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THE SOUTH AFRICAN TRADE AND INTERNATIONAL SANCTIONS

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The economic prospects of South Africa are said to be brilliant, even while its political prospects are dismal. American commentators are prone to separate the economic from the political as if they were two quite autonomous systems. This is one fallacy underlying the American government's expressed hope for South Africa, that the political situation will change smoothly in the direction of democracy without affecting the beautiful curves of economic growth.

The hard facts belie the dream: the economic boom is the creation of political forces, within South Africa and outside South Africa. The play of market forces is already so much restricted everywhere that economic and political matters are inseparable. Ridding the world of apartheid is bound to have economic consequences. But the converse is also true: economic pressure can rid the world of apartheid.

If the political decision is made to put pressure on South Africa, then that pressure, if it is not to be physical violence, must take the form of economic sanctions resulting from political action. The longer such a step is delayed the more difficult will be the task, not so much because South Africa's economic growth enhances its self-sufficiency but because South Africa's economic growth provides that government with more means to further repress the vast majority of its population.

This paper will consider primarily the patterns of international trade that bear upon the problem of external economic pressures. We shall look at South Africa's trade with the rest of Africa, and we shall look at her trade with more developed countries. Because of the sheer size of the American economy, U. S. trade with South Africa becomes crucial to any consideration of the feasibility of sanctions.

To appreciate the potential effects of internationally imposed restrictions on South African trade, it is necessary to know something of the structure of the internal economy. No man could have been more deceived than the American businessman who said, "South Africa is the last part of the continent where there is yet freedom of enterprise." Aside from the obvious fact that there is patently no freedom for the Africans there, the statement is still utterly false. Business corporations are also subject to much government interference, although it is frequently in matters that do not hurt the corporate coffers--governmental assistance in location of new plants, government allocation of jobs to different racial groups such that wages are generally minimal, special tax exemptions for one or another kind of conformity. There is, in fact, only one area in which freedom of enterprise is approached in South Africa. That is the market in shares in public corporations. One can buy shares freely in Johannesburg, and in the other major world stock exchanges, and there have been, through 1964, no restrictions on exporting dividends. This is the one area of freedom that leads our businessman to see South Africa as the land of free enterprise.

It is important to recognize the vulnerability of the whole situation: heavy-handed government control over land and labor together with government assurances of freedom to take profits out of the country, provides a picture attractive to the foreign investor. He can, it would seem, have his cake and eat it too! The elements of the picture lie in a precarious relationship. Any relaxation of government controls over wages or land would reduce investors' profits, and induce disinvestment; any application of government controls on foreign investment would also stimulate disinvestment. The government needs economic strength to practice its policy of totalitarian domination of its African subjects. Thus, the potential consequences of even a relatively small decline in the foreign trade of South Africa are greater because of this peculiarly unstable equilibrium.

The unfortunate history is, however, that the foreign trade of South Africa has been growing, as has new foreign investment. During the year 1963, Americans alone added \$58,000,000 to their already great investment. (U.S. Department of Commerce, Survey of Current Business, August, 1964) South African exports of merchandise in 1964 amounted to 1.2 billion dollars (U.S.), up 42 million over 1963. Imports climbed much more rapidly, to almost 2 billion dollars in 1964, but the adverse balance this implies is not effective because of the fortuitous presence of natural gold in South Africa and the fortuitous political fact that international trade reserves are in gold (New York Times, January 25, 1965).

The Relationship of the Republic of South Africa to the Rest of Africa

For the purposes of international trade statistics, data from South West Africa, Basutoland, Bechuanaland, and Swaziland are regularly included with those of the Republic of South Africa itself, although each of these has a political status distinct from the Republic. South West Africa is being administered by South Africa, though the international climate clearly favors some change in this, so that the imminent decision of the World Court may shortly force some United Nations action here. The other three territories are administered by the United Kingdom as High Commission Territories, and it is doubtful they will be attached politically to South Africa so long as this latter country continues its oppression of Africans.

Thus, although economic statistics do not regularly distinguish these territories, in fact, the potential separation of South West Africa, with some valuable mineral deposits, could be of great importance for the feasibility of economic pressure on the Republic. Basutoland and Swaziland stand in a much greater state of economic dependency on the Republic of South Africa, to which they export their labor and from which they import most of the manufactured goods they consume. Even political independence could not change this economic dependency because of the physical location and the paucity of resources of the two territories. Their fate is tied to the fate of South Africa's Africans.

The Republic of South Africa is the only country of that continent ranked as a "developed" or "industrial" country, in the United Nations Statistical Office distinctions between "developed" and "developing" areas. Economically, South Africa stands out markedly from the other African territories: its more than 7 billion dollar gross domestic product contrasts with Nigeria's less than 3 billion-dollar product. The population of South Africa (including not only South West Africa, but also the three British-controlled territories of Basutoland,

Bechuanaland and Swaziland, whose economic statistics are conventionally included with those of South Africa) amounts to less than 10% of the total population of the continent; yet the external trade of South Africa accounts for almost 20% of all the external trade of all the countries on the continent. In 1963, South African exports and imports were valued at roughly 3 billion U.S. dollars, while all African exports and imports, including those of "Middle East African" and the "Maghreb" countries, were valued at 16.7 billion U.S. dollars. (U.N. Monthly Bulletin of Statistics, January, 1965)

Although South Africa is classified as "developed" and the other African countries as "developing," it does not follow that their trade patterns are complementary. In fact, South Africa's trade with other African territories is not great, and has not been great historically. Though more industrial than other African countries, South Africa still exports largely primary products; these account for more than 80% of its exports, and they go not to African countries, but to the United Kingdom, the United States, West Germany, and Japan.

Only Rhodesia and Mozambique import enough from South Africa to feel the effects of its economic isolation. In 1962 Rhodesia, Zambia, and Malawi together, as the Federation, imported goods and services valued at 84.67 million rands (\$118,540,000 approx.) from South Africa. (United Nations Yearbook of International Trade Statistics, 1962) This amounts to 30% of the Federation's imports and almost 10% of South Africa's exports. Most of this trade is that of Southern Rhodesia, not Zambia and Nyasaland, a fact that is relevant to consideration of sanctions--since it is highly unlikely that Southern Rhodesia could in any way become actively engaged in a boycott of South Africa unless Rhodesia were under an African government.

Mozambique, under Portuguese control, imported in 1962 goods and gold from South Africa valued at 12.13 million rands (\$16,982,000). This amount represents less than 1.5% of South Africa's exports, but 12.3% of Mozambique's imports. In fact, only Portugal's contribution to Mozambique's imports exceeds that of South Africa. The Mozambique government receives annually a considerable amount of South African gold (reportedly \$4,000,000 worth) in return for the services of Mozambican Africans as laborers. Because of the tenuous position of Portugal on the continent of Africa--as the last truly colonial power under considerable African pressure, both internally and externally--it is not to be expected that the Portuguese government of Mozambique would put any embargo on South Africa. Rather, Mozambique would have to suffer the same sanctions as those applied to South Africa, a necessity dictated by the importance to South Africa of the port of Laurencio Marques. Although Mozambique is technically a province of Portugal, means might be worked out to isolate Mozambique economically such that all Portuguese trade in Europe would not be affected. Trade between Portugal and Mozambique amounts to only 6.4% of all Portuguese trade, so that Portugal would not be severely damaged economically.

While Congo, Leopoldville, has had fairly brisk trade with South Africa, there is no great complementarity in their relations. Despite the tensions between the Tshombe government and other African governments, it is inconceivable that the Congo would not join the world in applying economic sanctions. In 1962, South Africa imported from Congo goods valued at 22.60 million rands (\$31.64 million) and exported to Congo about one-third that amount, with a value of 7.47 million rands (\$10,458,000). (U.N. Yearbook of International Trade Statistics 1962) While the Congo imports from South Africa were highly diverse (from animal oils to manufactured automobiles), Congo's exports to South Africa were almost wholly accounted

for by diamonds and copper. In 1961, the \$26,000,000 in Congo diamonds represented 72% of South Africa's diamond imports. (United Nations Document A/AC.115/L.55, 1964) Deprived of Congo diamonds, South Africa would be out of the diamond business, while Congo would have no difficulty marketing these diamonds directly in Europe. In 1961, the Congo exported to South Africa \$5,000,000 worth of copper, approximately one-third of South Africa's copper imports; but since South Africa is a net exporter of copper, the complete removal of South Africa from the world market would work no hardship on the Congo copper industry. In fact, the overall economic advantage accruing to Congo from effective application of sanctions against South Africa makes all the more likely that the Congo government, even under Tshombe, would join the world in a united effort to rescue the Africans in South Africa from the inhumane apartheid system.

Considering the entire pattern of external trade for African countries, expressed in many ways in such publications as the United Nations Yearbook of International Trade Statistics, the United Nations Monthly Bulletin of Statistics, the United States Department of Commerce Survey of Current Business, one is warranted to conclude that removal of South Africa by boycott and embargo would work no severe hardship on any politically independent country. Most Africans would consciously accept some economic inconvenience in what they see to be a worthy, indeed a necessary cause. Kenya, for example, has deliberately put a boycott on all South African imports despite the fact that their cement industry must now pay more for feldspar which was formerly imported almost entirely from South Africa. On the other hand, some African countries may well find their own trade with the developed countries absolutely enhanced if these latter replace both their exports and their imports during a period of sanctions against South Africa.

Relations between South Africa and Developed Countries

However much African participation might add to the pressure on South Africa to change its political pattern, economic pressure would be virtually nil without the participation of the so-called "developed areas," which provide 81% of South Africa's imports and take 69% of South Africa's exports. Actually, the real responsibility for making sanctions work would lie with three major trading countries, the United Kingdom, the United States, and West Germany. These three powers provide over half of South Africa's imports and together buy almost half of South Africa's exports. Thus, they, and even they alone, could apply effective pressure on Africa.

For proper perspective on the general situation, a certain comparison is instructive. Not only do these three nations dominate South Africa's trade, but they actually dominate the external trade of most other countries, the three controlling over one-third of all the trade on this planet in the year 1963. Against this, consider that South Africa's external trade is approximately one per cent (.011) of the world's trade. (Figure 1) Clearly, if the United States, United Kingdom, and West Germany, would so much as breathe the threat implied in the word "sanctions," South Africa's economy would not hold a candle against that "wind of change."

1963 External Trade Amount (exports, imports) (Million \$)	Percentage
World Total 277,200	100.00%



U.S., U.K., and West Germany	92,241		33.3%
South Africa	3,084		1.1%

Figure 1. Proportion of World's external trade, comparing combined trade of the United States, the United Kingdom, and West Germany with that of South Africa.

Once the South African economy is looked at in world perspective, it is easier to appreciate that for each of her major trading partners, their South African trade (so crucial to South Africa) forms but a very minor proportion of their own total trade. For the United States, South Africa's share is just over 1% (.013); and South Africa's trade with West Germany amounts to less than 1% (.009) of Germany's total exports and imports.

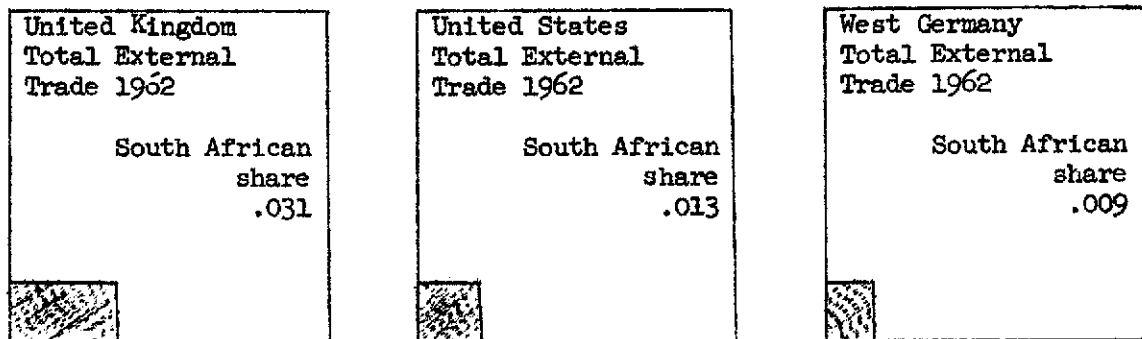


Figure 2. South Africa's portion of the foreign trade of its three major trading partners. Source: United Nations Yearbook of International Trade Statistics.

A complete cessation of trade with South Africa, even if it were not balanced by replacement in other countries, would mean virtually no general economic cutback for the major industrial economies which are the major traders with South Africa. A recent analysis by G.D.N. Worswick concludes for the United Kingdom, where three percent of external trade is with South Africa, that the economic consequences of sanctions would be "imperceptible," under the optimal policy according to which sanctions were effectively applied to South Africa in a combined operation of all the nations. Worswick predicts that even under the worst possible circumstances, "if Britain acted unilaterally, and then proceeded to cope with consequential balance of payments problems by the wrong means, the outcome might mean a sacrifice of 2½ percent of national product." (Segal 1964:185) Since the United Kingdom, with the U.S., would be among the last states to agree to apply sanctions against South Africa, we may safely disregard this last case, (the "worst possible circumstances" wherein Britain acts unilaterally) and we may also safely assume that if there is concerted action by these major states sanctions will be effective. Thus, the "optimal policy" prediction is the relevant one: the impact on the British economy of effective sanctions against South Africa would be imperceptible.

With reference to the American economy, Elliot Zupnick recently analyzed the disemployment effects of a total cessation of U.S. exports to South Africa. Using, deliberately extreme estimates of disemployment factors for different industries he arrives at the conclusion that sanctions would result in 51,546 unemployed workers. (Segal 1964:190) That is, as he says, "a very minor impact"-- especially if one thinks at all about the 15,000,000 and more Africans who are the ultimate beneficiaries of the sanctions policy. Suppose the question were put thus: shall 15,000,000 Africans continue in complete subjection in South Africa in order to preserve 51,546 American jobs?

It should be stated, however, that Zupnick's analysis overstates the potential damage to the American economy by cutting off all exports to South Africa. Zupnick seems not to have taken into account the considerable replacement of imports and exports around the world that would mitigate such effects as disemployment. Some commodities purchased now from South Africa by other countries would then be sought from the United States. The United Kingdom imports many foods from South Africa, foods which the United States could easily furnish. South Africa now exports manufactured goods, half of which is purchased by developing countries. American producers, as well as Europeans, would be in a position to meet the external demand that South Africa now fills for \$43,000,000 worth of chemicals (SITC 5), \$256,000,000 in "manufactured goods" (SITC 6), \$48,000,000 in machinery, transport and equipment (SITC 7), and \$25,000,000 in "miscellaneous manufactured goods" (SITC 8). (UN Doc. A/AC. 115/L.55, 1964) The increased American exports implied in such relocations would offset much of the disemployment of which Zupnick speaks.

More important than general disemployment effects might be the effects of losses of particular commodities that are now imported from South Africa. For the United States, Zupnick states, "To the best of my knowledge amosite asbestos is the only commodity currently imported from South Africa which would fall into this category (of goods for which there are no adequate substitutes)." (Segal, 1964:191-2)

Amosite asbestos is apparently necessary to some aspect of the defense industry, and is listed as a strategic mineral. However, the United States does have a stockpile, 32,000 short tons in 1962 (Segal, p. 191) which grew to 37,944 as of July 31, 1963 (Congressional Record Vol. 109, pps. 21684-21689). Since that stockpile is some five times greater than the amount imported annually, which is in turn obviously greater than the amount used, it is clear that the defense industry could get along for several years without additional imports. Certainly, the complete isolation of South Africa by international sanctions would not last that long. Alternatively, other sources of amosite asbestos may be developed in the interim, or substitute products may be developed.

Another defense-related mineral which the United States imports from South Africa is uranium. While uranium imports from South Africa are a high proportion of all American uranium imports, this is neither indicative of a world shortage of uranium nor of South Africa's efficiency in producing uranium. Actually, the United States has more uranium of all types than it can use in the near future, and has reduced imports from all countries except South Africa, and has even cut back purchases from domestic producers. Not only is the U.S. purchasing uranium it does not need from South Africa, but it is paying the South African producers (mainly gold mining subsidiaries of Anglo-American Corporation of South Africa, DeBeers Consolidated Mines, and Consolidated Gold Fields, Ltd.) a much higher price for its uranium than is necessary. In 1958, the Joint Committee on Atomic Energy of the U.S.

Congress was unable to learn from A.E.C. representatives the price the A.E.C. was paying for uranium from South Africa, the A.E.C. claiming that secrecy was maintained at the request of the South Africans, not the U.S. (Hearings before the Joint Committee on Atomic Energy, Eighty-fifth Congress of the United States, 1958, pp. 20-21 and passim.) A normally reliable newsletter, Africa, 1964, reported that the U.K.-U.S. Combined Atomic Development Authority is paying \$12 per pound, while American producers would be willing to sell at \$4.00 (Africa, 1964, No. 5, March, 1964.) As early as 1961, before full uranium production was achieved by all the associated gold-mining companies, South Africa's annual exports of uranium amounted to \$111,000,000. By 1964, when full production was reached, the figure must have elevated. Sanctions against South Africa, then, might be a godsend to the uranium industry generally, except those producers who made the unusually profitable arrangement with the A.E.C. (and financed, incidentally, by the American Export-Import Bank), an arrangement which supposedly holds through 1966.

Another important category of mineral exports from South Africa is that of non-ferrous ores and concentrates (SITC Division 283), which amounted in 1961 to \$53,000,000, of which the United States purchased 42% and the United Kingdom, 13%. (UN Document A/AC.115/L.55, 1964) Clearly, this category is important to the South African economy, but it turns out to be a negligible amount, easily replaceable, for these two receiving countries. The American share, 42% of South African exports, is a mere 5.6% of American imports of this category; and the 13% of South African exports which go to the United Kingdom is only 3.7% of British imports of non-ferrous ores and concentrates (SITC Division 283). More detailed analysis would probably reveal that much of the volume in this category actually derives from territories that are not legally a part of the Republic of South Africa. From the South West African mines of the Tsumeb Corporation and from the mines of the South West Africa Company come important ores such as copper, lead, zinc, and tin, listed as South African exports although there is little or none actually produced in the Republic. South West Africa is reported to have exported \$87,068,317 worth of minerals in 1963, \$57,395,467 in diamonds and \$14,590,436 in "lead complex concentrates (UN Doc. A/AC.109/L.154) It would be ideal, of course, if South West Africa could be liberated from South African rule before sanctions are imposed; but, failing that, even the inclusion of South West Africa under the boycott would not produce a world shortage of those minerals, most of which are produced in even greater quantity in other African territories now independent.

With so much concern being expressed about the general problem of the sufficiency of gold reserves for regulating international trade balances, the public may well be led to believe that the gold coming out of South Africa is necessary for the whole world economy. Most economists sophisticated in these matters feel that our general reliance, by international agreement, on gold as the ultimate "balancer" of accounts is unwise. Now that international trade has grown so enormously, there simply is not enough gold for such purposes in the twentieth century. It is clear to most that continued expansion in world trade will necessitate the institutionalization of new mechanisms, such as the International Monetary Fund was at its inception, which reduce or eliminate entirely the reliance on gold for such adjustments.

Roger Opie has written:

"If cutting off the supplies of South African gold were to precipitate an international liquidity crisis--as, in any case, it would bring any such crisis that much nearer--there is no lack of proposals

for dealing with one--proposals in the names of Triffin, Bernstein, Stamp, Maulding, and Zolotas." (Segal, 1964:162)

We can do no better here than to quote Opie's conclusion: "that such a ban on the purchases of South African gold could severely damage the South African economy; that such a ban need do no more than the most trifling damage to the international monetary system (and might just precipitate a much needed series of reforms therein); that, equally, the damage to the U.K. would be small, although the damage to a very small number of City firms could be serious." (Segal, 1964, 166)

The Position of Private Firms in the South African Trade

The statement just quoted, that the damage to a nation would be small although the damage to a small number of firms might be serious, directs our attention to a special dimension of the problem of economic sanctions. Though South African trade with the United States accounts for the tiniest fraction of total American foreign trade, there are particular companies heavily involved (as Professor Friedman points out in his paper on the subject of American investment). Although trade statistics of the kind we have been considering are presented as if "countries" were the social units making transactions, the fact is that this trade is virtually all between private companies here and private companies there. Any restrictions on trade will be restrictions on profit-making private enterprises. We must, therefore, expect the most effective opposition to sanctions against South Africa to come from the many companies active in various enterprises, especially mining, in South Africa. Making enormous profits in the system as it is, they cannot, alas, be expected to support an action designed to reduce those profits. Ultimately, they might be convinced that it is in their interest to forego high profits now in return for a more stable long-term development in a freer political environment. However, they will avoid facing these facts as long as they are permitted to do so.

They will argue against sanctions--in favor of time. Typically, Clarence Randall, an American spokesman for internationally-oriented business, has already argued that we should not push South Africans. "At heart they are our kind of folk. In the end they will do right. Let us give them a little more time." (Randall, 1963, p. 80)

They will argue against sanctions--appealing to that elusive principle of separation of business and government. Yet, as we have already remarked, they are involved in a political situation--which is currently profitable to them. Elsewhere in several papers, I have discussed the close relationship between businesses and governments in the mining industry of Southern Africa. (Wolfe, 1962, 1963, 1965) Union Miniere in Congo, even while financing Katanga's secession, claimed to avoid political entanglement. The British South Africa Company, considering itself above politics, still sought from the British Government a guarantee that constitutional developments in Rhodesia would not jeopardize its mineral rights seized by political action a generation ago. (Federation of Rhodesia and Nyasaland Newsletter, March 30, 1962) There was certainly heavy involvement in politics when the South African gold mining companies, subsidiaries of American-related firms such as Anglo-American and Consolidated Gold Fields, worked out a riskless profit venture with the AEC, including a generous \$100,000,000 loan from the American government-owned Export-Import Bank. They will still argue, however, as Harry Oppenheimer, has only recently, that they interfere politically as little as possible. This means, I

think we must understand, they try to avoid responsibility for political actions, though they influence events to their own profit where they can. Thus, C. W. Engelhard, director of Anglo-American and a generally large investor in South Africa, was appointed by President Johnson to represent the United States at Zambia Independence Day ceremonies. These "private" businessmen do have political influence, and they will oppose the use of sanctions.

The situation of these companies must be understood, for it is crucial to the feasibility of sanctions. The majority of the affected companies are sufficiently large, sufficiently diversified in their operations, sufficiently dispersed territorially, and sufficiently organized for cooperation with each other, to adapt to the necessity of restricting their South African operations for a time without complete collapse. This is obviously true for the purely financial enterprises such as Chase Manhattan, and for the essentially manufacturing firms such as General Motors or the Underwood Corporation. It is also true--though less obvious--for the mining firms. American Metal Climax is one American company whose profits would be affected by a prohibition of trade with South Africa--but the effects would not be disastrous. If they could not benefit from sales of copper by the South African firms O'okiep and Palabora, they could increase copper production from their Roan Selection Trust mines in Zambia. Even if their valuable Tsumeb property in South West Africa were also cut off, some of the loss would be recovered by speeding up operations elsewhere in the world--in Mexico, in Canada, in the United States. Phelps Dodge Corporation and Newmont Mining Corporation, related American corporations with similar investments in South Africa equally have considerable freedom to adjust their investments to minimize losses in the event of an economic boycott of South Africa.

Even companies with their major roots in South Africa have hedges outside. Anglo-American Corporation of South Africa has important operations in Zambia, including Rhokana Corporation (copper) and Rhodesia Broken Hill (lead, zinc, cadmium), and in Tanganyika where it has Williamson Diamonds, Ltd. The diamond industry, controlled by a system of associated companies, including De Beers Consolidated Mines, could still flourish, and profit, outside of South Africa while sanctions were in effect. Pressure from African states alone has already required some reorganization of the Diamond Producers Association's network for purchasing diamonds, so that they do not go through South African hands. Of this reorganization, South African H. F. Oppenheimer, chairman of De Beers, said in 1964: "These changes will not disrupt the centralized marketing organization in London, which is essential in the interests of all diamond-producing countries, whatever the political difference between them may be." (U.N. Doc. A/AC.109/L.154, 1964, p. 33)

Consolidated Gold Fields Limited, despite its name and heavy investment in actual gold mining operations in South Africa, would not fall destitute under penalty of sanctions, for its widespread investments outside, including even a 61% interest in American Zinc Lead and Smelting Company, provide a cushion against the collapse of the South African economy.

The foregoing are but a few examples to illustrate that the major trade that would be affected by sanctions is not carried on by small family firms which have no way out. Further, most of these firms are so intricately interconnected in what I have elsewhere called a supranational social system that the burden of losses in South Africa would be almost automatically shared among them, even as are the high profits of today. (Wolfe, 1963)

Not only would it be, therefore, unnecessary for the governments which imposed sanctions to attempt to devise means of compensating private companies for losses sustained, but it would be unwise to do so. The major pressure on white South Africans to change their political system must certainly come from these private companies; and only if they will actually suffer loss of profits will they effectively apply such pressure.

This situation is truly the key to the puzzling question of the feasibility of sanctions. The major companies must be made uncomfortable enough quickly enough that they use their influence to change the South African system.

Conclusion

Such consideration of the patterns of international trade as we have been able to present in this brief paper lead us to conclude that internationally organized economic isolation is a possible means of effecting political change in South Africa. It may, indeed, be the only means that can remove the apartheid system without precipitating major violence. This is a means which requires a minimum expression of military threat, and would least arouse "Cold-War" passions.

We have seen that South Africa is vulnerable to this approach. Its government depends on and participates in the growing economy which is heavily dependent on external trade and investment. Economic isolation would harm South Africa but the international consequences would be so distributed as to be minimally harmful to other states. The American economy as a whole would be virtually unaffected. The losses to some few major British and American "international" corporations, far from providing a reason not to impose sanctions, may be precisely the stimulation necessary to force these companies which have long been profiting from apartheid to use their influence in South Africa to bring about political change. Their desire to stay out of "politics" may be genuine--it may even be a noble principle to espouse. But, the fact is they are already in politics and must in this case be maneuvered into a position where they have to do what is right. Nonviolent pressure from the people of all nations can be applied internally in South Africa only through the intermediaries of the major companies involved in the trade of many nations. Their financial losses will be small beside the losses to the people of those many nations if the issue must be settled by guns.

One last point should be made. It is conceivable that the actual application of sanctions might be unnecessary. The threat alone, if unambiguous, would start a process of disinvestment and general physical withdrawal that might be sufficient to bring on the kinds of pressures sought. We can envisage the adjustments that would commence as soon as the world's businessmen knew that on a specific date in the future, all trade with South Africa would cease. The rush would be to get out, not in, with all possible money, capital equipment, and goods. The reaction of the South African government would be to restrict such movement, and the pressure of the financial world would inevitably fall hard upon that government to give up, to comply with the will of mankind.

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