

**ANNOUNCES**  
**NOT TO BE REMOVED**

REF. D.56/2.

9th October, 1972.

REG. 227.

ASSOCIATION OF CHAMBERS OF  
COMMERCE OF SOUTH AFRICA

70TH ANNUAL CONGRESS

SILVERTON

A SURVEY OF SOUTH AFRICA'S POLITICAL  
AND ECONOMIC POSITION IN THE WORLD.

ADDRESS TO BE DELIVERED BY J. BARRATT,  
DIRECTOR, THE SOUTH AFRICAN INSTITUTE  
FOR INTERNATIONAL AFFAIRS ON 19TH  
OCTOBER, 1972.

EMBARGOED UNTIL 10 a.m. THURSDAY, 19TH  
OCTOBER, 1972.

\* \* \* \* \*

A SURVEY OF SOUTH AFRICA'S POLITICAL  
AND ECONOMIC POSITION IN THE WORLD

John Barratt

Introduction

The main focus of this paper will be on the political aspects of South Africa's external relations. But, as will become apparent, it is not possible to separate politics and economics in this field or in any other. There is perhaps a tendency to think that economic relations can be constructively developed, if only politics can be avoided. This, of course, is not possible, as the ultimate decisions in all countries are political - even if economic considerations are often the major determinants in reaching the political decisions. Those directly involved in external economic relations need, therefore, to be aware of and to understand, as far as possible, the political factors in their own and other countries, as well as the trends in international politics generally.

Likewise, it is not possible to put domestic and foreign policies neatly into separate compartments; there is continual interaction between the two. While this is true of all countries, it is especially evident in South Africa's case.

The inter-relationship of all these factors indicates that the subject of international affairs, including the foreign policies of one's own country, is not the domain only of the specialists. It concerns all citizens, and businessmen particularly are involved. It is very appropriate, therefore, that this Congress should be giving attention to South Africa's position in the world, not only from an economic, but also a political point of view.

This paper is intended to be an overall survey in fairly general terms, and it must of necessity deal rather briefly with a number of questions. The practical implications for businessmen in particular will be dealt with in a later paper. Their special problems and opportunities in the field of external relations are, therefore, not referred to here.

South Africa's Political Isolation

In international politics South Africa's position is one of isolation; the Republic is not a member of any grouping of states, and it belongs to no defence or other alliances. In a world which has increasingly, during the past two or three decades, seen the formation of blocs or regional groups, South Africa stands alone. This isolated position is manifested especially in the United Nations where all members - with the exception of South Africa and Israel - belong to one or more political groups, and where these groups act and vote together, with the members protecting each other in various ways. Moreover, in this isolated position, South Africa is subject to numerous pressures in the international field, pressures closely related to and affecting internal developments.

In looking for the main causes of this isolation and the accompanying pressures, one can say - at the risk of a little oversimplification - that two factors in particular were relevant in the fast-changing world situation after World War II. One was the growing concern in the Western world about the infringement of individual human rights, as a result of the reaction to nazism and racism. Thus, for example, the United Nations Charter in its Preamble (which was drafted by General Smuts) expressed the determination of the member states "to reaffirm faith in fundamental human rights, in the dignity and worth of the human person...." In Article 55 of the Charter member states agreed to promote "universal respect for, and observance of, human rights and fundamental freedoms for all without distinction as to race, sex, language or religion", in addition to promoting such ideals as higher standards of living and full employment.

The other relevant factor in the post-war world was anti-colonialism - the movement for self-determination and independence throughout Asia and Africa. This movement gathered increasing momentum until, by the early sixties, most African states were independent. In the process the Western and White colonial powers were brought into conflict with the non-White peoples of the world. In this confrontation White South Africa was regarded as an outpost of Western colonialism in a Black continent, and as the Western powers withdrew from their colonies South Africa became increasingly isolated and increasingly regarded by these same Western powers as an embarrassment to them.

Both these tendencies - the concern for human rights and anti-colonialism - came together in the United Nations. It is not surprising, therefore, that it is the United Nations in which South Africa's international problems have been most dramatically highlighted, and that the United Nations has provided the centre for the increasingly strident campaign against the South African Government.

Although this campaign gathered strength during the fifties, South Africa's international position was not as acute then as it became after 1960, the year in which there was the first large influx of new Black states into the United Nations and the year of Sharpeville. This was followed in 1961 by the ending of South Africa's membership of the Commonwealth. The Commonwealth was the only group of states to which South Africa belonged, and this association - which meant in effect association with the United Kingdom as a Great Power - had been a basic ingredient in South African foreign policy since Union in 1910. South Africa had gradually been developing a more independent position in the world, as its economic strength increased during and after World War II, but it was still very dependent on Britain for contacts in Africa and throughout the world, especially in the many countries where it had no diplomatic or trade representatives of its own. This dependence was suddenly broken and South Africa was forced, without much time for preparation and in a hostile world, to look after itself without outside help.

#### The Movement Outward - Africa and the World

During the early sixties the initial reaction was to go on to the defensive, which further increased the political isolation. However, it was not possible in the modern world for those conducting South Africa's foreign relations, or those engaged in external trade, to allow this isolation to grow unchallenged. With the prop of the Commonwealth connection removed, they were therefore forced to be more self-reliant and to seek their own contacts abroad. As the country's economic strength increased during the middle and latter sixties, a sense of greater confidence returned and the so-called "outward movement" began, involving both the Government and many in the private sector.

The development of this "outward movement" cannot be dealt with in any detail here. The Government moved cautiously, always conscious of possible reaction among the White electorate, to develop contacts in Africa and also to expand trade and diplomatic links in Asia, Australasia and Latin America. A more pragmatic attitude became apparent towards the United Nations, and in general there was a less defensive reaction to criticism.

It is mainly in respect of South Africa's relations with Africa that the "outward movement" became known, and it is here that the results were most significant when judged against South Africa's complete isolation in Africa in the early sixties. The independence of the former High Commission territories of Botswana, Lesotho and Swaziland was accepted by the South African Government, in spite of the earlier policy of seeking their incorporation into South Africa, and co-operative relations were established with them. Then there came the exchange of diplomatic representatives with Malawi, the signing of a trade agreement with that country, and considerable financial and technical assistance from South Africa.

While the development of relations with these four independent Black states was important for South Africa, in showing the outside world that South Africa could co-operate peacefully with African states, the significance of this development was qualified by the fact of their dependence on South Africa, which gave them very little choice in the matter. Then in 1970 and 1971 South Africa's opportunities to expand relations in Africa beyond these dependent countries suddenly seemed to increase. The Government of Madagascar invited the South African Foreign Minister for an official visit, an agreement was signed, and it was officially announced that South Africa would be giving financial assistance to Madagascar. Furthermore, several other French-speaking African states, led by President Houphouët-Boigny of the Ivory Coast, indicated that they wished to conduct a dialogue with South Africa, and that they were opposed to the policy of confrontation and force which was being pursued by the majority of African states through the Organisation of African Unity. This general approach was supported, too, by Dr. Busia, the Prime Minister of Ghana.

While the dialogue proposals did not win support from the majority in the OAU, when they were discussed at a summit meeting of that Organisation in June, 1971, there was a substantial minority of more than one-quarter which seemed willing to give the dialogue movement a chance. The hopes of a breakthrough for South Africa, resulting from these tentative dialogue proposals, have however not so far been fulfilled. In fact, during the past year there have been notable setbacks in that both Ghana and Madagascar have firmly withdrawn their support - as a result of changes of government - and in general the enthusiasm among other states has declined. Even in Southern Africa the statements of Black leaders are much less friendly than they were a year ago.

What has gone wrong is not yet clear, and in any case the dialogue proposals were vague and possibly open to misunderstanding. What is clear however is that central to these proposals was concern about South Africa's internal policies, and there was much talk about changing these policies through contacts and discussions. For this reason the Government's reaction was always cautious and, while the Prime Minister and the Minister of Foreign Affairs have indicated willingness to discuss the separate development policies, they could not indicate any willingness to change them as a result of outside pressures. Another factor from the African side has been the strong pressure on all states not to create disunity in Black Africa over this issue, so that there has been a tendency for individual Black leaders to insist that, whatever their personal feelings might be, they could only take part in a unified African approach to South Africa. The basis for this approach, they say, must be the Lusaka Manifesto which the South African Government would not easily be able to accept, even as a basis for negotiation, because it clearly demands radical change in South Africa.

This then, very briefly, is the present position in South Africa's relations with the rest of Africa. In the overall picture of South Africa's position in the world, relations with Africa may not seem all that important, when one considers that for our external economic relations, for the development of our industry and technology, and for world-wide communications

generally, our relations with the Western world are still the most vital. But from the political point of view relations with Africa cannot be separated from relations with the rest of the world. There is no doubt that the improvement or deterioration of South Africa's position in the world generally is directly linked with our position in Africa and our relations with Black Africans both inside and beyond our borders. While there may not seem to be much economic advantage, in the short term, at least, in expanding the contacts with African states beyond our immediate region in the sub-continent, there would in fact be immense political, and indirectly also economic, advantage, because of the effect outside Africa, namely on the Western countries on whom we depend for our political and economic survival, and on countries of Asia and Latin America which are likely to become increasingly important to us. Relations with Japan - from both the political and economic points of view - are already of considerable importance. But Japan, in its own interests, must also be concerned with its expanding economic relations with the rest of Africa, and as a result is susceptible to political pressures from the Black African states.

An improvement in relations with Africa would also have a bearing on South Africa's position in international organisations. Membership of these various political, financial, technical and trade bodies is of considerable importance to South Africa - more than to most countries, in fact, because of our need to counter the threats of isolation. This applies, for instance, to the United Nations itself in the political field, and I should add here that it also applies to GATT in the field of external trade - in spite of special problems which South Africa is at present experiencing in regard to the latter body. (These problems are, of course, not political in nature, as in the case of the U.N. and some of its Specialised Agencies.)

#### The Western World

To consider more specifically, but briefly, our relations with some of the Western countries, one turns first to the United States which during the past decade was pursuing a policy of gradually increasing South Africa's

isolation. This included the arms embargo, adopted as a result of a U.N. Security Council decision in 1963, and the forbidding of naval visits to South African ports since 1967. The official policy since the advent of the Nixon administration is no longer one of isolation, but rather of communication at all levels, official and unofficial. However, this policy is still directed towards change in South Africa, and in fact it has been defined as "communication for change".

While South Africa does not have high priority in American foreign policy, it does appear to be gradually moving up in the list of priorities, mainly because of increasing pressures on the U.S. Government from groups within the United States. Most noticeable is the growing interest of the organised Black group in the United States Congress, and for the first time ever there are, in this year's presidential elections, references to relations with South Africa in the official platforms of both major parties.

There is also the growing pressure on American firms with interests in South Africa. In its extreme form this pressure is directed at forcing these firms to withdraw entirely. But at the least it is directed towards forcing them to change their policies, particularly with regard to the conditions of employment of non-Whites in South Africa. As a significant article in "Fortune" magazine of July, 1972, put it:

"The issue of American corporate involvement in South Africa has been taken up by civil-rights leaders, labor unions, churches, stockholder groups, the Ford Foundation, the State Department, and Congress, with varying bias and varying answers. Some, including Representative Charles Diggs, a black Congressman from Detroit, have decided that American corporations can stay - if they mend their ways. A number of critics, however, are demanding that they get out. 'American firms in South Africa are partners in apartheid,' asserts George M. Houser, executive director of the American Committee on Africa, a privately funded organization in New York that promotes freedom



for Africans. Representatives of six Protestant denominations returned from a three-week tour this winter to report that 'most of us believe that American corporations should totally disengage from South Africa.'"<sup>†</sup>

The clear tendency at present is for American firms to remain in South Africa. But if the pressures within the United States increase dramatically, there could be a change, because these companies in general stand to lose more, for instance, from work stoppages in their plants within the United States or even from restricted boycotts of their products, than they would from closing down in South Africa. Of course, they would be reluctant to suffer the loss of profits in South Africa, but it must be remembered that for some of them their annual profits here could be wiped out by the loss of only a few days production in the United States itself.

The likelihood, therefore, is that American policy towards South Africa will be more affected during the coming years by internal pressures rather than external influences from, for instance, the African states or the United Nations, which played a more prominent role in the past. As internal pressures are usually more important in any country's foreign policy, this means that relations with the United States are probably entering a rather delicate phase. Careful handling of policy will be needed on both sides. The South African Government and other informed South Africans no doubt appreciate the importance of our links with America for political, economic and security reasons; and South Africa is also of some importance to the United States, not least because of its strategic position.

In spite of the Commonwealth break in 1961, the United Kingdom has continued to be South Africa's most important trading partner and, in a general political sense, the most important link in our external relations.

---

<sup>†</sup> Fortune, July 1972, page 1.

The Labour Party Government under Mr. Wilson was not popular in South Africa, and relations with the Conservative Government are easier. But, of course, the Conservatives may not be in power forever, and the Labour Party, at least in opposition, is adopting an increasingly radical attitude. In any case, it has to be accepted that Britain's relations with the rest of Africa are of growing importance, even if some disillusionment is being experienced as a result of developments such as those at present in Uganda.

The British Ambassador, Sir Arthur Snelling, has pointed out that Britain's economic transactions with Africa as a whole constitute about 10% of her global external economic transactions. Exports to Africa amount to about 8% of her total exports, and are divided almost exactly equally between Black and White Africa. Britain imports a lot more from Black than from White Africa, while investments are much larger in South Africa than in Black Africa. The Ambassador has concluded, therefore, that, from the economic point of view, Black and White Africa are each roughly of the same order of importance to Britain. He continued: "The political inference to be drawn from this is that, in so far as the British are a nation of shopkeepers, they must conduct their relations with Africa in such a way that they are not forced to choose between White and Black Africa."<sup>+</sup> (As Sir Arthur makes clear in the address from which this quotation comes, there are other factors, such as security, which must also be taken into account in any country's foreign policy, in addition to the economic factor.)

This balancing act between Black and White Africa is complicated by the Rhodesian dispute, which has also created difficulties for South Africa in maintaining friendly relations with both Rhodesia and Britain.

Reference has been made to the pressures on American business interests in South Africa. Signs are now appearing that similar pressures are developing in the United Kingdom, too. If these pressures become at all effective, they could create serious difficulties both for Britain and

---

<sup>+</sup> See "A Personal View of Africa" by Sir Arthur Snelling in S.A. Institute of International Affairs, Newsletter, 1971 No. 5 (Dec. 1971), page 1.

South Africa, because of the relatively much greater British financial interest in this country.

South Africa has come to rely on France more in recent years, especially for defence equipment and also in the expansion of trade links. Under both President de Gaulle and President Pompidou, France's policy has been characterised by a high degree of pragmatism, and the French Government has been able to maintain good relations with both Black Africa and the White South. But maintaining these relations nevertheless creates some diplomatic problems for France, and there is no doubt that the French have been keen to see progress in the dialogue movement in Africa. That this progress has not so far been forthcoming is a setback for French policy, too - although it would be wrong to assume that France has brought strong pressure on the African states to pursue a dialogue policy, or that it would be able to exert such pressure effectively in the future.

As with France and the United Kingdom, other European countries, such as Germany and Italy, have continually to take into account their economic links both with South Africa and with the Black African states. Looking to the future, as they must do, it is not surprising that they should be concerned chiefly about expanding their economic relations with Africa as a whole. They are likely, therefore, to be careful not to be associated too closely with South Africa in the political sphere, and it must be noted that in Germany, too, there are growing pressures on these companies with interests in South Africa.

#### Politics and Economics - Southern Africa

It should now be apparent from what has been said above that it is not possible neatly to separate politics from economics; they continually affect each other. The development of political relations depends often on the extent and importance of economic relations, and vice versa. But ultimately it is the political decisions that determine a country's direction,

even at the expense sometimes of economic considerations. In Black Africa there are many examples of this, but it is true also of South Africa and other more industrialised countries, because political decision-makers must take into account various factors, when they determine what they believe to be the overall national interest - and economics is only one of the factors, even though it may often be the crucial one in reaching a decision.

This can be illustrated by certain aspects of the relations between South Africa and its immediate neighbours. The situation of economic dependence on South Africa, in which these countries find themselves, is no guarantee of their political friendship. In fact, this very dependence may well be a motivating factor in their increasingly obvious efforts to assert their political independence, even at the risk of causing a South African reaction which might adversely affect them economically. Of course, South Africa has nothing to gain by retaliating with economic threats, when, for instance, a Black leader makes critical statements, because such retaliation would in all likelihood only further aggravate political relations, with unforeseeable consequences for Southern African security and stable development. In view, therefore, of the prominence of political considerations in these new and relatively weak states, and their sensitivity about their independence, it serves no good purpose to argue, as was done in a recent article in Business South Africa, entitled "The Bumble Bee Economy", that: "If Jonathan continues with his present attitude, Pretoria and South Africa's industrialists may re-evaluate their participation in Lesotho. Jonathan should take a lesson from biology. The bumble bee has no sting."<sup>†</sup>

A notable recent event has been the establishment of a Development Bank for Equatorial and Southern Africa, known as EDESA. In calling for support for this project, Dr. Anton Rupert has spoken of the need for a right approach to the question of development assistance which should not be such as simply to increase the dependence of the poorer countries on the wealthier ones. This is an approach which for South Africans involves

---

<sup>†</sup>Business South Africa, Vol. 7 No. 8, August 1972, page 76.

helping our neighbours to increase their independence - economic and political - rather than simply reacting with threats as soon as they assert their independence by challenging South Africa economically or politically. In the long run a mutually beneficial relationship between the countries of this region will only be possible on the basis of a genuine interdependence rather than simple dependence of the weaker countries on South Africa.

#### A Positive Approach for the Future

In conclusion it can be suggested that, in attempting to improve South Africa's international relations there is a need to take into account the factors mentioned at the beginning of this paper, which led to the isolation and external pressures, namely the increased world concern about human rights and the anti-colonial movement.

Firstly, the concern for human rights does not involve simply a question of political rights, but rather a need to recognise and protect various basic rights of all people within South Africa, including equality of opportunity in the economic sphere. This is, of course, a prime responsibility of the Government, but there is much that can be done by the private sector. Within the general direction of Government policy there is room for improvement in various directions, for instance with regard to wages, training, the creating of more opportunities for advancement and for assuming greater responsibilities, etc. There is also room to improve generally the lines of communication between different sections of the population, and to provide opportunities for genuine consultation. The time of paternalistic attitudes towards the non-White peoples of South Africa is past, and there is a need to get away from the tendency of Whites to think of acting for the Blacks rather than with them. The whole question of human dignity is involved here, and this is important for every aspect of South African life - political, economic and social. There is no doubt that improvements in attitudes and practice along these lines would have a profound effect on South Africa's relations with the rest of Africa and the world in general.

Closely related to these internal questions is the need to improve relations with Black Africa, beginning with our immediate neighbours, so as gradually to remove the stigma of being a remnant of the old colonial era. For healthy relations with our neighbours it is necessary, as discussed above, to appreciate their aspirations for economic and political independence. In assisting their economic development - as we must do for our own sake as much as theirs - a paternalistic attitude must be avoided, opportunities for consultation must be created, great patience must be practised, and there must even be a willingness to make sacrifices in the long-term interests of mutual co-operation and stable development in Southern Africa. This is, of course, a field where businessmen and industrialists have an important role to play, and many are already aware of this.

Africa in general is an important area for the development of South Africa's external relations, not only because we belong to this continent; not only because there are security threats from "liberation movements", with intervention and aid from communist China and other powers; not only because of the opportunities in the future for developing trade and other economic links; but also, as indicated above, because of the effect which the improvement of our relations with Africa will have on the major countries of the Western world and elsewhere, with whom our political and economic links are so vital.

Dialogue is now perhaps an overused word. But it remains a useful concept, because it implies an open-ended exchange between equals, with no pre-conditions. Through dialogue in Africa it may be possible to reach an accommodation, provided there is a willingness to acknowledge the need for change on both sides. But it is clear now that a dialogue simply between the Whites of South Africa and other Black African states is not possible, especially as this would be a dialogue about the Blacks in South Africa. Ways will have to be found both to increase the dialogue within South Africa, at official and unofficial levels, and to include our own Black leaders in dialogue with the rest of Africa. These Black leaders are already becoming involved in the debate, both within South Africa and in their increasingly frequent visits abroad. This trend is being encouraged from various quarters, and it will no doubt continue to develop. It is one of the most hopeful signs for the future.