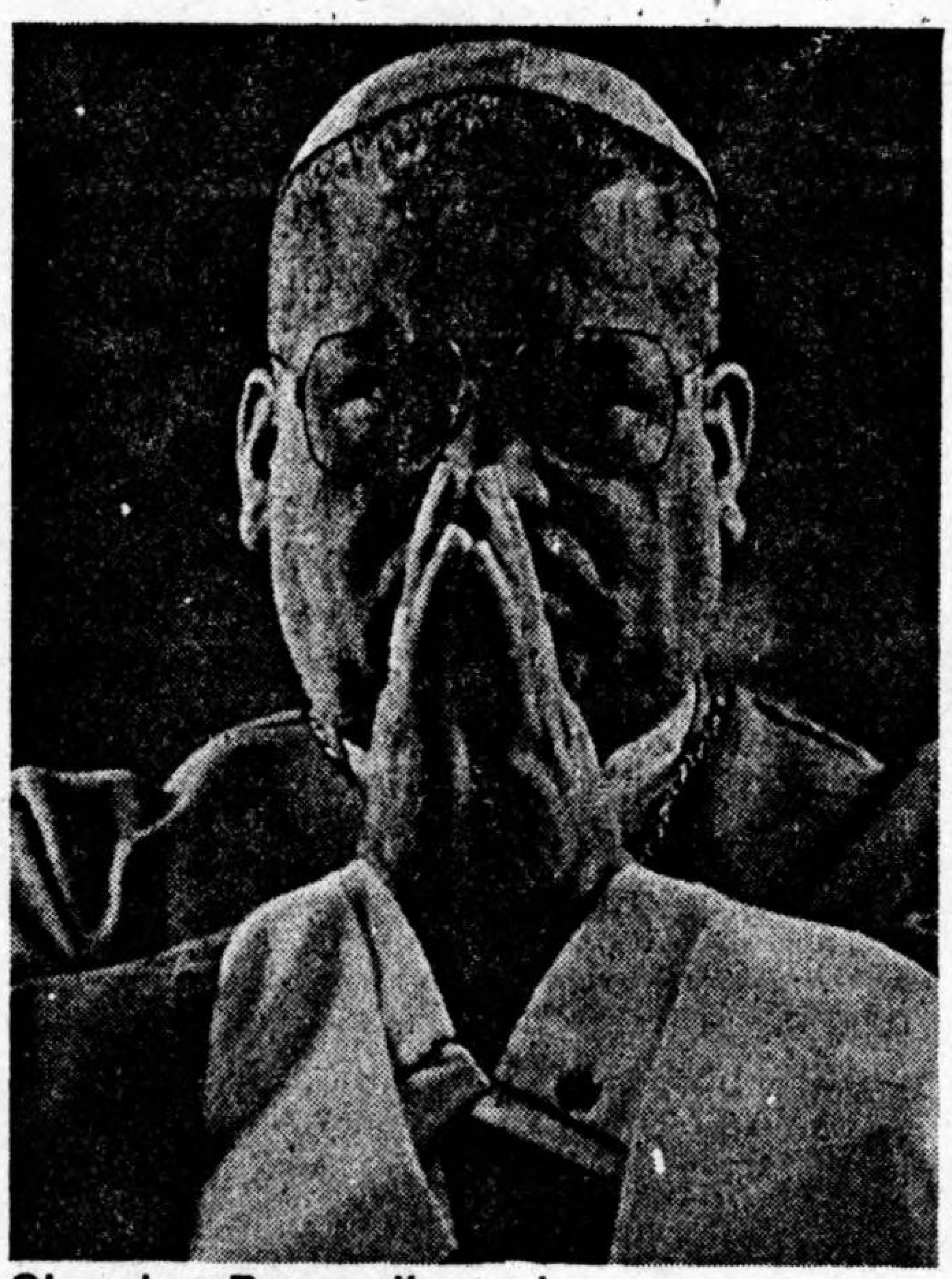


peasants from joining. More than 20 rebels have been removed from their dioceses and made to leave Nicaragua. Few priests now support the Sandinists as vigorously as before. Those who do have lost followers.

By contrast, the mainstream church has gained in popularity. The abuse it has got in Sandinist newspapers, and some intimidation by Sandinist mobs, have helped it, as more Nicaraguans have turned against the ruling party. Because the political opposition is so frightened, anti-Sandinist Nicaraguans have instead looked for leadership to the primate, Cardinal Obando y Bravo. The cardinal is a confident man of peasant stock. When he returned from Rome last year after his investiture, he drew crowds shouting anti-government slogans on the streets.

But the cardinal is a symbol, not a contender for power. "Our great mistake has been the failure to build an organisational base with lay participation," says one churchman. "We should have learnt from the 'popular church'." In 1984 the archdiocese of Managua belatedly set up a commission, known as Coprosa, to create such an organisation. Within nine months it had 63 sub-units and was about to be extended to the rest of the country. The Sandinists then closed it down.

They have since silenced Cardinal Obando y Bravo's national voice, Radio Catolica, and banned other radio stations from carrying his messages. Under the present state of emergency he is prevented from holding open-air rallies during his pastoral visits, and must now rely on parish priests to spread the word at Mass.



Obando y Bravo silenced

The Sandinists have the church more or less under control, and are unlikely to provoke a furore by expelling the cardinal. The independent Permanent Human Rights Commission, and the body which tries to protect the private sector of the economy, are more likely to be next on the government's score-settling list.

SOUTH AFRICA

Is there life after sanctions?

FROM OUR SPECIAL CORRESPONDENT IN SOUTH AFRICA

"If it is expected of us to forgo essential goods which we cannot manufacture or build ourselves, let us obtain them by exploiting the self-interest of others." So said President Botha on July 17th. He was unveiling his country's new strike aircraft, the Cheetah. It is an open secret that this aircraft, a version of the old French F3 Mirage, is the product of an established arms-embargo-busting conduit from France via Israel.

The prospect of trade sanctions is now greasing many such conduits, not just between South Africa and its traditional middle-men in Israel, Taiwan and South Korea, but most of all within Africa itself. Almost every African economy is now in a state of siege, not unlike the one that South Africa's black neighbours want to impose on it. These sieges are characterised by import restrictions, hard-currency starvation and shrinking export markets. It is ironic that policies which most African states have adopted as a means of maintaining existing regimes in power should now be advocated as a means of hastening the downfall of Pretoria's.

The South African government assumes that sanctions of some kind will be imposed in the next few months and has made its dispositions. The EEC's package—the likeliest one for Britain to subscribe to if Sir Geoffrey Howe's current mission fails—would impose bans on new investment and on imports of coal, iron and steel and Krugerrands. The Commonwealth's package would add bans on food imports, air links, tourist promotion and government contracts with South African-linked companies. There is little prospect of a ban on exports to South Africa, apart from the already existing (and thoroughly circumvented) ones on arms and oil.

Numerous committees in Pretoria are examining counter-measures. Mr Fred Bell, the head of Armscor, the government corporation that now supplies roughly 90% of South Africa's arms needs, has been named to oversee sanctions-busting. He will probably be looking at four things: new capital inflows, disinvestment, the imposition of import controls and the loss of export markets.

New long-term capital has virtually ceased to flow into South Africa, though some lines are still open from West Germany and Switzerland. Trade credit is still available, and new credit lines would emerge over time through offshore financial centres. Foreign banks would shy away from further embargoes of the sort imposed on medium-term credit last year. The banks wish to do nothing to impel South Africa towards default.

If foreigners actually disposed of their South African companies, it would be seen as a mixed blessing. It would demoralise the business community; but the Afrikaner-run Nationalist government is relatively unconcerned with that predominantly English-speaking lobby. The assets might quickly be acquired by other foreigners, some operating through "fronts" in non-sanctions countries such as Israel and Taiwan. Any attempt to remove plant and machinery would certainly lead to sequestration by the government. A ban is already believed to have been placed on sales abroad of South Africa's considerable fleet of executive jets.

The more usual result would be for South African assets to go the way of foreign-owned assets elsewhere in Africa: into de facto nationalisation. Profits would be negotiated between company boards, often including public officials and soldiers, and government departments. Not good for economic efficiency, but hardly a shattering blow to the morale of ministers suddenly presented with huge industrial patronage.

One consequence of foreign firms pulling out would be an end to the Sullivan and EEC codes of labour practice. They call for integration of the workplace and fair wages for black employees. Their

Red shadow in the South

How communist is the African National Congress? Enough so to worry a lot of people—and not just those who see reds under beds—about the kind of place an ANC-ruled South Africa would be.

The ANC's 30-strong national executive, its top body, contains at least ten members of the South African Communist party, and perhaps as many as 14 or 15. The names of the executive's members, all of them in exile, are public. Apart from a few Communists who were prominent before 1950, when the party was still legal, it is hard to pinpont which of the executive's members are also party members. With a little detective work and some deduction, however, it can be done.

The head of the ANC, the imprisoned Mr Nelson Mandela (who is not technically a member of the executive), almost certainly is not a Communist. Mr Oliver Tambo, who runs the ANC in Mr Mandela's absence, also is not. Everything about him suggests a straight-up-and-down African nationalist who would be quite happy with a non-Leninist state and a mixed economy. Circumstances and tradition might force him to be authoritarian, but by African standards his natural inclination is probably liberal.

But Communists sit in high places in the ANC. One of the top academic writers on black nationalism reckons that the ANC's secretary-general, Mr Alfred Nzo, is probably not a Communist, but that the treasurer, Mr Thomas Nkobi, very likely is. If so, he is the highest-placed Communist in the organisation.

Mr Joe Slovo, the leading white man in the Communist party, has been (and may still be) chief of staff of the military wing of the ANC. Some people have claimed that the ANC's other top military figure, Mr Joe Modise, its military commander, is also a Communist; but he almost certainly is not.

The most prominent member of the rising ANC generation, the 43-year-old Mr Thabo Mbeki, is the son of a distinguished ANC prisoner, Mr Govan Mbeki, who joined the Communist party in 1961, a couple of years before he was locked up. Some say the son must be a chip off the Soviet block ("he owes everything to them"). But he is a pragmatist and lacks the ideological single-mindedness of the Marxist old guard.

The South African Communist party is an orthodox pro-Russian party: it backed the Soviet invasions of Czechoslovakia and Afghanistan. Its finances are sound and it exercises a guiding hand over the flow of arms to the ANC. The party was originally for whites only—during the miners' strike of 1922 Communists chanted the remarkable slogan "Workers of the world unite for a white South Africa"—but soon became fearlessly multiracial. It has impressed black activists with its courage and discipline.

Several things, however, suggest that Communist influence on the ANC may be limited. First, atheistic egalitarianism is unattractive to most blacks, even in gravely unequal South Africa. Second, a large number of the most committed Communists are whites, Indians and mixed-race people, many of them intellectuals, whom ordinary blacks regard with instinctive caution.

Third, the ANC itself is by no means Communist. Its Freedom Charter is a vaguely socialist document that liberal whites could easily swallow. The churches, and churchmen like Bishop Desmond Tutu, are nearly all sympathetic to the ANC. The organisation has always been an open house—which is why it decided, back in the mid-1950s, to let Communists in.

None of which answers the big question. The experience of the communist parts of the world suggests that if Communists control a third of a national-front movement, they are in a position to take it over when the time is ripe. South Africa's Communists are easily that well represented on the ANC's executive. It is a fair bet that the rank-and-file of the ANC is far less Communist than the executive. But what about the layer just below the top? Observers reckon that the Communists are not as well placed there as on the executive, but outsiders do not really know.

If apartheid went, it is likely that there would be a punch-up between the liberals in the ANC and the Communists. If numbers were all, the liberals should win. But the longer the struggle drags on, the more the Communist party's conspiratorial discipline will count, and the better will be its chances.

impact on wage costs has probably been marginal, but the ending of such monitoring would also marginally depress earnings. Coupled with the rapid collapse of influx control (because of the ending of the pass laws) and white job reservation, labour unit costs could fall fast. This, combined with a further decline in the value of the rand, would do much to uphold South Africa's international competitiveness.

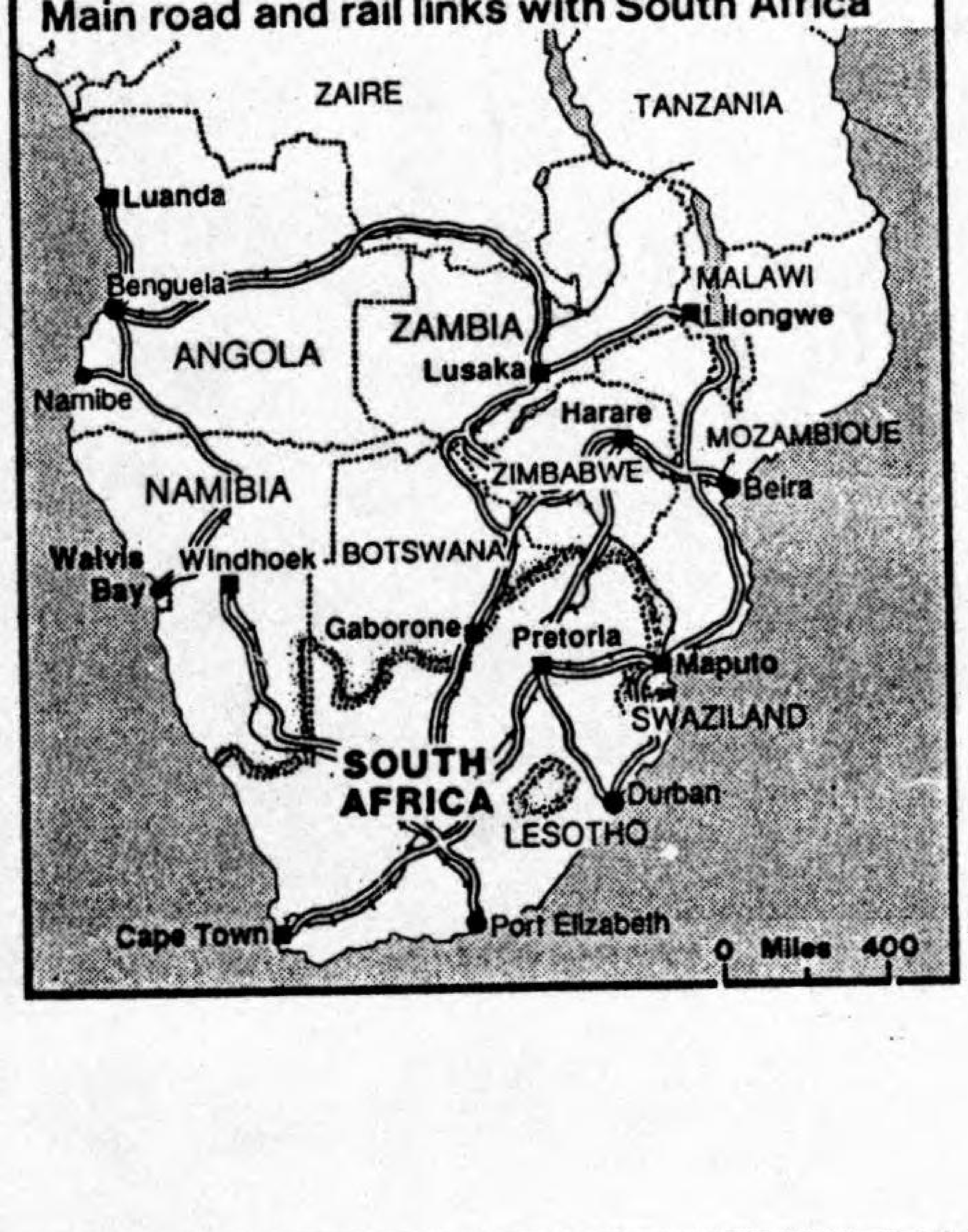
Where sanctions might bite

Competitiveness is central to the question of trade sanctions. The rand is now worth 40 cents—half of its value at the start of 1984. This has made imports much more expensive and has fuelled inflation, which is now running at an annual rate of 17%. But, thanks mainly to gold exports, South Africa ought to run a current-account surplus of perhaps $3.5 billion this year. The chief impact of sanctions would probably not be on the current account as such, but on certain important industries.

Apart from the luxury goods that make life sweeter in South Africa than anywhere else on the continent (for those who can afford them), South Africa's main import needs are for capital goods such as machine tools and semi-manufactures, and for high-tech products such as computers. Trade experts are convinced than an embargo on imports of any of these would be fairly easy to break.

The world's machine-tool and computer industries are in a slump. Foreign computer companies have already been accused in South Africa of unloading obsolescent machines on black schools. Johannesburg hotels are littered with Japanese salesmen waiting for the Europeans and Americans to leave the field to them. Japanese companies already circumvent their country's ban on direct investment with franchise and licensing deals; and most cars now sold in South Africa are Japanese. The prospect of handing the southern African market scot-free to their East Asian competitors would be more than European exporters could bear.

The front-line network
Main road and rail links with South Africa



South Africa is in any event a world leader at evading foreign bans. It may already be negotiating false-documentation arrangements with intermediaries in front-line states. Mining equipment destined for, say, Zambia would anyway have to pass through South African ports; the consignments need never see Lusaka before being diverted to the production lines of the Transvaal.

Nobody seriously supposes that a blockade could be imposed on South Africa's entire coastline. Even if it could, the country's greatest needs—high-tech, low-volume capital goods—could come in by air. The goods could pass through neighbouring states such as Botswana and Swaziland if need be: South Africa is already planning new airfields in both states in the event of a ban on air links.

The fate of South Africa's exports, particularly of minerals and foodstuffs, is harder to predict. It is fortunate in the wide spread of its customers: the biggest, America, took only 15% of South Africa's exports in 1984. Short of a decision by the West's central bankers to drive down the gold price, gold and precious mineral exports seem secure.

However, the EEC's suggested embargo on coal and steel imports—a convenient choice for Europrotectionists—could bite. Exports of metal ores and scrap, 60% of which went to Britain in 1985, would be hit by a total export ban. Coal might be South Africa's greatest weakness. It is a big export earner, and almost 60% of coal exports went to Europe in 1985. Coal prices are already weakening because of competition from falling-price oil, and South Africa might find it hard to increase its coal sales outside Europe against the competition of exporters such as Australia. The coal mines last week said they might have to lay off workers in anticipation of falling sales.

The seasonal fruit trade could also be vulnerable, but South African fruit is selling well on world markets and would probably find outlets without difficulty. Most citrus now comes out through Maputo, and a boom in "Swazi" oranges is predicted. Maize and other foodstuffs are bulkier cargoes, but go mostly to East Asia and elsewhere in Africa. Neither destination has been fastidious about sanctions-busting in the past.

At the front

The difficulty confronting any sanctions enforcement is that the frontline states—Botswana, Zambia, Zimbabwe, Malawi, Mozambique, Swaziland, Lesotho—are not so much a leak in the dam as an unpluggable gap (see map on previous page). Under sanctions, black African corrupt cabinet ministers and their friends in state-backed import-export agencies would enjoy a lucrative trade in trans-shipment commissions. Sanctions could indeed relieve the hard-currency problems of Zambia and Zimbabwe—two countries with "end-user plausibility"; this could make up for the much-vaunted adverse impact of possible South African retaliation on them.

Swaziland is well-placed, Pretoria wits suggest, to become the Liechtenstein of southern Africa. Swazi officials were in Pretoria this month discussing a "development" project. Maputo, the shambolic capital of Mozambique, would see an upsurge in business, since its bills of lading will seem more acceptable than, say, Durban's. Maputo is now little more than a South African port and would play a useful role in sanctions-busting.

In the pre-sanctions period there has been talk of South African retialiation against front-line states. But the South African government knows that threatening retaliatory action against migrant workers' remittances would be a pointless gesture. It would infuriate mining and manufacturing business whom the government will want to keep happy. Denying Zambia and Zimbabwe railway wagons would also be self-defeating. Continuing transport flows will help confuse the policing of sanctions and can be bartered for sanctions-busting assistance.

The effect of any new western aid for front-line states is unclear. The aid that now flows to the black countries belonging to the Southern African Development and Coordination Conference (SADDC) tends to benefit the South African economy. So would any new help given after the imposition of sanctions, for the same reason: capital and other projects tend to be sub-contracted to the Transvaal. Sanctions might thus cement South Africa's black neighbours even closer to its economy than they are now.

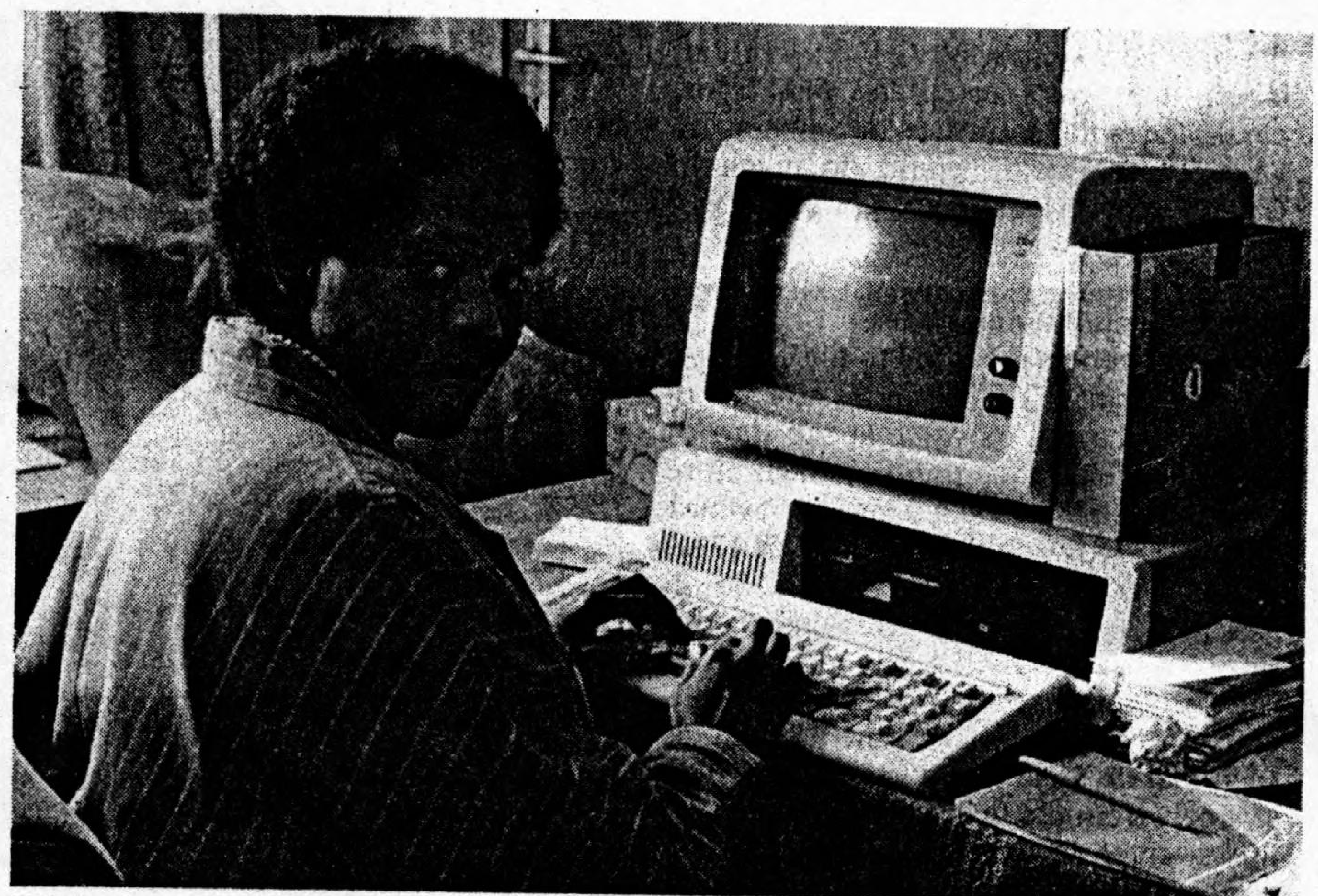
Other consequences of subjecting South Africa to economic siege might, again ironically, be to break some international cartels. Its adherence to various copyright and patent conventions would be at risk, with implications for the pirating of computer software and drugs. South Africa could leave IATA and operate South African Airways as a cut-price carrier between sanctions-free ports of entry. It could hand its 747s over to Air Botswana or Royal Swazi or Lesotho airways to do the same. One lesson of Rhodesian sanctions was that corrupt dictatorships, especially in Africa and the Middle East, feel little obligation to adhere to them.

On the inside

The internal consequences of sanctions are the hardest to quantify. The likelihood of leaks is so great, and the record of past sanctions so poor, that few observers in South Africa are prepared to guess at any numbers. A recent report from the South African Bureau of Market Research calculated that one million people would be thrown out of work by "total sanctions". Yet the calculation assumed a wholly effective trade embargo and no import-substitution effects.

South African employment statistics, like those in any mostly-third-world country, are hardly worth collecting. Those that exist suggest unemployment is 2-4m out of a workforce of 12m. Sanctions would come at the same time as a possibly traumatic urban migration following this year's ending of influx control. Johannesburg's population density is at present roughly 12 per hectare, compared with London's 16, Mexico City's 65 and Cairo's 74. With starvation afflicting Mozambique and miserable poverty in the other front-line states, the drift to the great cities of South Africa seems likely to become a torrent.

This, coupled with the collapse of group-areas apartheid in the coming two or three years, is likely to rock southern Africa's economy. The effect of sanctions—the extension to South Africa of the sort of semi-siege experienced in many other African states—would by comparison cause hardly a tremor.



Not the last of the IBMs for South Africa