

Sanctions against South Africa

Charles S. Miller

The time during which the apartheid system of government was allowed to exist in South Africa was one of the most shameful periods in world history. Throughout the twentieth century, apartheid was used to eliminate all civil and human rights of the non-white inhabitants of South Africa. The white minority used apartheid in order to maintain their elite economic, political, and social stature. In the process, they degraded, brutalized, and murdered thousands of native Africans.

Finally, the era of inhumanity ended with the dismantling of the apartheid system and the interim non-apartheid constitution in 1993. There were many factors involved in ending apartheid. There were the courageous internal struggles, protests, strikes, boycotts, and physical confrontations, which lead to the numerous beatings and deaths of both adults and children. There were also the larger, economic, worldwide pressures initiated by various governments and multinational corporations. All of these certainly affected the decision to end apartheid, but to what extent? In this paper, I will examine the different types of external pressure used against the South African government and try to determine the amount of influence they had on the government's decision to end apartheid.

In order to understand how much influence world sanctions had on the South African government's decision to end apartheid, you must first understand what apartheid is, and how it came about. The situation leading to the call for sanctions against South Africa began with the introduction of apartheid in the early twentieth century. Prior to the introduction of apartheid, the indigenous Bantu people, which included the Zulu and Xhosa, inhabited the southern tip of Africa until the middle of the seventeenth century (Jones 32). The Dutch were the first Europeans to create a permanent settlement in South Africa, called Cape Town, originally established to be a midway restocking point for merchants in 1652 (Jones 32). Business was better than expected, and the Cape soon began expanding, needing more land and cheap labor. As a solution to the labor problem, the first slaves were imported six years later, in 1658, by the Dutch East India Company (Thompson 36).

Throughout the rest of the seventeenth century, the European nations were able to defeat the Africans in a series of wars and take more and more land using their superior weapons and training (Thompson 38). The British arrived and began to fight with the Dutch over control of South Africa throughout the eighteenth and nineteenth centuries. The fighting intensified after diamonds and gold were discovered toward the end of the 19th century ("South Africa"). The British eventually won control after the Boer wars, and created British colonies, which were combined into the Union of South Africa in 1910 (Thompson 143).

The separation policies, which would eventually be known as apartheid, began with the Native Lands Act of 1913. This act prohibited Africans from buying or leasing land outside of the seven percent area designated as African reserves (Thompson 163). Many more laws designed to promote segregation, including the Mines and Works Act, the Representation of Natives Act, the Native Trust and Land Act, and the Native Laws Amendment Act, continued to be passed under the Botha administration (Thompson 180). Apartheid officially began after the Afrikaaner Nationalist Party defeated the United Party in the election of 1948. (LeVine 245). The Nationalist Party Leader, Daniel F. Malan, officially started the system of apartheid, described in Funk & Wagnalls Encyclopedia as "the economic, political, topographical, and social segregation of nonwhite South Africans" ("South Africa"). Apartheid had two purposes. First, it was designed to take away all power from the nonwhite Africans, which included blacks, coloreds, and Asians. Without the right to vote, the nonwhites had no way to stop restrictions being placed on them. Moreover, without the right to own land or even travel to work without permission, the nonwhites were completely at the mercy of the whites, or Afrikaaners, for their very survival. The second purpose of apartheid was to promote a Nationalist movement among the whites. The Nationalist party used fear as motivation, hoping to stop the infighting amongst the British, Dutch, French, and Germans by uniting them against the Africans.

Apartheid continued to be used by the white minority to retain their power over the African majority. By the 1950's, there was a great deal of internal opposition to the apartheid government, including the African National Congress (ANC) and the Pan-Africanist Congress (PAC). The ANC had a newly formed youth league, with an intense young leader named Nelson Mandela (Marx 35). These resistance groups were organizing non-violent protests, such as the nation-wide three-day stay-at-home protest in 1961, in order to voice their opposition to apartheid (Mandela 94). These protests were not just directed at the South African government; they were done in hopes of gaining world

attention. The two most influential protests were Sharpeville and Soweto. At the Sharpeville police station in 1960, Africans gathered without their “passes,” in order to be arrested and overcrowd the jails (Thompson 210). The police overreacted with the brutal killing of 67 Africans, and the wounding of 186. These killings understandably led to more violence and hatred of the system. The government then declared a state of emergency and banned all opposition organizations such as the ANC and PAC. The Soweto confrontation happened in 1976, when thousands of children were protesting the language change of some of their classes to Afrikaans (Thompson 212). The police overreacted again, killing a child, which eventually erupted into widespread violence and more killings. When it was over, more than 575 people were dead.

Descriptions of these events and others were being reported in the news media throughout the world. In the United States, the government stopped selling weapons to South Africa throughout the sixties under Kennedy and Johnson, but did not want anything to do with economic sanctions. At the time, the United States was involved with South Africa in nuclear research, in large part because of South Africa’s abundant supply of uranium. Later, under Nixon and Ford, America would try to distance itself away from the anti-apartheid movement altogether (Thompson 219). Worldwide outrage over these prolonged racial policies would force the international organizations to finally get involved. The United Nations had been unofficially speaking to the South African government about their racial policies for years, but the United Nations Security Council did not order the first official study of possible sanctions until 1964 (“South Africa”). The United Nations enacted an embargo on the sale of arms to South Africa during this period, and an oil embargo was adopted by the OPEC nations in 1973 (Levy 415).

The South African economy has been very attractive to foreign investors for a long time, in part because of the apartheid system. Manufacturing companies in South Africa were making 18% profits on their investment in 1983, while in other countries they averaged only 12%. The ability to acquire cheap labor that could not unionize and therefore had to accept any working conditions thrust upon them increased the profit margin substantially (Mangaliso 225). This large amount of foreign investment in South Africa created the prospect that manipulating these investments could force changes in government policy.

There are several ways sanctions can be applied to a foreign government. In the case of South Africa, the purpose of any type of sanction would be to force the establishment of a democratic government

where the majority rules. The problem was that any sanctions against the South African government would hurt the innocent Africans along with the guilty (Becker 148). One of the most important forms of economic pressure available was corporate disinvestment, which is the withdrawal of corporate ownership from South Africa (Kaempfer 459). This corporate disinvestment could be accomplished in two different ways, or a combination of both. Private divestment is the easiest, because government bureaucracy is not involved. The only thing necessary for private divestment is the organizing of large investors who are willing to pull their investments out of South Africa (Kaempfer 459). Preferably, these investors would be large university or pension funds. Government investment sanctions are the other way to cause corporations to disinvest. Because of the government involvement, this way is a lot more complicated and time consuming. It’s virtually the same as the private divestment, except that laws must be passed by the government, forcing investors to pull out their investments. These legal restrictions can be focused on either imports, or exports, or both. They can also be used to stop new financial investment or to actually demand the withdrawal of previous investments. One significant difference between the two different approaches to corporate disinvestment is that when investors voluntarily decide to pull out their investments there is no reason to cheat. On the other hand, when a corporation is being ordered to disinvest by the government, there is frequently a temptation to cheat, but I’ll talk more about that later.

Another way to put pressure on the South African government was the “Sullivan Code of Conduct.” The code was established by the Reverend Leon Sullivan, in 1977, to guide American companies doing business in South Africa. This strategy was developed for those people believing more in “constructive engagement,” or working from inside the system for change. This “code of conduct” was different from the previously mentioned strategies in that it did not attempt to restrict businesses from operating or investing in South Africa. The idea behind the six original principles, also called the “Sullivan Principles,” was to encourage American businesses to treat their employees in South Africa the same way they would treat them if they were in America (Mangaliso 228). The principles seemed simple enough: end segregation, and provide equal pay and equal job advancement. Nothing that a respectable company would object to, but the South Africans felt it was a challenge to their authority. According to David Gergen, of U.S. News & World Report, by August 1995, more than 125 companies were voluntarily taking part in the Sullivan principles (70). Sullivan felt the principles were not doing enough, and so more aggressive principles

were added, including corporate support for civil disobedience. The principles still did not have the anticipated effect, and by 1987, Sullivan decided to call for a complete withdrawal of American companies from South Africa (Manning 10). One of the major shortcomings of the original Sullivan principles was that they did not directly address the fact that blacks had no economic or political rights in South Africa; they only dealt with their workplace treatment (Mangaliso 229).

President Carter's administration briefly put America back in support of the anti-apartheid policies of the rest of the world, but when his term was up, so was the support. Ronald Reagan's policy of constructive engagement was in contrast to congressional calls for economic sanctions (Rodman 321). Constructive engagement was the belief that working with the South African government was the best way to bring about change; however, others believed that trying that approach for over three hundred years without success was long enough. In a show of opposition to Reagan's constructive engagement, the International Monetary Fund (IMF) agreed that unless there was forward movement toward ending apartheid, they would vote against any new loans to South Africa (Rodman 321).

Another group in the United States that was dedicated to ending apartheid was Trans-Africa, a group of clergy, students, and union members under the leadership of Randall Robinson (Thompson 233). Randall and his organization voiced their opinion very strongly to the American people, as well as in White House meetings, that enormous profits were being made by American corporations because of near slave conditions in South Africa ("Is There Life after Andy?"). As a result of the Sullivan principles and Trans-Africa, along with other sanctions, over 250 American companies withdrew their business from South Africa, and more than eleven billion dollars in investments were withdrawn from the economy between 1985 and 1990 ("Did Sanctions Work?"). Chase Manhattan Bank also took a leading role in 1985 by refusing to continue their short-term loans, partly in response to the uncertainty of the stability of the South African government (Levy 417). This failure to renew loans was quickly followed by large numbers of other multinational banks. By 1986, there were over 140 state and local governments with restrictions against awarding contracts to, or purchasing from, companies doing business with South Africa. This threatened loss of government contracts alone caused many businesses to cut their ties to South Africa. Other legal restrictions, such as the Rangel amendment, dissuaded investors by eliminating tax credits for the branches of their businesses operating in South Africa.

As the international community was focusing sanctions and embargoes in on the South African government, it became apparent that at least two obstacles were working against them. The first obstacle was that South Africa had the most stable economy in the region, causing the surrounding nations to be dependent on them. This caused the fear that the surrounding nations' economies would suffer more than South Africa (Becker 169). The South African port is excellent, which is why most of the railroads and thoroughfares in the region lead to South Africa and why over twenty African nations deal with them on a regular basis. Because of their productive economy, about half a million workers come from neighboring countries to work in South Africa, which adds up to 40% of Africa's total manufacturing output ("No Color"). Jobs that are dependent on the South African economy reach beyond the African continent. According to Kaempfer, 150,000 British jobs are also dependent on the South African economy (466). The United States trade was far less dependent on South Africa, only about one percent as compared to ten percent of British foreign investment (Thompson 218).

The other obstacle working against the sanctions and embargoes was the ease with which companies could circumvent the sanctions. As mentioned earlier, the problem with government ordered sanctions, as opposed to voluntary action, is the willingness to cheat when the corporations feel they had no say in the original rule making. The U.S. sanctions had no international authority, making them easy for companies to bypass, by using their subsidiaries in independent countries (Rodman 322). Kaempfer reported in 1987 that several million dollars worth of commerce was already being processed through Southeast Asian re-exporters, with the ability to handle much more (465).

Statistically the loss of GNP, as a result of the trade sanctions, was only 0.5 percent (Levy 418). This is not a large amount, considering that the GNP fell 3.1% from 1974 to 1987, compared to the previous decades (Levy 416). If the rate of inflation is to be used as a gauge, it rose from 11 % in 1983 to 18.6% in 1986, according to Leonard Thompson, leading to a state of emergency within the South African Government (234). It also has not been proven that private selling of company stocks alone will cause companies to pull out of a market (Kaempfer 464). There were combinations of public outrage, as well as financial consequences, behind the disinvestment in South Africa. The public outrage of the sanctions appears to be as important as the financial effects.

Trying to determine a conclusion as to how effective the external pressures were in coercing South Africa to dismantle the apartheid system is very difficult. The most important question was answered by

history itself: the apartheid system was dismantled! There is also no doubt that the riots, strikes, boycotts, and other acts of civil disobedience within South Africa played a major role in the elimination of the apartheid system. However, what role did the external pressures play? According to Barnett and Muller, man's greatest tool for influencing the future, whether good or bad, is the multinational corporation (Mangaliso 235). Kenneth Rodman makes it clear that most people studying the situation agreed that sanctions did affect the South African decision to end apartheid to some degree. He believes the most powerful weapon was the multinational banks calling in their loans in 1985, causing chaos in the South African economy (314). In addition, over the next five years, while financial sanctions were costing South Africa 11 billion dollars, trade sanctions were almost voided by the use of alternate routes and secondary countries, to get around the sanctions ("Did Sanctions Work?"). Governmental restrictions were not as effective as the public's direct pressure, according to Rodman, because many companies resented government interference in their operations and therefore found ways to circumvent it (317).

Nelson Mandela, perhaps the person in the best position to judge their effectiveness, believed that if the sanctions had ended too soon, all of the progress that had been made toward ending apartheid would have been derailed (Levy 419). On the other hand, many observers believe economic sanctions were only marginally effective. Economic sanctions, voluntary disinvestment, embargoes, and international condemnation were all effective to some degree. However, after reviewing my sources, I believe the internal events, such as the boycotts, strikes, demonstrations and violence played a more significant role than sanctions did. The persistence of the African majority in their fight for equality, unwilling to surrender to brutality, appears to be the most significant force in the apartheid downfall. When the government realized the non-white majority was never going to give up their fight, they had to decide whether to accept a peaceful transition, surrendering most of their power, or fight to the death. Surrendering their power was chosen. Perhaps if all of the multinational corporations observed the sanctions in earnest they would have had a much greater effect, but that was not the case. And perhaps just knowing that the rest of the world supported their cause gave the Africans the extra determination they needed to continue the struggle. It is without question that forces beyond the South African government were necessary in order to force an end to apartheid. However, to determine an exact level of influence the sanctions had on ending apartheid does not appear to be possible.

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