

GREAT BRITAIN

Southern African economic scheme fueled 'oilgate'

BY BRUCE VANDERVORT

G E N E V A

HOW DID "OILGATE" HAPPEN? WHY DID BRITISH GOVERNMENTS look the other way—for 13 years—while British Petroleum (BP) and Shell supplied oil to Rhodesia in defiance of UN sanctions to which Britain was a party? ¶In the present circumstances, anyone trying to get to the bottom of the sanctions-busting scandal could do worse than heed "Deep Throat's" advice to Bob Woodward during Watergate: "Just follow the money, kid." Taking this road at least avoids one of "oilgate's" most dangerous illusions: that Rhodesia was the focus of the British government's concern. The money leads to Pretoria, South Africa, not to Salisbury.

Dependence on South Africa.

When the UN voted economic sanctions against Rhodesia in 1965, Pretoria announced that it would ignore the embargo and would take a dim view of any foreign company in South Africa that didn't follow suit. The South Africans meant business, both literally and metaphorically, as an American automobile firm found out in 1966 when it ordered its South African subsidiary to stop selling cars and parts in Rhodesia. The company reversed its policy after being told by the then Finance Minister Dr. N. Diedrichs that "if South Africa does not participate in a boycott action, then *no South African company* has the right to participate in a boycott." (Italics added.)

BP and Shell claim that they underwent the same kind of pressure and that if they wanted to hang onto their huge stake in South Africa they had no choice but to knuckle under. BP, Britain's biggest firm, held South African assets of \$238 million in 1967, the same year it announced plans to sink another \$635.5 million into the country. Anglo-Dutch Shell, the world's second largest company (after Exxon), was boosting its South African stake from \$404.5 million to some \$1.05 billion over the same period.

Given the size of their stake in South Africa, it is doubtful that BP and Shell officials agonized for long over whether to go along with Pretoria's sanctions-busting effort in Rhodesia. It should not be assumed, however, that London secretly acquiesced in the caper just to pro-

tect BP and Shell. Sizeable though it is, BP/Shell combined investment in South Africa is only a fraction of total British holdings there.

UK-based investment in South Africa reached some \$7.14 billion in 1977, according to the British government's Board of Trade. This represents nearly 60 percent of all foreign investment in South Africa. (U.S. investment in the country, meanwhile, totalled \$1.96 billion in 1975, about 17 percent of total overseas holdings.)

Then there is trade. Traditionally, South Africa has been the UK's major commercial partner in Africa. Recently, in defending its general policy of "No confrontation with South Africa," the Labour government claimed that a trade embargo against South Africa would cost 70,000 British jobs almost immediately and many more in the long run.

Finally, the UK shares with the rest of Europe (and, to some extent, the U.S.) a growing dependence on South Africa for mineral and energy resources. South Africa is said to possess 85 percent of the "free world's" known reserves of chromium and manganese, and 95 percent of its known vanadium reserves. As to energy supplies, the size of South Africa's coalfields has already been noted. In addition, through its grip on Namibia, South Africa has become the world's third ranking miner of uranium ore and Europe's major source of nuclear fuel.

Those who want to give the British government the benefit of the doubt in

the "oilgate" affair say that enforcement of oil sanctions against South African wishes might have been courting economic collapse. They point to the contemporary sharp decline in the value of sterling, the large trade deficit, growing domestic unemployment and so on. In short, until the North Sea oil came on-stream, the UK could not afford the luxury of angering its top African trading partner.

South Africa Common Market.

But there is a massive flaw in this line of reasoning. The relative improvement in Britain's economic situation over the 1965-77 period produced no move to stem the flow of oil to Rhodesia. This suggests that London's southern Africa policy, rather than being a reluctant response to a downturn in the business cycle, was—and is—motivated by considerations of long-term economic security. Assuming that this is true, the "oilgate" money trail may lead beyond Pretoria—to a rich and promised land called the Southern Africa Common Market (SACM).

So far, SACM exists only in the minds of certain white South African businessmen and politicians (and their overseas friends), although it has been a constant feature of South African foreign policy since at least 1961. SACM is envisaged as an economic and political union of the states of southern Africa, with the Republic of South Africa at its hub. As defined in 1968 by Prime Minister John Vorster, this "Greater South Africa" would be cemented together by inter-regional trade, South African development aid and investment and a shared anti-communism.

Since then, much has happened to disturb Vorster's dream. The appearance of Marxist regimes in Angola and Mozambique and the growth of radical black resistance in Namibia and Rhodesia have been sharp setbacks to the SACM scheme. Still, some progress has been made. Botswana, Lesotho and Swaziland have been roped into something called the Customs Union of Southern Africa and Malawi remains a virtual client state.

Rhodesia, however, represents the most formidable bridge toward the SACM. Since the imposition of sanctions in 1965, Rhodesia has become increasingly dependent upon its southern neighbor. The price of this assistance has been virtual integration into the South African economy. Today around half of the foreign firms operating in Rhodesia are South African. South African companies dominate the country's key agricultural and mining sectors and account for four of its top ten manufacturing concerns.

Angola still targeted.

Not surprisingly, the biggest South African investor in Rhodesia is J. Harry Oppenheimer's Anglo-American Corporation. The leading advocate of the "liberal capitalist" option for southern Africa and the kingpin of South Africa's gold and diamonds business, Oppenheim-

er owns a big chunk of Rhodesian coal, copper and nickel mining and runs the country's largest agribusiness company (and its second ranking corporation), Hippo Valley Estates. Anglo-American also has minority interests in Rhodesia's second largest mining firm, Barlow Rand of South Africa, and its second largest agribusiness outfit, South Africa's Huletts Corporation (sugar).

South African penetration of the Rhodesian market has led one author to call the country "South Africa's Sixth Province." It is also springboard for the incorporation of copper-rich Zambia—where Oppenheimer also has extensive holdings—into a future SACM.

Nor have the South Africans given up on Angola, even richer in cash crops and minerals than Rhodesia, and now being nudged into a rapprochement with the West. It should also be remembered that Angola has oil, the only missing ingredient in South Africa's self-sufficiency mix.

While SACM was first articulated by the Afrikaaner hardliners and became the vital economic dimension of Vorster's "forward" southern Africa policy in the early '70s, it now seems unlikely that the old Pretoria crowd can make the idea work. What little chance remained to them was probably wiped out by their decision to intervene in Angola in 1975-76. Custodianship of the dream now seems to have passed to J. Harry Oppenheimer and his friends.

These friends include major American and European business interests and, one suspects, not a few Western governments (ITT, Aug. 10, 1977). For the stakes are enormous: domination of Africa south of the Sahara in the name of South African and Western free enterprise and, given the right cosmetic changes in Pretoria and Salisbury, of Western style democracy.

Only Deep Throat knows.

Much of the necessary infrastructure is already in place. The leading Western multinationals have been present in South Africa for some time and, like Shell and BP, have long used this base as a launching pad into the rest of southern Africa. Thus, should the Republic of South Africa grow into the heartland of a SACM, the transnationals would grow with it. And in so doing, it would assure anxious Western governments—like Britain's—that their future needs in commerce and raw materials will be met.

The ideology for this new "carve-up" of southern Africa was provided in Johannesburg last May by none other than Andrew Young. "This is the opportunity for change through the marketplace. Change that is non-violent, productive and humane," he told a crowd of South African businessmen.

Was it to keep this long-range southern African option open that the British government refused to "confront" BP and Shell and, especially, South Africa over sanctions-busting? Only "Deep Throat" knows for sure, and so far he's not telling. ■

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(signed) James Weinstein

Editor

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NICARAGUA

Carter tries to win Nicaraguan center to stop civil war

By Cynthia Aronson

WASHINGTON

IN A SEPT. 22 LETTER TO PRESIDENT Carter, 78 members of Congress charged that "the campaign of violence, urban terrorism, and near civil war in Nicaragua is being carried out by a revolutionary group whose leaders have trained in Havana and Moscow and whose goal is to make Nicaragua the new Cuba of the Western Hemisphere. Should the lawful government of Nicaragua fail, the Marxist terrorist forces would be the chief beneficiaries. Our country would certainly lose a long-standing and loyal ally."

The letter, initiated by Rep. John Murphy (D-NY), a former West Point classmate of Nicaraguan President Anastasio Somoza Debayle, was aired frequently over Nicaragua's government-controlled radio station as National Guard troops completed their bloody mopping-up of a four-week-long national mutiny. Though extreme in its rhetoric, the congressional letter reflects some of the fears, if not the conclusions, of those in Washington's policy-making establishment.

With all sectors of the Nicaraguan population firmly united against Somoza, the debate here centers on how best to achieve, in the words of the State Department, "an enduring, democratic solution that does not fundamentally challenge traditional U.S. economic and security interests in Central America."

With a team of negotiators from the U.S., Guatemala, and the Dominican Republic now in Managua to mediate the crisis, few doubt that the weeks ahead will be difficult. For the Nicarzguan Broad Opposition Front (FAO) that is challenging Somoza, the central issues to be resolved are the duration of Somoza's continued rule, the composition of a provisional government, and the restructuring of the National Guard. indications of a split within the FAO between members of the traditional parties and the Sandinista Liberation Front (FSLN) began to surface over whether Somoza's resignation should be a pre-condition for beginning the negotiations. Only one of the three Sandinista factions has joined the FAO, however, and the acceptability of an electoral solution—with or without Somoza's resignation—is by no means clear.

Fear of Sandinistas.

Deep-rooted fears of a radical solution spearheaded by the FSLN have prompted U.S. negotiation efforts. Of no less concern is the impact of the Nicaraguan insurgency on rebel movements in neighboring El Salvador, Guatemala, and Honduras. While the push-button anti-communism that led to the landing of U.S. troops in Guatemala in 1954 and in the Dominican Republic in 1965 has been kept in check, the underlying motivations of U.S. policy remain the same.

Fears of an increased polarization in Nicaragua have, indeed, prompted the search for alternatives to Somoza, although State Department officials have scrupulously avoided advocating Somoza's ouster. In recent hearings before the Senate Foreign Relations Committee subcommittee on Western Hemisphere Affairs, Sen. Jacob Javits (R-NY) affirmed: "Somoza is going to go. I personally have no doubt about that. Don't we have to try to do something to encourage the middle group, the businessmen, the professional men, the farmers, to be the ones that will actually take over a new government?"

James Theberge, ambassador to Nica-

The Sandinistas have played a central role in opposing Somoza and are immensely popular, but the U.S. is doing its best to squeeze them out.



A Nicaraguan mother weeps over her son's body in Matagalpa

ragua under Pres. Ford and academic alarmist on Soviet penetration of Latin America, articulated the right-wing consensus: "The longer the Somoza regime stays in power it becomes a kind of self-fulfilling prophecy that the Sandinistas will again increase in strength and are likely to become the major single political force. It is definitely in our interest and in the interest of the democratic sectors in Nicaragua to have a rapid transition and early elections."

Given the recognition that an "enduring solution" means Somoza's stepping down, U.S. officials must contend with the more tricky issue of FSLN participation in a new government. Ironically, while the Sandinistas played the central role in galvanizing the opposition to Somoza, and enjoy immense popular support, the U.S. has been doing its best to marginalize them in the evolving settlement. William Jorden, who Carter sent to Nicaragua to prepare the way for negotiations, reportedly met with Somoza several times in late September and not once with members of the FSLN. Just how far the U.S. is willing to go in incorporating the Sandinistas may prove pivotal in the chances for the "democratic" resolution they seek.

Similarly thorny for the U.S. negotia-

tors is the issue of a fundamental reorganization and "cleansing" of the National Guard. If the Guard is the last line of defense against Castroism, as U.S. officials seem to believe, a changing of the Guard, along with FSLN representation in a new government, would ultimately increase the chances for a Sandinist victory.

The administration's choice of negotiators for the current talks suggest that Washington's hard-liners are prevailing. William Bowdler, the U.S. envoy, is a career foreign service officer who has served on the National Security Council, as ambassador to El Salvador and Guatemala, and, most notably, was Henry Kissinger's appointee to head the embassy in South Africa in April 1975, the height of the covert U.S. intervention in Angola.

In the absence of fairly rapid success in the negotiations, many observers speculate that the FSLN will launch new attacks supported by an ever larger sector of Nicaragua's brutalized population. The next few months may prove to be the ultimate test of the Carter administration's ahistorical declaration of a policy of "nonintervention" in Nicaragua. ■

Cynthia Arnson is a researcher for the Institute for Policy Studies.

Congress of the United States
House of Representatives
Washington, D.C. 20515

Honorable Jimmy Carter
President
The White House
Washington, D.C. 20500

Dear Mr. President:

Honorable Jimmy Carter
 President
 the White House
 Washington, D.C. 20500

Dear Mr. President:

Irrefutable evidence amply documents the fact that the campaign of violence, urban terrorism and near civil war in Nicaragua is being carried out by a revolutionary group whose leaders have been trained in Havana and Moscow and whose goal is to make Nicaragua the new Cuba of the Western Hemisphere.

I urge you to do your utmost to demonstrate the support of the United States Government for the Government of Nicaragua and to make the United States a long and consistent ally of the United Nations.

We urge you to do your utmost to
United States Government for the Government of
President Anastasio Somoza, a long and consistent ally of
States.

In the absence of expression of United States support for Government of Nicaragua, and indeed with some expression of hostility toward Nicaragua, some sectors of Nicaraguan citizens have begun to collaborate with the Marxist revolutionaries. Should the lawful Government of Nicaragua fall, the Marxist terrorist forces would be the chief beneficiaries. Our country would certainly lose a long-standing and loyal ally.

We ask you to take immediate steps to collect the misapplied application of your policies by the Department of State, particularly regarding unsubstantiated and erroneous allegations against the government of Nicaragua.

We ask you to take immediate application of your policies by the Department of State, particularly regarding unsubstantiated and erroneous charges against the Government of Nicaragua.

We further urge you to come publicly to the support of the Government of Nicaragua during this period of crisis.

Sincerely,
John P. McDonald
John P. McDonald
Ambassador

Provisional gov't formed

By Blase Bonpane

The Nicaraguan provisional government, together with hundreds of supporters, met at Panama City Sept. 28-Oct. 1. Leadership of the new government is represented by:

• Sergio Ramirez, lawyer, member of the 12 (*Los Doce*) a prominent group of Nicaraguans instrumental in demanding participation of the Sandinista Liberation Front in all negotiations.

• Rafael Cordova Rivas, president of the UDEL Coalition (Democratic Union of Liberation) and spokesman for the Broad Front of Opposition.

- **Alfonso Robelo Callejas**, industrialist and leader of the MDN (Nicaraguan Democratic Movement), the Nicaraguan business community in opposition to Somoza.

The three-member provisional government asserts that the Sandinista National Liberation Front (FSLN) is in fact the new army of Nicaragua. The FSLN, however, does not have a representative in the provisional government.

FSLN leaders present at the Panama City meeting commented on the recent fighting in Nicaragua saying that the only attack planned by them was at the National Palace. The actions that followed in Masaya, Leon, Chinandega and Esteli were spontaneous uprisings, the people's response to their attack on the National Palace.

As a result of these uprisings the FS-LN representatives said that they are now united in a strategy: the destruction of the National Guard.

FSLN leaders explained that, contrary to press reports, Eden Pastora, the Jesuit trained businessman who led the attack on the National Palace, is not dead.

Immediate plans of the Nicaraguan provisional government are:

- Urge all countries of the world to break relations with the Somoza regime.

- Recognize the FSLN as the only legitimate military force in Nicaragua.

- Oppose any attempt of the U.S. to isolate the FSLN from negotiations.

- Expose the presence of foreign mercenaries in Nicaragua.

The Panama City meeting expressed deep concern that the U.S. might want Somoza to leave while retaining the National Guard. A few wealthy Nicaraguan families can be identified in support of that position. But the vast majority of Nicaraguans will no longer accept the National Guard. ■