

INTERNATIONAL CONFERENCE ON ECONOMIC SANCTIONS
AGAINST SOUTH AFRICA

REPORT OF THE FULL CONFERENCE

(Note: The revised Report had not yet arrived from London at the time this material was being prepared for the May 5th meeting.)

Apartheid is a government policy resting on the absolute rule of one race by another, and denying to the vast majority of South Africans the most basic human rights; it violates the United Nations Charter, the Universal Declaration of Human Rights and all conceptions of civilized government. And because it is in essence a racial oppression -- unique in the world for its cruelty and inflexibility -- it constitutes a threat not only to peace within the borders of South Africa, but throughout the continent and indeed the whole world.

In the world at the moment, where consciousness of racial issues is more acute than ever before as a result of the accession to independence of the Asian and African States and the Negro pressure in the United States for equal rights, the existence of the apartheid regime in South Africa inflames and aggravates already existing tensions. Within South Africa itself, the government, under the exclusive control of the white population, has repeatedly shown that it will submit to neither protest nor petition. More than that, every campaign of passive resistance by the African, Indian and Coloured people of the Republic has been met with increasing force, and South African Government spokesmen have declared that the practice of white supremacy can only be defeated by violent revolution. Manifestations of violent resistance despite all efforts to crush and conceal them are now an increasingly common and indeed a natural aspect of life in South Africa. All this evidence suggests the inevitability of full-scale racial war.

A people deprived not only of all participation in the political and economic life of the country but also of the very basis of family life and all security of residence and livelihood, feels that it has little to lose by meeting with violence the armed might of those in power. The vast majority of the peoples of South Africa have not submitted and are not submitting to racial domination, as is shown by the fact that many of the leaders of the campaign against apartheid are facing trial for their lives.

INTERNATIONAL IMPACT OF APARTHEID

This conference strongly believes that racial war, when it comes, cannot be contained within the country's borders. The oppression of Africans within South Africa on the mere grounds of their race, constitutes a provocation to the African peoples in the rest of the continent who see South Africa not only as an extreme and savage expression of colonialism, but also as a center of racial aggression threatening the very existence of the independent African States. This view is reinforced by the huge military buildup of the South African Government designed both for internal oppression and external warfare. The inevitable reaction to this has become an essential factor in the foreign policies of all the independent African States, cementing their unity and stimulating them to acts of hostility towards South Africa which they regard as acts of self-defense.

Nor are the racial policies of South Africa an incitement only to the African people. Under apartheid the most savage treatment is inflicted on the 500,000 people of Indian origin in South Africa, engendering bitterness and hostility in India and throughout Asia.

SOUTH AFRICAN REACTION TO PRESSURE

It might be thought that faced with such massive hostility and criticism, the South African Government would move, however slightly, towards a reconciliation with the international community. Instead, it has repeatedly flouted the will of the international community as vested in the United Nations. The post-war process of decolonization and the resulting increase of African and Asian Member States in the United Nations has intensified the clash between South Africa and the United Nations.

The Conference noted that not only has the conduct of the South African Government constituted a threat to peace by application of apartheid within her territorial boundaries, but also committed a breach of trust by failing to fulfill her international obligations with regard to the Territory of South West Africa, and specifically by extending apartheid to that territory in which effective and permanent application is envisaged in the Report of the Odendaal Commission.

South African intransigence remains absolute. The General Assembly of the United Nations has been discussing one or other aspect of the racial situation in South Africa since its inception; but in the face of all its appeals, the South African Government has not only persisted in but has intensified its policy of racial oppression. The South African Government's contention that apartheid is a matter essentially under its domestic jurisdiction, within the sense of Article 2(7) of the Charter -- for some years accepted by the United States, the United Kingdom and a number of other countries -- has lost support as governments have come to recognize that apartheid is clearly dangerous to world peace and therefore cannot be reasonably regarded as a domestic matter.

Believing the United Nations to be unable to impose its will the South African Government has felt free to ignore all resolutions of the Assembly. Indeed, it was only after the Sharpeville massacre in March 1960, that the Security Council, the one organ of the United Nations capable of issuing mandatory decisions, dealt with the matter. A recent Security Council Resolution on this matter (S/3586 of August 7, 1963) states inter alia that the Security Council: Being convinced that the situation in South Africa is seriously disturbing international peace and security,

1. Strongly deprecates the policies of South Africa in its perpetuation of racial discrimination as being inconsistent with the principles contained in the Charter of the United Nations and contrary to its obligations as a Member State of the United Nations;
2. Calls upon the Government of South Africa to abandon the policies of apartheid and discrimination as called for in the previous Security Council resolution of April 1, 1960, and to liberate all persons imprisoned, interned or subjected to other restrictions for having opposed the policy of apartheid;
3. Solemnly calls upon all States to cease forthwith the sale and shipment of arms, ammunition of all types and military vehicles to South Africa;

4. Requests the Secretary General to keep the situation in South Africa under observation and to report to the Security Council by October 30, 1963.

In terms of Chapter VII Article 39 of the United Nations Charter, economic sanctions against South Africa can be ordered by the Security Council if the situation in that country is held to constitute a threat to the peace. That a threat to the peace does indeed exist is clearly implied by the Security Council's resolution quoted above, and the only reasonable conclusion to be drawn from the fact that the actual words "a threat to the peace" do not appear in the resolution is that three of the permanent members of the Council -- U.S., U.K., and France -- resisted the use of a form of words which could commit them to taking enforcement measures in South Africa. The formula used (that the action of the South African Government is seriously disturbing international peace and security) though rhetorically strong did not have the desired legal effect, and as a result South Africa has been able to defy this resolution, as it has done so many other resolutions of the UN with impunity.

The determination of a threat to peace is not a legal question but a question of fact subject to political assessment. The Conference is strongly of the opinion that the South African situation itself constitutes a threat to the peace and that the reasons why the Security Council has not recognized this are political in complexion, stemming from the refusal of powers, possessing close relations with South Africa, to undertake or support sanctions of any kind. Such powers argue that the danger to international peace arises not over South Africa's internal policies as much as from the reaction to it of African States and other opponents. In the view of this Conference, such an attitude cannot be sustained. The threat to the peace arises in the first instance directly from the policies and practice of the South African Government, and this has been unequivocally admitted by the Security Council itself, in its resolution quoted above.

Moral persuasion of the most intense and persistent kind has been brought to bear without any success upon the South African Government since 1946. Since moral persuasion has failed, clearly other methods must be tried. Intermediary between moral persuasion and military means are internationally organized economic sanctions. These constitute the one peaceful possibility for hastening the resolution of the South African racial crisis and for this reason must be given a trial. The decision is a political one, for which there is ample provision in the Charter of the United Nations. As one of the expert papers before the Conference has stated 1/ "the difficulty about taking such measures is likely to be political rather than legal."

The main obstacles to the realization of economic sanctions against South Africa remains the refusal of the three major powers of the West, all permanent members of the Security Council, to do anything which might disturb the status quo in South Africa or the profitable relations which they enjoy with that country. Of these three States -- the United States of America, the United Kingdom and France -- the United Kingdom, because of its heavy economic involvement in South Africa is least likely to take the lead in any measures designed to produce radical change. A different government might discontinue the sale of certain arms to South Africa in defiance of Security Council resolutions. But the present attitude of the

1/ "The Legal Aspects of Sanctions" by Professor D.N. Johnson of the University of London.

British Labour Party, as contained in the message sent to this conference by Mr. Harold Wilson, suggests that such an initiative is improbable. What must be considered probable is that a British Labour Government would not take a less progressive position on this issue than the United States. The position of the United States is therefore crucial. Indeed, the influence of the United States at the United Nations is such that the organization could adopt sanctions only with active American support. This Conference accordingly believes that every effort should be made to influence American opinion in the right direction.

The view was expressed in the Conference that France, which might until recently have been classified as not unsympathetic to the South African regime, might be led to adopt a significantly new approach under pressure from the French-speaking African States. The Conference believes that this avenue should be carefully explored and that pressure should urgently be put on France to induce a complete change in her policy to South Africa.

The Conference also considered the immediate strategic problems arising out of its terms of reference. Expert evidence given to the commission indicates that a program of economic sanctions cannot be effectively applied without a naval blockade to enforce them. Without a reasonable chance of assembling the resources required for complete success, an attempt to impose such a blockade would be worse than futile. The expert testimony examined by the Commission was helpful in illuminating the practical difficulties of a blockade in two ways. In the first place, it indicated broadly the forces and the financial resources necessary for effective patrol of a coastline as extensive as South Africa's. It also set out the disposition of various types of naval and supporting forces among the Members of the United Nations.

Since the coastline of South Africa and South West Africa together covers about 2,500 miles, an effective blockade would require a fairly substantial naval and air force and a control system organized around fleet carriers. A naval patrol would require from four to seven fleet carriers and from 30 to 100 vessels. On the basis of the American experience during the blockade of 1962, it was estimated that a blockade of such dimensions might cost from \$150 million a month. It is clear therefore that a naval blockade of South Africa could be successful only with financial backing far heavier than any previously given by the United Nations and with the full support of the major naval powers. This Conference believes that, given sufficient political will, the nations of the world would be in a position to conduct an effective enforcement action.

This Conference warns all the nations of the world and in particular the West of the immeasurable dangers ensuing from a failure of the international community to take speedy and decisive action against South Africa. The possibilities of racial war have already been cited. Also significant is the growing frustration felt by a majority of States of the United Nations in their failure, despite persistent pressure and resolutions to produce an effective means of dealing with South Africa through the United Nations. Further such failure may well lead to the disintegration of the United Nations itself. Finally, certain states in the West are warned that they cannot continue economic and political support for apartheid without endangering their relations with the whole Afro-Asian world.

ECONOMIC CONSEQUENCES

There is no doubt that arguments for a program of economic sanctions against South Africa must in the final analysis depend upon the practicability of

such a program. This Conference believes that the object of such sanctions should be to produce a sufficient degree of breakdown in the operation of the South African economy to create a situation in which apartheid would be brought to an end. This Conference strongly maintains, with the full concurrence of the economic experts who attended it, that the losses accruing to individual countries and firms resulting from a campaign of total economic sanctions against South Africa will be very small, compared with the losses inevitably accruing if South Africa exploded into full-scale racial war. In view of their strategic role in relation to trade with South Africa, such a program of sanctions would require active participation of the United States and the United Kingdom; but it would also be necessary for such a program to enjoy the backing of all other important trading States, so as to prevent the evasion by South Africa of the effects of sanctions by diverting its trade.

The opinion of the expert economists at the Conference was that the South African economy was clearly vulnerable to economic sanctions: of the chemicals consumed in South Africa, for example, 38 percent were imported; of the engineering and transport equipment, 43 percent, of the petroleum and coal products, 52 percent. The dependence of total world trade on the South African economy, however, is extremely small and the rest of the world would not suffer noticeably from a disruption of its trade with South Africa.

This Conference strongly emphasizes that an effective program of sanctions should only be maintained until apartheid has been ended and that this could well be within a matter of months, though it might take longer. The financial crisis which hit South Africa at the time of the Sharpeville massacre in 1960 is an example of just how vulnerable is the country's economy.

On the advice of its expert delegates, the Conference believes that world trade and payments would not suffer any serious effects from the cessation of South African gold sales. Although South African gold production accounts for more than 70 percent of newly mined gold outside of the Soviet area, it represents a very small annual addition to total international reserves. Since economic sanctions would be temporary, the stopping of South African gold sales should do little damage to the international liquidity system. Indeed, there is a great need to reorganize and extend the system of international liquidity, and the cessation of South African gold sales may well accelerate this process.

There should be no difficulty in making sufficient gold available out of Central Bank reserves to offset any tendency for the gold price to rise as a result of an increase in private hoarding.

The Conference wishes to emphasize that although much of industry and the public transport system in South Africa operates on the basis of indigenous coal, agriculture, private transport and the mobile defense forces are totally dependent on oil, the overwhelming bulk of which is imported. It is not possible for South Africa to expand the production of oil from coal to a sufficient degree within a short space of time, and although it would be technically feasible for the South African Government to store large quantities of oil, this could do no more than delay the very serious effect on the economy of an effective program of oil sanctions. The Conference feels, however, that oil sanctions will not by themselves be enough and suggest the denial to the South African economy of other key commodities, such as chemicals and machinery, which would have very serious effects.

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The Conference has paid particular attention to the individual economies of Britain, the United States, West Germany and Japan. Britain and the United States are the major opponents of sanctions, with the greatest financial stake in trade with South Africa, and the arguments about the economic consequences usually go unchallenged. This Conference has provided a valuable opportunity to examine the arguments and to explode the myths.

The Conference has had the benefit of expert papers on Britain and the United States, and for West Germany and Japan has enjoyed through its Economics Commission, expert advice from the floor.

Certainly the country with the most to lose would be Britain. The loss in investment income would be substantial, since at present British shareholders receive about £60 million a year in the form of income on South African investment. This would be temporarily forfeited during a sanctions campaign, but the alternative of sabotage and civil war could have a far more lasting effect on this income.

The loss of South African trade will also affect Britain. At present, $4\frac{1}{2}$ to 5 percent of British exports go to South Africa, and 2 to $2\frac{1}{2}$ percent of British imports come from South Africa. In the event of sanctions Britain will have to find alternative markets for these exports and would have to obtain her imports from alternative sources of supply. The terms of trade would worsen and have an adverse effect on the balance of payments. But the Conference has been advised by its expert delegates that effects would be marginal; and even on the most pessimistic assumptions, such problems could be overcome. In practice, the situation is likely to be much less extreme. Provided that Britain imposes sanctions as part of an international program, the readjustment of her trade may be easily achieved. A concerted plan could be promoted for the redirection of trade, and new markets would be opened up with special emphasis on an increase of exports to the underdeveloped world, financed by special loans or grants.

The peculiar balance of payments problem for Britain and the United States in a sanctions campaign arises from the fact that both the dollar and the pound are key currencies. The Conference, with the full concurrence of its participating economists, believes that these problems would be manageable by the authorities concerned and that temporary balance of payments difficulties would be overcome by special arrangements with international agencies.

The involvement of the United States is, of course, much less. American investment in South Africa is still substantially less than British, but nevertheless, some \$50 to \$100 million of investment income would be forgone. Of American exports, only 1 percent go to South Africa, and South African imports to America are small. The extra cost of replacing imports would be negligible.

West Germany and Japan would be much less affected than Britain. 1.3 percent of Germany's exports, and less than 0.5 percent of her imports; and 1.8 percent of Japan's exports and less than 1 percent of her imports are involved.

The Conference accordingly concludes that for the industrial countries of which the above four would be the most affected no vital national issues are at stake and these countries cannot convincingly plead economic disaster as a reason against supporting sanctions.

In addition to the effects on national economies, the effects on individual groups has been considered. The Conference believes that there are two reasons, apart from political considerations, why countries like the United States and Britain are opposed to sanctions. One is the existence of important business groups in those countries with considerable interests in South Africa; the other is the fear that if sanctions are not enforced simultaneously by other competing countries like Germany, France and Japan, those business groups will lose through sanctions without the objective of sanctions being achieved. The Conference proposes that it be made clear to all business groups in all countries that continuance of trade with South Africa will bring them losses far greater than their gains. Many of those business groups have larger interests in countries which have already decided to adopt economic sanctions against South Africa, than in South Africa itself. Discriminatory action against these companies could be an important and decisive factor in winning the support of their opposing governments.

THE HIGH COMMISSION TERRITORIES

There are certain other countries which the Conference feels to be in a special position: countries vitally connected with South Africa's economy and in particular the three High Commission Territories. The Conference accepts that their dependence on South Africa is such as to make a break with South Africa extremely serious to them, and it feels that they should be given outside support to enable them to survive. The Conference believes that the powers imposing sanctions should accept responsibility for assisting these territories. At the moment the people of these three territories are inevitably involved in the effects of apartheid and it will be necessary for the powers operating sanctions to consult with the authorities and the peoples organizations of these territories. Should South Africa invade the Protectorates -- though we consider this extremely unlikely -- this would constitute a clear case of aggression and would warrant immediate action by the international community. It is possible that there would be an increase in population in Basutoland resulting from the repatriation of Basutos by South Africa. This too would be a responsibility of the sanctioning powers. But this, and the making up of the deficit in the customs agreement, would be a very small part of the total cost of operating sanctions.

SOUTH AFRICA ITSELF

The effects of sanctions would certainly fall on all the people of South Africa, but Africans are used to privation and are prepared for more. It is they who have repeatedly asked for sanctions because they believe that if the Government is deprived of outside assistance it would be easier for them to achieve their objectives. We believe that the majority of the Indians and Coloureds stand by the Africans in this. It is frequently argued that sanctions would consolidate the whites behind the present South African Government. It is our conviction that total sanctions would have a profound effect on the white minority. They would rapidly be involved in discomfort, inconvenience and hardships of varying degrees. Further, they would be faced with imminent disaster. This would compel many of the more reactionary to re-think their position and could create conditions in which the more liberal elements would be encouraged to come out more openly against apartheid. There were signs of this happening after Sharpeville and indeed at each crisis under Nationalist rule since the Defiance Campaign; but the cracks were papered over; the crisis was not great enough and there was not sufficient pressure from outside. Furthermore, we believe that sanctions will be an

encouragement to the people of South Africa in their struggle. It would be unrealistic to suppose that violence can be avoided, but it seems probable that in these circumstances such violence will be far less than in the prolonged racial strife which we otherwise foresee.

FINDINGS AND RECOMMENDATIONS OF COMMISSIONS I AND II

1. After detailed consideration, the Commission finds that a policy of total economic sanctions against South Africa is feasible and practical and can be effective. The Commission therefore strongly recommends a policy of total economic sanctions against South Africa.
2. The Commission finds that the adverse effects of a policy of collective sanctions on world trade, finance and the economies of individual countries having significant share in the South African economy would be small and marginal. Even these effects may be mitigated by the adoption of domestic measures by the countries concerned, and by international action.
3. The Commission recommends that the widest possible publicity be given to the fact that such adverse effects as the imposition of sanctions might have on the British and American economies would be marginal, and that arguments that vital economic interests are at stake are highly exaggerated.
4. The Commission recommends that countries imposing sanctions against South Africa consider the appropriateness of adopting a policy of discrimination against firms of any country which deal with and strengthen South Africa economically.
5. The Commission recommends that this report and recommendations be transmitted to the United Nations Conference on Trade and Development currently in session in Geneva for consideration when formulating their proposals for the promotion of economic development and international trade.

FINDINGS AND RECOMMENDATIONS OF COMMISSION III

The beliefs of this Commission are:

That South Africa is in a crisis which amounts to a state of race war;
 That the crisis cannot be resolved except by intervention from outside;
 That complete trade sanctions provide the only effective means of intervention short of military intervention;
 That the aim of economic sanctions is to remove economic support from apartheid so that the people of South Africa can bring about change, with the minimum cost in human life and suffering, and the present race war be prevented from involving the whole continent and beyond;
 That the effect of total sanctions could quickly achieve these aims and that their total effect on the High Commission Territories must be faced but can be considerably lessened.

FINDINGS AND RECOMMENDATIONS OF COMMISSIONS IV AND V

The Commission recommends an intensive program of action designed to bring

nearer the day of mandatory economic sanctions against South Africa.

1. Activity on a national and international level by all forces united on the need for sanctions to use the machinery of the United Nations to declare that the South African situation constitutes a threat to world peace within the meaning of Article 39 and to invoke the provisions of Chapter VII for mandatory sanctions.
2. Recognizing that mandatory action can only result from a Security Council resolution which would require the support of the Five Permanent Members of the Security Council, special pressures are essential to get the Governments of the United Kingdom, the United States of America and France to change the direction of their policies on the South African question.
3. The campaign must stress that opposition to apartheid and continued trade which bolsters this system are incompatible policies; are policies against the trend of world opinion; are contradictory to the long-term interests of those Powers; and a potential source of conflict with the Powers of Africa and Asia. The continued frustration of the wishes of the overwhelming majority of nations and even of mankind could lead to a breakdown of the United Nations, to alignments on a colour basis and to extreme crisis on a world scale.
4. The sanctions movement can be impelled forward by the most loyal adherence to boycott resolutions of the United Nations and other assemblies, and in all countries where it is not fully observed the most energetic steps should ensure its complete enforcement.
5. Within specific countries appropriate pressures must be devised in this campaign. Examples are:
 - In the U.S.A. pressure by the Negro and Civil Rights Movements to influence State Department policy.
 - In the former French territories of Africa, pressures on France.
 - In the U.K., pressures by Commonwealth countries particularly in Africa and Asia.
 - In the Middle East pressure on the oil-producing countries.
6. Concerted action to blacklist firms that trade with South Africa and thrive on apartheid must be planned. Information must be disseminated to show South Africa's trading relations with the rest of the world, and, by contrast, the trading position of Africa and Asia with the rest of the world.
7. There should be launched appeals to Heads of States, to the trade union movements of all countries, to the major religions of the world, to youth and student organizations, and to political parties, sensitive to pressure at times of election.
8. Information services to counter the propaganda of the South African Government and the South African Foundation should argue the unanswerable case against apartheid and so influence public opinion.

These and other activities call for the establishment of a permanent body to further the movement for economic sanctions and to coordinate activity on the international plans.

RESOLUTION ACCEPTED BY FINAL CONFERENCE PLENARY

The Conference charges the Steering Committee of the Conference to convey to all States, all specialized international, regional and national bodies, and other organizations of public opinion, the resolutions and decisions of the Conference and urge for appropriate and urgent action. It further charges the Steering Committee to impress on the Organization of African Unity the urgent need for setting up permanent machinery to pursue energetically the international application of economic sanctions.