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BUSINESS INTERNATIONAL CONFERENCE

South Africa: Strategic Options for International Companies

Address by OR Tambo,
President of the African National Congress of South Africa May 27th, 1987

Mr Chairman,
Ladies and Gentlemen,

I am told that it is inherent in the business of businessmen that they live with uncertainty. At the same time it is part of your everyday tradecraft to talk of such issues as investments, economic growth rates, profits and losses and to back up your technical arguments by many statistics.

For my part I shall try to avoid technical arguments and statistics but I shall grapple with some certainties.

South Africa is trapped in an irreversible crisis. The struggle of the black people has reached the point of no return. Since the onset of the current phase in the crisis which set in in the latter half of 1984, thousands of black men, women and children have been gunned down by the racist army and police in the black townships. In the lifespan of the present state of emergency more than thirty thousand have been detained without trial, including over two-and-a-half thousand children.

Apartheid has long become intolerable to our people. We have spilt too much blood and lost too many lives to stop our forward march. Apartheid tyranny has forced us to become accustomed to injury and death. Everything that the racist regime does now in an attempt to suppress and defeat our movement becomes an added spur to us to act with an even greater sense of urgency to terminate a system which is capable of such gross evil. When millions of people are inspired by this degree of determination then victory is inevitable.

On the other hand, the regime of PW Botha has driven itself into a corner. He has no coherent strategy except to tighten the screws of repression. Of course he dresses up this naked and increasing spiral of brutality with the contention that 'law and order' is a necessary precondition for his brand of 'reform'. One wonders: is there anyone who is still prepared to buy such an empty package of meaningless promises?

Because of the truism that business executives live with uncertainty it is perhaps understandable that you constantly hanker after certainty and are therefore tempted by Botha's promises. And change that does not disturb the existing order is sometimes alluring, however much it may be illusory.

The African National Congress, together with the overwhelming majority of the people of our country, do not consider as meaningful any changes aimed at reducing the brutalities of apartheid or ameliorating its effects whilst the shackles that bind the black people are left intact. Liberation in our country requires the destruction of the apartheid system in its entirety: its ideological roots, its institutional branches, its violent seeds and its bitter fruits of oppression, racism and exploitation.

Liberation must therefore entail the transfer of power to the people of South Africa so that we can collectively determine and shape the society we desire, create the institutions and structures required and decide by whom and how they will be operated. Our struggle is for the creation of a non-racial, democratic and united South Africa founded on the principle of one person, one vote — a principle which must be untainted by any concepts based upon racial and ethnic categories, which Botha uses to ensure the survival of white domination and by means of which he denies the one-ness of all South Africans.

Reform of apartheid is a meaningless concept. It is a stratagem by which Botha tries to retain control over the lives of our people, to arrest the process leading to fundamental change and to steer this process away from the fulfilment of our people's aspirations. The bottom line of this stratagem can be summed up as sharing power while retaining control over the destiny of our people in the hands of the white minority. Those

who still insist that change in South Africa can only come through reform, in effect accept that apartheid must continue, albeit in a different guise, and that the white minority should retain their monopoly of decision-making. And more. Bereft of any strategy for real change Botha seeks acceptance that he, his party and the all-white parliament are the agents for change in our country.

Let it be said clearly: the African National Congress is committed to bringing about fundamental change to the entire socio-economic and political formation which constitutes the South Africa of today.

In case anyone should be tempted to ignore these realities, let us remind ourselves that almost forty years ago, and before the present Nationalist regime came to power, the historian Arthur Keppel-Jones concluded 'that the salvation of the country can only lie in the reversal of historic tendencies, a reversal so thorough as to constitute a revolution'.

Through unrelenting struggle the democratic forces of our country, under the overall leadership of the African National Congress, have now become rightfully the locus of change.

The responsibility for destroying apartheid and liberating our country rests with our people. The persistent tyranny of the apartheid system, which had often been proclaimed by its architects as a variant of Fascism and Nazism, forced us to take up arms to end this crime against humanity. Then, as now, we were conscious of the awesome potential for bloodshed and destruction inherent in the character of the South African conflict. Nothing that has happened since that historic decision in 1961 has altered the validity of that choice. Every move by the Botha regime underlines our need to intensify the armed struggle side by side with our mass political offensive.

Within this strategy we see the need for international sanctions even more urgently than before. We conceived of sanctions and the isolation of the apartheid regime as a weapon which would complement our people's efforts, and not as a substitute.

The efficacy of this complementary weapon flows out of the fact that South African society has, to a considerable extent, been the product of foreign influence and that, to a significant degree, its political and socio-economic character has been determined by outside interests. And more. Over the years Western companies and finance houses have helped to build and continue to prop up the apartheid system:

- trade and foreign investment have bolstered the apartheid economy and added to the resources which the apartheid State has recklessly wasted in the pursuit of inhuman schemes of so-called social engineering founded on racism;
- furthermore, this trade and investment has enabled the apartheid economy to fund ever-increasing expenditure on the State's coercive machinery which is aimed at internal repression and external aggression;
- the flow of technology from outside helps to refine that apartheid machinery and make it more efficient;
- military collaboration has enabled the Pretoria regime to gain access to arms and build an armaments industry despite the mandatory arms embargo.

These international connections have helped sustain, and continue to sustain, the very system we seek to abolish.

It should be clear by now that there can be no peaceful resolution to the struggle we are engaged in. One cannot even begin to address the issue without recognising that violence is inherent and endemic in the system of white minority rule. Violence emanates from the apartheid system. What is on the agenda today is the extent to which determined action to terminate these international connections will help minimise the amount of bloodshed and destruction that is unavoidable before freedom, democracy and justice prevail in South Africa.

We are encouraged that the business community within as well as outside our country, and governments, have begun to rethink their positions in relation to the South African struggle. And we believe that the dialogue arising from this process will positively reflect upon our struggle and the future of our country, as well as upon the entire Southern African region.

Encouraging as these tendencies are, they are as yet wholly inadequate. Today no one dares defend apartheid. But statements of rejection and condemnation are not enough.

Within South Africa the business community persists in believing that reform is a realistic path to change. Their programmes of reform, however boldly they have begun to challenge the credos of apartheid, shy away from the fundamental political demand of the black people, namely one person, one vote.

Internationally, business executives and bankers are becoming less confident of the status quo in South Africa that they have been defending, and more reluctant to invest any more. If one may be permitted to characterise the present stage of re-thinking, the tendency is one of beginning to hedge your bets, rather than to change sides.

Disinvestment and economic sanctions have emerged as an unmistakable tendency. As the crisis deepens and the struggle in South Africa intensifies, this tendency will grow. The majority of the people throughout the world, and in particular the Western world, recognise that apartheid is a crime against humanity and that investment, trade, technology transfer and military collaboration with the Pretoria regime are indefensible. In the meantime, the escalating struggle inside South Africa, combined with a stagnant economy moving towards bankruptcy, necessarily increases the risk to investments and inexorably whittles away the profit ratios that have hitherto made collaboration with Pretoria and investment in the apartheid economy such an attractive proposition.

Many companies and some banks have in the recent period begun to disinvest. And many governments have imposed limited and selective sanctions. Whilst the tendency is encouraging, it is also true that the process is much of a mixed bag. Essential to the support that we are seeking is not only a stoppage of the flow of funds into the apartheid economy, but an effective withdrawal of funds from that economy. Secondly, we insist that the flow of technology into the apartheid economy be arrested and frozen. Whilst some of the pull-outs are clearly genuine, most are highly problematic and it is understandable that we should look at these with a high degree of suspicion. While some of the creditor banks claim that the three-year rescheduling agreement was unilaterally forced on them, some of them are actively considering converting their short-term loans to longer term claims that will be repaid in ten years, thereby diluting the pressure potential that had been built up by the initial refusal to reschedule. Some companies have gone so far as to transfer money into South Africa and arranged for purchasers to repay out of future profits on extremely favourable terms! Is this not a case of business-as-usual, except in name? Perhaps this is more a case that illustrates the capacity of those in business to acknowledge back-handedly the growing power of the campaign for disinvestment and sanctions.

It is difficult for us to accept the argument of business both inside and outside the country that it is politically impotent. Business has chosen, until now, to align itself with and benefit from the economic and military state that is part of the apartheid system. Let us for a moment pause to look at the ways in which business is enmeshed in the repressive machinery of the State by legislation and practice.

All companies in South Africa, including multinationals and subsidiaries of foreign concerns, are integrated into Pretoria's strategic planning and directly into the repressive machinery. This is done institutionally by their participation on Committees and Boards, by complying with legislation, and by financial and other support.

In addition to taxes and purchase of defence bonds, most companies top-up the salaries of their white employees while they are doing their national service in the South African Defence Force. No law requires them to do so. It would appear that only a few small companies have desisted from engaging in this practice. From a study of the national service pay scales, it is clear that business enterprises are directly and voluntarily subsidising the South African Defence Force. This practice means that some of the SADF soldiers occupying the townships and Namibia and engaged in aggressive military actions, particularly against Angola, are being paid in part by the companies that employ them in civilian life. Though there is widespread concern about the role that the South African Defence Force is playing in the black townships and against internal so-called unrest, it would seem that business prefers to rationalise their direct subsidising of the SADF on the grounds that it also has to take into account the so-called needs of their employees who are performing national service!

Representatives of 21 employers' organisations sit on the Defence Manpower Liaison Committee, which succeeded the Defence Advisory Council in 1982. The 1982 Defence White Paper states that this Committee 'meets regularly and consists of the Chief of Staff Personnel, the Chiefs of Staff Personnel of the four arms of the Service and representatives of 21 employer organisations, and its aim is to promote communication

and mutual understanding between the SADF and Commerce and Industry with regard to a common source of manpower'. The Defence Manpower Liaison Committee is reproduced at the regional levels and it has been easy to establish that the regional committees deal with a variety of issues including intelligence briefings aimed at placing, and I quote, 'controversial subjects into the correct perspective'.

In addition to the Defence Manpower Liaison Committee, business leaders also sit on the various key policy-making bodies of the country — all of which place many of them at the heart of the South African military-industrial complex, both profiting from it, and indebted to it.

In terms of the National Procurement Act there are ministerial powers to compel any company to supply, manufacture and process goods. In most cases the minister does not have to use his powers. Their mere existence has been sufficient for companies to supply whatever is requested, be it vehicles, tents or oil for the SADF.

Hundreds of installations and areas have been designated national keypoints under the National Keypoints Act. Owners of these factories or plants are required to train and equip their own militia. Usually, but not always, made up of white employees, these are trained in 'counter-insurgency and riot control'. The companies have to provide access for SADF units to their premises and to incorporate their own militia in regional so-called Defence Planning. They also have to provide storage facilities for arms. In terms of this act the whole process is kept secret and there are severe penalties for even disclosing that a given plant, mine or installation has been designated a keypoint.

Some multinationals initially protested about having to bear the costs, but there is no evidence that any have refused to comply. In fact there is reason to believe that the overwhelming majority of identified keypoints were co-operating fully with the Pretoria regime.

It cannot be denied that international companies are co-operating with the South African military establishment not only in instances where they are required to do so by law. As the case of the topping-up of salaries of employees who are doing national service shows, their co-operation is extensive and indefensible, particularly before their black labour force which is so grossly exploited.

We have taken some time to dwell on these aspects because we believe that statements rejecting apartheid must be accompanied by concrete action which visibly breaks the intimacy that characterises the relationship between international business and the apartheid state and economy. The co-operation that exists in relation to the repressive machinery of the State tends to be ignored by those who justify their refusal to disinvest on the grounds that by their presence they are helping to bring about change in the interests of the black man.

With apartheid universally condemned and disinvestment and sanctions vigorously resisted, international business has turned to justify its presence by promising to provide so-called neutral support in the form of black education, housing and welfare. It is strange indeed that support for the cause of the black man has to be neutral while support for the apartheid system is as positive as emerges in the connection to be found in relation to the repressive machinery of the State. In any event, the issue is not simply about black education, housing or welfare, notwithstanding that these are grossly neglected by the apartheid State. The point is that such neutral support will always be compromised by the apartheid system. In fact, such neutral support will further enmesh international business in the apartheid system.

If the preponderance of evidence points to the fact that hitherto corporations have undermined their own future by assuming political impotence, today it has become far more urgent that they define their political alignment. This, necessarily, means that corporations have to distance themselves from and resist the short-term pressures that lock them into Pretoria's embrace. It is our firm view that the true interests of the business community lie not in continuing to identify with a system doomed to disappear, but to relate to the forces for change which are destined to take charge of the socio-economic life of a non-racial, democratic South Africa.

Such a perspective is, in our view, the only way to peace, stability and progress not only in South Africa but the entire Southern African region. Accordingly, we consistently maintain that support for our struggles in South Africa and Namibia in the form of sanctions and disinvestment should be part of a larger effort of disinvestment and assistance to the independent states of the region who are engaged in constructing their

and mutual understanding between the SADF and Commerce and Industry with regard to a common source of manpower'. The Defence Manpower Liaison Committee is reproduced at the regional levels and it has been easy to establish that the regional committees deal with a variety of issues including intelligence briefings aimed at placing, and I quote, 'controversial subjects into the correct perspective'.

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own economic infrastructures and resisting Pretoria's aggression and destabilisation of the region.

Mr Chairman,

I should like to conclude with a few words about the perspectives of the African National Congress with regard to a future non-racial, democratic and united South Africa.

South Africa today is a country of immense inequalities. The bedrock of our perspective is our commitment to the establishment of democracy in a South Africa that belongs to all who live in it, black and white. In keeping with this commitment to our people, our policy positions enshrined in the Freedom Charter have been formulated with the fullest participation of our people. Every word, every line of that Charter is permeated with the concrete realities of oppression, exploitation and racism that our people have endured for centuries.

No one can deny the economic realities of the apartheid system. Ownership of the land is a virtual monopoly of the white community. While starvation and malnutrition plague the majority of the people of our country — the black people — the white community knows neither hunger nor poverty. Ownership of the mines and industry is so concentrated that it is difficult to conceive of a parallel. Some writers describe South Africa as a First World country in the case of the whites, and a Third World country in the case of the blacks.

A future and free South Africa must break that monopoly of white power and privilege. All formations are entitled to their own prescriptions as to how to achieve this. The African National Congress has its perspectives, deriving from the people, which are embodied in the Freedom Charter adopted in 1955. The Charter embodies the aspirations of our people and does not prescribe the formulas for their realisation. In the context of its parameters, we believe that the issues as to how the wealth of our country is redistributed for the benefit of all our people, how the economy of our country is remoulded in order that all South Africans may thrive and prosper, are of prime importance and should find their solutions in the context of democracy. These are matters requiring the participation of the people; issues to be settled by informed debate and discussion in a democratic and sovereign parliament rather than through street battles.

Victory in our struggle is certain. As the vanguard movement of our people, the pre-occupation of the African National Congress is, and should be, the relentless prosecution of the all-round struggle to achieve freedom and democracy in our country. At the same time, we have begun to face the responsibilities that flow from having to lead our people in the restructuring of our society under the conditions of freedom. At the heart of this process is the need to ensure that the hopes and aspirations of our people find realisation through programmes based on concrete socio-economic facts. This process involves systematic examination of each aspect of our society from the point of view of developing guidelines and programmes which can be put before our people for the purpose of consultations. This is an enormous task but our approach has, as its starting point, our commitment to democracy. There are no glib answers and we are not about to provide any.

Mr Chairman,

We have welcomed this opportunity to address you frankly and forthrightly. We believe that if the international community, governments and corporations in particular, play their part, racist South Africa will soon cease to exist. But the condition for you to play such an honourable role is that you choose sides now. That choice is between the apartheid system led by PW Botha and the alternative power of a future South Africa, at whose head stands the ANC, and which is already being moulded in the heat of struggle.

Are we expecting too much when we ask you to incorporate in the dry equations of profits and losses the balance of suffering and sacrifice that is inevitable for the realisation of a free South Africa?