the Johannesburg *Financial Mail* made clear in a recent contribution to the *Investor's Chronicle* (London) that there can no longer be any doubt that investment in South Africa means active collaboration with apartheid. "It is increasingly clear," he wrote, "that private industry — while it has a theoretical choice to mind its own business — can only really flourish where it plays the Nationalist game of separate development: moving black pieces on black squares; white on white.

"From the Nationalist viewpoint this is vital, since if apartheid fails the Government fails."

There are two fields in which "active collaboration" is particularly clear: in the border areas of the Bantustans, or Bantu "homelands" which Verwoerd plans to turn into so-called self-governing areas as a final demonstration of "separate development"; and in State-run industries. In both, British firms are being drawn into partnership with the South African Government to implement the policies of apartheid.

Textiles — implementing Verwoerd's Bantustan Policy

South Africa is offering extravagant incentives to foreign firms (including several Japanese concerns) to establish textile factories on the borders of the new 'Bantustans,' as part of the implementation of territorial apartheid. The Government is granting up to

20% of the cost of the investment; providing power, water, transport and other basic services, and offering housing and tax assistance for buildings, machinery and plant. Dr. S. P. Viljoen, Chairman of the Board of Trade and Industries, is quoted in the *Johannesburg Sunday Express* of 29.9.63 as saying that Canadian, Belgian, Italian, Australian and German interests had already established factories or invested large sums of money in Border Area projects of one kind or another. "The idea," according to a former editor of the *Financial Mail*, now editing the *Investor's Chronicle*, "is that a stream of Black workers shall come out by bus from the reserves by day to work for the White man and shall return by night to tribal homes. If these factories were in reserves where the opportunities — if any — are supposed to be reserved for the Africans, the Black workers could be trained for skilled and semi-skilled jobs. But they are outside the reserves, by a few miles, and job reservations can be applied." (*Investor's Chronicle*, 19th July, 1963.) Wages in fact are even lower than in the towns.

£22½m. has been allocated, through the Industrial Development Corporation,[1] to the development of the textile industry, particu-

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[1] "The IDC was designed primarily to champion private enterprise and generally could not provide an unduly large proportion of the capital required for any project." (from annual report and chairman's statement, October 1961). The IDC manages the Industrial Finance Corporation of S.A. Ltd. which has an authorised capital of £5 million. Privately owned financial institutions, such as mining houses, commercial banks, life assurance offices and specialised financial organisations such as trust and underwriting companies, hold between them 64.5% of the issued capital, while the S.A. Reserve Bank and the IDC of S.A. Ltd., as statutory bodies, hold 35.5%.

The list of members of the Industrial Finance Corporation of S.A. Ltd. is :—

1. *Statutory bodies* : Industrial Development Corporation, S.A. Reserve Bank.

2. *Mining Groups* : Anglo-American Corp. of S.A. Ltd., Anglo-Transvaal Finance Corporation (Pty.) Ltd., De Beers Consolidated Mines Ltd., General Mining and Finance Corporation Ltd., Johannesburg Consolidated Investment Ltd., New Consolidated Gold Fields Ltd., Rand Mines Ltd., Union Corporation Ltd.

3. *Commercial Banks* : Barclays Bank D.C.O., Netherlands Bank of S.A. Ltd., The Standard Bank of S.A. Ltd., Volkskas Ltd.

4. *Insurance Companies* : African Homes Trust and Insurance Co. Ltd., African Life Assurance Society Ltd., The Colonial Mutual Life Assurance Society Ltd., The Legal and General Assurance Society Ltd., The Manufacturers Life Assurance Society Ltd., The National Mutual Life Association of Australasia Ltd., Norwich Union Life Insurance Society, Prudential Assurance Co. Ltd., Santam Insurance Co. Ltd., S.A. Mutual Life Assurance Society, South African National Trust and Assurance Co. Ltd., the Southern Life Association of Africa, Sun Life Assurance Society of Canada.

5. *Financial institutions specially concerned with the financing of industries* : Bonus Investment Corporation Ltd., Commonwealth Development Finance Co. Ltd., Federated National Investments Ltd., Philip Hill, Higginson & Co. (Africa) Ltd., Syfret's Trust Co. Ltd., Union Acceptances Ltd.

(From Beerman's Financial Yearbook, Vol. I, 1962.)

larly in these border areas, and several British firms have been willing to collaborate—at a time when Britain's own textile export figure has dropped sharply from 25.2% of the total export figure in 1954, to 15.3% in 1961; and the level of unemployment in the North is still disastrous. Since the internal South African market is limited, because of the low purchasing power of the non-whites, exports from these U.K.-owned but South African based factories will no doubt be competing with British exports on the world market!

One of the I.D.C.'s first and greatest triumphs was to lure Cyril Lord's from Lancashire to a site near East London, on the edge of the Transkei, the first Bantustan. The factory will produce poplin and fine cotton, and will employ about 2,000 Africans, but the technicians and their families were flown from England. The manager was quoted in the *Johannesburg Star* as being " amazed at the speed with which red tape had been cut by the South African Government," and finding South Africa " a sitting target " for textile manufacturers.

His opinion is shared by other firms. In his 1962 review the Chairman of J. P. Coats, Paton and Baldwin's Ltd., announced the acquisition of a 50% interest in a South African wool spinning company " with the object of overcoming increasing import difficulties by engaging in local manufacture . . . it is confidently expected that in due course this South African venture will make its full contribution to group results and thus replace an unavoidable loss of export trade from the home mills."

And the Chairman of Lindustries Ltd. (a firm with 30 associated or subsidiary companies in the U.K. and four in South Africa) visited South Africa early in 1963 to set up a new factory for fish-net, curtain-net and similar materials—the first concern of its kind in the country. (*Britain and South Africa*, newsletter of the South Africa Foundation, 4-4-63.)

It is hard to avoid the conclusion that these subsidiaries are intended to undercut the products of British factories, which pay British wages. And to compete even on the British market—according to a South African newspaper in August, 1963, the first shipment of South-African-made men's and boys' underwear was due to be exported to Britain, the products of the Progress Knitting Mills of Hammarsdale, one of Natal's new border industries. These were to enter Britain *duty-free*.[1] A Johannesburg textiles manufacturer has in fact bought a complete cotton mill from the Horrockses group (the Cliff Mill, Preston, Lancs.), to give him a " bridgehead " to Britain's market of 52 million. He intends to sell cotton goods, and made-up shirts, sheets, and towels, made in Southern Rhodesia and South Africa. (*Star*, 9-2-63.)

Horrockses themselves seem to have welcomed the enterprise—" Anything that strengthens trade ties between Southern Africa and

[1] One of the effects of the South Africa Act 1962 was to give the Republic continued Commonwealth trading preferences.

Britain is all to the good," said an executive of the firm — who have also gone into South Africa on their own account, entering into an agreement with Berg River Textiles in the Cape under which Horrockses calicoes, sheetings and flannelette will be manufactured in the Republic. British Nylon Spinners — jointly owned by Courtaulds and Imperial Chemical Industries — too, is to build a spinning plant " in conjunction with South African financial and industrial interests." (*Financial Times*, 1-3-63.) The Calico Printers' Association of Manchester has acquired a 50% holding in the Good Hope Textile Corporation, an I.D.C.-sponsored enterprise for development of the Bantustan border areas. And a Bradford firm of interlining and tie-lining manufacturers, Stroud, Riley & Co. Ltd., is at present extending its large plant in Port Elizabeth — " There are first class prospects for more business in South Africa, provided you have internal peace," the Chairman told a South African audience. (*Britain and South Africa*, 4-4-63.) While the Vantona textile group has a 50% interest in Constantia Vantona (Pty) Ltd., which will manufacture Vantona products in Cape Town. Yet Vantona's own annual report for 1963 complains of " considerable losses " due to " the continued apathy of the Government to the effects of low cost imports."

It should already be clear that South Africa's rapidly expanding textile industry in the ' border areas ' is destined to be a major source of the " low-cost imports " of which Vantona complains. It is one of the contradictions in this situation that Britain's textile industry, by going into partnership in the border areas, is conspiring to kill the industry at home.

Engineering — in Partnership with State Capital

Sir William Carron, President of the Amalgamated Engineering Union, complained of a similar process in the engineering industry when he addressed the 1963 meeting of the International Metalworkers' Federation. He spoke of international firms which, producing wherever is cheapest, raise problems of international fair labour standards, and cited British bicycle makers which had established factories in India and South Africa — not to create jobs, but to make the largest possible profits. Bicycles, he added, were no cheaper to buy in India or South Africa than they were in this country, although they were much cheaper to produce.

But engineering is primarily the industry in which foreign capital has joined in partnership with South African State capital. Rapid post-war development was made possible in South Africa by the production of iron and steel alloys by the Government monopoly Iron and Steel Corporation (ISCOR), " at prices considerably below world level, for further fabrication by privately owned foundries and engineering works." (*South Africa in the Sixties*, published by the South Africa Foundation.) As a result, the electrical engineering industry for instance, which comprised 29 firms in 1939, included 150 by 1950 — mainly British, American and Dutch.

According to '*The British Stake in South Africa,*' a pamphlet of the National Association of British Manufacturers, among British engineering firms deeply involved in South Africa are Associated Electrical Industries, Babcock & Wilcox, Vickers, Rubery Owen & Co., George Fletcher & Co., Iddon Bros., Duncan Stewart & Co., and the Davy-Ashmore group. Some of these companies are shareholders in ISCOR's subsidiary VECOR, which runs the largest engineering works in Africa. Others have technical aid agreements with VECOR whereby they co-operate in the development and manufacture of mechanical and electrical equipment. Babcock & Wilcox' boiler-making factory for instance, has now been taken over by the State firm, according to the South African *Fighting Talk* July 1962. Guest Keen & Nettlefold Ltd. share with another ISCOR subsidiary control of South African Nuts & Bolts Ltd. Rubery Owen & Co. in 1960 joined with VECOR (which holds 51% of the capital) to form a company, Ruberowen Metal Pressings Ltd., to manufacture wheels for 15 different models of motor car. This project seems to be in line with Government policy to step up the local content of cars manufactured in South Africa, with the long-term aim of producing a South African car.[2]

Other engineering firms with South African connections include John Brown & Co. the shipbuilders, with two machine-tool subsidiaries in the Republic, one of them showing a "most satisfactory result" and the other (selling mining tools) continuing to "obtain a substantial portion of this important market." Lord Aberconway, Chairman of John Brown & Co. and Wickman Ltd., referred in his review of the Wickman group's U.K. operations to the lower level of orders for machine tools, which had persisted into 1963.

John Brown & Co. have been awarded a contract for the gas transmission and distribution system to be built by the S.A. Coal, Oil and Gas Corporation. The gas will be manufactured at Sasolburg, and distributed initially to industrial consumers near Johannesburg. The capital cost of the overall project is in the region of £15m. John Brown, incidentally, has a substantial holding in Westland Aircraft Ltd, which has been supplying Westland helicopters to the South African Air Force. The Wellman Smith Owen Engineering Corporation, too, reports a successful year for its subsidiaries in South Africa. (Sir Peter Roberts, Conservative M.P. for the Heely division of Sheffield, is Chairman of Wellman Smith, and also of Hadfields Ltd., the steel and engineering firm, which also has a South African subsidiary.) And the South Wales company, Aberdare Holdings Ltd., is planning expan-

[2] In this connection an important development is the decision of Fords of America to invest £4m. in its Port Elizabeth plant to manufacture car and light truck engines in South Africa for the first time. American companies, according to *Newsweek* (11.11.63), have increased their investment in South Africa by 25% over the past two years. General Motors, Good Year and Eli Lilley are, for instance, all opening new plants or expanding existing ones there.

sion of its two South African companies to cost £1m. over the next three years, and to include the building of a new factory in Port Elizabeth. (Mr. John Eden, Conservative M.P. for Bournemouth West, is a director of Aberdare Holdings.)

Cut-Price Steel Imports

The U.K. Iron and Steel Board's Annual Report for 1962 refers to difficult times for the steel industry, blaming in part the fact that "the British market itself has not escaped the attentions of producers overseas, particularly those with duty-free access to this country, and for the first time for many years, imports, notably of billets and other semi-finished steel, began to arrive in the U.K. at prices well below the maximum home trade prices determined by the Board." Imports of steel rose from 446,000 tons in 1961 to 762,000 tons in 1962, the increase being partly due to substantial imports of low-priced billets and other semi-finished material by independent re-rollers. These imports came mainly from the Commonwealth and South Africa. The Report refers particularly to imports of ferro-manganese from South Africa, where production costs are low, which came in duty free in spite of a surplus of home production.[1]

Indeed, ISCOR has been involved in a vast expansion programme costing £56m., and has embarked on a second project that will involve the investment of some £300m. in the next 10 years. £11.5m. worth of steel products and pig-iron were exported in 1961, and ISCOR has appointed selling agents in Britain, Italy and the United States. (*An Expanding Economy.*) And in the same year the corporation's low price and quick delivery policy helped a Cape Town engineering firm to land the first export order from a British firm — Appleby Frodingham of Scunthorpe — to provide the steelwork for a new rod and bar mill installation. (*South African Progress*, published by South Africa House, November, 1961.)

Thus British enterprise in South Africa ironically may be the cause of losses and subsequent unemployment at home. And further complexities in the situation are now arising with the establishment of subsidiaries of a great South African mining group, the Union Corporation, registered in London, in Britain itself. The Wilkes Berger Engineering Company, which is changing its name to Unicorpora Industries Ltd. and acquiring Wessex Industries (Poole) Ltd., is such a subsidiary; while a Union Corporation company in South Africa, South Africa Pulp and Paper Industries (SAPPI) has set up a British selling firm, SAPPI Sales Ltd., to launch its kraft liner (used in making corrugated board) in this country. The Union Corporation, of course, like most of the Rand mining groups, is itself heavily financed by investment from British insurance, finance and banking concerns.

[1] Imports of iron and steel from South Africa totalled 37,194 tons in 1961, but in 1962 rose to 108,915 tons. In the nine months to 30.9.63 imports were 75,345 tons.

Collaboration in other fields

In the field of shipping, the British and Commonwealth Shipping Co., a group of eight shipping companies, among them the Union Castle line (which carries the vast proportion of mail and freight between the Republic and the U.K.), the Clan Line, Houston Line and King Line, embarked on a merger between its Springbok Line, and the State-owned subsidiary company South African Marine Corporation Ltd. (SAFMARINE). The Chairman of British and Commonwealth, Sir Nicholas Cayzer, is President of the London Committee of the South Africa Foundation.

The Canadian tractor firm, Massey Ferguson, has also lately merged its South African firm with the South African Farm Implement Manufacturers Ltd. (SAFIM), another Nationalist concern, to form Massey-Ferguson (S. Africa) Ltd. SAFIM is heavily supported by Federale Volksbeleggings, the Nationalist finance house which played so large a part in building up Afrikaner financial power in South Africa.

The chemical industry too has not escaped the trend towards involvement with Government plans. African Explosives and Chemical Industries Ltd. (jointly owned by I.C.I. and De Beers, the diamond branch of the Oppenheimer empire) is now developing a 600-acre site for the production of polythene, arctons, cyanide and nylon 6. This site is at Sasolburg, and will make use of the raw materials from the State-owned oil-from-coal plant, SASOL (*Financial Times*, 13-2-63). Fisons, the fertiliser firm, which has South African companies, is also using the raw materials produced by the SASOL plant for their fertilisers. The loan capital for their new £2m. factory at Sasolburg was provided by the Industrial Development Corporation and the Commonwealth Development Finance Co. Ltd. (London).

African Explosives and Chemical Industries Ltd., is also building three new ammunition plants for the Verwoerd Government. I.C.I.'s annual report for 1962 does not refer to this activity of its associated company, merely mentioning that a new superphosphate fertilizer plant is under construction at Modderfontein and that a site for development has been purchased at Sasolburg, where a number of manufacturing projects were under consideration. A.E.C.I.'s annual report, signed by Mr. Harry Oppenheimer as chairman, refers to the three major 'accidental' explosions at Somerset West and Modderfontein, all of which resulted in loss of life. Despite these serious interruptions the factories achieved "increased despatches of both explosives and explosive accessories." These explosions were in fact believed to be the work of saboteurs in the African liberation movement. (A.E.C.I. has changed the name of its East African company to 'Twiga Chemical Industries Ltd.')

Even the apparently innocent enterprise of Rediffusion Ltd. in establishing the Orlando Rediffusion Service (Pty) Ltd. to pipe radio to the 'model' African township of Orlando, near Johannesburg, acquires sinister connotations in the apartheid context, for it involves collaboration with the South African Broadcasting Corporation. The S.A.B.C. was nominally an independent corporation on the lines of the B.B.C.; but under the Nationalist Government it has become a State monopoly and organ of the crudest political propaganda. A particular insult is the 'Bantu' programme, which is used to eulogise Government policy and 'sell' apartheid to the African people. In 1962 a large number of the S.A.B.C. staff resigned in protest at its use as an instrument of Government.

But a less innocent form of co-operation exists between Rediffusion's largest manufacturing subsidiary, Redifon Ltd., and South Africa; for Redifon produces radio communications equipment and flight simulators used in training aircraft crews, and an important order for this training equipment is now in production for the South African Government.

And finally, one of Britain's biggest food firms, Mr. Garfield Weston's Associated British Foods (with a record sale of £183m. last year) has invested £5m. in South Africa's leading baking and milling concern, the Premier Milling Co. Ltd. A.B.F. has outlets in 270 Fine Fare supermarkets, 370 grocery shops and five department stores, which may be expected to step up their selling of South African goods. Mr. Weston described the South African Government to a London paper as "a God-fearing body of Christians." (*Evening Standard*, 5-6-63.)

The South Africa Lobby

The work of the Katanga Lobby during the period of the Congo crisis proved dramatically how a comparatively small, but powerful, group of individuals with a special interest, can influence Government policy to the benefit of special interests, but to the long-term damage of the interest of the nation as a whole. Britain's enormous commercial involvement in South Africa could well form the base for an equally harmful lobby on the question of apartheid. And already business interests are organising themselves, primarily to defeat the move now supported by the United Nations for economic sanctions on South Africa. The National Association of British Manufacturers (Chairman Sir Gerald Nabarro, M.P., who distinguished himself on the BBC last winter by demanding of an opponent in debate how he would like his daughter to marry a "big buck nigger,") has produced a glossy pamphlet, *The British Stake in South Africa*, attacking the idea of economic boycott; while the British Institute of Directors has, according to the *Johannesburg Star*, some 637 South Africans among its 39,000 members. Sir Richard Powell, Director-General of the Institute, visited South Africa in 1962, and concluded, "You have political and economic stablility here — whether we approve of your politics or not. These are two things to which the investor looks. Trade overrides ideological values, and economic links are very strong.

We must disregard the politicians." (*Star*, 7-4-62.) A large international public relations firm, London Press Exchange Ltd., which has two South African companies, has published a full-length 'study' of the Republic's economy to stimulate investment and discourage boycott. But it is the powerful South Africa Foundation which is the most important lobbying machinery.

The South Africa Foundation

The inaugural meeting of the Foundation was held in Johannesburg in December 1959, when the 25 sponsors present were constituted as the provisional Board of Trustees. Today, the Board has been increased to more than 100 and represents in the ringing words of the Foundation — "leaders of every sphere of national activity" (all whites) "who have come together with a single objective — to present the world with a true picture of South Africa, the human and material riches with which she is endowed, the historical and national forces which have shaped the destinies of her peoples, and the contribution which they can make to the wealth, security and happiness of the African continent and the world as a whole". Not surprisingly, the following passage has been left out of the expensive hand-outs distributed in Britain: "to secure for South Africa and its people from the world community of nations, of which they are members, recognition for the contribution which they have made and support for the services they will continue to render towards the progress, on the continent of Africa, of a civilization **founded and built on the Western European way of life and ideals, and of a sovereign democratic state, essential to the assurance of Western influence and security on this continent."**

The Foundation's South African President is Major-General Sir Francis de Guingand (Chairman of Tube Investments (S.A.) (Pty.) Ltd., Raleigh Cycles (S.A.) Ltd., and a director of other companies, including Rothmans Tobacco Holdings Ltd.) who was Lord Montgomery's former Chief of Staff in World War II. Addressing the Foundation's annual meeting in April, 1963, Sir Francis said " . . . . we are not prepared to let our enemies, under a cloak of so-called humanity, destroy what we have achieved in this country. There are signs that they will try to do so . . . . " (*Star*, Johannesburg.)

The Vice-President and the Trustees include nearly all leading financial and industrial concerns in South Africa, an astonishing alliance of Nationalist and Opposition, State and private capital. Among them are Mr. C. W. Engelhard, an American, who is chairman and president of Engelhard Industries Ltd., and chairman of Rand Mines Ltd. and American-South African Investment Co. Ltd.; Dr. J. E. Holloway, former High Commissioner in London and ex-Finance Secretary in the Nationalist Government, director of Barclays Bank Ltd. and the Union Corporation Ltd.; Mr. Harry Oppenheimer, chairman of the Anglo-American Corporation and De Beers Consolidated Mines, ruler of the most powerful financial empire in Africa — 140 companies worth a thousand million pounds; Mr. I. G. Fleming, director of Dunlop S.A. Ltd., the Metal Box Co. of S.A. Ltd., S.A. Iron & Steel Industrial Corporation Ltd. and the South African Reserve Bank; Mr .W. B. Coetzer, chairman of Federale Mynbou (a Nationalist mining group); Mr. Sam Cohen, joint managing director of O.K. Bazaars (one of South Africa's main chain store groups)[1]; Dr. Anton Rupert, chairman and managing director of the Rembrandt Tobacco Corporation (and described in one of the Foundation's news bulletins as "the world's Mr. Tobacco")[2].

The Foundation's London Committee

The London Committee of the Foundation involves an impressive number of directorships spread over a wide range of British companies. The President, Sir Nicholas Cayzer, is chairman of Cayzer, Irvine & Co. Ltd., and also a director of 53 other companies, including the Union-Castle shipping line, which carries

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[1] Mr. Sam Cohen's O.K. Bazaar group bought a 75% interest in a British group of self-service stores (ELMO Stores) in 1962. An announcement made at the time said Elmo Stores would "take every opportunity to promote the sale of S. African produce in the U.K." Although at present Elmo had only 12 stores, the intention was to expand to about 50 retail stores. (*Financial Times*, 14-9-62.) The shipment of 20,000 garments made in S. Africa (see p. 10), will be distributed to the Elmo supermarkets by the wholesale firm of M. Vanger Ltd., Romford, Essex. (Mr. Vanger is managing director of Elmo Stores.)

[2] The Rembrandt Tobacco Corporation (S.A.) Ltd. was incorporated in 1948, and its average annual dividend for the past 11 years has been almost 15%. Through "investment on a basis of partnership in industry" the group has built up assets overseas which, with its S. African subsidiaries, total £68½ million. The group's present turnover is at the rate of more than £175m. annually of which the 1963 Stock Exchange Yearbook says "over 99% of the ordinary shares are owned by Rupert Tobacco Corporation (Pty) Ltd." (a South African firm).

In February, 1961, Rothmans sold to Carreras Ltd. its undertakings, trade marks and other assets relating to the sale of tobacco in the U.K., Channel Islands, Republic of Ireland, Fiji and Malta. Rembrandt Tobacco Corporation (S.A.) Ltd. owns 99.95% of the ordinary shares of Carreras Ltd. Principal subsidiaries are: Carreras Sales Division (U.K.), Carreras (Overseas), Rothmans of Pall Mall, Carreras Rothmans Manufacturing & Distribution, American Cigarette Company (Overseas), Murray, Sons & Co., and John Sinclair. Rothmans retained its export trade (with some exceptions), now carried on by a wholly owned subsidiary, Rothmans of Pall Mall Export Ltd., (Dr. A. E. Rupert is a director of both Carreras Ltd. and Rothmans Tobacco (Holdings) Ltd.)

Brands manufactured by the group include:

Piccadilly Number One	Pall Mall Filter
Piccadilly Filter de Luxe	Consulate Menthol Filter
Craven 'A' Cork Tip and Filter	Peter Stuyvesant King Size Filter
Guards Filter	Sweet Afton
Rothmans King Size Filter	Afton Major
	Carrolls Number One

Pipe tobaccos include: Murray's Mellow Mixture, Erinmore Mixture and Flake, Barney's, Parson's Pleasure, Punchbowle, Mick McQuaid Square Cut.

the bulk of the passengers, freight and mail between the Republic and Britain.

The Chairman of the London Committee is Mr. William E. Luke, Chairman of Lindustries Ltd., with 30 associated or subsidiary companies in Britain and four in South Africa. He is chairman or director of 24 other companies in the U.K. He recently returned from a visit to South Africa after making arrangements for a new company to manufacture fish and curtain net, the first of its kind in South Africa.[1]

Lord Fraser of Lonsdale is chairman of the Alliance Assurance Co. and Capper Pass & Son Ltd., and chairman or director of four South African firms, one of them a large general merchandise group in Basutoland. He is a frequent contributor to debates in the Lords on South Africa.

Mr. Harold C. Drayton, "a City maestro of millions", according to the *Daily Express*, professes ignorance of the precise number of directorships he holds, but the current edition of the Directory of Directors lists 36, a number of them investment trusts, U.K. firms with South African subsidiaries, or South African companies, including gold-mining interests in South and South West Africa. He is Chairman of the Mitchell Cotts group, which started in Durban 68 years ago, now has 63 associated companies in 30 countries. Although a South African company the group's head office is in London. Mr. Drayton also has extensive interests in British newspapers, as Chairman of Provincial Newspapers Ltd. (four dailies and 23 weeklies) and Argus Press Holdings Ltd. (11 weeklies and 23 periodicals).

Mr. Patrick Lyons Fleming is another busy boardroom man, with 19 directorships in the Harold Drayton network of companies. He is also chairman of A. Lewis (Westminster) Ltd., the retail tobacconists with 250-odd retail shops.

Another member of the London Committee is Mr. George M. Mason. His list of directorships is not as impressive as those of some of his fellow Committee members, but he is a director of African Explosives and Chemical Industries Ltd.,

The London Committee of the Foundation has replaced its regular bulletin of "information on economic and industrial affairs affecting the two countries" with a glossy periodical called *Perspective,* containing articles advocating further British investment in South Africa. Mr. Cyril Lord was a contributor to the first issue. It has also published an expensive volume intended to attract investment and business to South Africa, *South Africa in the Sixties.*

Interests, Declared and Undeclared

All investors in South Africa are not, overtly, supporters

[1] A report in the South African press in 1963 expressed concern about future supplies of fish-net for the S. African fishing industry because of the Phillipines refusal to continue exporting it to S. Africa, in compliance with the U.N. resolution on sanctions.

of apartheid. If asked, most would probably express appropriate horror of racialism. Some, like the National Association of British Manufacturers, might argue that their money will help to bring wealth and employment to the non-whites. But their stake in South Africa predisposes them to oppose any effective action *against* apartheid. It is therefore politically relevant that, of some 295 Conservative Members of Parliament who have substantial past or present business connections, over 40 are connected with companies that have subsidiaries or associates in the Republic. In debates in the House on the issue of apartheid, members on the Government side counter Opposition demands for economic pressures and a ban on the sale of arms to South Africa, with the arguments that Britain cannot afford to lose its export trade with South Africa — and this includes the arms trade; that any boycott would cause unemployment both here and in South Africa; and that British investment is at risk. **Mr. John Eden,** for instance, **Conservative member for Bournemouth West,** asked a question in May 1963 about the number of firms engaged in the manufacture of aircraft and aircraft equipment for South Africa, expressing the opinion that the Leader of the Opposition's pronouncement on banning the arms traffic with Verwoerd "had already done considerable damage to the British aircraft industry." Mr. Eden is a director of Aberdare Holdings, which is at present expanding its two South African subsidiaries.

Sir Peter Roberts Bt., M.P. for Heeley, Sheffield, in a debate on 31st May, drew the attention of the House to the fact that 25% of Britain's overseas investment is in South Africa; to the very substantial export trade with the Republic; and to an investment return in dividends and interest of about £50m. a year. He pointed out that the exports of aeroplanes and vehicles to South Africa was worth £21m. last year, and that these exports meant jobs and wages for his constituents, which were at risk "when we invite mutual boycotts, for political and other reasons." Sir Peter is chairman of Hadfields Ltd., and of the Wellman Smith Owen Engineering Corporation, both of which have substantial interests in South Africa. After visiting the Republic during last year, he stated "There have been political advances in South Africa. There have been great steps forward in the modernisation of housing . . . . As to unemployment, there is now a system whereby there is no known unemployment in the vast urbanised areas which depend on industry. Much has been done with regard to health. I saw a clinic where European doctors and nurses spend their whole time looking after the sick from these urbanised areas."

Sir Harwood Harrison Bt. (Conservative Member for Eye) said during the debate on the South Africa Bill (26.2.61) "It is due to British influence that the great wealth of South Africa has been built up. The energy and the enterprise has come from people of British stock. They dug (sic) the mines, and built the ports, and we have developed a great trade between South Africa and this country. . . . We cannot afford to lose this trade." Sir Harwood is a director of Chalwyn Lamps (South Africa) Ltd.

Other Conservative M.P's however, have shown themselves profoundly unhappy about the attitudes of their colleagues, and of the Government itself, on the issue of apartheid. Mr. Julian Critchley, M.P. for Rochester and Chatham, actually abstained from voting on the South Africa Act giving South Africa continued Commonwealth privileges. Mr. Humphry Berkeley, M.P. for Lancaster, has recently expressed his support for concrete measures against the Verwoerd regime by becoming a Sponsor of the Anti-Apartheid Movement. While Mr. Douglas Marshall, Member for Bodmin, pointed out in the debate on the South Africa Bill the danger for British industry in the free import of the products of cheap labour in South Africa. Speaking of the import of South West African pilchards, he complained that "great harm" was being done to the pilchard industry in Cornwall. "We ourselves have caught only 3,617 tons solely because we cannot afford to expand," he said. (South Africa on the other hand has increased her catch by 600% in the past 13 years, and is now sixth among the world's fish exporters. About £20m. worth of fish exports go abroad annually, making this the largest single item of processed foodstuffs exported by the Republic. The wages paid to workers in the industry are pitiful and they suffer great hardship during the off-season periods).

But the most vociferous of the special pleaders for South Africa are probably to be found in the House of Lords — Lord Fraser of Lonsdale warned the House during the South Africa Bill debate that British criticism might exacerbate the situation between "our two countries," and wished the Republic "the very best of luck," in Afrikaans. In a letter to *The Times* a few months later, he praised the South African police for doing "their difficult duty" with "more consideration" than previously, and rejoiced in the setting up of the new Bantustans. Lord Fraser is Chairman of four South African firms, one of them a large merchandise group operating in Basutoland. Lord Barnby, in the same debate, paid tribute to Dr. Verwoerd for "what seemed to me the dignity and patience which he displayed under great provocation," and pleaded for continued Commonwealth preference on South African goods. He is a director of 23 companies, including Francis Willey & Co. (Pty.) Ltd. of South Africa. More recently, Lord Barnby asked whether the Government could confirm that our U.N. delegate had used the words "evil and abhorrent" in relation to South Africa's internal policy; and if so "will they caution him in future to make reference in a language less repugnant to a friendly country which takes such a large volume of imports from us, and in which this country has such massive investments". (Hansard, 20.11.63.) Lord Brabazon of Tara, who made a picturesque comment on the United Nations as "a convention of nigger minstrels," has similar views. He also has 17 directorships, including several with South African interests.

Thus British money, and British politicians, are building and defending apartheid. Many of the individuals involved may not be fully aware that this must be the effect of their actions; it is to be hoped that this pamphlet will do something to open their eyes. But some must be fully aware of what they are doing. They have no excuse.

THE MURDER WEAPONS

If foreign collaboration with the crime of apartheid stopped at exploitation for profit, it would be bad enough. But it goes further — it actually supplies the armaments without which Verwoerd and his neo-Nazi Government would find it impossible to face the anger of the South African people.

Britain is supplying South Africa with £90m. worth of military equipment in the current 3-year period (*Sunday Telegraph*, 7.4.63.) British arms to South Africa have included not only the Saracens used at Sharpeville and, more recently, to break up a meeting of African students at the Wilberforce Institute, Evaton, but six frigates, ten minesweepers and four defence boats (under the Simonstown Agreement, from 1955-1963), between £20m. and £30m. worth of Buccaneer Mark II low-level strike aircraft (capable of delivering nuclear and conventional weapons), Canberra aircraft of the latest type, designed for bomber, reconnaissance and ground-attack duties, and Westland Wasp helicopters, suitable for use as weapon carriers and intended for use from two ships being converted into 'helicopter carriers'. There is even talk of an £18m. order for submarines.

Many British firms are directly or indirectly involved in these arms deals — Yarrow & Co. & Alexander Stephen & Son are among those who built the frigates. The Buccaneers are being made by the Blackburn Aircraft Co., a Hawker-Siddeley subsidiary, their engines are from Rolls Royce, and a subsidiary of Rediffusion Ltd. is making flight simulators for training the air-crews. The Canberras come from the English Electric Co., the Wasp helicopters from Westland Aircraft, in which John Brown & Co., the shipbuilders, have a substantial holding. Handley-Page was reported to be supplying Victor Mark II bombers, while the Alvis Co. of Coventry manufactures Saracen and Saladin military vehicles. And, according to the South African Information Service on 6-5-63, Miles Aircraft Ltd. is planning to manufacture jet-trainers in South Africa. The Parliamentary Secretary to the Ministry of Aviation told the House of Commons on the same day that at least 50 British companies were engaged in the manufacture of aircraft and equipment for the South African Government.

There has been a thoroughly discreditable scramble for these orders. According to the *Sunday Telegraph*, 7.4.63, "The main nations fighting to take over contracts from Britain are France, Italy, the United States and Germany". And competition is already so hot that South African Defence Department officials have been tried and sentenced for receiving large sums in bribes from competing firms in Europe. It is not clear whether any British firms are implicated, but the investigating team made enquiries in London and at least one South African paper (the Nationalist *Die Burger*) suggested that bribery would explain why orders had been placed in Britain in spite of Labour's intention to repudiate these contracts.

In spite of public protests and questions in the House of Commons, no justification or explanation of this policy was forthcoming until, following the 1963 U.N vote demanding a total arms embargo, the British Government announced briefly that in future only arms for external defence would be supplied to South Africa. It is not yet clear what, if any, alteration in policy this has meant in practise. Government spokesmen when they made any comment, always referred to South Africa as essential to Western defences against Communism. This argument has particularly been used in connection with the Simonstown Naval Base agreement, under which the British Navy has the right to use the naval base outside Cape Town, and helps train South African Naval forces; and South Africa was pledged to buy £18m. worth of shipping from Britain over a period of eight years from 1955 to 1963. A clause in the agreement stipulates that it will "remain in force until such time as the two Governments decide otherwise by mutual agreement". In the course of protecting the South Atlantic for the West, the British and American navies take part in exercises with the South Africans; and this impression of a common defence force is one that the Verwoerd Government is anxious to foster. Now, following the Security Council vote for an arms embargo, is the time to see that Dr. Verwoerd's thesis is properly questioned at last.

The United States Government until recently fell back on the same defence — though pledging itself in 1962 at the United Nations not to supply any armaments to South Africa for internal suppression, in 1963 it sold South Africa Lockheed C130 Transport planes. In a letter to the Anti-Apartheid Movement in London explaining this action, the United States Embassy wrote "In any determination of our arms policy towards South Africa consideration must be given to the fact that South Africa has always been firmly anti-Communist and a staunch member of the western community of nations while geographically that country occupies a strategic position on one of the principal east-west communications routes. South African forces fought with the Allies in World War II and South Africa participated in the Berlin Air Lift of 1948-1949. In the Korean conflict a South African air squadron served under the United Nations command from 1950 until after the Armistice in 1953".

The artificiality of this argument need hardly be stressed. Is the West prepared to accept **any** ally against Communism, and if so what are the principles on which the 'free' world bases itself in opposing Communism at all? And South African forces did indeed fight in the war against Hitler. But where were the members of the present Government at the time? Mr. Vorster, Minister of Justice, was in an internment camp as a Nazi sympathiser; Dr. Verwoerd himself was writing pro-German editorials in *Die Transvaler,* which lost him a case for libel against another newspaper that called him a Nazi.

The obvious embarrassment of the writer of that letter — who wrote after consultation directly with the State Department — underlines the dilemma of the West. It also gives hope to those of us who want to change Western policy, for it exposes that policy as based on an irreconcilable contradiction. We cannot defend Verwoerd and democracy, at the same time.

In fact, the U.S. Government later found the position untenable, and in August 1963 Mr. Adlai Stevenson speaking at the U.N. Security Council pledged his country to cease the supply of **all** weapons to the Verwoerd Government by the end of 1963.

This was a victory for the South African people; and Britain too is now aware, more than ever before, of the weakness of the position she has adopted. Military agreements with South Africa have been kept as secret as possible — the agreement to allow South Africa to set up a radar station in one of the Protectorates for instance, and the scandal (exposed by the *Daily Express* on March 17th, 1963, and never subsequently denied) of the reported negotiations for rights to fly military planes across South Africa to 'strategic interests' in the Middle and Far East, and for British planes to refuel and be repaired there. The report stated that this had become essential because the existing route may be barred by Libya, Sudan or Aden in the interests of African neutralism, and ended by saying "The deal has been kept quiet by the Foreign Office because it is certain to touch off a row in Parliament." Official sources have kept equally quiet about the British technicians who, according to the *Guardian* of 28-8-63, and the *Sunday Citizen* of 3-11-63, are to help South Africa to produce her own guided missiles. This prospect is all the more serious because the idea of a South African rocket is being viewed by leaders of independent Africa as a direct threat to the peace of the continent. To quote the *Guardian* (25th June, 1963) "By continuing to supply arms Britain is helping to sustain in power a Government whose policies it has condemned (through its delegate at the United Nations) as 'morally abominable, intellectually grotesque and spiritually indefensible' ".

Government Ministers, being pressed on these policies, sometimes refer to the need to safeguard the interests of the people of the High Commission territories. There is no doubt that H.M.G. is being blackmailed by Verwoerd, who knows that Britain depends for access to Basutoland, at least, on overflying rights over the Republic's territory. He knows too that Basutoland's economy depends on the export of 40% of her adult manpower to work in the Republic), and he has threatened to close the borders (steps have already been taken to build up fences and set up immigration control posts), and if necessary ban 'foreign' labour from South Africa. He has announced that he intends to revise the 40-year old Customs Union Agreement; hinted darkly that he is 'no longer' interested in acquiring the three territories as long as "they behave themselves"; and finally come out with an offer to incorporate them in the Republic as Bantustans. Britain has so far resisted pressures to deny political asylum to South African refugees although they have been under heavy restrictions while in the High Commission Territories, and many have been refused permanent residence permits. But ugly allegations of collaboration between Republic and Protectorate Police have been made repeatedly. After the swoop on Pan-African Congress supporters and others in April, 1963, in Basutoland, Government-supporting South African newspapers openly boasted of help from British police.

Unless Britain is prepared to stand firm now, and call Verwoerd's bluff, he will continue to use the High Commission territories as his hostages. Britain must gain the support of the U.N. in a declaration that any move against the Protectorates, including an economic blockade, by South Africa will be treated as an act of aggression. Instead of appearing at the U.N. as South Africa's loyal defender against the majority, as she has done in the past, she must support U.N. efforts and gain U.N. support.

For Britain's position in relation to South Africa is becoming rapidly untenable. Once guerrilla warfare breaks out there, is Britain — as Verwoerd's ally — to find herself fighting against Tanganyikan troops sent in answer to a call for support by South Africa's non-whites? For this is the logical extension of the present position.

Are we, whose political interests in Africa and Asia are essential to our foreign relations, whose trade with Africa and Asia (our import and export trade with independent African States alone amounted to £250m. in 1962) and investment there is integral to our entire economic pattern; to sacrifice these for lack of the courage to extricate ourselves from a dilemma in which the incompetence of Government policy has placed us?

Mr. Peter Thomas, Joint Under-Secretary of State for Foreign Affairs, in reply to the debate on the South African Bill on 26th February, 1962, declared:

"(South Africa) . . . affords us one of our largest export markets. Our two-way trade amounts to £16 million a year for our shipping, and our total net invisible earnings there are about £100 million a year. . . . South Africa is the repository of about £900 million of United Kingdom capital investment. As the world's largest gold producer, she is an important member of the sterling area, and I am sure that it is a matter of great importance to Britain that South Africa should remain in the sterling area and that her gold should come to London."

Apartheid is profitable to us, in fact. The headlong tumble towards racial war, however, invites us to question even this short-term expediency, and to ask what £1,000 million worth of investments will be worth during, and after, a civil war? The editor of the *Investors' Chronicle*, John Marvin, who knows the country well, views the prospects for commercial partnership with South Africa very coldly. He describes it as "investing in a volcano." "(The investor) is being asked to take an interest on the edge of a volcano, and he will probably agree with my conclusion that the important question is not whether the mountain will erupt, but when." (*Investors' Chronicle*, 19th July.)

There must be another way.

THE OTHER WAY

The other way is clear. It has been advocated by the South African freedom movements and the opponents of apartheid abroad over and over again: it is the immediate and total isolation of Verwoerd in the world community.

South Africa is in fact particularly vulnerable to economic pressures. It depends on its export trade, which represents some 35% of the national income (25% excluding gold), as compared with 4% in the United States and 21% in the United Kingdom. Its agricultural output on the other hand represents only 20% of the national income — so minerals and manufactured goods must be exported in order to pay for food itself. It also depends for its "defence" on armaments from abroad — despite efforts to make the country self-sufficient in arms it will be a long time before this can be achieved, and such arms as are manufactured in South Africa at present depend on licences and know-how from overseas (e.g. I.C.I.'s participation through their South African subsidiary in the munitions factories projects; licences to manufacture FN rifles from Belgium; and the project to manufacture Panhard armoured cars under license from France). According to the *Sunday Telegraph* of 7-4-63 the Republic plans to spend £700 million on arms abroad in the next 10 years, and France, Italy, Germany, Japan and the U.S. are contending with Britain for the orders.

From Britain she had, says the *Sunday Telegraph*, at least until Mr. Wilson's pledge on the 'No Arms for Apartheid' policy of a future Labour Government, planned to buy: 200 Provost 'training' aircraft, de Havilland 125 transport planes, Green Archer, the mortar locating radar, Bedfords and Land-rovers, and even Blood Hound or Thunderbird ground-to-air nuclear missiles.

Without the income from overseas trade, Verwoerd would never find this £700m, nor the additional amounts required to finance a rapidly growing Army and Police Force.

The militarisation of South Africa would therefore have to be financed from exclusively internal resources, and the inflated white standards of living would drop dramatically, and cause discontent to weaken if not actually destroy the "white unity" that the Government has so hotly pursued for years.

Without the readiness of the Western powers to supply them, Verwoerd would be without the multitude of heavy armaments he now requires to suppress a smouldering populace. Its lifelines cut, apartheid must collapse.

Further, South Africa cannot provide from its own resources enough fuel, particularly oil, to meet internal requirements. 140,000 tons of petrol per year can at present be produced by the giant oil-from-coal extraction plant at Sasolburg, and though this is expected to double its output by 1968, this would still supply only one sixth of the country's current national demand for petrol, and less than 8% of its oil requirements. Without fuel, industry and transport would grind to a halt, and so would military trucks and planes. To stockpile sufficient fuel to last more than weeks would, as far as can be seen, be impossible.

In fact, South Africa's own policies have helped to make her defenceless against economic pressures. Low wages and poverty-stricken African reserves — in short, apartheid — ensure that the internal market is artificially restricted and therefore incapable of absorbing even the comparatively small surpluses caused by the present boycott of South African products by the African States. In the words of P. V. Pistorius in the Johannesburg *Rand Daily Mail* (26.6.63), "Our best answer to the economic threat (from the African States) is surely to develop the buying potential of our more than 12 million non-Whites, and that can be done only by taking away economic discrimination and not only allowing but also helping non-Whites to become skilled workers, earning higher salaries and assisting the economy both as consumers and producers.

"Instead of that, job reservation goes on apace, and while the spirit of Addis Ababa is closing our market in Africa, our own policies are closing our markets here."

Many arguments are used by Britain and the United States—as South Africa's biggest and most influential trading partners — in refusing to apply a policy of sanctions. But the main arguments are two: that sanctions cannot be effective (e.g., Mr. Plimpton, U.S. representative at the U.N., and Mr. Heath in the House of Commons); and that they would damage the boycotting countries.

The third objection — that the South African non-whites would be the first to suffer—has been discussed often enough by the Africans themselves, who reply simply that some additional economic hardship would be a small price to pay for freedom.

But the first two must be met frankly.

Certainly, partial sanctions cannot be effective, except for immediate short-term effects or for their psychological value. But it is open to the United Nations to *impose* international sanctions — an embargo in fact. An internationally agreed and enforced embargo could also go a long way towards seeing that no one country, such as Britain, suffers unfairly from retaliation against her own exports. The South Africans themselves certainly take the threats of international sanctions seriously—Mr. Harry Oppenheimer has been warning against dismissing boycott threats, and the South African press devotes apparently disproportionate space to every new step in the campaign. The South Africa Foundation spends vast sums to counter-act boycott propaganda, and the Government has vastly expanded its information services and granted £250,000 towards a new South African Foreign Trade Organisation (SAFTO) to stimulate foreign trade and join in the "break the boycott" campaign. The Diplomatic Correspondent of the *Financial Times*, on November 4th, 1963, stressed the concern of white South Africa with the threat of sanctions saying that "South African leaders are more worried by external threats of boycott than by the menace of internal upheavals". He added that "Only a total trade boycott, enforced by a blockade, or at least a ban on South African imports of selected key products such as oil, ball bearings, or gold-mining machinery would be likely to produce any radical change."

And now, when thousands of political prisoners rot in Verwoerd's jails, hundreds without charge, many facing death sentences; when the freedom movements have plainly no outlet but that of armed revolt, the economic arguments, the calculations of export losses and fears that someone will benefit by breaking the boycott, already sound unreal. South Africa is on the brink of war.

Bishop Reeves, former Bishop of Johannesburg, put the essence of the case as clearly as it can be put in his speech before the U.N. Special Committee on Apartheid in October, 1963: "Admittedly certain member states have financial interests in South Africa and considerable trade with the Republic. At the same time it is difficult to understand why financiers and industrialists in these countries do not recognise before it is too late that a country in a near-revolutionary situation (as South Africa now is) is both an unreliable trading partner and an insecure guardian of overseas capital. But the fact that some of them fail to do so ought not to blind delegates to the realities of the South African situation. Further, it is time we all recognised that there is no painless way in which the present injustice and suffering in South Africa can be ended. Any realistic approach to this problem will demand sacrifice. Some people will lose their dividends. If they allow the present situation to continue they will probably lose their capital as well. The loss of trade may cause temporary hardship to some workers. But isn't it time that we ceased using these possibilities as an excuse for inaction. Is it not time that we have done with speculating on the possible consequences of action and get down to a detailed study of the ways in which international pressure might be applied, and make plans to deal with at least some of the losses that will be sustained by some countries as a result of international action . . . .

"As I see it, the choice before the world is now a clear one. It is between effective international action and the probability of bloodshed on a vast scale in South Africa. And the choice cannot be evaded by maintaining that all that exists in South Africa is a form of government which many people find repugnant. That I suppose is true of most governments. But in South Africa there is a situation in which the majority of the inhabitants at this moment are living in a fully-fledged police state under a tyranny which is a flagrant contradiction of the basic principles of the Charter of the United Nations.

"Even more serious, there is a possibility that within the next few years South Africa will become the cause of, and the focal point, in a race war which even the United Nations might find it impossible to contain. Some will dismiss this as a wildly exaggerated statement. But there are already signs of a new solidarity of non-white peoples being forged across the world; a solidarity which is increasingly concerned with the fate of twelve million non-whites in South Africa in their desperate struggle for freedom, status and dignity."

Britain's and America's, duty is clear. It is to impose an immediate arms embargo on the South African Government, and to announce their support in principle for complete economic sanctions on South Africa, to be organised by the United Nations. The two Western powers could then take the initiative in instituting a U.N. study group to make recommendations to the United Nations on how such sanctions could be made fully effective, and at the same time minimise losses to boycotting States by spreading the burden.

Such action would immeasurably encourage the struggling non-whites of South Africa, and it would rock the apartheid Government at once. By thus lowering the political temperature, it would make an invaluable contribution to world peace.

APPENDIX

South Africa's Foreign Trade

Exports from South Africa

	1956 a	1957 a	1958 a	1959 a	1960 a	1961 b	1962 b
Yearly total	370.07	402.11	357.59	389.34	394.68	422.65	434.77
Total by country (selected countries)							
United Kingdom ...	108.46	110.10	106.58	109.74	113.70	124.95	127.54
Central African Fed.	54.99	58.14	49.09	53.05	52.61	48.65	42.75
USA	99.18	107.56	97.35	83.54	27.10	34.2	38.44
Japan	8.38	9.03	4.86	12.10	15.18	25.63	35.42
Italy	16.74	17.21	14.92	12.62	13.24	17.75	22.03
Germany (West) ...	18.33	20.24	14.08	16.26	17.01	18.9	21.07
France	15.49	15.12	10.58	12.78	14.10	15.8	15.61
Belgium	21.05	18.28	13.60	16.74	15.86	16.25	19.03
Netherlands	9.73	11.43	7.96	6.90	7.78	14.1	12.90
Mozambique	4.32	5.16	5.36	6.49	5.96	4.91	6.22
Australia	2.16	3.25	3.55	4.13	4.83	5.58	4.29
Canada	2.12	1.71	2.48	2.20	3.39	3.76	4.96
Congo (Leo.)	3.31	3.77	2.56	2.69	2.14	3.2	3.72
Sweden	1.94	2.51	2.00	2.66	3.02	2.84	2.78
Kenya	2.60	2.78	3.07	3.52	3.61	3.73	2.72
Malaya	2.33	2.58	2.27	2.95	2.61	5.25	1.95
Denmark	0.74	0.65	0.50	0.60	0.47	0.62	0.73
Norway	0.97	0.92	0.92	1.07	0.81	1.17	1.34
Tanganyika	0.92	1.01	0.91	1.05	0.67	0.48	0.27
Nigeria	0.55	0.68	0.69	0.86	0.81	0.75	*
Ghana	0.99	1.50	1.52	2.20	1.16	0.01	*
China	0.41	0.99	2.51	4.24	3.31	Nil	0.52
UAR	2.05	1.69	1.28	0.56	0.50	0.2	0.32
Uganda	0.31	0.51	0.67	0.62	0.5	0.68	0.38
India	0.43	0.37	0.03	0.00	0.02	0.02	*
USSR	0.67	7.10	1.81	1.43	1.10	Nil	*
Sierra Leone	*	*	0.15	0.14	0.12	0.05	*
British West Indies ...	0.89	0.74	0.64	0.73	0.08	0.01	*

* not listed.

Sources: a UN Yearbook of International Trade Statistics, 1960.
b Foreign Trade Statistics (South Africa).

Imports into South Africa (£ million)

	1956 a	1957 a	1958 a	1959 a	1960 a	1961 b	1962 b
Yearly total	494.88	549.82	553.46	488.63	555.70	502.8	512.92
Total by country (selected countries)							
United Kingdom ...	156.52	179.19	187.45	151.80	157.86	145.09	155.17
USA	99.18	107.56	97.35	83.54	104.80	88.35	84.50
Germany (West) ...	31.91	44.36	57.96	49.50	55.65	54.5	51.32
Japan	11.85	17.59	14.56	15.47	22.55	17.9	20.75
Italy	10.16	10.68	11.64	10.91	15.00	13.8	14.46
Central African Fed.	17.61	13.53	12.26	11.76	14.55	12.95	14.34
France	8.74	10.20	9.75	9.85	11.91	11.15	13.92
Canada	22.76	16.95	18.12	19.47	19.34	13.4	12.82
Netherlands	10.15	11.05	11.07	12.42	13.51	12.25	12.53
Congo (Leo.)	9.43	9.65	12.14	9.91	11.57	11.83	11.30
Sweden	9.74	10.23	10.26	8.81	10.60	9.68	9.01

Belgium	10.02	12.20	9.57	6.61	8.68	10.1	7.22
Australia	2.38	3.08	3.43	4.84	6.17	7.60	6.83
Malaya	6.98	6.69	5.00	5.48	7.03	4.68	4.55
Tanganyika	1.14	1.34	1.49	1.72	1.74	1.77	2.09
Kenya	1.26	1.25	1.18	1.37	1.45	1.42	1.37
Mozambique	2.33	2.71	2.13	1.45	1.55	1.18	1.36
Norway	2.33	3.24	3.05	2.73	3.04	2.06	1.76
Denmark	0.89	1.41	1.88	1.48	2.02	1.61	1.84
China	0.32	0.51	1.42	0.73	0.83	0.32	0.48
Uganda	1.16	1.19	1.5	1.31	0.75	0.55	0.61
India	0.56	0.74	0.65	0.85	1.02	1.35	1.00
Ghana	2.51	2.25	1.73	2.82	2.18	0.91	0.24
British West Indies ...	0.30	0.33	0.43	0.40	0.39	0.39	0.35
USSR	0.18	0.19	0.10	0.11	1.37	0.25	0.13
UAR	0.77	1.17	0.83	0.08	0.30	0.17	*
Sierra Leone	0.29	0.15	0.04	0.50	0.32	0.07	*
Nigeria	0.02	0.04	0.13	0.17	0.12	0.03	*

* not listed.

Sources : a UN Yearbook of International Trade Statistics, 1960.
b Foreign Trade Statistics (South Africa).

On the basis of the above figures, South Africa's trade with the rest of Africa has decreased from about £71m. in 1959, *to £56m. in* 1962 — *the last figure still including a substantial total for the Central African Federation.*

South Africa's exports to the UK on the other hand have risen in the same period by nearly £20m.; the United States has dropped from second to third trading partner; and Japan has jumped from eighth to fourth place since 1958.

South Africa's Trade with UK and USA for 1961 (excluding Gold)

	(£M)	Imports to S.A. from U.K.	Imports to S.A. from U.S.	Exports to S.A. to U.K.	Exports to S.A. to U.S.
CLASS 1	(Animal, Agricultural and Pastoral products and Foodstuffs)	2.5	3.2	65.5	16.3
CLASS 2	(Ales, spirits, wines and Beverages)	1.3	0.06	2.1	—
CLASS 3	(Tobacco and manufactures thereof)	0.05	0.1	0.6	-
CLASS 4	(Fibres, yarns, textiles and apparel)	18.1	13.8	0.3	0.1
CLASS 5	(Metals, metal manufactures, machinery and vehicles)	92.7	41.6	14.8	12.7
CLASS 6	(Minerals, earthenware and glassware)	3.8	1.3	32.7	2.2
CLASS 7	(Oils, Waxes, resin, paints and varnishes)	2.7	5.9	3.7	0.4
CLASS 8	(Drugs, chemicals and fertilizers)	6.5	7.5	9.5	0.1
CLASS 9	(Leather, rubber and manufactures thereof)	1.7	3.2	0.1	--
CLASS 10	(Wood, cane, wicker and manufactures thereof)	0.4	0.9	4.8	0.5
CLASS 11	(Books, paper and stationery) ...	6.2	4.5	0.2	—
CLASS 12	(Jewellery, timepieces, Fancy Goods, and musical instruments)	1.7	0.6	1.2	1.9
CLASS 13	(General)	8.1	6.1	0.7	0.2
	TOTALS	145.8	88.8	136.2	34.4

Source — Foreign Trade Statistics S.A.

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