

500 000 JOBS LOST:

The real cost of sanctions

At a meeting in London recently Britain's Premier, Mrs Margaret Thatcher, and KwaZulu Chief Minister and Inkatha President, Dr Mangosuthu Buthelezi, reached a "broad area of agreement" on the two leaders' opposition to sanctions. Both are implacably opposed to the anti-apartheid strategy because of the suffering they cause black South Africans.

Research has now shown that sanctions have already cost half a million jobs in South Africa and a million more black people will be jobless if sanctions continue throughout the 1990's.

Giving the results of a Trust Bank econometric calculation of the multiplier effects of sanctions, Bankorp Chief Executive Chris van Wyk said another decade of sanctions would render two-million more black people destitute.

Dr van Wyk said about 500 000 fewer people were employed than could have been because of the many new jobs not created, as sanctions had stifled the economy.

Sanctions had also:

- Cost South Africa a cumulative R40 billion in foreign exchange, resulting in production losses of about R80 billion and total "standard of living" losses of R100 billion;
- Cut real consumer spending 15

percent and GDP about 10 percent;

- Curtailed spending on education and health;
- Impaired South Africa's ability to reach its full export potential; and
- Radicalised blacks to the left and whites to the right, hampering political settlement.

He said the total multiplier effect of sanctions and disinvestment was equivalent to a halving of the gold price between 1985 and 1989.

Despite the vast economic damage caused by sanctions and disinvestment, there had been "positive" spin-offs. These included long overdue adjustments to the public and private sectors, adherence to strict foreign debt repayment schedules and the application of monetary and fiscal discipline.

These largely accidental side-effects meant that South Africa was entering the 1990's much leaner and fitter than at the beginning of 1980's.

Dr van Wyk added: "Through impoverishing and radicalising the nation, sanctions have raised the chance of political confrontation at the expense of political reconciliation."

An example of the effect of sanctions is the closing down of a British-owned pineapple canning factory near East London. More than 1 100 black workers are now unemployed.

Newspaper reports quoted Mrs Evalina Diko, who has been employed at the factory for 22 years, as saying: "Whoever is making this factory close is making a big mistake. These people dreaming of sanctions are going to make us starve and we will be eating from the rubbish heaps . . ."

The plant, owned by the Vesty family's conglomerate Union International, has been liquidated following a drastic decline in profits, largely as a result of US sanctions imposed in November 1986. UK companies like John West

"Whoever is making this factory close is making a big mistake. These people dreaming of sanctions are going to make us starve and we will be eating from the rubbish heaps . . . I'm the only breadwinner for myself and five others in my family . . ."

Mrs Evalina Diko, unemployed factory worker, after the closure of a British-owned pineapple canning factory near East London.

and Sainsbury later added to the burden by cancelling long-standing contracts after pressure by the Anti-Apartheid Movement.

Mrs Diko, who was promoted three months ago after the retirement of a white woman, said: "I'm very worried. Jobs are scarce and I don't know where I am going to get another one. I'm the only breadwinner for myself and five others in my family." (Business Day, October 31, 1989)

Black unemployment in the East London area is above 60 percent.

The International Labour Office, in a report released in Nairobi in October, says that by the year 1995 over 400 million Africans — 55 percent of the population — will be living below the poverty line.

"Increased poverty means not only deteriorated standards of living but also wealth destruction," the report stated.

"Physical capital, particularly infrastructure, has been affected by the fall in investment while human resources have less access today to good employment opportunities, health, food, education and shelter . . ."

In another recent report the chairman of South Africa's Council for Population Development, Mr J P de Lange, said the country's economy could be bogged down by 8-million unemployed by the end of the century unless population growth was curbed.

He said South Africa's population growth was amongst the world's highest, doubling every 30 years with a baby born every 26 seconds.

At the current rate, the country's natural resources would be overtaken in two decades. This would result in total social disintegration, unemployment on a vast scale and unmanageable poverty.

Volkskas economist, Adam Jacobs, says that largely due to sanctions and disinvestment the "contrived downswing in the economy" had resulted in a 43,6 percent surge in liquidations.

Manpower Commission acting chairman, Mr Frans Barker, says that among blacks in certain urban areas of South Africa, unemployment is as high as 36,4 percent while for the country as a



Britain's Prime Minister, Mrs Margaret Thatcher, and Dr Mangosuthu Buthelezi, pictured recently at 10 Downing Street in London.

whole it is 11,8 percent.

He said in May 1989 there were nearly 640 000 (registered) people of all population groups without work in cities and towns, which translated to about 69 percent of the total unemployment figure for South Africa.

Unemployment in urban areas gave rise to more serious problems than in rural areas. The potential for unrest and widespread crime was far greater and unemployment in urban areas resulted in the growth of widespread slums and unhygienic conditions.

Dr S F Coetzee, director of policy

analysis at the Development Bank of Southern Africa, says it appears there are now between 1,6 million and 2,4 million black squatters existing in shacks in the Pretoria-Witwatersrand-Vereeniging area out of a total of 7 million countrywide.

The PWV area had attracted the majority of black people who had migrated to the urban areas desperately seeking work.

"The black urban population will have at least doubled between 1980 and the year 2000 to somewhere between 21 million and 25 million out of a total urban population of about 35 million."

Burden is on blacks

"Employment is about half a million lower than it could otherwise have been, not so much because jobs have been lost, but because so many more new jobs could have been created in a scenario of higher overall growth. And 80 percent of new job-seekers are black people. The harshest burden of sanctions has fallen on them."

Dr Chris van Wyk, Chief Executive of Bankorp, disclosing the findings of a study into the multiplier effects of sanctions, November 1989.

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