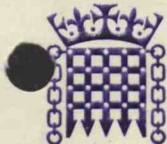


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FROM: THE RT. HON. JULIAN AMERY, M.P.



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9th February, 1987

Personal

*Quite different from
the normal media
impression -
not*

Dear Margaret

*Prime Minister
A very interesting
account. COP 11/2.*

You may like to glance at the enclosed note I have sent to Geoffrey Howe about a recent visit to South Africa.

I would only make one addendum which is personal to you. I had a very pleasant talk with De Villiers Graaf who had, I thought, retired from politics. Not so, he seems very active in the pre-election situation, at any rate between fishing expeditions. He asked me to be sure to give you his best regards and best wishes, not just formally but as if he really meant it. Then leaning back he said: "Do you know Julian, if I was to have a night out on the town, Margaret is the one I would like take with me".

I thought you would be amused to know.

Julian Amery

The Rt. Hon. Mrs. Margaret Thatcher, MP



Confidential

112, EATON SQUARE.
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9th February, 1987

Dear Geoffrey.

I was in South Africa from 19th - 30th January. My main purpose was to attend Board Meetings in Johannesburg but I also took the opportunity to see Ministers and officials in Cape Town.

On the business side I saw, Gavin Relly, chairman of Anglo American and some of his associates. Basil Hershov, chairman of Anglo Vaal and of Barclays. Anton Rupert, the biggest of the Afrikaaner businessmen, Kent Durr, the Under Secretary at the Ministry of Finance and finally spent a couple of days with Harry Oppenheimer in Durban.

Of the politicians, I did not see the State President but had talks with Pik Botha, the Foreign Minister, his deputy, Ron Miller, and the Permanent Under Secretary, Rae Killen, now to be Ambassador to London; also the Minister of Defence, Magnus Malan, and the chief of the South African defence forces, General Geldenhuys. Of the Opposition I saw De Villiers Graaf, still more active than I had realised, and Harry Schwartz, perhaps the ablest of the Progressives, though not wholly representative of them.

It would be tedious to relate individual conversations none of which seemed in themselves particularly significant. You may, however, like to see the attached note of the general impressions I formed.

As regards British policy towards South Africa it seems clear that our minimalist attitude to sanctions has been justified both by their economic ineffectiveness and by their counter-productive impact on the psychology of the South African establishment.

It also seems that we have been wise to discourage the Front Line States from adopting sanctions which they could not sustain and which might well lead to open confrontation with the Republic.

There is not much we can do to influence the South African elections and the subsequent course of our policy will have to await their result. I believe President Botha is sincere in his profession of reform. But he is essentially a Party organiser and will be guided by the poll as to how far to go.

It seems in any case unlikely that he would contemplate negotiations with the ANC unless it abandoned its commitment to violence and shed its strong Communist involvement. We would accordingly be wise to put our previous insistence on the need for a dialogue with the ANC onto the back burner. It is arguable that there will not be a peaceful settlement without the ANC. Much the same has often been said about the P.L.O. But life can carry on fairly normally even without a peaceful settlement.

One other thought. We seem to have got a foot in the door in Maputo; and it is quite a thing for a NATO power to be training the troops of a People's Democracy. The question is where is it going to lead? I doubt, myself, whether the Frelimo Humpty Dumpty can be put together again nor indeed whether it would be desirable that it should. Ought we not to make our aim the reconciliation of Frelimo and Renamo? Perhaps that is already our policy? If so ought we not to establish some contact with Renamo whether directly, through South Africa, through the USA or through Portugal? There could be a fruitful economic advantages for the successful mediator.

I am copying this letter and its enclosures to Downing Street and George Younger.

George Younger,
Julian.

Julian Amery

The Rt. Hon. Geoffrey Howe, QC., MP

IMPRESSIONS OF SOUTH AFRICA

19 - 30 January, 1987

THE ECONOMY

The South African economy is greatly improved compared to a year ago when Dr. Leutwiler was trying to stave off a default on debt repayment. The gold price has improved along with that of a number of other minerals. This is, as usual, the locomotive of the South African economy. The fall in the value of the rand has also discouraged imports and encouraged exports, so that there should be a fairly healthy surplus on the balance of payments. A bumper maize crop is expected. The country now has more oil than it can stockpile and has been exporting some of the surplus to Zimbabwe. My friends in Mobil and Texaco tell me that they are staying put. Texaco, however, is pulling out of Angola. Overall the economy is thought to be growing at the rate of about 3-3½%. Not a bad figure; though 4½% is usually looked upon as the necessary figure to keep pace with the growth of population.

So far sanctions have had little practical effect. Nor has British and American disinvestment. In the short term, indeed, disinvestment has so far been a plus for South Africa rather than a minus. The British withdrawal from Barclays, for instance, means that Barclays will no longer be repatriating substantial sums in profit every year. The money will now stay in South Africa. The South Africans moreover have now secured full control, at a substantial discount, of a sound banking network nationwide and with branches in Hong Kong, Switzerland and even the United States. Much the same is true of IBM and other American interests. These have simply handed over their business, again at a substantial discount, to South African successor groups. In the longer run, of course, the lack of new foreign investment

must be damaging but there are signs that some may be forthcoming from Europe and the Far East.

SECURITY

The security situation appears less acute than it was. The censorship and detention policy has contributed to this - at home and abroad - but perhaps more fundamental is the change in expectations. Up to the summer of last year there was a widespread belief that the Government would be forced into negotiations with the ANC. It is now clear that this is not going to happen. The strength of the state apparatus is increasingly recognised. As a result the agitation has, to some extent, gone off the boil. The schools are opening again. In the ^{smaller} townships, local Councils are functioning more or less normally. The older generation are beginning to reassert their authority over the young. The big townships, however, like Soweto and Alexandra, are still largely out of control with street committees intimidating the local councillors.

General Malan admitted that when the troubles started in 1985 the Government had really no idea how to cope with them. They have now established reasonable coordination between army, police, local government and judiciary in each of the more affected areas. They are beginning to establish efficient protection for local councillors against intimidation and finding some funds to win over hearts and minds mainly by improved housing. General Malan, however, thought that the state of emergency would continue for at least a couple of years before there was a complete return to normality.

According to him and to General Geldenhuys there is no central ANC organisation in the big townships. There is simply a radical element influenced by broadcasts from

Lusaka, subversive sermons in some of the churches and other directives passed from one individual or another. There is perhaps a parallel here with what happened in Iran, but up against a much more determined security apparatus.

The Security Forces are watching carefully for raids from outside the country. These have been so far on a relatively small scale; and the South African Government has had some success in persuading or pressurising its neighbours not to give shelter to the ANC forces. All three of the former Protectorates seem to be cooperating in this. Mozambique has recently expelled some ANC leaders who were causing concern to Pretoria. Zimbabwe is regarded as potentially the most dangerous of the neighbours but it is also the most efficient. So far it has kept the ANC under control.

POLITICS

Why a General Election two years sooner than necessary? Many reasons were put to me:

1. The white Parliament will be running for seven years instead of five. Many older members want to drop out. There could be a number of by-elections allowing the right-wing opposition to concentrate more effectively than they could in a General Election.

2. The President is sensitive to the charge that he has already introduced reforms in favour of the blacks for which he had no mandate - the Afrikaners are very democratic where they themselves are concerned! He is therefore anxious to know where he stands before proceeding to any further reforms, if any.

3. The American elections, two years away, may produce a less friendly American Administration and it would make sense to establish a new South African Government on a firm basis before that.

My conclusion would be that the President wants to know exactly where he stands with his own people before moving any further on the path of reform. He also wants to set the stage for an orderly transfer to his successor and the choice here will be influenced by the outcome of the vote.

The election campaign looks like being fought on two main tickets:

1. A xenophobic and largely anti-American campaign, though I was assured, distinguishing between the President and the Congress.
2. A vague commitment to reform but so hedged around as to leave all the options open.

After the elections the two main issues are likely to be:

1. The Group Areas Act. The general view seems to be that there are three alternatives. One is continued segregation. This is already largely eroded even where residence is concerned. Harry Schwartz, for instance, told me that in one of the wards in his Johannesburg constituency 75% of the residents are non-white. Already there has been a substantial move, throughout the country, away from segregation in private schools, beaches, swimming pools, cinemas and other amenities. The trend is clearly away from segregation. On the other hand resistance to complete integration is still ~~be~~ very strong and it is hard to believe that any incoming Nationalist Government could try to impose complete integration. The likely solution seems to be 'local option' i.e. leaving it to the local authorities to decide how far to go in each case.

2. The other main issue is black representation at the political level. Here the KwaNatal Indaba assumes considerable importance. The general view in Government circles is that

the holding of the Indaba ^{has been} ~~was~~ valuable but that a careful study of its conclusions suggests that it could lead, in spite of the safeguards for minority rights, to Zulu supremacy in Natal. On the other hand control of the army and police would remain in central government hands and as long as this remains it would be difficult for any provincial authority to override its own constitution.

The Indaba is central to relations between the Government and Chief Buthelezi. Buthelezi is the most powerful of the traditional chiefs with an unquestioned power base. At the same time the ANC has made some inroads among the young Zulus; and Buthelezi is reluctant to throw in his lot with the Government until he is sure of not being outflanked by the ANC and what he perceives to be their Western backers overseas - the Americans and ourselves. He hates Mandela and Tambo - as they do him - but pays lip service to the need to release Mandela before he could himself consider joining the President's Council.

Bishop Mokoena is still thought to be the most likely prominent black to join the Council.

In view of Denis Worrall's resignation from the Embassy here it may be interesting to note that Kent Durr, the Deputy Minister of Finance told me that he had been working hard after consultation with Worrall to try to find a Nationalist constituency for him but until then unsuccessfully. I do not think Worrall will join the PFP but he may serve as an important link between them and the so called "New Nats". He is, I gather, in close touch with Harry Oppenheimer.

RELATIONS WITH SOUTHERN AFRICA

Looking to the north, Savimbi's position in Angola seems to be stronger than before and the provision of American

anti-aircraft weapons has enabled him to shoot down a number of MPLA and Cuban helicopters and transports. There is, however, anxiety about the Angolan situation on two counts:

1. Savimbi is showing signs of adopting a more static strategy to defend some of the strong points he holds, thus presenting more of a target to his enemies than previously.

2. The flow of new sophisticated Soviet equipment along with Soviet and East German personnel into Angola is disquieting. Political intelligence, however, suggests that Savimbi and Luanda have been holding talks in Europe with a view to some kind of compromise.

SWAPO are said by the South African military to be weaker in numbers and the quality of their fighting forces diminished.

In Mozambique the Frelimo armed forces appear to be close to disintegration with the troops ill led, badly equipped and only spasmodically paid. RENAMO on the other hand appear both more effective and better led than the South Africans had expected. Pretoria gets a pretty clear picture of the situation inside Mozambique from the Rhodesian forces which are deployed along the Beira pipeline. This picture tends to be confirmed by Michael Cecil and others who have been with RENAMO entering the country from Malawi.

Zimbabwe remains the most effective and potentially the most dangerous of the Republic's neighbours but, so far, relations remain correct. Mugabe, however, is seen as moving increasingly into the Soviet camp partly because of his position as chairman of the non-aligned movement. The South African military view is that a lasting agreement between Mugabe and Nkomo remains unlikely.

RELATIONS WITH THE OUTSIDE WORLD

There is strong criticism in Government circles of the United States. The South African Administration had relied on President Reagan's authority and were shaken to find that he could not carry Congress with him on sanctions. That the American Administration has already relaxed some of the sanctions that had been imposed on strategic minerals is being presented as a sign of how inherently duplicitous the Americans can be.

There is great respect for Margaret Thatcher and for British policy as a whole. Geoffrey Howe, however, is criticised for having come to South Africa last summer with apparently no negotiating brief. He is seen as simply a traditional barrister having presented the brief of his European Community solicitors but not prepared to sit down with his South African opposite number to see what inducements he could offer if the South Africans met him part of the way, e.g. over the release of Mandela. Would Britain, for example, have contemplated urging the lifting of the arms or oil embargoes already existing?

Generally speaking, South Africans seem confident that Europe will remain under Conservative leadership. They are less confident about the stand the United States will develop as they come nearer to the Presidential election.

Where the Soviet Union is concerned there is hope that Mr. Gorbachyev's obsession with internal reform may make him less interested in expansion in Southern Africa or even in defending existing Soviet positions there. The fact that he is prepared even to talk about leaving Afghanistan suggests that he may not prize Moscow's gains in Southern Africa as much as they had feared. The same question must be being asked in Maputo, Luanda and Lusaka.

Julian Amery

9.2.87