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10 DOWNING STREET

Prime Minister.

You may, following your
conversation with General van
den Post, like to glance through
these reports from our Embassy.

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Ag. Ant. 17/3

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BRITISH EMBASSY
PARLIAMENT STREET, CAPE TOWN

15 January 1981

SOUTH AFRICA: ANNUAL REVIEW 1980

SUMMARY

1. A year of much activity, but less action. The Prime Minister consolidated his hold over the Government but made little headway in the ruling National Party. The present state of the party inhibits change and there were indications that the Prime Minister was trying to find ways of bypassing it. (Paragraphs 1-4)

2. How far the Prime Minister wants to push reform is still uncertain. A confederation of self-governing states linked by some kind of common nationality, coupled with the "uplifting" of the urban blacks, seems to be his ultimate objective. (Paragraphs 5-6)

3. To some observers 1980 was a year of preparation for reforms to come. To others it was a year of marking time and lost opportunities. Most whites seemed willing to give the Prime Minister a chance. (Paragraphs 6-7)

4. On the other hand the blacks by and large were not impressed. (Paragraph 8)

5. But they began to flex their muscles in the field of industrial relations and there is likely to be trouble ahead here. (Paragraphs 9-10)

/6. A bumper,



6. A bumper, booming year for the economy. However, there are problems here too - notably the level of inflation and the shortage of skilled manpower. (Paragraphs 11-13)
7. Despite occasional outbursts of violence the internal security situation remained tolerably stable. (Paragraph 15)
8. Relations with Zimbabwe were strained, but the South African Government seemed to want to make the best of them. (Paragraph 16)
9. South Africa continued a skilful delaying action in the Namibia negotiations, whilst handing over more power to the local administration led by the DTA. (Paragraph 17)
10. The outlook for the immediate future is for continuing calm and occasional squalls on the surface combined with increasing evidence of turbulence to come in the future. (Paragraph 18)



BRITISH EMBASSY
 PARLIAMENT STREET, CAPE TOWN

15 January 1981

The Rt Hon The Lord Carrington KCMG MC
 LONDON

My Lord

SOUTH AFRICA: ANNUAL REVIEW 1980

"I have one great fear in my heart, that one day when they are turned to loving, they will find we are turned to hating" -

Reverend Theophilus Msimangu in Cry The Beloved Country

by Alan Paton (1948)

1. In some ways 1980 was a year of hope for South Africa. In others it was a year in which the ship of state churned up much foam with her propellers but made little, if any, headway through the water. At the end of the year it remains as uncertain as ever whether it will be able to pick up enough speed to overcome the counter-currents.

Internal

2. The Prime Minister strengthened his hold over the Government by an administrative reorganization which put more power into his own hands and by a Cabinet reshuffle which introduced his own supporters to key positions. His satisfaction should have been qualified, however, by the continued solid resistance to his policies by the country's vast bureaucracy.

3. Within the National Party Mr P W Botha made little headway against the strong verkramp element led by Dr Andries Treurnicht. This prevented him from implementing any of his reforms during the 1980 Parliamentary Session. Mr P W Botha would dearly like



to be rid of Dr Treurnicht. In Westminster terms the loss of Dr Treurnicht and his more ardent followers as a result of a split would not be fatal. The Party's parliamentary strength would be reduced but with its present majority of over 110 in a House of Assembly of 165 it could afford to lose quite a few seats before its position was threatened. This reasoning falls on deaf ears here. It is not a matter of numerical calculations, the argument runs: as history shows, the unity of the Afrikaner volk must be preserved at all costs. No Nationalist Prime Minister who could be held responsible for disrupting it would long survive: the Party could, but he could not. Perhaps a split will still occur, for example over the looming issue of somehow enfranchising the coloured and Asian members of the population. If a split should come about, Mr P W Botha will make very sure that the responsibility for it cannot easily be laid at his door.

4. What must have become all too clear to the Prime Minister last year is that the National Party in its present state cannot be the vehicle of change in this country. In order, therefore, to institute change without splitting the Party in the process, he seems to be looking for ways of reducing the power of the Parliamentary Caucus. During the year there were strong indications, of which the decision to set up the President's Council is the prime example, that this is how his mind is working.

5. What was still not clear, on the other hand, at the end of the year was how much of a reformer the Prime Minister really is and how far he wants to go. Nothing in his record suggests that he is imbued with moral fervour for change. His conversion to



the need for change seems to have come through his head rather than his heart. He wants change not for its own sake, but to ward off revolution. For this purpose the minimum necessary becomes the optimum desirable and the speed of change must not be allowed to get out of control. In any event change stops far short of sharing power with the blacks in a unitary state.

Dividing power in a confederation of separate entities linked together by some kind of common nationality emerged more clearly during the year as the ultimate objective. (In this context the decision of the Ciskei to opt for "independence" was a success for the Government.) Coupled with this goes the "uplifting" of the material well-being of the urban blacks, so as to give them, it is hoped, a stake in the continuation of the capitalist system.

6. Benevolent observers see 1980 as the year in which the Prime Minister was laying the foundations for decisive measures to come. Much was bruited about draft legislation "in the pipeline" and Mr P W Botha was even said to have remarked privately that the process of putting it through Parliament would age him. The Minister of Cooperation and Development, Dr Piet Koornhof, was as active as ever during the year producing draft Bills, sketching plans for the future and generally preaching a message of reconciliation and hope. His weakness, as he admitted to Mr Richard Luce, is that he tends to treat his plans for the future as if they were happening today.

7. For harsher critics all that 1980 showed was that the Prime Minister was still marking time and stumbling from one expedient to another in order to avoid taking unpalatable decisions. Such people, who are mainly to be found in the ranks of the official



Opposition (who incidentally had a bad year electorally) and the English-language press, form a very small minority of the white population. Most white people, both Afrikaners and English-speakers, seemed willing to give Mr P W Botha at least tacit and often enthusiastic support.

8. Unfortunately very few whites in this country know (or care) what the blacks really think. It hardly occurred to them that the urban blacks (who form about 45% of the whole black population) were in general little impressed with all they saw and heard last year. It left the blacks cold because so little of it touched them directly. Their children still received a hopelessly inadequate education. They were still subject to discriminatory and humiliating control of every aspect of their daily lives. Although in places like Soweto real attempts were at last being made to upgrade their housing and provide such essential services as electricity, throughout 1980 they still heard more about jam tomorrow than jam today. On a political level they found themselves excluded from membership of the President's Council and from any genuine consultation about their future. As they saw them, Dr Koornhof's draft Bills to which I referred earlier seemed to defeat their own purposes with their small print. In general it was a case of plus ça change But their expectations had been aroused earlier in the year by events in Zimbabwe. At the end of 1980 they were still not in a revolutionary mood, but they seemed more ready to believe that the march of history was going their way.

9. One area in which the blacks began to flex their muscles in 1980 was in the labour field. After decades of quiescence the



climate of expectation raised by the Wiehahn Commission in 1979 and the recognition of black unions created a situation to which government, employers and the existing trade union system were unaccustomed. The economic boom and an annual shortfall of 100,000 skilled workers gave impetus to the drive towards black labour power. There were clear signs that in future labour relations will become increasingly politicised. Three million black workers are beginning to realise that while other avenues are closed they may be able to express their views and exert real influence in the field of industrial relations. This is also one area where a cadre of future leaders can gain essential training and experience.

10. The Government's reaction has been ambivalent and hesitant. Some progress has been made and they have shown a new realism and a refreshing willingness to exchange views with employers and labour leaders. But government and employers seem reluctant to contemplate fundamental changes in the existing highly structured framework for industrial relations. If organised black labour should decide that the system is too remote and irrelevant serious confrontation and consequent damage to the economy may be inevitable.

The Economy

11. Once again the gold price dominated the South African economy. In 1979 the average daily fixing in London was \$307 per oz; in 1980 the average price was \$612 per oz. The euphoria stimulated by this unexpected bonanza in foreign exchange earnings turned a gentle upswing into a major economic boom founded on strong consumer demand and a powerful resurgence of fixed



investment. In contrast to other countries in the Western world the South African economy grew by 8% in 1980. However, by the end of the year serious concern was being expressed among leading businessmen over the increasingly critical shortage of skilled manpower (although there remains a very large pool of unskilled black labour) and over inflation, which is now known to have reached an annual rate of 15.8% for 1980, the highest on record, with the prospect of worse to come in the New Year.

12. Oil supplies continue to be a worry for this country which, for all its other natural resources, lacks any indigenous source of oil (although at the very end of the year there was speculation about the potential importance of certain gas finds off the southern coast). Helped by their very strong balance of payments, the South Africans are reported to have taken full advantage of the softness of the spot market during the second quarter of 1980 to increase their already substantial reserves. As the SASOL oil-from-coal plants near completion, South Africa can look forward to a position in which she will have to import oil to meet only 15% of her total energy requirements.

13. The new era of consultation between government and industry to which I referred in my last Annual Review languished until late October, when the Prime Minister announced the abandonment of the Verwoerdian ideal of economic as well as political autonomy for the homelands (now "national states") and instead sought industry's support for a regional approach to economic development transcending political boundaries. In quick succession the Government announced the creation of three regional development areas, a Development Bank for Africa and a Small Business



Development Bank, the latter to be jointly financed by government and the private sector.

Defence and Security

14. In the October Cabinet reshuffle General Malan, the Chief of the South African Defence Force (SADF), moved to the post of Minister of Defence. His successor, General Viljoen, is a straight soldier without political ambitions. There was an expansion of non-white recruiting into the armed forces and at least four new non-white regional units were formed as part of the Army. The anti-submarine warfare capacity of the Navy was allowed to run down further. In the armaments field South Africa reached a high level of self-sufficiency.

15. The internal security situation within South Africa remained tolerably stable. Soweto was quiet throughout the year and urban terrorism was limited, except for one sensational ANC attack on the SASOL oil-from-coal installation. 1980, however, was for the coloured community what 1976 had been for the black community. In the wake of a well-organised schools boycott and spurred on by an inept attempt by the Government to impose a new nominated Coloured Persons Council, the coloured community in Cape Town erupted in June in a violent outburst during which as many as 50 people are reported to have died.

External

16. The election result in Zimbabwe came as a shock to South Africans and they still find it difficult to adjust to the new and uncomfortable relationship with their northern neighbour. But by and large they acted sensibly and if some hotheads believed that upheaval and disorder in Zimbabwe would suit South Africa's



interests best, the Government apparently thought otherwise. For them the dreaded Mugabe had turned out to be best Prime Minister they could hope for and while a year earlier they had cursed his name, now they were anxious for his survival.

17. It became more apparent than ever during the year that for the South African Government the problem of Namibia was essentially linked to the Prime Minister's domestic problems inside the National Party. He could not afford to play into the hands of his opponents by appearing to throw Namibia away. In the continuing negotiations, therefore, South Africa conducted a skilful delaying action. So that at the end of yet another year in this long drawn out saga matters were left once again in a state of suspense and there was uncertainty about South Africa's real intentions. Despite increasing pressures from the UN, the Front Line States, and above all the Five Contact countries, the South African Government manoeuvred successfully to avoid committing themselves to a date for implementing the UN plan, while holding out enough hope that they eventually would do so to avoid a breakdown. As most of the hurdles over the Demilitarized Zone were cleared away, they erected new obstacles for the UN to overcome in an attempt to gain more time. Above all they devoted much effort to associating the internal parties with any decisions taken so as to absolve themselves from blame if, as seemed likely, SWAPO won the UN-supervised elections. They also handed over responsibility for much of the local administration to a "Council of Ministers" led by Dirk Mudge of the DTA, whilst retaining formal control in the hands of an Administrator-General specially chosen to be a nonentity.



The Future

18. This is a country where current appearances differ sharply from the underlying reality. The white population, living in secluded comfort, buoyed up by fast increasing wealth, and conditioned by relentless government propaganda put out by the SABC, is cocooned in a world of its own. Deep down many realise that it is a fragile world, but they seem incapable at present of drawing the logical conclusions. It is perhaps a cliché to say that things will have to get worse before they get better in any real sense, but without that I do not see that the whites will ever show the imagination and will required to make the necessary concessions for serious negotiation of this country's future to be possible. When they do, it may be too late, for the reason that Alan Paton foresaw in his book. The irony is that if only they could find some way of allowing national leaders to emerge in the black population and would then agree to negotiate with them they might find that the basis of discussion was less horrifying than they imagined. But that is not at present within the realm of the conceivable. The more immediate prospect is for continuing calm and occasional squalls on the surface combined with increasing, but still largely invisible, evidence of turbulence to come in the future.

19. I am sending a calendar of events in 1980 separately to the Department.

20 I am copying this Review to the British High Commissioners at Salisbury, Gaborone, Maseru and Lusaka, to HM Ambassador at Washington and to the United Kingdom Permanent Representative

/at



at New York.

I am, My Lord,
yours faithfully

[Signed] JOHN LEAHY

J H G Leahy