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RHODESIA IN MID-1967

by

PROFESSOR B. COCKRAM

WARNING

Members are reminded that this address was given in a private meeting and that any statements or declarations made by the Speaker may be repeated but must not be linked with the Speaker's name nor with the name of the Institute.

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JAN SMUTS HOUSE  
UNIVERSITY OF THE WITWATERSRAND  
JOHANNESBURG

7th AUGUST 1967

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## RHODESIA IN MID-1967

When Mr. Vorster visited South West Africa recently he explained that his visit was partly a holiday but also to see and get to know the people. My own visit to Rhodesia in July was simply to have a holiday; but I had not been there since UDI; I had been guilty of talking a lot about Rhodesia during the past eighteen months, and the chance to find the answers to some questions which had been increasingly bothering me was irresistible.

From the point of view of assessing the present situation the visit was timely. Lord Alport was about to conclude his three weeks' survey; Mr Wrathall, the Minister of Finance, had just laid before Parliament his Economic Survey of Rhodesia for 1966, and was about to submit his budget for 1966-67; the U.N. Conference on Apartheid was to meet in Lusaka; and, perhaps most significant for Rhodesia's future, rioters were about to do \$1 billion damage to Detroit.

\* \* \* \*

### Lord Alport's Visit

Lord Alport came to find out whether Rhodesians would welcome renewed talks between their and the British governments, or, in the jargon to which we are all too accustomed, to "report on whether there was any indication of a situation in which meaningful attempts to reach an acceptable settlement were possible."

There was no evidence in Salisbury that the announcement of his visit had come as other than an unwelcome surprise to the Cabinet. Mr Smith said that "it came like a bolt from the blue and that Mr Wilson's choice of Lord Alport was quite incredible. I think he can almost be described as a listed enemy of Rhodesia. He is someone who was cold-shouldered out of this country by the Federal Government. They believed he was conniving with the British when they thought that there were some pretty under-handed tricks over the break-up of the Federation. He has written a scurrilous book about Rhodesia and indulged in some offensive broadcasts against Rhodesia from the Francistown radio station. He had wondered therefore whether Mr Wilson had chosen him to make sure that his mission failed. He had made no approach to the British Government and the first he had heard of the visit was when his Secretary had burst into a meeting with a news agency report. It was certainly a reflection on both Sir Humphrey Gibbs and Mr. Henning" (the head of the British residual mission.) Following this warm welcome no Rhodesian ministers or officials were at the airport to greet

Lord Alport and he was met only by Mr Henning and Sir Humphrey Gibbs' controller.

After a few days' delay the Cabinet appear however to have decided that Lord Alport should be received by Mr Smith, who saw him, in all, on three occasions, and that he should also meet, individually, such other ministers as might be in Salisbury, presumably to convince him that they were not at sixes and sevens as British ministers have constantly implied. He saw Mr Wrathall, the Deputy Prime Minister and Minister of Finance; Mr Dodland, the Minister of Agriculture; Lord Graham, the Minister of External Affairs and Defence; Mr Lardner Burke, the Minister of Justice; Mr Harper, the Minister of Internal Affairs; Brigadier Dunlop, the Minister of Transport; Mr A.P. Smith, the Minister of Education; and Mr Partridge, the Minister of Local Government. It was also arranged that he should see the Chairman of the Rhodesia Front Party, Colonel Knox, and six of the Party's divisional chairmen. If one can judge by Brigadier Dunlop's statement, after a meeting which Lord Alport had described as 'very friendly', they must have made it very clear indeed that Mr Smith had spoken for all of them in his initial comments on Lord Alport's visit. Brigadier Dunlop, addressing a public meeting a day or two before Lord Alport's departure said: "I ask you - a failed Conservative Parliamentarian, a member of the House of Lord as persona non grata in Rhodesia almost as Wilson himself, sent by a Labour Government at this late hour to discover the position in our country. What is he attempting to discover? If Lord Alport wanted to see the effects of independence, a quick tour of the shops, industrial sites, mines and farms would show him the buoyancy of Rhodesia's economy. Is he here to coin yet another set of terms for the United Kingdom's acceptance of our independence? - the sort of terms produced after the Tiger talks which only morons or poltroons would accept? Lord Alport should not formulate his opinions from some Anthony Eden-hatted big-businessmen, whose vast profits, as the result of independence, have been temporarily reduced and who would gladly see their country's future sold for a dishonourable mess of pottage. We know the type that congregates in certain wellknown places in one or two major cities and who, at the first sign of difficulty, would surely clamber with alacrity into aircraft and disappear with their bulging brief cases. Good riddance to bad rubbish!" It is only fair to one of those well-known places in Salisbury to add that I heard the Brigadier being warmly congratulated there on his speech while Lord Alport lunched at a neighbouring table with some of the big-businessmen in question! It was also understandable that Lord Alport's private secretary had earlier commented that "the Lord is very liverish this morning."

Lord Alport certainly did his best; he saw over 1,000 Rhodesians; he moved about the country - to Marandellas, to Bulawayo, to Gwelo - indeed the waspish comment was heard in Salisbury that he had in three weeks met more people and seen more of Rhodesia than in his two and a half years as High Commissioner to the Federation. And he was, in all his statements on Rhodesia, a model of discretion. But, as the Rand Daily Mail

has commented "out of all these repetitious meetings only a few hours are significant - those he spent with the Rhodesian Cabinet Ministers and the leaders of the Rhodesian Front Party." Mr Smith's and Brigadier Dunlop's statements made it clear that Lord Alport's visit had not been welcome and that they expected little to come from it. For the record, Lord Alport did not ask to see Mr Nkomo; he asked to see Mr Sithole (ZANU) and Mr Chinamano (the second-in-command of ZAPU) but was not given permission to do so.

On his return Lord Alport reported to Mr Wilson, and, in his own words, "retired into private life." Mr Wilson has informed the House of Commons that Lord Alport concluded, from the many discussions which he had had, that "while in his opinion there can be no certainty at this stage regarding the eventual outcome of such a negotiation, the prospects of achieving success are likely to become less rather than greater with the lapsing of time. Lord Alport considers that it would be advisable in the interests of British policy, as in those of all races in Rhodesia, that Her Majesty's Government should take the initiative in setting on foot the preliminaries to a negotiation for a settlement."

What this comes down to is simply that time is running out and that if further discussions are to take place they had better not be postponed any longer if they are to get anywhere. UDI is now a year and nine months behind Rhodesians. The 'Tiger' draft of an agreement, which Mr Wilson had, when his ultimatum was rejected, said was no longer open, but which he has again offered as a basis, was, last December, not acceptable to Mr Smith, to the Rhodesian Government, or to the majority of the Rhodesian people; it may soon be scarcely a talking point. The agreement was rejected then on the ground that the provisions for a return to legality could have subjected Rhodesians to a form of colonial rule from Whitehall, something to which they had never been subjected at any time in their history. It is more or less accepted now that anything more than a token and momentary return to legality is out of the question. The constitutional provisions were also not, in the end, accepted in December, and Mr Smith has from time to time hinted that they too would need revision before they now could be. Mr Roy Lewis, of the London 'Times', pressed Mr Smith on just this point at the end of Lord Alport's visit. "Mr Smith said that, from his own experiences of negotiation with the British Government he had long given up trying to guess what they were thinking. Asked if the constitution drafted on board HMS Tiger, apart from the steps for its implementation (i.e. the return to legality) could be considered as substantially agreed, or only as the basis for future negotiations (he replied) I don't think I can be expected to show my hand, to put any of my cards on the table without the other player also coming to the table, so I have resisted any discussions on what I believe the situation should be. Of the 'six principles' he observed that it was long since he had re-read them, but he had often said that only the sixth really appealed to him - the principle that lays down that the minority shall not oppress the majority or the majority the minority."

Mr Wilson, in turn, informed the House of Commons that Mr

Smith had also told Lord Alport that there were some aspects of the Tiger constitution which had been "arrived at quickly, under pressure of the time-table, and these would need looking at again." Mr Smith had told Lord Alport that, since the Tiger talks, one or two other points had occurred to him which he believed were reasonable and would also improve the constitution. Mr Smith had not specified what would need to be looked at again or what the one or two other points were and Lord Alport had therefore recommended that the British Government "should take the initiative in setting on foot the preliminaries to a negotiation for a settlement." Mr Wilson was not prepared to go so far; only to authorise Sir Humphrey Gibbs "to clarify with Mr Smith what aspects of the Tiger proposals he would like to see changed and what new points included." Mr Smith, on learning this, reiterated that it would be most unwise for him to disclose his hand in any way "until the British Government are prepared to come forward with proposals on their side." Mr Wilson has equally refused to be drawn. He emphasised, in the House of Commons, that the British Government has fully reserved its position on NIBMAR, on a return to legality in Rhodesia, and on the kind of broad-based government of national unity which would be required for any major step forward. The British Government also adhered fully to the "six principles." Sir Humphrey Gibbs has been reported subsequently to have written to, and seen Mr Smith. It is difficult to see how the game can proceed while both players hold their cards so closely to their chests. A recent 'Times' cartoon showed Mr Wilson, up to his neck in sanction sands, telling Mr Smith, firmly on the bank, "I'm considering giving you another chance to pull me out," but Mr Smith's expression gives no indication of whether he has, or has not, any intention of doing so. But Sir Humphrey has just been reported to have persuaded Mr Smith to set out his thoughts on the Tiger constitution, so perhaps there may be some slight hope of new discussions.

Mr Wilson, in his speech in the House of Commons, again sought to differentiate between a moderate Mr Smith and his "near-Fascist" colleagues; he feared that the latter might again overrule the former even if an agreement could be reached with Mr Smith. On this I would only say that there is little evidence of such a division in the Rhodesian Cabinet, and that Mr Smith's conduct of earlier negotiations may equally indicate that he is himself to the right, but has found it helpful to play up to Mr Wilson's theory. Mr John Hatch, the former colonial adviser to the Labour Party, recently drew attention to this: "despite Wilson's persistent and mistaken conviction that he is a man of compromise controlled by extremists, Smith's actions belie his words."

What has been mentioned scarcely at all in Parliament, but would seem to be most important, are the concessions, if any, which Mr Wilson could make to obtain a constitutional settlement. The debate in the House of Commons made it quite clear that the Labour Party is not yet in a mood to make any at all. Mr Wilson is even less able to commit the Commonwealth than the Party, and it would be of little use to Rhodesia to reach an agreement with Britain for a return to legality if her subsequent independence were not to be recognised by the other member-countries. Mr Bowden's

visit this month to sound the African Commonwealth countries is, I fear, unlikely to indicate that they are in any mood for concessions - certainly Mr Kapwepwe's speech at the Lusaka Conference would indicate that Zambia for one is in a mood to demand further action against Rhodesia, not to agree to concessions to her. Nor is the September Session of the General Assembly likely to produce much comfort for Mr Wilson, who would, indeed, seem to have been hedging his bets, if any weight is to be given to statements, by approved spokesmen of departments in London, about examination there of ways to tighten sanctions generally and in particular to stop the flow of petrol to Rhodesia via Lourenço Marques. It may be only coincidental that the report of Mr Smith's reply to Sir Humphrey Gibbs was accompanied by the announcement that the British Government was taking steps to prohibit the entry of Rhodesian ferro-chrome partly treated in third countries and which has apparently been imported from them in recent months.

Mr Smith has himself placed most emphasis on the fact that time was running out if Britain wanted a settlement. He specifically drew attention to the deliberations of the Rhodesia Constitutional Commission and told Roy Lewis that once the Commission had reported "time becomes even more critical." Once the report was acted upon there would be no going back. He believed that ultimately there would be a constitution worked out by Rhodesians - in other words, this Commission. Majority rule was unacceptable to all Rhodesians. Michael Leapman (of the Labour 'Sun') endorsed Mr Lewis' conclusion: "If Mr Wilson does reopen negotiations he will have to drop the NIBMAR commitment." Patrick Keating (of the Liberal 'Guardian') concluded that after a fortnight's probing he was bound to report that there is "not so much as a jot or tittle of any sign that the Smith regime is cracking." The 'Times', in an editorial summing up the effects of Lord Alport's visit, concluded that "eighteen months of independence, illegal and even illusory as it is, have made a considerable difference ... After holding out against the world so long, Mr Smith, before challenging his militants, would almost certainly want much easier terms ... He would want recognition of independence with only a nominal transition period and he would probably expect a far easier test of acceptability of the constitution than the Commission proposed on the Tiger. He might even want to water down the constitution itself." The 'Times' has come a long way but perhaps not yet far enough, either in the way of concessions necessary from Mr Wilson, or in the timetable. The Constitutional Commission is due to report in September and once it has reported it will be difficult for the Rhodesian Government to move very far from its recommendations. I personally was surprised at the extent of discussion in Rhodesia of the possibility of a republic and of the support for it; if there is no agreement with Britain an alternative might be the sort of regency which Admiral Horthy exercised in Hungary for the exiled Hapsburgs between the two world wars.

### Sanctions

#### Financial

If agreement is unlikely is there any prospect of Rhodesia

being compelled to accept Mr Wilson's terms for a settlement as the result of the strangling of the economy by sanctions? "The Economic Survey of Rhodesia for 1966" indicates how unlikely this is. It states flatly that "sanctions caused the total value of domestic exports to fall from £142.5 million in 1965 to £89.8 million in 1966. The value of Rhodesia's re-export trade also suffered a decline from £15.4 million to £8.5 million. Gold production was valued at £6.3 million compared with £6.8 million (i.e. a total of £104.6 million). By means of import control the value of imports was restricted to £84.2 million - 30% below the 1965 level ... Freights and insurance payments on imports fell from £20 million to £12 million (i.e. a total of £96.2 million).

"1966 was the first full year during which the banking system operated on a closed basis ... the loss of the London market credit facilities generally had a negligible effect ... There were a number of successful issues of Government Stock totalling £19.4 million." European employment remained at the 1965 level, there was a net loss of 983 from emigration over the year, but a gain in the last quarter of 483. African employment fell by 9,000 but against this there was a net emigration of 15,000 foreign Africans. The Report summed up: "the degree of set-back was far smaller than was generally accepted and there was evidence of an upturn towards the end of 1966. Although exports declined by 37% during the year the gross domestic product fell by only 2.6% and the gross national product by 1.9%. There was a small balance of payments surplus on current account."

In his budget on the 20th July, Mr Wrathall said that, since the 11th November 1965, Rhodesia's financial and economic policies had had three aims, and these still remained: to balance foreign payments, to maintain a high level of economic activity, and to avoid excessive price increases. There had been a surplus on the balance of payments, a number of manufacturing industries had achieved new production peaks, employment had remained satisfactory and the increase in the consumer price index had compared favourably with the average increase of the past five years. Revenue had produced an accumulated surplus of £3.8 million, and this enabled him to increase old age pensions by 7.5%, and to budget for a small surplus in 1967-68 without any additional taxation. The President of the Associated Chambers of Commerce of Rhodesia, whose members have perhaps suffered most from sanctions, commented that "the financial picture as revealed by the budget was significantly better than anyone could have expected." The "Financial Mail" has pointed out the danger of increasing the amount provided in the way of short-term loans to Statutory Corporations (to replace the spending power normally provided by tobacco exports) but Mr Wrathall has nonetheless been able to provide them.

The Reserve Bank in turn was able to follow up the budget by the issue of new Rhodesian £1 bank notes. These are to be followed by 10/- and £5 notes. Their issue indicates that

Rhodesia has obtained from outside sources the necessary plates for printing them (not necessarily from the firm in West Germany which was to have printed them towards the end of 1966, and which the Rhodesian Government later released from their contract in order not to embarrass the West German Government). No attention was paid to the action of Sir Sydney Caine's Board in London in declaring them illegal and the total cost to Britain of her effort to prevent the replacement of Rhodesia's by now very dog-eared bank notes, is estimated at about £250,000. To emphasise this success came the news that the Rhodesian side of the Netherlands Bank of South Africa was to become the Netherlands Bank of Rhodesia, and the first all-Rhodesian commercial bank, as part of a drive to increase its share of the banking business of the country.

#### Economic

The economic effect of sanctions has to be seen in relation to agriculture, mining, industry and commerce.

I. Agricultural This begins, if it does not end, with tobacco. In 1966 out of a total crop of 250 million lbs, only 40% or 120 million lbs. was sold. This year the Tobacco Corporation expects to sell about the same amount, that is, 60% of a smaller crop. At the end of the year there will be about 210 million lbs. unsold, which will have cost the Government £23 million sterling. For next year, the Minister of Agriculture has set a crop target of 132 million lbs., 36% less than this year. The guaranteed price will again be 38d. lb. If the same amount as this year is sold abroad, the cost will be about £10 million. The reduction in production will ease the financial strain and the diversification of crops involved will enable Rhodesia to reduce its import bill by what would have been the import cost of the additional amount of home-grown cereals, wheat, cotton, etc.

Mr Rudland's plan was to leave most of the tobacco farmers producing the same amount as before, but to persuade about 700 farmers to change completely to other crops by doubling the Farm Irrigation Fund in the tobacco areas, buying up existing quotas of tobacco at 6d. lb. up to £1½ million (this would give the average farmer, who decided not to grow tobacco, £2,000) and increasing the loan fund by £1½ million so that he could also get a loan of £2,000. Import quotas for farm machinery are to be increased to facilitate the change-over. The dead line for the surrender of tobacco quotas is the 15th August; with three weeks to go, quotas for 2.8 million lbs. had already been surrendered, with a week to go 34 million lbs. have been, and there is optimism that the total will be reached. The editor of "World Tobacco" has pointed out that the cut, and the change-over, will greatly help Rhodesia when it comes to getting over the loss of preference in Britain if Britain joins the Common Market, and that Rhodesia's lower production costs (half those of the U.S.) will enable Rhodesia then to compete in both the British and European markets. Rhodesian could, in his view, eventually build up to a higher rate of production and sale than in the past, and with a much more healthily-based farm production.



Sanctions can themselves cut both ways: with 230 million lbs. of Rhodesian tobacco hanging over the market, even the U.S. tobacco growers are beginning to wonder what will happen to them when sanctions end.

It is difficult to estimate accurately the extent of the change-over to other crops which has already occurred, and their economic potential. It was for this reason that my daughter and I cut short our holiday to visit the new irrigated areas of the Lowveld at Triangle and Mkwesine. These are only two of the developments organised by the Sabi-Limpopo Development Authority, whose first task has been to build the chains of dams along the upper reaches of the rivers flowing through the Lowveld, so as to increase the water available from the 15 inches of natural rainfall to a total of 80 to 90 inches a year. All crops will be grown under spray irrigation, and it is impressive to stand at the top of one of the isolated koppies and to see all around to the horizon thousands of acres of sugar, wheat and cotton. Large areas are to be reserved for African farms, and the experimental farms are concentrated on finding out the most desirable size, crops, and planning for these. Triangle, incidentally, had never been visited by Lord Alport at any time, although production had reached 130,000 tons of sugar by 1964. Only one mill out of three there is operating at present, but since Triangle costs per ton are only £15 and the world price, even at its present low level, is £25, the Triangle Corporation is optimistic about being able to bring the other two mills into full production again soon and to sell the crop (300,000 tons). We were shown sugar in unmarked bags and stored in the open under tarpaulins, but the quantity was not large. All the machinery in the mills is now made locally.

At Mkwesine there are 5,000 acres of wheat and 640 acres of cotton, and a further 5,000 acres of wheat is planned. The development has been rapid: on 14th January 1966 contractors started to clear the mopani scrub, at the rate of 300 acres a day; on the 1st May the first wheat was planted and the sowing was completed within three weeks. The crop yield was 17 bags to the acre against a good European yield of 23. Rhodesia's need is for 60,000 acres of wheat (3 million bags), and the eventual saving will be £9 million a year at the present rate of consumption. The wheat crop will alternate with summer crops of soya beans, etc. The yield of cotton has risen from 400 to 2,000 lbs. a acre.

Both Triangle and Chiredzi are already small modern towns, linked by rail to Bulawayo and Lourenço Marques. When the Lower Sabi development is in production a new line may link them and the Sabi to Beira. The two towns are already joined by 25 miles of tarred road which can really be appreciated if you have already driven 350 over strip and 80 over a villainous dirt road in the dark, and have been wondering about a night in the bush.

The development of communications is steadily proceeding in spite of sanctions. The break-up of Rhodesia Railways into Zambian and Rhodesian systems is expected to lead to the return of 700 Rhodesian railwaymen from the north. I have referred to

the spur to the Lourenco Marques-Bulawayo line from Triangle to Mbizi, and the plan for a new line from Lower Sabi to Beira, or to a new port to the south. A decision will have to be reached soon as to the route of the extension of Rhodesia Railways to Beit Bridge. The main line between Salisbury and Mpopama (300 miles) is being entirely relaid with concrete sleepers, all made in Rhodesia, and they are being turned out at a rate of 12,000 a month. With the break-up of Rhodesia Railways there is likely to be a considerable deficit in the running of the section in Rhodesia, but, as against this, no large capital sums fall to be repaid in the next two years.

The main roads are being steadily widened and tarred: over half of the road from Salisbury to Beit Bridge has been completed, and the whole of the road from Salisbury to Umtali. A new road is being made from Umtali to Birchenough Bridge and it will link not only with the road to Fort Victoria but with the new road to Chiredzi and Triangle, and thence to Bulawayo.

Both railways and roads will facilitate the development of agriculture, mining and industry in the areas they traverse. For example, the South Eastern Development Company have found a coal field large enough to supply the needs of both Chiredzi and Triangle as soon as transport is available.

II. Mining The Economic Survey states that the value of mineral production had increased rapidly between 1963 and 1965, and that in 1966 there was a further increase to £32.6 million. That this is being exported the long freight trains to Beira testify. Similarly, at the Falls Bridge I counted one large truck, linked to one or two trailers, all filled with coal, arriving from Wankie every minute and a half.

The double journey is done three times a day, and the drivers are earning very large sums indeed.

Mr. Oppenheimer has emphasised his belief in Rhodesia's future. Sanctions had failed because they had not proved the knockout weapon they were cracked up to be. "I cannot believe," he said, "that either British interests or the interests of any of the Rhodesian peoples (note the plural) will be advanced by destroying the Rhodesian economy." In July he disclosed in London that Charter Consolidated had taken up an option on a new Rhodesian nickel deposit. He also said that when it comes into production the £4 million Trojan nickel mine, acquired last year, would produce 5,000 tons a year. The new deposit was not quite as proved but might be almost as big.

III. Industry The implementation of import restrictions so far as industry was concerned was entrusted to the Association of Rhodesian Industries. The restrictions were originally imposed to safeguard the reserves and readily accepted because few believed that sanctions would last longer than 6 - 12 months. Six months ago, after they had lasted for 12, it was recognised that the task before Rhodesia was a "long hard pull" and industry accepted

this. Industries were asked to expand or to change their production to meet local needs, and pledges have been given that none will be ditched when sanctions come to an end, but will be given time to re-adjust by tariff instead of import controls. Industrialists have obtained without much difficulty the use of patents from overseas firms, and have themselves produced improvements. Overseas firms have permitted the local manufacture of their products: for example, Rhodesian Lever Brothers have even been given, by their parent company in Britain, and it is said to the indignation of the British Government, the necessary funds to develop the local production of soaps and detergents. Others have been supplied with the necessary packages to be filled with the local products, which could then be marketed under their names; this is particularly so with pharmaceuticals. Mocambique and South African trade agencies arrange all local and overseas distributions; "otherwise Rhodesia would have been bust in six months." Labour has proved to be capable of being trained to produce higher quality goods; for example, crude clothing for the Zambian African market has been replaced by more sophisticated clothes for the internal Rhodesian and external South African markets. The furniture industry has developed but exports are limited by freight costs. The electrical industry has developed very rapidly, and so has food packaging. Packs are supplied for the Portuguese armies in Angola and Mocambique, but Rhodesia cannot yet produce weapons and remains dependent for them on South Africa.

Very few Rhodesian industries can compete with South African - the clothing industry is one of the few - and there has been some resentment about the South African capture of the Zambian market. Overall the economy has remained static and the effect of sanctions can be estimated by the probable increase in production which would otherwise have been at least a quarter. But so far as industry is concerned, the record is one of genuine achievement.

IV. Commerce The Association of Chambers of Commerce of Rhodesia has been used to regulate imports of consumer goods, and appears from the start to have been opposed to UDI. Importers had been well-stocked up in 1965 but stocks of imported goods are now almost exhausted. The consequent degree of liquidity has led to a boom in property, and building, like other industries, is doing well. Otherwise all the pessimistic forecasts by ACCOR as to the consequences of UDI for commerce have, in the view of some members, been proved correct, except that devaluation has yet to come. But full employment and easy housing loans have kept European employees firmly behind Mr Smith, and so are the young farmers who see no future for themselves elsewhere. It is generally agreed that 85% of white Rhodesians still support UDI (some say 95%) and equally agreed that about the same proportion of the members of the Salisbury and Bulawayo clubs have been and still are opposed to it. Commerce tends to reflect the views of the latter.

V. Petrol From observation it would appear that sanctions have failed to achieve their object. The BMC and Ford Motor Assembly plants are practically shut down but there is not much difficulty in obtaining spares, nor is there any shortage of cars or petrol. Every parking space in Salisbury is filled by 9 a.m., four out of five cars in the rush hours contain only the driver, and rationing is, above the basic ration, by price only. Even so the price of

extra petrol is about one-third the price of any petrol in Zambia, and there are said to be two years' stocks in storage. The number of new cars depends on their country of origin: there are very few from Britain, some from Japan, a few South African-assembled American, and everywhere Mercedes Benz. Indeed, one effect of sanctions has been to make these almost as common as Volkswagen in South Africa, presumably on the theory that if sanctions are being broken they might as well be broken by expensive cars as by cheap ones, that they are better investments for Rhodesians who have fewer alternatives on which to spend their money, and that they pay the exporters in other countries better for their ingenuity in finding a way to bring them in. One morning I noticed seven recent-model Mercedes side by side in adjacent parking bays and they were not trade cars being delivered. French cars are also in evidence and General de Gaulle is said to have "reacted very negatively" when Mr Wilson complained that they were still being exported to Rhodesia.

Mr. Douglas Jay, the President of the Board of Trade, informed the House of Commons, in July, that nine nations had increased their trade with Rhodesia despite sanctions. Statistics of trade for the first quarter of 1967 showed increases in imports from Rhodesia by the USA, Luxembourg, Portugal and Switzerland, and an increase in exports to Rhodesia by France, West Germany, Japan, the Netherlands, Portugal, and Yugoslavia. The increases have been said by opposition speakers to be up to 200% and more.\*

British exporters are right to be alarmed, for it can be expected that when those of other countries have agreed to supply Rhodesia, they will, in return, have sought and obtained promises of the continuance of orders from Rhodesia after the termination of sanctions. Mr Smith has said that such pledges have been given for two, three, or even five years. Mr Mussett, Minister of Commerce and Industry, concluded two weeks ago that Rhodesia had "found cracks in the so-called sanctions wall, and these are being enlarged faster than her enemies can plaster them over." That is a fair assessment.

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\* The increase in some OECD member countries' trade with Southern Africa in the early months of 1967 (first quarter 1967 compared with first quarter 1966).

<u>Exports to Rhodesia</u>		<u>Exports to South Africa</u>	
Germany	.. plus .. 62%*	Italy	.. plus .. 59%*
France	.. plus .. 100%	West Germany	. plus .. 35%*
Japan	.. plus .. 62%*	Netherlands	.. plus .. 33%
EEC as a whole	. plus .. 15%*	Spain	.. plus .. 110%**
EFTA (less UK)	. plus .. 16%*	EEC as a whole	plus .. 60%
Swiss <u>imports</u> from Rhodesia were 107% up in the first two months of 1967		Japanese <u>imports</u> from South Africa increased by 100% in the first quarter.	

\* January and February only. \*\* January only.

Security The Rhodesian army is steadily improving its training but security ultimately depends upon the police and the attitude of the Africans to the infiltrators. It can, I think, be gauged by the number of the police you see, and to talk of Rhodesia as a police state is just a joke. It was three days and 500 miles of driving before we saw our first African policeman and a week before we saw our first European; then we saw several, attending a colleague's wedding! In Northern border districts there are more but so far terrorists have usually been trapped by Africans in the 50 miles of rough country south of the Zambesi, and handed over by them; 20 were recently captured in this way, all heavily armed. In an attempt to get through this barrier, some have recently been hiding in heavy lorries coming from Kariba, and all such lorries are now required to be strongly padlocked, the drivers are not allowed to pick up hikers, and the doors are opened only in the presence of armed police at fixed places. The danger is that Salisbury, for example, is an open city. Such an African township as Harare is only  $1\frac{1}{2}$  miles from the centre, and a few infiltrators could do serious damage. Conversely they might, even if they did reach Harare, find themselves in as inhospitable an environment as the Zambesi bush, for a day spent in Harare produced not a sign of hostility on the African side or fear on the European. The risk is there, however, and any precautions seem to be reasonable.

Summary To sum up my own conclusions are -

- (1) that time is running out faster for Mr Wilson than for Mr Smith;
- (2) that it is unlikely that a political agreement will materialise from the Gibbs enquiry;
- (3) that sanctions have already been beaten;
- (4) that the most likely agreement between Rhodesia and Britain will be a trade treaty;
- (5) that Britain will not recover her former trade position in Rhodesia;
- (6) that it may be only a question of time before Rhodesia becomes a republic;
- (7) that UDI has delayed the economic development of Rhodesia but that the expansion now of Rhodesian industry and the diversification of Rhodesian agriculture will enable it to catch up;
- (8) that economic and possibly military cooperation between Rhodesia, South Africa and the Portuguese territories is likely to develop steadily and that some form of common market and common planning will emerge; and
- (9) that the stimulus to under  $\frac{1}{4}$  million Rhodesians of being on their own, of having to exercise their initiative and take unusual responsibility, has raised Rhodesians a notch in general intelligence and capacity. As in Israel, the hour has not only found; it has made the men.